

Locally trusted organisations

A locally trusted organisation is the organisation chosen by your Big Local partnership to administer and account for the distribution of your funding, and/or deliver activities or services on behalf of the Big Local partnership.

Your Big Local partnership guides the overall direction of Big Local in your area and makes decisions about how your Big Local funding will be used. You might work with more than one locally trusted organisation. This will depend on your Big Local plan and the skills and resources you need.

We have a funding agreement with your locally trusted organisation(s), and this is the document that is legally binding.

What does your locally trusted organisation(s) do?

As a minimum your locally trusted organisation must be able to:

- receive and administer funding on behalf of the Big Local partnership, and in line with the Big Local plan and funding agreement
- report on the use of funding to you and to us
- provide grant and partnership administration support
- have a good working relationship with you and us, and with the Big Local rep
- pass our due diligence checks which includes being suitably experienced, constituted and able to keep accurate financial records of how the money is being spent
- agree and sign our funding agreement.

We don't expect partnerships to have a bank account, process invoices or deliver lots of activities. This is why we ask you to work with organisations that you trust, that have the appropriate skills and structures in place to do this for you.

However, we know that some Big Local partnerships do deliver some community-based activities; indeed some want to go further and become their own locally trusted organisation. If you are thinking about delivering some activities or becoming your own locally trusted organisation please see our guidance: Big Local Partnerships becoming their own locally trusted organisations.

How to choose a locally trusted organisation

We expect Big Local partnerships to choose a locally trusted organisation in an open, fair and transparent way. It's important that you are able to work with your locally trusted organisation to achieve the vision you have set for the Big Local area.

Who can be a locally trusted organisation?

Any organisation that meets our criteria and pass our due diligence can be a locally trusted organisation. Locally trusted organisations in Big Local areas include: housing associations,

parish councils, local businesses, charities, voluntary groups, community voluntary services, community foundations, trusts and other funders, community groups, schools, credit unions, churches and a GP surgery.

Due diligence checks

As part of our assessment, we carry out due diligence checks on your chosen locally trusted organisation(s). As part of this process we check if the organisation:

- is constituted and can act as a locally trusted organisation within its objects – we ask for the organisation's governing documents and contact details
- has the experience and capability to administer and account for the funding – we ask for the organisation's most recent set of financial accounts (published within a year) and use these to check the organisation's financial position
- has the capacity to support the partnership in its role as locally trusted organisation – we ask how the organisation was chosen and the working relationship between you
- has a bank account in the name of the organisation with at least two signatories who are not related to one another or reside at the same address – we ask for a signed form to show the account and signatory details, as well as a copy of a cheque or paying-in slip as evidence of the account details.

Once we've completed our assessment and due diligence checks, we send your locally trusted organisation an offer letter that sets out the amount of funding endorsed, the payment schedule, and the terms and conditions of funding. We copy in the chair of the Big Local partnership and the Big Local rep. The locally trusted organisation signs the terms and conditions, also known as the funding agreement, to indicate that they agree to them. We release the funding once we receive a signed copy of this agreement. You can see a copy of the standard terms and conditions of funding [here](#).

Once the funding agreement has ended it's up to the Big Local partnership and locally trusted organisation to decide whether to continue the relationship when you submit a new plan to us, or whether to choose another locally trusted organisation.

We carry out due diligence checks each time a new funding agreement is put in place. We may also require your locally trusted organisations to send us their annual financial accounts each year once published.

Spend reporting

Your locally trusted organisation will report regularly to you and then us on your expenditure (normally every six months). We call this reporting on your spend, and ask for the following information:

- how much Big Local money has been used and for what?
- has the money been used as set out in the agreed budget? If not, then what happened and why?
- will there be a substantial difference in your planned spend going forward, and will you need to request a variation to the funding agreement from Local Trust?

You can agree locally on any additional reporting between the partnership and the locally trusted organisation that suits you and your locally trusted organisation. You can find out more in our guidance, [How to complete a Big Local spend report](#).

