



**CUMBRIA**  
COMMUNITY FOUNDATION



**PHILANTHROPY SERVICES**  
FOR YOU AND YOUR CLIENTS





*"Community Foundations are vital contributors to building social capital. They also play a vital role by providing a platform that enables individuals and firms to invest in their communities. Community Foundations are helping to deliver a more inclusive capitalism, one in which individual virtue and collective prosperity can flourish."*

**Mark Carney**

**Former Governor of the Bank of England**

# Contents

---

About Cumbria Community Foundation.....	4
Benefit to your Clients.....	6
Charitable Trust Transfers.....	8
Setting Up a Named Fund as an Alternative to a Charity.....	10
Dormant Client Funds and Unclaimed Client Accounts .....	12
In Memory and Tribute Funds.....	14
Leaving a Gift in a Will.....	15
Setting up a Personal Fund.....	18



Young people gaining employability skills and improving self-confidence during a 12 week film making course run by North Allerdale Development Trust (NADT) in Wigton, funded by the Liddle Thompson Fund

## Working in Partnership with Professional Advisers

Cumbria Community Foundation (CCF) is an independent charity that connects people who care with causes that matter. We are one of Cumbria's foremost grant makers, supporting more than 500 community projects per year on behalf of our fundholders. Since 1999 we have awarded more than £46m in grant aid through more than 100 grant making funds and have endowed assets in excess of £21m.

### Quality Accreditation and Governance

Cumbria Community Foundation is quality accredited by UK Community Foundations. Quality accreditation is a programme which endorses and encourages best practice by Community Foundations. Achieving quality accreditation demonstrates that a Community Foundation delivers to a standard and is serious about quality and accountability.

We view corporate governance as 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 fundholders is that, whatever the size and nature of their contribution, they can be sure it is going straight to where it is needed and will do the most good.

### A word from Colleagues

*"Cumbria Community Foundation is experienced in helping people set up funds, which can work during their lifetime for the common good and then well beyond their years to continue to benefit specific causes after their death. I am happy to endorse the CCF approach and would recommend their professional expertise to anyone wanting to make a charitable donation either during their life or as part of estate planning"*

**Andrew Eze, Divisional Director - Head of Office, Brewin Dolphin Ltd**



## Need in Cumbria

It doesn't make easy reading, but it is important to highlight the extent of deprivation which exists in Cumbria. Our beautiful and much visited county which has so much to offer, still faces many challenges of disadvantage and social need – and much of it is hidden.

Popular notions of poverty and deprivation in Britain often assume they are problems confined to inner city areas and large housing estates. The reality can be very different. In 2016 the Foundation compiled research to demonstrate the extent of community needs and social deprivation across Cumbria.

The published findings in Cumbria Revealed, available from our website, indicated the problem of community need was on a far larger scale than previously thought. In particular, transport issues, the super-ageing population, loneliness, health issues, child poverty, housing and wealth differences were all factors creating real challenge for Cumbria's residents.

Cumbria Community Foundation exists to alleviate poverty and disadvantage and to strengthen Cumbria's communities by inspiring people to give us money for impactful and potentially life-changing projects. We are also here to respond to emerging need. Through our research and understanding of local issues, our purpose is to enable fundholders to undertake informed and targeted grant-making to the causes they care about.

However, we are fully aware that we cannot tackle social problems alone. The Cumbria Revealed report has revised our grant making priorities for the next five years in response to the needs identified, which are:

- Improving the lives of disadvantaged children and families
- Improving the life skills, education, employability and enterprise of disadvantaged people
- Supporting vulnerable older people
- Improving the health and well-being of the people of Cumbria
- Strengthening and supporting fragile communities

## Our Work with You

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

Working together we can provide a fully inclusive service 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 the technical aspects of planned giving, by combining your expertise with our experience in advising on philanthropy, together we can ensure that your clients' charitable giving connects them with 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 fund
- Setting up an 'In memoriam' fund

## Corporate Fundholders

We offer similar support to corporate fundholders (who can be businesses of all sizes, solicitors, accountants and land agents etc) who have an interest in the local community and wish to put their corporate social responsibility into practice.

