



Working in Partnership with Professional Advisers

Helping you to exceed your clients' expectations



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Established in 2007, Hampshire & Isle of Wight Community Foundation is an independent, grant-making charity. As the central platform for charitable giving across the two counties, we are trusted partners for Comic Relief, the Big Lottery, government and the European Social Fund for their social action in Hampshire & Isle of Wight. We are part of a national network of Community Foundations, collectively the UK's 4th largest grant-maker, giving away £70m a year whose aim is to improve the quality of life for local communities by encouraging local giving.

Over the past decade, the Foundation has become a major funder to Hampshire & Isle of Wight's voluntary and community sector helping more than 3,300 small charities and groups with grants of £7.7m.

Quality Accreditation and Governance

Hampshire & Isle of Wight Community Foundation is Quality Accredited by UK Community Foundations to standards endorsed by the Charity Commission. Quality Accreditation endorses and encourages best

practice demonstrating that a Foundation delivers to a high standard and is serious about quality and accountability.

Corporate governance is one of our most important responsibilities. Public confidence in the transparency and accountability of the work of charities has never been more important. Our promise to our donors is that, whatever the size and nature of their contribution, they can be sure it is going to where it is needed and will do the most good.

Need in Hampshire & Isle of Wight

It doesn't make easy reading, but it is important to highlight the extent of deprivation which exists in parts of Hampshire & Isle of Wight. Our beautiful counties have much to offer visitors and residents but still face many challenges of disadvantage and social need – many of them hidden.

Popular notions of poverty and deprivation in Britain often assume these are confined to post-industrial areas in South Wales or the North-East, not the leafy shire counties. The reality is very different. Our two counties have inner-city areas and large housing

estates like Leigh Park, Paulsgrove, Charles Dickens and Somerstown as deprived as any in the UK.

In 2015 Hampshire County Council deprivation data showed that 46 areas in Hampshire & Isle of Wight fell within the 10% most deprived and 68 areas in the 11-20% most deprived areas in England & Wales; a total of 114 areas in Hampshire & Isle of Wight amongst the 20% most deprived areas.

In 2014 and 2015, the Foundation commissioned research by Southampton Solent University to uncover the extent of social issues across Hampshire & Isle of Wight, and the findings indicate problems of social need on a far larger scale than previously thought. Income deprivation affecting children and older people, for example, is particularly concentrated in the larger towns in Hampshire & Isle of Wight, with 235 areas in the worst 20% in England.

Hampshire & Isle of Wight Community Foundation was established to help address these needs. Through our research and understanding of local issues, our purpose is to enable donors to undertake informed and targeted grant-making to the causes they care about.

Our Work with You

As individuals' understanding of social needs and their vital role in supporting their own communities increases, there is growing interest to learn more about local philanthropy, effective charitable giving and the options available. Good advice is important.

Working together we can provide an inclusive offering to help you meet your clients' charitable goals and exceed their expectations in terms of the range of options available to them. **Whether you are a lawyer, accountant, financial planner, investment adviser or have a specific interest in planned giving, by combining your expertise with our experience in advising on philanthropy, together, we can ensure that your clients' charitable giving meets the causes they wish to support.**

We provide a range of options for private clients who are interested in:

- Leaving a legacy or gift in their will
- Transferring the burden of running a charitable trust
- Setting up a personal Named fund
- Setting up a Memorial fund

You will find information on these aspects of charitable giving within this pack.

Corporate Donors

We offer similar support to corporate donors like Ford UK and Red Funnel, solicitors, accountants and

manufacturing companies who have an interest in their local community and putting their corporate social responsibility (CSR) into practice.

Payroll Giving

We have a Giving Online page – https://www.givingonline.org.uk/Hampshire-and-Isle-of-Wight-Community-Foundation_3239/index.html. Any businesses wishing to set up payroll giving can do so via this link. It is completely free of charge for a company to set up a contract, allowing gross donations. Organisations can also look to match staff contributions as part of their CSR.

Text Giving

Text Donate is another way to fundraise for a particular cause – we can set this up through Just Giving providing a text donate code allowing quick effective fundraising while people are on the go.

