

Companies Acts 1985 to 2006

Company limited by guarantee

ARTICLES OF ASSOCIATION OF

LOCAL TRUST*

"the Company"

1. Objects

The Objects of the Company are to undertake, do and perform all things the Company shall consider expedient to develop the capacity and skills (including the enterprise skills) of members of socially and economically or socially disadvantaged communities in the United Kingdom in such a way that they are better able to identify, and help meet, their needs as individuals and to improve the communities in which they live, in particular by (but not limited to) local action projects, research, evaluation and policy analysis, making grants and Social Investments to individuals, local enterprises and communities, thereby promoting short term and long term change and the relief of unemployment.

2. Powers

The Company has the following powers, which may be exercised only in promoting the Objects:

- 2.1 to act as trustee of the Big Local Trust, registered charity number: 1145916 ("the Trust") in accordance with the terms of the Trust Deed;
- 2.2 to further the objects of the Trust and to exercise all powers exercisable by the Trustee under the Trust Deed in the promotion, administration and management of the Trust;
- 2.3 to provide advice or information;
- 2.4 to carry out research;
- 2.5 to publish material (including by the grant of Creative Commons Licences);
- 2.6 to co-operate with other bodies;
- 2.7 to support, administer or set up other charities, social ventures and not for profit organisations;
- 2.8 to accept gifts and to raise funds (but not by means of taxable trading);
- 2.9 to borrow money;
- 2.10 to give security for loans or other obligations (but only in accordance with any restrictions imposed by the Charities Act);

* As amended by Written Resolutions dated 7th November 2011, 27th March 2012, 9th October 2014 and 15th November 2018.

- 2.11 to acquire or hire property of any kind;
- 2.12 to let or dispose of property of any kind (but only in accordance with any restrictions imposed by the Charities Act);
- 2.13 to set aside funds for special purposes or as reserves against future expenditure;
- 2.14 to deposit or invest its funds in any manner (but to invest only after obtaining such advice from a financial expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification);
- 2.15 to delegate the management of investments to a financial expert, but only on terms that:
 - (1) the investment policy is set down in writing for the financial expert by the trustees;
 - (2) timely reports of all transactions are provided to the trustees;
 - (3) the performance of the investments is reviewed regularly with the trustees;
 - (4) the trustees are entitled to cancel the delegation arrangement at any time;
 - (5) the investment policy and the delegation arrangement are reviewed at least once a year;
 - (6) all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the trustees on receipt; and
 - (7) the financial expert must not do anything outside the powers of the Company;
- 2.16 to arrange for investments or other property of the Company to be held in the name of a nominee company acting under the direction of the trustees or controlled by a financial expert acting under their instructions, and to pay any reasonable fee required;
- 2.17 to deposit documents and physical assets with any company registered or having a place of business in England as custodian, and to pay any reasonable fee required;
- 2.18 to insure the property of the Company against any foreseeable risk and take out other insurance policies to protect the Company when required;
- 2.19 subject to Article 6.3, to employ paid or unpaid agents, staff or advisers;
- 2.20 to enter into contracts to provide services to or receive services from other bodies which may include the receipt of grants including contracts with the nominating bodies referred to in Article 3.2 below;
- 2.21 to establish or acquire subsidiary companies which may undertake permanent trading subject to compliance with the Charities Act;
- 2.22 to make Social Investments or grants or provide services, direct support or other facilities to individuals and organisations, incorporated and unincorporated, including charities, social ventures, voluntary organisations and community groups, in furtherance of the Objects on such terms as the trustees may in their absolute discretion determine (subject to compliance with the Charities Act);

2.23 to do anything else within the law which promotes or helps to promote the Objects.