## Charitable Trusts

We can also take on existing charitable trusts that are ineffective on account of difficulties in identifying beneficiaries, disproportionate administrative costs or attracting new trustees. We provide a range of options from assisting with grant-making to taking over legal responsibilities for the trust completely, yet with clients retaining an interest. You can find out more about that in our information on charitable trust transfers.

## Benefit to your Clients

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

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

We must stress that we believe that there is still a place for the conventional personal charitable trust and, indeed, that may be the client's preference. In line with the Charity Commission's advice (see page 10), our purpose is to ensure that potential fundholders are aware of the full range of options available.

Whether your client is looking to establish a named family 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 Cumbria 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 and work. They can visit projects and see for themselves the positive impact that their charitable giving achieves.
- We are impartial – you may feel reluctant to recommend specific charities to your clients. We do not favour any one particular cause or theme.
- We are flexible – with a named fund (which operates in a similar way to a charitable trust), your clients choose the causes they wish to support. Grants can be made to charitable causes and not just registered charities (for example, grants aimed at improving health and wellbeing or targeting older people, housing issues and 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. Anonymity can be maintained if desired or publicity achieved, dependent on preference.
- We are quick and efficient – we can set up a named fund with the Foundation after one meeting rather than waiting several months or longer to register as a charitable trust.
- We make giving easy – we promote the 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 community group's project falls within the Foundation's charitable objectives. We arrange for the 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 are knowledgeable – with our expert guidance and local knowledge we can match your clients' interests to specific projects, causes and initiatives.
- Your clients decide which projects to support – we allow fundholders to have full involvement in decision-making including which community projects to support and the level of funding. Ultimately, responsibility lies with the trustees of Cumbria Community Foundation and grants can only be made following their ratification.
- We help clients give tax-effectively – as a registered charity, we are an ideal vehicle for all methods of tax-effective giving, offering significant tax benefits for your clients including relief from income tax, capital gains tax, inheritance tax and corporation tax. We can also accept gifts in cash, shares, land, property or other assets which can also be made tax-effectively.
- We are here to stay – if a client leaves a legacy in a Will today, it is possible that the charity or cause intended to benefit is either no longer in existence or in need of assistance by the time the Will comes into effect. With a named fund



## Breakfast Club



Established in 2011, Cumbria Gateway based in Carlisle, provides user-led, person centred health and social care services within the substance and alcohol misuse field.

The organisation supports the transition from a substance abuser to someone with the skills and confidence to take part in normal everyday life. Their services include housing, training, volunteer opportunities and practical and emotional support.

Funding was awarded from the Fryer Grassroots Fund towards the breakfast club, which is aimed at the more chaotic user in the hope that peer mentors can reach out and inspire those who might be considering a new way of life. It is also the gateway to accessing additional support and has proved popular in showing people that they can make different lifestyle choices with help available if they need it.

with the Foundation, our trustees have discretion over the distribution of legacy funds. We can ensure that the original intentions of your client are carried out without having to approach the Charity Commission for a variation of the original deed of trust or the intentions in a will.

- We are transparent – we ask for a contribution towards our operational costs for managing a fund which varies depending on the size and type of fund and we agree this, up front, with fundholders. We operate with a very low overall administrative overhead, which means that more money can go out in grants to the community.
- We carry the financial and legal responsibility – a personal 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 the SORP as well as the independent scrutiny of the accounts. With a named fund at Cumbria Community Foundation, all these responsibilities lie with our trustees.
- Above all, because our service is personalised and very flexible, it is very likely that we will be able to find a solution that meets, and maybe even 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 can work in partnership with professional advisers please email Andy Beeforth [andy@cumbriafoundation.org](mailto:andy@cumbriafoundation.org) or contact by phone on 01900 825760

## Charitable Trust Transfers

There are thousands of small charitable trusts across the UK that are either dormant, inactive, or ineffective. You will no doubt have come across charities or charitable trusts that have ceased to operate for a variety of reasons, often through circumstances that are beyond the control of the original trustees.