Charitable Trusts

We can take on existing charitable trusts with difficulties identifying beneficiaries or attracting new trustees, and provide a range of services from assisting with grant-making to taking over legal responsibilities for the trust, with settlors and their trustees retaining an interest if they wish. You can find out more under Charitable Trust Transfers.

Benefit to your Clients

Community Foundations are an ideal vehicle for local philanthropists to provide structure to their giving in a tax-efficient way and offer an economic and flexible alternative to creating a charitable trust, which can be complicated and costly to set up and administer. The governance burden on trustees of running a conventional charitable trust is ever increasing which can be off-putting to many clients.

We offer a practical alternative, making charitable giving to local causes stress-free and enjoyable for clients, whether the amounts they set aside are large or modest.

Whether your client is looking to establish a personal Named fund through a lifetime donation or a legacy in their will, or wishes to reduce the administrative burden of an existing trust, we can work with you and your client to find the best solution.

By working with Hampshire & Isle of Wight Community Foundation, you and your clients can benefit in a number of ways:

- We are local – your clients' funds will be used to support the local community in which they live or work. They can visit projects and see for themselves the positive impact that their charitable giving achieves

- We are impartial – you may be reluctant to recommend specific charities to your clients. We do not favour any particular cause or theme
- We are flexible – with a personal Named fund (which operates in a similar way to a charitable trust), your clients can choose the causes they wish to support. Grants can be made to any charitable causes - not just registered charities – or theme (e.g. improving health and wellbeing or access to learning and improving skills and employability)
- Clients can change their focus at any time which enables them to respond quickly to emerging social need. Clients can be involved as little or as much as they like in the grant-making process
- We are quick and efficient and can set up a Named fund after one meeting rather than waiting several months or longer to register a charitable trust
- We carry all financial and legal responsibility. Setting up a charitable trust can be time consuming and costly to establish and administer. The onus on trustees is increasing – to invest and monitor the investment of funds, to ensure regulations are followed in grant-making, to meet the stringent needs of accounting requirements under SORP as well as the independent scrutiny of accounts. With a Named fund at Hampshire & Isle of Wight Community Foundation, all these responsibilities lie with our trustees
- We make giving easy – we promote your clients' fund and invite applications from community groups to fund their project, review grant applications, provide summaries of the projects, check validity and that the charity's or group's project falls within the fund's charitable objectives
- We arrange for donations to be made from the fund and undertake monitoring to ensure the money has been spent on the project and to measure the impact it has made
- We have excellent knowledge of local community need and can match your clients' interests to specific projects, causes and initiatives
- We encourage donors to be fully involved in deciding which community projects to support
- We help your clients give tax-effectively – as a registered charity we are an ideal vehicle for all methods of giving, offering significant tax benefits for your clients including relief from income tax, capital gains tax, inheritance tax and corporation tax. We can accept gifts in cash, shares, land, property or other assets
- We are here to stay – if a client leaves a legacy in a will today, it is possible that the charity or cause they asked to fund is no longer in existence by the time their will comes into effect. With a Named fund with HIWCF, our trustees are responsible for the distribution of gifts left to them. We ensure that the original intentions of your client are carried out without having to approach the Charity Commission for a variance of the deeds of a trust or intentions in a will
- We are transparent – we ask for a small contribution towards our core administration costs for managing a fund depending on the size/type of fund, agreed up-front with our donors. We operate with very low overall administrative overheads, which means that more money goes in grants to the community
- Our service is personalised and flexible so it is very likely that we can find a solution that meets or exceeds, your clients' needs and expectations; which we hope would help to strengthen your relationship with them further

To find out more about how we work in partnership with professional advisers please contact:
info@hantscf.org.uk or telephone on 01256 776101

Hampshire & Isle of Wight Community Foundation

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Registered Charity Number 1100417. Company limited by guarantee 4534462



What our supporters say...

"Everyone living and working in Hampshire & Isle of Wight should familiarise themselves with what the Foundation is achieving. Clients making Wills or lifetime gifts often find it difficult to choose between the vast numbers of charities available. HIWCF provides a conduit for these donors directly to local needs and local benefit with complete transparency, as separate funds are set up in clients' names to provide grants at the clients' discretion. Or discretion can be left with the Foundation. All too often large sums are left to national charities with no indication as to what they are to be used for."

