



Creating a Legacy Fund for Selby District

Jan Garrill, Chief Executive

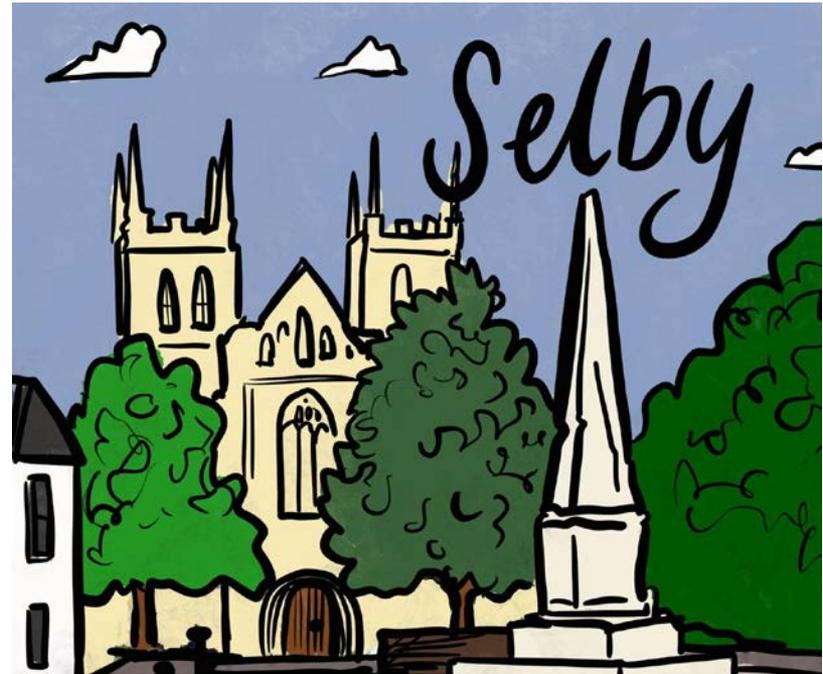
Stephanie Dunnill, Finance Manager

Andrew Wilson, Chair of Two Ridings Investment & Finance
Cttees & Executive Director Quilter Cheviot

Creating a secure legacy for Selby District

Establishing a Selby District Fund with Two Ridings would create a secure legacy:

- For Selby District – as a restricted fund the area of operation is enshrined in law;
- For the long term – as an endowed fund, it will exist in perpetuity; and
- For the benefit of communities – available to support people and communities of Selby District with essential funds.



Two Ridings – uniquely placed to help create a Legacy Fund for Selby District

We have proven strengths in grant-making, philanthropy and working locally and have a great staff and trustee team capable of:

- Building trusted long term relationships – with donors, other key stakeholders & applicants.
- Managing endowments – our endowment is managed via Investment Committee and 2 well regarded Investment Companies – CCLA and Brown Shipley.
- Generating additional funds for Selby District – we have raised over £12m since 2014 – from a mix of local and national donors.
- Working well locally, understanding ‘one size doesn’t fit all’ and wedded to the principle of local decision making on grants.



Two Ridings Community Foundation

- Two Ridings, estab. in 2000, is an independent local charity that inspires local giving & makes grants across North & East Yorkshire.
- It is a Quality Accredited (QA) member of UKCF with proven expertise in grant making, investments etc –recent QA passed in June 2021.
- 40 + donors have used Two Ridings to set up funds to invest in their community.
- Donors include government, Bettys & Taylors group and family, Drax, NYCC and Harrogate and many individuals.
- Charity Commission recommend Two Ridings to others for their trusts. Hull City, City of York and NYCC local authority all transferred endowed funds to Two Ridings
- Raised nearly £3m and distributed £2.2m+ in Coronavirus grants in 2020/2021.



The Selby District Fund - Creating a secure legacy for Selby District

Optimum approach is a mix of initial revenue and long term endowment

- This mix means can **address real needs now AND into the long term**
- Also gives Two Ridings scope and time to build broader donor base via match options
- It offers sustainability for communities – certainty that fund will continue to exist beyond LGR.
- Also allows for multi year awards. This is the one thing groups say is most needed.
- Grant making would build on Two Ridings existing activity in Selby District – in 2020/21 £110,034 awarded in Selby district in 23 awards

Fund component #1: £100,000 revenue in 2021/22

- Fund, once elements agreed, can be opened September 2021 and grants made soon after.
- Two Ridings have flexibility and systems to offer small and larger grants – smaller grants can be turned round in circa 4 weeks with larger grants going to Selby District Panel for decisions potentially twice in the financial year.
- We would carry out all recruitment and induction of the panel – with SDC involvement – councillors, local VCSE representatives, people with lived experience of the issues.
- Guidelines for fund would be worked up and agreed, promoted widely – e-news, social media, website and others' comms channels.
- All applications go through Two Ridings due diligence and assessment process – done positively to help groups get funded. (We can often channel less suitable applicants to Selby District Fund to other funds we hold).
- Also workshops to support applicants – bringing in expertise and other funders – Community First Yorkshire, AVS, Lottery.
- Celebration event and annual impact report.