3. The trustees

3.1 The trustees as charity trustees have control of the Company and its property and funds.

3.2 The first trustees shall consist of one person nominated by each of CDF, Capacity Global, CCLA, NANM, Renaisi and UnLtd and CDF shall have the right to nominate an additional trustee who shall be the first Chair. Additional independent trustees can be co-opted by the Trustees so that when complete the Trustees shall consist of not more than twelve persons and not less than seven persons (unless otherwise agreed with the Protector). Following the resignation of the first trustees the trustees shall be appointed via an open recruitment process giving due regard to the skills required for the better administration of the Company.

3.3 Trustees shall be appointed for terms of up to four years. The term of appointment shall be confirmed by the members when the trustee is appointed at an AGM in accordance with article 9.9(4). All trustees must retire at the AGM in the year their term expires but a retiring trustee who is eligible under Article 3.4 may be reappointed at the AGM provided that a retiring trustee shall not be reappointed for a term which would cause his or her duration in office to exceed nine years.

3.4 A trustee may not act as a trustee unless he/she

- (1) is over the age of 18;
- (2) is a Member; and
- (3) has signed a written declaration of willingness to act as a charity trustee of the Company and comply with the Code.

3.5 A trustee's term of office automatically terminates if he/she:

- (1) commits a material breach of the Code;
- (2) is disqualified under the Charities Act from acting as a charity trustee;
- (3) is incapable, whether mentally or physically, of managing his/her own affairs;
- (4) is absent without permission from three consecutive meetings of the trustees and is asked by a majority of the other trustees to resign;
- (5) resigns by written notice to the trustees (but only if at least two trustees will remain in office);
- (6) is removed by the Members at a general meeting under the Companies Act; or
- (7) is removed by a resolution passed at a duly convened meeting of the trustees by all the trustees other than the trustee who is the subject of the resolution.

3.6 The trustees may at any time co-opt any individual who is eligible under Article 3.4 as a trustee to fill a vacancy in their number or (subject to the maximum number permitted by Article 3.2) as an additional trustee, but a co-opted trustee holds office only until the next AGM.

3.7 A technical defect in the appointment of a trustee of which the trustees are unaware at the time does not invalidate decisions taken at a meeting.

3.8 Any amendment of these Articles of Association by the trustees which relates to:-

- (1) the requirement for membership of the Trustee;
- (2) the maximum number of directors;
- (3) the appointment and retirement of directors; or
- (4) the requirements for a quorum of directors

shall require the prior approval of the Protector.

4. Trustees' proceedings

4.1 The trustees must hold at least four meetings each year.

4.2 A quorum at a meeting of the trustees is three trustees.

4.3 Any persons may attend meetings other than the trustees by express invitation and prior agreement only of the trustees. Such persons shall not be entitled to vote.

4.4 A meeting of the trustees may be held either in person or by suitable electronic means agreed by the trustees in which all participants may communicate with all the other participants but at least two meetings in each year must be held in person.

4.5 The Chair or (if the Chair is unable or unwilling to do so) some other trustee chosen by the trustees present presides at each meeting.

4.6 Any issue may be determined by a simple majority of the votes cast at a meeting, but a resolution in writing agreed by all the trustees (other than any Conflicted Trustee who has not been authorised to vote) is as valid as a resolution passed at a meeting. For this purpose the resolution may be contained in more than one document.

4.7 Every trustee has one vote on each issue but, in case of equality of votes, the Chair of the meeting has a second or casting vote.

4.8 A procedural defect of which the trustees are unaware at the time does not invalidate decisions taken at a meeting.

5. Trustees' powers

The trustees have the following powers in the administration of the Company in their capacity as trustees:

5.1 To appoint (and remove) any person (who may be a trustee) to act as Secretary in accordance with the Companies Act.

5.2 To appoint a Chair, a Treasurer and other honorary officers from among their number.

5.3 To delegate any of their functions to committees consisting of two or more individuals appointed by them which may include a Finance Committee, an Investment

Committee and an Audit Committee or to the Chair and two other trustees if the matter is urgent and the remaining trustees have been notified accordingly.