Partner, Solicitors

"HIWCF took over managing the Penton Trust Fund four years ago, and have done an incredible job ensuring money reaches those in need in the community"

Sally Bashford, trustee Penton Trust

"We have chosen to set up a fund with HIWCF for their local knowledge and expertise in areas where our fund is targeted. The Foundation has strong partnerships in the community, enabling us to provide technical, behavioural and life-skills training for disadvantaged young people, ensuring that those most in need are able to overcome barriers to their access to work"

Alessandro Attansio, Ford Motor Company

"I am delighted that HIWCF has been able to help support some crucial projects being delivered by some amazing people working on the frontline in Portsmouth"

Councillor Hugh Mason, Portsmouth City Council and HIWCF Trustee

"HIWCF have helped us provide local support for young people with learning and physical disabilities helping them to get out and get involved in a full social life in the city"

Dan Davies, director Bivol Trust

"With HIWCF's help, we support over 300 people living in our local community, giving them a chance to acquire new skills and knowledge to keep them safe and enhance their lives"

Hayley Young, youth worker Garage Youth Centre

"We were overwhelmed by the success of the project, and thank Isle of Wight Community Fund for their faith in supporting us"

Judi Griffin, Chair Carisbrooke Castle Museum

"I think that the Community Foundation is in a unique position to support local, grass roots charities and is perfectly placed to help with personal, family and corporate philanthropy."

Investment Manager, Brewin Dolphin, HIWCF Advisers

"We are delighted to support the Community Foundation. As a charitable organisation, they work tirelessly with a wide number of local area groups to gain a unique understanding of needs and then to bring value to individuals' lives, providing strength, comfort and inspiration to so many."

Partner, Solicitors

"Working with the Foundation is always a rewarding and productive experience. The team are knowledgeable and very supportive. The Community Foundation is a marvellous organisation that has enabled our clients to achieve their philanthropic goals."

Partner, Solicitors

"When discussing their affairs our clients, often wish the community where they live could benefit from their charitable giving, but can be unsure which specific charity they wish to benefit. The Community Foundation is able to match our client's aspirations with a suitable charity/cause and our clients have been happy to explore these opportunities and are grateful for the introduction"

Director, Private Client Services

"In caring for the community around us, and in supporting the Foundation and the essential role that it plays, we are acting with sensible self-interest as business people. Supporting those organisations at the grass-roots that don't have marketing campaigns or highly paid fundraisers but that are doing things to make a difference to the lives of people in our communities, has to make sense. That's why I'm proud to be fully behind the work of the Community Foundation."

Partner, IoD

"I am so impressed with the work of the Community Foundation – the recognition that relatively modest levels of funding can make an enormous beneficial impact on local community-run groups is key to the wonderful contribution this charity makes in the county."

Associate, Solicitors

"Our charitable fund with the Community Foundation gives us the opportunity to help voluntary and community groups whose primary aim is to improve the quality of people's lives but who don't have the same access to the levels of funding enjoyed by large charities. We have also been able to assist some of our clients set up their own Funds with HIWCF. Our clients have welcomed the support they have received from HIWCF and the

one-to-one advice they receive in deciding which particular causes they support within Hampshire & Isle of Wight. One of the advantages for our clients of setting up their own Funds is that the Foundation is able to take on the day-to-day management of the Fund, ensuring that grants are awarded in line with the Fund's original objectives and picking up the administrative burden involved in the practical elements of dealing with those requests."

Partner, Lawyers

"Having a fund with HIWCF has enabled us to free up someone whose full-time job was dealing with charitable requests. Now we refer all of them to HIWCF, and involve over 20 staff across the business in our fund's grant panel so the staff chose the causes we support that matter to them."

HR Director, Ferry company

"Representing the company on the Ford Community Fund managed by HIWCF helping to choose those local Youth employment causes in Southampton and Eastleigh which will most benefit from our grant funding has been the most worthwhile part of my career with Ford UK,"

Ford Fund, representative

"Looking for a way for Kenwood to channel its corporate giving directly back into the Havant and Waterlooville area to causes that will support our philosophy of healthy eating and wellbeing, HIWCF is the only charity that meets our needs, and we have involved the staff via our Giving Something Back team in assessing the grant applications that HIWCF produced. They have made our corporate giving a painless and efficient process, and the causes we selected received their grants the same week"

Kenwood

"For Hildon Water our monthly giving to Hampshire & Isle of Wight Community Foundation has been a key part of our CSR platform and the philosophy of the founder to give something back to the local community from which we derive our staff, many clients and suppliers; and we chose HIWCF as our partner after considerable deliberation of many charitable causes".