### Reasons why a charitable trust may become dormant, inactive or ineffective 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
- Funding challenges that many in the voluntary sector are facing
- 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 decision-making challenging

### With larger funds, it might be that over the years the trustees:

- have not been able to find suitable beneficiaries or spend the charity's income
- have tended to provide money to the same people or groups every year
- have found it hard to attract trustees
- want to be involved in how the money is spent but don't want the legal responsibility of being a trustee
- want help in identifying local issues and opportunities - and which are most in need of funding

## Our Experience

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

Working together with professional advisers, we can assist clients with trust transfers, moving the funds into another endowed fund with up to date and appropriate objectives. We are able, through the transfer process, if it is required, to change the specific objects of the trusts and continue to distribute grants in the spirit of the original donors' intentions.

With active trusts, it may be that trustees are looking for a sustainable approach for their fund, to ensure that the excellent work they have undertaken for many years is continued in perpetuity without them losing involvement in the funds. As an alternative to transferring a trust, we may also be able to take over the management of active trusts, sometimes by becoming corporate trustees of a trust.

Trustees of charities and community groups facing closure may decide the work that Cumbria Community Foundation does to support local communities and individuals is in line with the aims of their group and that a transfer of funds to the Foundation would ensure a worthwhile and effective use of remaining assets. Whatever the reason for closure, it is not uncommon for organisations to have residual funds and the dissolution clause in the organisation's governing document will require the trustees to distribute these funds, at which stage the trustees may turn to you for assistance. Charity Commission rules are clear that residual assets should be passed on to another charitable organisation that can use such assets to follow the same or similar objects.



## The Swales Trust

The Swales Trust Fund (formerly the Swales Scholarship Fund) was transferred to the Foundation in March 2015. The trustees, following discussions with both Newton Rigg and Askham Bryan colleges, decided to transfer trusteeship to the Foundation so that the distribution of awards to eligible students could be made as widely as possible.



### The Benefits of transferring a Charitable Trust to Cumbria Community Foundation

- We may be able to provide better returns on investments as we are able to pool larger sums of money which are effectively managed through appointed investment managers
- Our local expertise means that we can identify current social need and often find beneficiaries and causes that provide the 21st century equivalent of the issues the original trust was set up to tackle
- 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 relevant sections of the Charities Act. These can include:

- Closing a trust and transferring the proceeds to the Foundation. Any group or charity wishing to pursue this should ensure that this action is permitted under the terms of their governing document, and where relevant, has the approval of the Charity Commission. We can assist in writing to the Charity Commission to enable this to take place.
- Cumbria Community Foundation becoming corporate trustee and retaining the original charity number, but the fund coming 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 all of the aspects below, or can just focus on one or more of these elements:
  - Designing the application process
  - Promoting availability of grants to the right target audience
  - Accepting the applications and carrying out due diligence
  - Producing papers for the panel
  - Providing administrative support in terms of making the grant payments
  - Monitoring progress
  - Providing an annual report on the impact of the grant-making

## Cumberland Educational Foundation



The Cumberland Educational Foundation was transferred to the Foundation in 2001 from Cumbria County Council. The funds derived from the sale of 25-acres of land at the former Cockermouth Grammar School in the early 1990s. The fund supports the education of people under the age of 25 years.

Lewis Charlton, a talented young dancer from Whitehaven received funding to follow his dreams and study at a leading performing arts school in London.

At the age of 11, Lewis enrolled at the Royal Ballet School in London, where places are offered to only the most talented students. Lewis spent the next five years being trained in classical ballet at the internationally renowned school.

Lewis has also passed on his performing skills to other young dancers in the community. When he returns home, he gives master classes to pupils at a local theatre and dance school, where he developed his talent for five years.

# Setting up a Named Fund as an Alternative to a Charity

The Charity Commission has published guidance on setting up and registering a charity. It makes the point that setting up a charity is not always the best option and that setting up a trust or fund with a community foundation may be appropriate as community foundations can help you:

- work out where your local community needs support
- identify local groups that are already meeting these needs
- decide how to use donations strategically and effectively

Cumbria Community Foundation is not only able to offer an alternative, cost-effective solution to those who are interested in local charitable giving, but also has the knowledge to connect your clients with a wide range of charitable activity in their local area.