Fund component #2: Endowment fund

- Modelled using £1m and £2m – the larger the endowment the greater the scope to grow and make impact.
- **An irrevocable donation** - the fund would be held as a **restricted fund***, held by Two Ridings for the benefit of Selby district residents and communities regardless of any future changes in boundaries etc.

***This is enshrined in law and within the Charities SORP. Restricted funds set up by a donor to Two Ridings are restricted in law for the benefit of the designated area.**

- The Total Return of 5% from the Fund would be used to address needs in the Selby district and contribution to costs. **Grants criteria is able to be reviewed and evolve as needs change over time** – done via local panel.
- With £1m endowment – gives c. £36k pa from 2022 for grant making
- £2m endowment – gives c. £76k pa from 2022 for grant making
- Grants would be made using same process as in Revenue fund slide, with same local panel etc.

Robust Governance

All our actions are based on a signed agreement between SDC and Two Ridings which is formal and binding. Agreement would set out:

- Grants criteria - size of grants, what it can and cannot fund;
- Initial priorities - using Vital Signs data and local intelligence from SDC, health, police etc;

If/When SDC dissolves due to LGR, the new authority will be able to shape and evolve use of the fund, just not be able to take it back or change the geographical boundaries

- Decision making process – local Panel, representatives; and
- Contributions to Two Ridings costs of operating the fund.

We manage all the processes

- Generating applicants – including workshops to support applications
 - Due diligence and assessment of applications
 - Panel administration
 - Payments, notification of decisions, follow up monitoring
 - Annual impact report and promotional activity to celebrate fund locally
- Full transparency on funds and grants made via Two Ridings – audited accounts will show fund balances and we publish all grants made

Endowment Funds

- Endowment funds are invested by Two Ridings and we make grants etc on the return from the investments.
- Endowed funds can be held in perpetuity or can be 'spent down' over a number of years.
- We operate a Total Return system and work to a 5% annual return for grant making and contribution to Two Ridings costs.
- We currently have £6m in long term, endowed assets. We use Brown Shipley and CCLA (Churches, Charities and Local Authority) to manage the funds on our behalf.
- We have an investment committee that oversees this management:
 - Chair is Andrew Wilson, Quilter Cheviot Executive Director and a Two Ridings trustee;
 - Other trustee members also have high level financial, investment experience; and
 - Has an independent member – provides external scrutiny & challenge.
- Typically it can take a year or two to generate a return for grant making.

Investment Managers

CCLA specialist investment managers for churches, charities and public sectors organisations:

- In depth understanding of sector and charity investors
- £12bn Assets Under Management (AUM) for charities & non profit organisations
- 33,000 charity clients
- Provide reliable & sustainable income streams
- Strong long term performance record
- Pooled funds c. 75% of portfolio is equities (mainly overseas at present)
- Other assets includes infrastructure assets, commercial property, logistics distribution, and contractual income
- Provides diversification and reliable income streams
- Have demonstrated good risk management & resilience in changing markets