Hildon Water

Setting up a personal Named Fund

Many of us desire to put something back into the community and may consider establishing a charity so that these wishes can be met.

Setting up a charitable trust is the conventional route. However, the legal responsibilities of trustees are onerous (witness recent high profile charity failures). Any charity has to recruit, train and appoint trustees, prepare annual audited accounts, decide on an investment policy, monitor investments, decide upon the needs they wish to help meet, agree the level of support to provide to each group, advertise their grants, carry out due diligence checks on applicants, make awards and then monitor and measure the impact their grant award has had.

Whilst many donors have some of the skills to do this work, very often they do not have the time or the level of expertise in due diligence and grant-making. Charitable trusts can be expensive to run and so many people who like the concept are put off by the cost and compliance requirements.

Launching a personal Named fund with the Hampshire & Isle of Wight Community Foundation provides a simple, cost effective alternative for individuals, families and businesses.

Establishing a Fund through Hampshire & Isle of Wight Community Foundation

Whilst there may be a place for a more expensive conventional charitable trust, a unique feature

of the Community Foundations is their ability to establish a personal Named fund for donors where the administrative burden and legal compliance is managed by the Foundation: but most importantly, the donor can remain as closely involved in the grants of their money as they wish, or give the Foundation discretion.

A personal Named fund with Hampshire & Isle of Wight Community Foundation works in a similar way to a charitable trust but is a lot easier to manage as we handle the investment management, administration, advertising, marketing, correspondence, compliance and governance, grant-making, monitoring and impact assessment, accounting and reporting to the Charity Commission.

Named funds are bespoke to yours or your clients' charitable objectives, and donors can choose the name of the fund or remain anonymous. A fund can commemorate a loved one and increasingly our donors involve their children and heirs in grant decisions. They can choose the geographical area of benefit in Hampshire or Isle of Wight, a town or village; any specific causes they wish to support, and the level of their involvement in selecting projects.

Hampshire & Isle of Wight Community Foundation receives nearly 1,000 requests for funding each year. We have a breadth of knowledge of need across our communities and depth of understanding as to what makes a good application and project.



We also know how to reach small groups that may be beyond the knowledge of the donor. When assessing applications for funding, we have checks in place to ensure that the group has good governance and the skill-set to deliver a project that is really needed in the local community. This provides for a strategic approach to charitable giving for you and your client and ensures a low level of risk by using the Foundation's expertise.

Long Term Endowment or Immediate Impact?

There are a number of options that you or your client might consider when establishing a Named fund and we can work closely with them to explain the choices available, to enable them to make an informed decision about the most appropriate fund for them:

- Endowment Fund – an endowment provides endurance to a donation demonstrating a long-term commitment to the local community. Endowed funds are invested with the annual income being distributed as grants. Funds are invested with a view to growing the value of the fund over time to create an expanding and sustainable source of funds for grant-making in perpetuity
- Revenue or Flow-through Fund – these funds are established by making an annual donation which is awarded as grants within that year to provide immediate support to local communities

An additional benefit of setting up a fund through a Community Foundation is that, periodically, we have access to government 'match funding' programmes such as Community First which provided a 50% uplift on donations into endowment funds. This could grow a donor's £10,000 donation to £17,500 after the application of Gift Aid. We can also often identify 'match funding' from other donors keen to support the same cause.

Management and Costs

As an independent charity, we are responsible for raising 100% of our administration costs and accordingly we need to ensure that we cover the cost of managing our donors' funds. These are met out of contributions to the Foundation.

The size of the contribution depends on the size of fund but is typically 1.5% annually for endowment funds, and 10% for revenue funds. This offers our donors significant value for money when compared with the cost of establishing a conventional charitable trust.

Donations

Where possible, we encourage donations to be made in a tax-effective manner with Gift Aid. For every £10,000 donated, we can claim back £2,500 at no extra cost to your client.