## Setting up a named fund as an alternative to a charity

The published guidelines were established to encourage people to think carefully about alternative options before setting up a charity, 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 also worked closely in recent years to ensure that trustees seeking to revitalise dormant or ineffective trust funds (and 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 gives the following examples of circumstances when charity trustees should consider if a community foundation could take over your dormant or ineffective trust fund and carry on its work:

If trustees:

- can't find suitable beneficiaries or spend the charity's income
- provide money to the same people or groups every year
- find it hard to attract trustees
- want to be involved in how the money is spent but don't want the legal responsibility of being a trustee
- want help in identifying local issues and opportunities - and which are most in need of funding

To compare the benefits of establishing a Fund through Cumbria Community Foundation with setting up an independently registered charitable trust, see the **Comparative Table on page 11.**

## Lamont Pridmore Fund



Lamont Pridmore, a leading family-run Cumbrian chartered accountancy firm created a charitable fund supporting community activity across West Cumbria at a grassroots level.

Graham Lamont, Managing Partner said: "Both myself and my son, Chris, who is also a partner in the firm, were born and brought up in West Cumbria. Our family owned accountancy practice was founded over 100 years ago in West Cumbria, and still operates, in the area and we wanted to give something back to the people and communities we serve. Working with Cumbria Community Foundation means we can support and champion the causes we care about and be confident that our money is in safe hands and being spent wisely and effectively."

# Comparative Table

Comparing a Fund established through Cumbria Community Foundation (CCF) with an independently registered charitable trust.

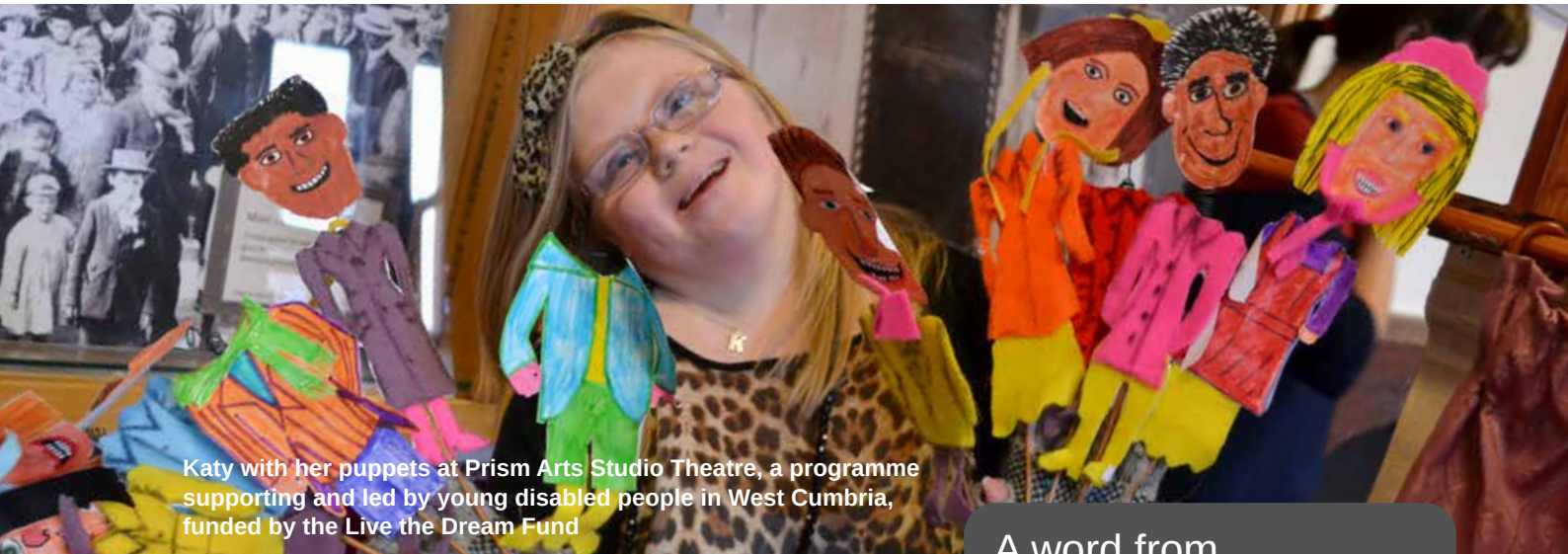
	SETTING UP A CHARITABLE TRUST	ESTABLISHING A FUND AT CCF
SET-UP PROCEDURE	Must register as a charity and apply to the Charity Commission. Must appoint a Board of Trustees.	Simple fund agreement.
COSTS	Cost likely to be from £1,000 if using professional advice.	A set-up fee of £750*