- 5.4 At least two members of every committee must be a trustee and all proceedings of committees must be reported promptly to the trustees.
- 5.5 To make rules consistent with the Memorandum, the Articles and the Companies Act to govern their proceedings and proceedings of committees.
- 5.6 To make regulations consistent with the Memorandum, the Articles and the Companies Act to govern the administration of the Company and the use of its seal (if any).
- 5.7 To exercise any powers of the Company which are not reserved to them in their capacity as Members.

6. Benefits and Conflicts

- 6.1 A trustee must not receive any payment of money or other material benefit (whether directly or indirectly) from the Company except:
 - (1) reimbursement of reasonable out-of-pocket expenses (including hotel and travel costs) actually incurred in running the Company;
 - (2) the benefit of indemnity insurance as permitted by the Charities Act;
 - (3) an indemnity in respect of any liabilities properly incurred in running the Company (including the costs of a successful defence to criminal proceedings);
 - (4) in exceptional cases, other payments or benefits (but only with the written consent of the Commission in advance and where required by the Companies Act the approval or affirmation of the Members);
 - (5) as provided in Article 6.2 below.
- 6.2 No trustee or Connected Person may be employed by the Company, but without prejudice to the right of a trustee or Connected Person to be employed by one of the nominating bodies referred to in Article 3.2 above or other body which assists or acts as agent of the Company in the promotion of the Objects.
- 6.3 Subject to Article 6.4, any trustee who becomes a Conflicted Trustee in relation to any matter must:
 - (1) declare the nature and extent of his or her interest before discussion begins on the matter;
 - (2) withdraw from the meeting for that item after providing any information requested by the trustees;
 - (3) not be counted in the quorum for that part of the meeting;
 - (4) be absent during the vote and have no vote on the matter; and
 - (5) otherwise act in accordance with the Code of Conduct.

6.4 When any trustee is a Conflicted Trustee, the trustees who are not Conflicted Trustees, if they form a quorum without counting the Conflicted Trustee and are satisfied that it is in the best interests of the Company to do so, may by resolution passed in the absence of the Conflicted Trustee authorise the Conflicted Trustee, notwithstanding any conflict of interest or duty which has arisen or may arise for the Conflicted Trustee, to:

- (1) continue to participate in discussions leading to the making of a decision and/or to vote, or
- (2) disclose to a third party information confidential to the Company, or
- (3) take any other action not otherwise authorised which does not involve the receipt by the Conflicted Trustee or a Connected Person of any payment or material benefit from the Company, or
- (4) refrain from taking any step required to remove the conflict.

7. Records and Accounts

7.1 The trustees must comply with the requirements of the Companies Act and of the Charities Act as to keeping records, the audit or independent examination of accounts and the preparation and transmission to the Registrar of Companies and the Commission of information required by law including:

- (1) annual returns;
- (2) annual reports; and
- (3) annual statements of account.

7.2 The trustees must also keep records of:

- (1) all proceedings at meetings of the trustees and meetings of committees;
- (2) all resolutions in writing;
- (3) all reports of committees; and
- (4) all professional advice obtained.

7.3 Accounting records relating to the Company must be made available for inspection by any trustee at any time during normal office hours.

7.4 A copy of the Company's constitution and latest available statement of account must be supplied on request to any trustee. Copies of the latest accounts must also be supplied in accordance with the Charities Act to any other person who makes a written request and pays the Company's reasonable costs.

8. Membership

8.1 The Company must maintain a register of Members.

8.2 The subscribers to the Memorandum are the first Members.

8.3 Membership is open only to the trustees and is terminated if the Member concerned ceases to be a trustee.

8.4 The form and the procedure for applying for Membership is to be prescribed by the trustees.

8.5 Membership is not transferable.

9. General Meetings

9.1 Trustees in their capacity as Members are entitled to attend general meetings in person or by proxy (but only if the appointment of a proxy is in writing and notified to the Company before the commencement of the meeting).

9.2 General meetings are called on at least 14 and not more than 28 clear days' written notice indicating the business to be discussed and (if a special resolution is to be proposed) at least 28 clear days' written notice setting out the terms of the proposed special resolution.