We can also accept gifts in cash, shares, land, property or other assets which can be made tax efficiently.

Giving shares to charity has long been a useful way of unlocking capital and passing it on to good causes. Donations made in this way are eligible for full personal income tax relief.

A gift of £1,000 worth of listed shares could reduce a basic rate taxpayer's income tax bill by £200 and a higher rate payer's by £400. In addition, no capital gains tax is payable on gifts of shares to charity. Similar relief also applies to donations of land or buildings. **We can help you advise your clients on such transfers.**

Benefits

The key benefit to your client is knowing that by setting up a Named fund with Hampshire & Isle of Wight Community Foundation they are making a significant and lasting difference to those in need in their local community without the burden of running a charitable trust themselves. **We take out the stress and make giving the pleasure it should be.**

There are further advantages that we believe personal Named funds have over the establishment of a charitable trust. Our Comparative Table at the back highlights the differences.

Corporate Giving

Recognising the importance of the community in which they work and recruit, and their responsibility to contribute to it in a positive way, Kenwood, the kitchen aid manufacturer established a corporate fund with the Foundation. Every year the firm gives £25,000 to their fund to make grants to local charities encouraging healthy living.

"The Community Foundation is amazing - when our Giving Something Back team meets they present us with a list of applications, which have all been carefully screened. There are six or seven grant applications to choose from, they've checked the sustainability of the project and the organisations too, which really helps. Through the Foundation we have been privileged to come into contact with a number of community projects which have not had the profile and funding of larger charities but which are making a noticeable difference on our doorstep which is hugely satisfying"

Legal Manager, Kenwood



Memorial Funds

In your capacity as a solicitor, accountant or wealth adviser, you will have come across many cases of family and friends wishing to set up a fund in memory of a loved one; so that they can support issues close to the loved one's heart, or that link to the cause of their death. These funds enable family and friends to remember their loved ones in a special way.

As an alternative to setting up a charitable trust, a personal Named fund can be established with Hampshire & Isle of Wight Community Foundation, with the family stating how funds should be spent, and the type of charity and community groups that they wish to benefit in memory of their loved ones.

Monies raised at a funeral can be paid into the personal Named fund and may be tax-efficient with Gift Aid claimed as appropriate.

This is a low-cost solution and a fund can be set up immediately, without any need to register as a charity, or to select trustees (with all the statutory obligations that carries) at what might be a very difficult and emotional time for those involved.

Doris Campbell Memorial Fund

In May 2007, Michael Campbell MBE DL launched a fund in memory of his recently deceased mother to be spent in perpetuity on youth projects and community enhancement. Through his efforts and now those of his children, this fund has now given away over £322,350 of grants to small charities and voluntary causes across Hampshire & Isle of Wight.

"The Community Foundation is an absolute blessing for us as it provides the resources and knowledge that ensure our charitable giving makes a real difference to people living in communities across Hampshire & Isle of Wight"

Laura Campbell, granddaughter of Doris Campbell

Leaving a Gift in a Will

Many local residents are committed to supporting Hampshire & Isle of Wight, and don't want that commitment to end when they die. Some people may have a clear idea of the charities they wish to support in their will, whilst others may be uncertain which causes to support in order to give back to their local community.

An alternative is for Hampshire & Isle of Wight Community Foundation to be named as the recipient in a will, with instructions to use the legacy to support a particular cause, town, village or an area of your county.

Describing one donor:

"She was an incredibly private person, a widow with no children or close family and she had spent her life being very active in the community. She had lived in the county all her life and wanted her estate to be used for charitable purposes but did not like the idea of her estate passing to just one or two national charities which already receive significant funding from other donors and where she felt there was a risk her legacy would be 'lost'. This Named fund will not only help local communities for generations to come, it is also a fitting permanent memorial to a very generous lady."

Leaving a Legacy to Hampshire & Isle of Wight

- Do you have clients interested in setting up a charitable trust through their will, but wary of the cost and the legal responsibilities they may be leaving for family and friends?
- Have clients approached you with a request to leave a charitable bequest to help Hampshire or Isle of Wight based charities?
- Do you have a client who would like to leave a gift to their local community, but hasn't been able to find the right vehicle?

If the answer is yes to any of these questions, HIWCF can help.