TIME FRAME	May take weeks or months.	Can be set-up within 24 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 fee costs.	We handle all financial and administrative management, arrange audit and report to the Charity Commission. Tax status is covered under CCF's charity status.
REPORTING TO AUTHORITIES	Donor/trustees must maintain all financial records, prepare accounts, and submit to the Charity Commission.	We take care of reporting to the Charity Commission, particularly the Annual Report and Accounts.
GRANTMAKING PROCESS, ADMINISTRATION AND FOLLOW UP	Donor responsible for own grant-making process, administration and overseeing. Must research and check activities and status of all recipient organisations; has ultimate responsibility for 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. CCF verifies activities and status of all potential grant recipients. Donors can be involved as much or as little as they choose in the grant-making process. CCF trustees approve all grants.
PHILANTHROPY ADVICE	Donor/trustees responsible for own giving strategy.	We provide full charitable giving and grant-making know-how to ensure that the impact of the fund is maximised.
DONOR CONTROL	Donor appoints Board of Trustees to control all aspects of grant-making and investment.	Trustees of CCF take on legal and fiscal responsibility for the fund, while the fundholder chooses grants to organisations vetted by CCF.
DONATIONS	Often restricted to registered charities.	To both registered charities and non-registered community groups.
PRIVACY	The charitable trust must keep public records.	Anonymity of donor can be maintained if desired. If the donor wishes, CCF can serve as a mediator between donor and grant seekers.
PROFILE	Responsible for own profile.	We can help the fundholder as much or as little as necessary. We can raise the fundholder's profile in the community by making grants in the fundholder's name and featuring the fundholder in publications.
GEOGRAPHY	Donor/trustees determine their geographical reach.	CCF operates across Cumbria and its immediate border area and partners with other UK Community Foundations on the delivery of regional and national initiatives which may be of interest to fundholders.
NETWORKING	Must find own network and information sources.	We connect fundholders to a variety of groups and issues in the community and connect like-minded fundholders through events and initiatives.