9.3 There is a quorum at a general meeting if the number of Members present in person or by proxy is at least three.

9.4 The Chair at a general meeting is elected by the Members present in person or by proxy in his/her capacity as a Member and not as proxy for another Member.

9.5 Except where otherwise provided by the Articles or the Companies Act, every issue is decided by ordinary resolution.

9.6 Every Member present in person or by proxy has one vote on each issue.

9.7 Except where otherwise provided by the Articles or the Companies Act, a written resolution (whether an ordinary or a special resolution) is as valid as an equivalent resolution passed at a general meeting. For this purpose the written resolution may be set out in more than one document.

9.8 Except at first, the Company must hold an AGM in every year. The first AGM must be held within 18 months after the Company's incorporation.

9.9 Members being Trustees must annually at the AGM:

- (1) receive the accounts of the Company for the previous financial year;
- (2) receive a written report on the Company's activities;
- (3) be informed of the retirement of those trustees who wish to retire or who are retiring on expiry of their term of office;
- (4) elect trustees to fill the vacancies arising;
- (5) appoint reporting accountants or auditors for the Company.

9.10 Members may also from time to time:

- (1) confer on any individual (with his/her consent) the honorary title of Patron, President or Vice-President of the Company; and

- (2) discuss and determine any issues of policy or deal with any other business put before them by the trustees.
- 9.11 A general meeting may be called by not less than two of the trustees at any time and must be called within 21 days of a written request from one or more trustees.
- 9.12 A technical defect in the appointment of a Member of which the Members are unaware at the time does not invalidate a decision taken at a general meeting or a Written Resolution.
- 10. Limited Liability
- 10.1 The liability of Members is limited.
- 11. Guarantee

Every Member promises, if the Company is dissolved while he/she remains a Member or within one year after he/she ceases to be a member, to pay up to £1 towards:
- 11.1 payment of those debts and liabilities of the Company incurred before he/she ceased to be a Member;
- 11.2 payment of the costs, charges and expenses of winding up; and
- 11.3 the adjustment of rights of contributors among themselves.
- 12. Communications
- 12.1 Notices and other documents to be served on Members or trustees under the Articles or the Companies Act may be served:
 - (1) by hand;
 - (2) by post; or
 - (3) by suitable electronic means.
- 12.2 The only address at which a Member is entitled to receive notices sent by post is an address in the U.K. shown in the register of Members.
- 12.3 Any notice given in accordance with these Articles is to be treated for all purposes as having been received:
 - (1) 24 hours after being sent by electronic means or delivered by hand to the relevant address;
 - (2) two clear days after being sent by first class post to that address;
 - (3) three clear days after being sent by second class or overseas post to that address;
 - (4) immediately on being handed to the recipient personally; or, if earlier,
 - (5) as soon as the recipient acknowledges actual receipt.

12.4 A technical defect in service of which the trustees are unaware at the time does not invalidate decisions taken at a meeting.

13. Dissolution

13.1 If the Company is dissolved, the assets (if any) remaining after providing for all its liabilities must be applied in one or more of the following ways:

- (1) by transfer to one or more other bodies established for exclusively charitable purposes within, the same as or similar to the Objects;
- (2) directly for the Objects or for charitable purposes which are within or similar to the Objects;
- (3) in such other manner consistent with charitable status as the Commission approves in writing in advance.

13.2 A final report and statement of account must be sent to the Commission.

13.3 This provision may be amended by special resolution but only with the prior written consent of the Commission.

14. Interpretation

14.1 The Articles are to be interpreted without reference to the model articles under the Companies Act, which do not apply to the Company.