Types of Legacy

There are a number of ways that donors can support local causes via a legacy to HIWCF; and we work closely with professional advisers to agree the most appropriate solution for their clients. Whether a residuary, pecuniary or specific legacy, the Foundation is able to manage legacies of all kinds.

Hampshire & Isle of Wight Community Foundation provides a uniquely flexible range of options and

support for clients. Whatever the charitable interests of your clients, the Foundation can:

- Use its local expertise to match deserving causes with the criteria set by your client. For example, if your client has a particular wish to support young people in Southampton or Ryde, or mental health issues across the county, we can set up a fund which fulfills their wishes
- Provide a solution for leaving a one-off legacy which benefits a wide range of deserving, local causes across Hampshire or Isle of Wight
- Offer a way, through an endowment fund, to make a single gift that keeps on giving, in perpetuity, to the causes your client supports
- Enable family or friends to be involved in the decision-making process without the burden of legal or fiscal responsibility

Naming HIWCF as the beneficiary in a will provides your client with the flexibility to support a wide variety of important local causes and to respond to changing needs over time. HIWCF guarantees to use each donation in the best and most effective way to improve lives in the local community adhering to the client's wishes.

Tax Benefits

As it is a registered charity, legacies made to HIWCF qualify as charitable donations. Charitable legacies are exempt from inheritance tax and could help reduce the total amount of tax paid on your client's estate, maximising what is available for their heirs. We can also accept gifts in cash, shares, land, property or other assets which can be made tax efficiently.

Case Study Examples for Clients

If an individual leaves 10% or more of their estate in their will to charity, the rate of inheritance tax (IHT) will be reduced from 40% to 36%. However, this doesn't mean that they have to leave 10% of the whole estate - the rules are more generous than this. It is only necessary to leave 10% of the net value of their estate, the sum of all the assets after deducting any debts, reliefs, exemptions and the tax-free band.

Hampshire & Isle of Wight Community Foundation is not qualified to provide tax advice and we advise any potential donor to discuss tax implications with their professional adviser. However, we set out opposite some examples of how the current rules governing the IHT exemptions on charitable gifts work, to illustrate the tax benefits of leaving a legacy:



Example 1

Robert dies leaving an estate worth £500,000. He has a full tax-free band of £325,000 so his taxable estate is £175,000. To qualify for the reduced rate of tax he needs to leave 10% of £175,000 to charity i.e. £17,500 in his will. The £17,500 qualifies for the charitable gift exemption leaving £157,500 which is taxable at 36% making a tax liability of £56,700. This leaves £425,800 for his heirs.

Example 2

Had Robert left a legacy of £15,000 to charity his estate would not have qualified for the reduced rate as £15,000 is less than 10% of the net value. After making a deduction of the tax-free band of £325,000 and the charitable gift exemption of £15,000, his taxable estate would be £160,000. This would be taxed at 40% making a liability of £64,000 leaving just £421,000 for his heirs. So Robert's heirs will be better off if he leaves £17,500 to charity rather than £15,000.

Example 3

If Robert left nothing at all to charity his taxable estate would be £175,000 with tax at 40% £70,000, leaving £430,000 for his heirs. So whilst Robert's heirs would be better off if he left nothing to charity at all, by reducing what is available to his heirs by just £4,200, the charity benefits by £17,500.

The Foundation has specimen wording available to help solicitors ensure that we can manage your client's gift according to their wishes.

Charitable Trust Transfers

There are thousands of small charitable trusts across the UK that are dormant, inactive, or ineffective and that have ceased to operate for a variety of reasons, often through circumstances that are beyond the control of the original trustees.

Reasons include:

- **The original purposes may be outdated and irrelevant to current needs**
- **The purposes may have been fulfilled or ceased to exist or the beneficiaries may no longer exist**
- **The fund may be too small to make a significant impact as it generates almost no income, or a lack of expertise may make grant-making challenging**
- **With larger funds, sometimes the trustees are not able to distribute funds, they may find it hard to stand down or to find someone to replace them, or they may not fully understand their legal or financial obligations**
- **Few of the original Trustees remain**

Our Experience

We can provide a range of solutions from assisting with grant-making, to taking over a trust completely. If they wish, existing trustees can retain an involvement without having the burden of any financial and legal responsibilities.