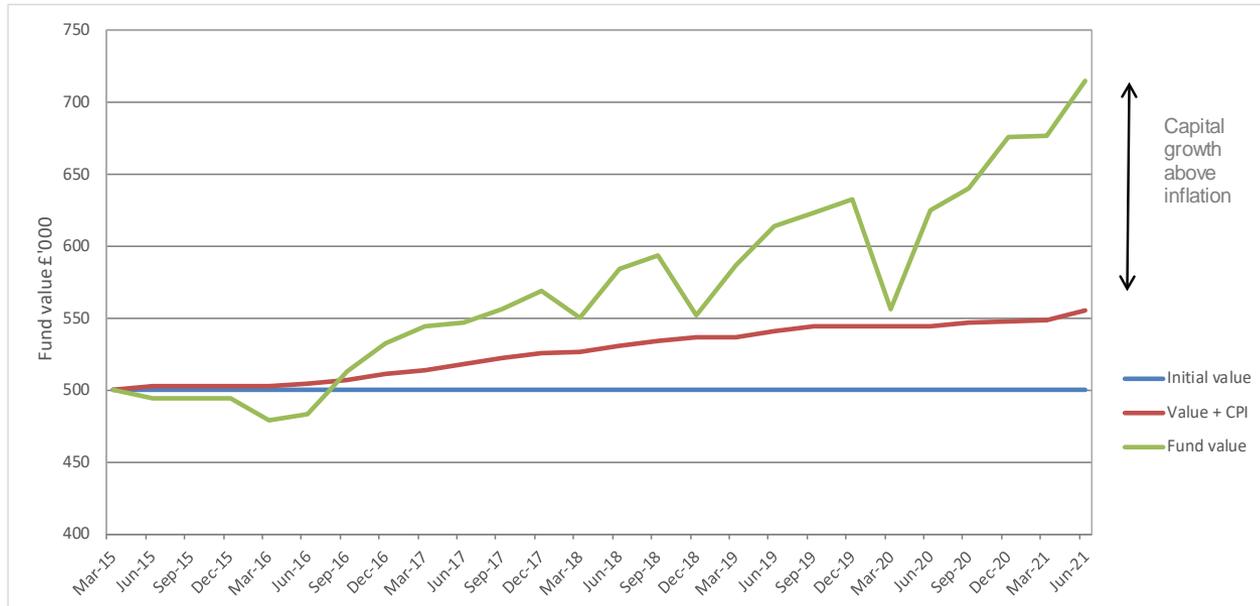
Investment Managers

Brown Shipley (part of Quintet Private Bank group):

- €81 bn AUM in Europe
- Brown Shipley established over 200 years
- Local office in Leeds
- Strong relationship coupled with strong performance over last 3 years
- Discretionary portfolio tailored to TRCF investment objectives
- Medium risk approach
- Portfolio c. 64% equities, 17% bonds & cash, 19% other assets including structured products and hedge funds
- Complements CCLA to further diversify overall TRCF investments

Long term growth

ENDOWMENT FUND - EXAMPLE



How endowment funds work:

The capital sum is kept in perpetuity.

The income plus some of the capital growth is used to make grants each year.

Within a relatively short time the fund will have distributed more than the initial gift

| | |
|---|-----------------|
| Initial Value of Fund March 2015 | £500,000 |
| Theoretical Value of Fund increasing with CPI inflation May 2021 | £555,667 |
| Value of Fund at 24 June 2021 * | £715,210 |
| Capital growth above inflation | £159,543 |

IMPORTANT INFORMATION

* Example based on funds invested in Two Ridings CF investment portfolio and invested in accordance with the Foundation's Investment policy since March 2015. Current investment managers are CCLA and Brown Shipley.

** This example is for information only and does not constitute professional investment advice. The value of investments may fall as well as rise and past performance is not a guarantee of future results.

Note Two Ridings covers its administration costs for all activity via a small percentage from the income pa.

Case Study North Yorkshire Reward Fund

- Established at Two Ridings as a fund in 2011 from donations from North Yorkshire County Council. Started with £200k revenue fund and £420k endowment.
- Ten years on...
 - £334,000 in grants made;
 - £600,000 endowment fund; and
 - £187,000 generated by Two Ridings in new donations & match with new fund holders.
- Over years grants made have been adapted as a result of long term positive and consultative relations with NYCC.
- NYCC have adapted fund criteria to reflect changing needs and NYCC priorities.

Longer term development option

- Further option to use the funds to accelerate fund growth for Selby District
- Match funding offer to donors does incentivise giving.
- Government and locally Two Ridings have operated match funds – successful way to build local donor base.
- Many donors, once with a fund, will donate more over time.
- Match funding can be offered to build revenue or endowed funds for Selby District.
- Any funds established would always have to be for Selby District and to fund priorities/needs in District.
- Many CFs have successful place based funds for local areas – but having match potential is icing on cake.
- Match can be in range of 50 to 100% - ie for every £1 donated Selby District Fund matches the £1 with another 50p or £1.
- Note, fund growth can take time – circa 2-3 years is realistic.

Thank you

Contact details:

- Jan Garrill jgarrill@tworidingscf.org.uk 07554 425431
- Stephanie Dunnill sdunnill@tworidingscf.org.uk
- Andrew Wilson andrew.wilson@quiltercheviot.com

www.tworidingscf.org.uk

www.ukcommunityfoundations.org

www.CCLA.co.uk

<https://brownshiple.com>