

Allocation of investment returns to Big Local areas

In 2017 and again in 2020 trustees decided that each Big Local area would receive additional allocations from returns generated by the original investment of £150m in the Big Local programme.

This resulted in an allocation of [£105,000 in September 2017](#) and an additional and final allocation of [£50,000 in March 2020](#). These sums were added to the 'balance' of each area's £1m allocation. Sharing this important information has provided Big Local partnerships with increased certainty about future funding and enabled them to plan for the future more effectively. Big Local areas access the funding in the same way they do now, by submitting a plan or request to Local Trust.

As well as allocating additional money directly to Big Local areas, trustees also allocated returns from the central element of the Big Local fund to Local Trust to ensure it continues to provide a range of support to Big Local areas, tell the Big Local story and share learning from the Big Local programme. This reflects the original undertaking made to the Big Lottery Fund, that learning from Big Local should influence future thinking and practice amongst communities, grant funders and policy makers.

Big Local partnerships should be aware that any additional income earned on the investment since March 2020 will be minimal. This is because in 2019 trustees decided to change the investment strategy, no longer focusing on investment returns and instead minimising risk to the nominal value of capital. This means all our funds are now held in cash or near cash.

This decision was informed by the following intentions:

- To provide Big Local partnerships with clarity and confidence regarding the funds available for their area.
- To ensure all Big Local areas would have the opportunity to fairly benefit from additional fund allocations, including those areas closest to spend-out, who at a later date may have left the programme.
- To minimise the risk of any losses which might significantly impact the ability of areas and Local Trust to respond to future eventualities.
- To maximise the potential impact and value for money of the Big Local programme, by providing early certainty to both Local Trust and Big Local areas

Additionally, trustees reviewed investment markets and considered:

- The likelihood that the market was at or near its peak, and the downside risks were potentially higher than the prospects for growth at that point.
- That planning to hold risk assets until closer to the end of current Trust Deed period would expose the final value of the endowment to increased risk by reducing the scope for riding out short-term fluctuations in value towards the end of that period.
- The potential impact of inflation on the remaining funds, and the extent to which trustees wish the investment strategy to protect the investment against the impact of inflation

More information on the investment strategy can be accessed here:

<https://localtrust.org.uk/about/finance/>

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