We have merged over 20 charities and trusts with assets of over £2 million.

- Working together with professional advisers we can assist clients with trust transfers, moving the funds into an endowed fund with modern and applicable objectives
- We are also able, if required, to change the specific objects of the trust and continue to distribute grants in the spirit of the original founders' wishes

With active trusts, some trustees are looking for a sustainable approach to their fund to ensure that the work they have undertaken for many years is continued in perpetuity.

Trustees of charities and community groups facing closure may decide that the Hampshire & Isle of Wight Community Foundation's work to support local communities is in line with the aims of their trust and that a transfer of funds to the Foundation would ensure a worthwhile and effective use of the remaining assets.

Whatever the reason for closure, it is not uncommon for organisations to have residual funds and the trustees will be required to distribute these in accordance with the dissolution clause in their

governing document and may turn to lawyers for assistance. Charity Commission rules state that residual assets should be passed on to another charitable organisation that can use such assets to follow the same or similar objects.

The Benefits of Transferring a Charitable Trust to Hampshire & Isle of Wight Community Foundation

- We can often provide better returns on investments as we are able to pool large sums of money which are professionally and prudently managed
- Our local expertise means that we can identify current social need and often find beneficiaries that provide the 21st century equivalent of the issues the original trust was set up to tackle
- We can often provide 'match funding' from other donors who wish to support the same cause

Existing trustees can release the responsibility of managing and administering a trust fund directly, but retain an interest in the fund by acting as an adviser or continuing to award grants.

Options for Transfer

There are several options that can be considered under the Charities Act. These can include:

- Closing a trust and transferring the proceeds to the Foundation. Any charity wishing to pursue this should ensure that this action is in compliance with their governing document. We can assist in obtaining the approval of the Charity Commission
- Hampshire & Isle of Wight Community Foundation becoming corporate trustee and retaining the original charity number, but under new management
- The Foundation can also offer a range of grant-making services to existing trusts. This can be a fully supportive offering including any below:
 - Designing the application process
 - Promoting availability of grants to the right target audience
 - Accepting grant applications and carrying out due diligence
 - Producing papers for the grant panel
 - Providing administrative support making the grant payments
 - Monitoring progress
 - Providing an annual report on the impact of the grant-making

Dormant Client Funds and Unclaimed Client Accounts

Professional firms are required to return balances on client accounts as soon as there is no longer a proper reason to retain them.

In addition to handling charitable trust transfers, Hampshire & Isle of Wight Community Foundation has experience of transforming unclaimed balances into an asset for the community handling all cases sensitively and in confidence.

The Solicitors Regulatory Code of Conduct Rules (20.1) allows where funds under the sum of £500 held on client accounts can't be returned to the client, they can now be payable to a charity.

Solicitors need authorisation (from the SRA) to transfer amounts over £500. It can be in the interests of solicitors to ensure that money, which would otherwise remain inactive and subject to audit each year, goes directly to support a charity.

There may be unclaimed amounts held on a client account for a number of reasons:

- The rightful owner cannot be traced
- The rightful owner will not provide instructions on how the funds should be dealt with
- Monies returned to the client have not been cashed

Any unclaimed client funds transferred in this way can be used to directly fund charities and community groups who support the people of Hampshire & Isle of Wight. We are a registered charity, number: 1100417 and can be located on the Charity Commission website:

www.charitycommission.gov.uk/showcharity/RegisterOfCharities

Hampshire & Isle of Wight Community Foundation is able to accept funds donated in this way and can provide an indemnity in case the original beneficiary should ask for the money to be returned, and to protect you in cases should the original owner seek recompense. For example, if funds are held in a general endowment fund earmarked for your firm, protecting the capital and distributing the annual income earned from the interest and dividends to local community groups.





The Charity Commission

In 2014, the Charity Commission published revised guidance on setting up and registering a charity.

The Charity Commission acknowledges that Community Foundations have a reputation for the effective management of charitable funds in order to maximise their impact at a local level.

Hampshire & Isle of Wight Community Foundation is able to offer a practical and cost-effective solution to those interested in local charitable giving, as well as having the knowledge to connect your clients with a wide range of charitable activity.