14.2 In the Articles, unless the context indicates another meaning:

‘AGM’ means an annual general meeting of the Company;

‘the Articles’ means the Company’s Articles of Association and ‘Article’ refers to a particular Article;

‘Big Local Trust’ means the charity established by the Trust Deed;

‘Capacity Global’ means Capacity Global a not for profit company limited by guarantee with Company registration number 04132128;

‘CCLA’ means CCLA Investment Management Limited a registered company with Company registration number 2183088;

‘CDF’ means Community Development Foundation a registered company with number: 7462785 and a registered charity with charity registration number 1139975;

‘Chair’ means the chairman of the trustees;

‘the Charities Act’ means the Charities Acts 1992 to 2006;

‘charity trustee’ has the meaning prescribed by the Charities Act;

‘clear day’ does not include the day on which notice is given or the day of the meeting or other event;

‘Code’ means the code of conduct regulating the conduct of the trustees as specified by the Company from time to time;

'the Commission' means the Charity Commission for England and Wales or any body which replaces it;

'the Companies Act' means the Companies Acts 1985 to 2006;

'the Company' means the company governed by the Articles;

'Conflicted Trustee' means a trustee in respect of whom a conflict of interest arises or may reasonably arise because the Conflicted Trustee or a Connected Person is receiving or stands to receive a benefit (other than payment of a premium for indemnity insurance) from the Company, or has some separate interest or duty in a matter to be decided, or in relation to information which is confidential to the Company, including a duty of loyalty owed to another organisation or person;

'Connected Person' means, in relation to a trustee, a person with whom the trustee shares a common interest such that he/she may reasonably be regarded as benefiting directly or indirectly from any material benefit received by that person, being either a member of the trustee's family or household or a person or body who is a business associate of the trustee, and (for the avoidance of doubt) does not include a company with which the trustee's only connection is an interest consisting of no more than 1% of the voting rights;

'constitution' means the Memorandum and the Articles and any special resolutions relating to them;

'Creative Commons Licences' means copyright licences drafted or approved by Creative Commons Corporation a charity registered in Massachusetts, USA;

'custodian' means a person or body who undertakes safe custody of assets or of documents or records relating to them;

'electronic means' refers to communications addressed to specified individuals by telephone, fax or email or, in relation to meetings, by telephone conference call or video conference;

'financial expert' means an individual, company or firm who is authorised to give investment advice under the Financial Services and Markets Act 2000;

'financial year' means the Company's financial year;

'firm' includes a limited liability partnership;

'indemnity insurance' has the meaning prescribed by the Charities Act;

'material benefit' means a benefit, direct or indirect, which may not be financial but has a monetary value;

'Member' and 'Membership' refer to company Membership of the Company;

'Memorandum' means the Company's Memorandum of Association;

'month' means calendar month;

'NANM' means the National Association for Neighbourhood Management a not for profit company limited by guarantee with Company registration number 6575829;

'nominee company' means a corporate body registered or having an established place of business in England and Wales which holds title to property for another;

'the Objects' means the Objects of the Company as defined in Article 1;

'Protector' means the Protector appointed pursuant to the Trust Deed;

'Renaissi' means a company limited by guarantee with Company registration number 3532867;

'Resolution in writing' means a written resolution of the trustees;

'Secretary' means a company secretary;

'Social Investments' means a distribution which may bring a financial return to the Company or the Trust as well as furthering the Objects, including but not exclusively a distribution made as a loan, guarantee, equity stake, social impact bond, micro finance loan, local area endowment or other instrument;

'taxable trading' means carrying on a trade or business in such manner or on such a scale that some or all of the profits are subject to corporation tax;

'trustee' means a director of the Company and 'trustees' means the directors;

'Trustee' means the Company in its capacity as corporate trustee of the Big Local Trust;

'Trust Deed' means the trust deed establishing the Trust;

'UnLtd' (the Foundation for Social Entrepreneurs) means a company limited by guarantee with Company registration number 4180639 and registered charity with Charity registration number 1090393;

'written' or 'in writing' refers to a legible document on paper or a document sent by electronic means which is capable of being printed out on paper;

'written resolution' refers to an ordinary or a special resolution which is in writing;

'year' means calendar year.

- 14.3 Expressions not otherwise defined which are defined in the Companies Act have the same meaning.