What funding does the locally trusted organisation receive?

Funding details are set out in the offer letter from Local Trust.

We provide locally trusted organisations with a contribution towards partnership support and/ or grant administration – which is 5% of the total spend. This is in addition to your £1m. It only becomes available once we endorse your Big Local plan.

If, by the end of the agreement, the partnership spends less than the amount budgeted for in the funding agreement, the unspent funds must be returned to us – along with the proportionate 5%. The funds will be added to the balance of your area's £1m so you can use it in the future. There is also an option to request an extension to your plan or ask for a variation to your activities, so that more of the underspend can be used during the current plan. This can be agreed with Local Trust by email.

If you choose to fund an organisation that supports you with social investment, alongside the loan itself, we provide an administration loan fee to the organisation instead of 5% as a contribution to costs. This will be detailed in their funding agreement. For more information on social investment please see our guidance on Social investment and Big Local.

What if we want our locally trusted organisation to do more than receive, account and distribute the funding?

Your Big Local partnership might want your locally trusted organisation to do more than receive, administer and account for the Big Local funding. So, you might want your locally trusted organisation to provide extra support and/or deliver parts of the Big Local plan, which could include:

- organising and running community events or festivals
- delivering parts of your plan, for example running a community hub or activities for young people
- employing and managing a worker
- running a small grants scheme or participatory budgeting activities.

In this case, some partnerships will agree extra payment to the LTO, and will include this in their plan budget. It's a good idea for Big Local partnerships and locally trusted organisations to agree your relationship in writing. This agreement does not need to be long or complicated but should include roles and expectations, any services or support provided, the funding amount and time period, as well as any local working arrangements and reporting on progress or spend.

How many locally trusted organisations can we have?

Each Big Local partnership might want to work with more than one locally trusted organisation. This will depend on the Big Local plan and the skills and resources required. But, do keep in mind that the more locally trusted organisations you have at the same time, the harder it might be for your partnership to keep track of overall progress and spend on your plan, as each of them will have a separate agreement with us and with the partnership.

What about working with other organisations?

While you might just have one locally trusted organisation, we expect a wide range of people, community groups, charities, organisations, businesses and public agencies will be involved in Big Local. Some may provide and deliver services and activities on your behalf but not be your locally trusted organisation. It is these organisations that your locally trusted organisation will fund on behalf of your Big Local partnership. These organisations do not have a direct relationship with us, but they might work closely with you. In these instances, it is the responsibility of the locally trusted organisation to put in place appropriate funding agreements and arrangements that set out:

- what the organisation will deliver or provide
- the cost
- the time period
- what's expected from the activity, project or service
- reporting requirements.

Changing locally trusted organisation

There are many reasons why your locally trusted organisation might change. For example, your locally trusted organisation might experience changes which mean they can no longer support the partnership. Or you might develop a need for a different type or level of support that your current locally trusted organisation cannot provide.

The funding agreement which is between us and the locally trusted organisation can be terminated with three months' written notice by either side. Please note that the Big Local partnership cannot terminate this agreement; we need to do this on your behalf. If your Big Local partnership, the locally trusted organisation and Local Trust all agree, a funding agreement can be terminated with a shorter notice period.

Your new locally trusted organisation will need to meet our criteria and pass our due diligence checks before we can put a funding agreement in place with them. When changing, it's a good idea to think about a handover period to cover the time it takes for us to set up a funding agreement with your new locally trusted organisation. Otherwise there will be some time when funding is not available to your area.

This document will be developed over time with input from the people using this material.

If you have thoughts on how this document can be made more useful for you, particularly if you live in one of the Big Local areas, please let us know.

Local Trust

The endowment for the Big Local programme is held by the Big Local Trust and overseen by Local Trust. The Big Local Trust was established by National Lottery Community Fund with a National Lottery grant of £196,873,499.

If you need this document in other formats or a community language please get in touch with Local Trust and we will help you.

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