Setting up a personal Named fund

Revised guidelines have been established to encourage people to think carefully about alternative options before setting up a charitable trust, such as supporting an existing organisation with the same aim or setting up a Named fund with a Community Foundation.

The Charity Commission and Community Foundations have worked closely to ensure that trustees seeking to revitalise dormant or ineffective trust funds who are looking for an effective way of carrying on their good work in future years can release their funds to a Community Foundation.

The Charity Commission welcomes and supports this initiative and encourages all charities to ask themselves whether they should work with Community Foundations as an alternative to setting

up a new charity or continuing with a dormant or ineffective trust fund, particularly if they agree with one or more of the following statements:

- We find it difficult to identify deserving beneficiaries (charities and community groups)
- We cannot spend the income of the charity
- We find ourselves providing money to the same people or groups every year
- We find it difficult to attract trustees
- We would like to be involved in how the money is spent but don't want the legal responsibility of being a trustee
- The work of administering the charity and its investment is becoming onerous or disproportionate to the level of funding
- We wish that we knew more about local issues and opportunities and who else was funding what

The Charity Commission website suggests if you want to help your local community but don't have the spare time to run a charity, you could consider setting up a fund with a Community Foundation instead.

For more information visit www.gov.uk and search for, 'How to set up a charity'.

Or to compare the benefits of establishing a Named fund through Hampshire & Isle of Wight Community Foundation with setting up an independent charitable trust, see the **Comparative Table** on the following page.

Comparative Table

Comparing a Named Fund established through Hampshire & Isle of Wight Community Foundation with setting up an independent Charitable Trust

	SETTING UP A CHARITABLE TRUST	ESTABLISHING A NAMED FUND THROUGH HIWCF
SET-UP PROCEDURE	Must register as a charity and apply to the Charity Commission and appoint a Board of Trustees	Simple fund agreement
COSTS	Cost likely to be up to £10,000	Up to 5% start-up costs Annual contribution of 1.5% of fund value
TIME FRAME	May take weeks or months	Can be set-up within 24-48 hours
INVESTMENT, AUDIT ACCOUNTING AND TAX	Tax status covered by registration with the Charity Commission. Must fulfil financial and administrative requirements and may incur professional fees	HIWCF handle all financial and administrative management, arrange audit and report to the Charity Commission. Tax status is covered under HIWCF's charity status
REPORTING TO AUTHORITIES	Donor/trustees must maintain all financial records, prepare accounts, and submit to the Charity Commission	HIWCF take care of reporting to the Charity Commission, particularly the Annual Report and Accounts
GRANT-MAKING PROCESS, ADMINISTRATION AND FOLLOW UP	Donor responsible for grant-making process, administration and overseeing. Must research and check activities and status of all recipient organisations; has ultimate say in all grant decisions	Professional staff available to help identify and assess grantees, provide input on community needs, and ensure follow-up with recipients and reports back to donor. HIWCF verifies activities and status of all potential grantees. Donors can be involved as much or as little as they choose in the grant-making process. HIWCF trustees approve all grants
PHILANTHROPY ADVICE	Donor/Trustees responsible for own giving strategy	HIWCF provide full charitable giving and grant-making expertise to ensure the donor maximises the impact of their fund
DONOR CONTROL	Donor appoints Board of Trustees to control all aspects of grant-making and investment	HIWCF trustees take on legal and fiscal responsibility for the donor's fund, while the donor chooses grants to organisations vetted by HIWCF
DONATIONS	Often restricted to registered charities	To both registered charities and non-registered community groups
PRIVACY	The Charitable Trust must keep public records	Donor anonymity can be maintained if required. HIWCF can mediate between donor and grant seekers
PROFILE	Responsible for own profile	We can help the donor as much or as little as necessary, and can raise the donor's profile in the community by making grants in the donor's name and featuring the donor in publications
GEOGRAPHY	Donor/Trustees determine their geographical reach	HIWCF operates across Hampshire & Isle of Wight but partners with other Community Foundations on the delivery of regional and national initiatives which may be of interest to donors
NETWORKING	Must find own network and information sources	We connect donors to a variety of groups and issues in the community and connect like-minded donors through events and initiatives

Hampshire & Isle of Wight Community Foundation

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Registered Charity Number 1100417



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