\* current at 1 June 2020



# 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 reason to retain them. In addition to the handling of dormant charitable trust transfers, Cumbria Community Foundation is able to transform unclaimed balances into an asset for the community.



Katy with her puppets at Prism Arts Studio Theatre, a programme supporting and led by young disabled people in West Cumbria, funded by the Live the Dream Fund

For example, solicitors will be aware of the Solicitors' Accounts Rules (20.1) which allows for funds under the sum of £500 held on client account which can't be returned to the client to be paid to a charity. (Solicitors do need authorisation from the SRA to transfer amounts over £500). It can be in the interests of the firm to ensure that money, which would otherwise remain inactive and subject to audit each year, goes directly to support a charity.

Any client funds transferred in this way can be used to fund charities and community groups who support the people of Cumbria. The exact type of organisation and cause to be supported can be selected by you and your team. As required by SRA rule 20.1 we are a registered charity, number 1075120 and can be located on the Charity Commission website.

Cumbria Community Foundation is happy to discuss, in confidence, ways of working with you to protect you in cases where large sums are transferred to the Foundation should the original owner seek recompense. It might be, for example, that the 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. In such circumstances, we can provide an indemnity in case the original beneficiary should ask for the money.

## A word from Colleagues

*"At various times clients have consulted us about their desire to give something back to their local community. These clients have asked for our advice as to how they can achieve their charitable aims. We have referred a number of such clients to Cumbria Community Foundation. The Foundation has the infrastructure and expertise in place to assist clients in setting up a fund, through the Foundation, to benefit their chosen causes. Our clients have been delighted that the Foundation can take on the administrative burden of running a fund, leaving the clients free to concentrate on their charitable causes. We have found working with the Foundation to be a very positive experience for us and our clients."*

**James Hamilton,**  
Partner, Temple Heelis

## Membership



Membership is a great way to regularly support the work of Cumbria Community Foundation. Members enjoy the satisfaction of knowing that they directly support the efforts of the Foundation, therefore helping Cumbrian communities. Andrew Eze, Divisional Director - Head of Office at Brewin Dolphin Limited, said: "The Brewin Dolphin team in Penrith are very proud to support Cumbria Community Foundation. Our colleagues have thoroughly enjoyed participating in innovative and eye-opening events such as the Big Sleep.

"The work the Foundation does to address disadvantage in the community by making life-changing grants, responding to emergency need, and promoting philanthropy is immensely helpful. We have genuinely enjoyed working with the CCF team over many years and we are excited to continue supporting the Foundation and its inspirational work in the future."

## Lowick Green



A disused red telephone box in the rural village of Lowick Green was given a new lease of life as villagers used funding to transform the once iconic British symbol into a useful community asset.

A grant from the Evening Hill Grassroots Fund enabled the Lowick Green Management Group to refurbish and bring the phone box back to its original stunning scarlet colour, which is now used as a local information point.

Richard Ellwood, Chairman for Lowick Green Management Group, said: "The phone box is a local landmark. Prior to its restoration, it was becoming an eyesore which gave the impression that our village was neglected. A noticeboard and local information has been placed in the phone box and it is used by the village as an informal newspaper drop-off point. People can also shelter in the booth while waiting for the local bus service."

## A word from Colleagues

*"I am pleased that, for a number of years now, I have been able to point clients towards Cumbria Community Foundation as the recipient of their charitable giving. CCF could be regarded as "a big fish in a small pond" and as such is able to diversify its funds. Whether funding the repairs to a village hall for the benefit of relatively few or administering a flood disaster appeal for the benefit of many thousands, no project is too small nor too large so long as it benefits Cumbria. It is very attractive to clients to be able to earmark their donation for a particular objective or cause. They can designate that a particular location, group or age-group should benefit."*

**Martyn Wrightson, Partner and Head of Wills Probate & Trusts Team, Burnetts Solicitors**





## In Memory and Tribute Funds

In your capacity as a solicitor, accountant or wealth/financial adviser, you will no doubt come across situations where family and friends of people who have died wish to set up a fund in memory of their loved one. This is usually so that they can support issues close to the loved one's heart, or to provide a link to the cause of their death. These funds mean that family and friends can remember them in a special way.

As an alternative to setting up a new charitable trust through the Charity Commission, a named fund can be established with Cumbria Community Foundation whereby funds are raised for the cause and an agreement is established with the family as to how funds should be spent and the type of charity and community groups that they wish to benefit.

By doing this, the monies raised can be paid into the Cumbria Community Foundation named fund and will be tax efficient, as Gift Aid can be claimed where appropriate.

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

### Dora Beeforth Memorial Fund



The Fund was established in 2006 in memory of Dora Beeforth, the wife of the Foundation's Chief Executive. Dora was born in Cumbria and attended the Lakes School in Windermere. She enjoyed the outdoors, was a volunteer warden with the Lake District National Park and a volunteer with Cumbria Youth Theatre. She was also a keen runner and orienteer. The Fund was created in her memory with donations from family and friends to enable children and young people from low income families to participate in sport or foreign travel.



# Leaving a Gift in a Will

Many of our supporters have been committed to Cumbria for many years, and they don't want that commitment to end when they die. Although some people have a clear idea of the charities they wish to support through leaving a gift in their will, others may want their money to go to charity but remain in the county, but don't know how to go about achieving their aim.

A legacy to Cumbria Community Foundation, either with an instruction to use the legacy to support a particular cause or causes, or a particular area of the county, or for the general purposes of the Foundation, is a simple way people can leave money to the local community in which they may have lived and worked for many years. When they leave a legacy to us, they are leaving a lasting gift that will support deserving causes that meet criteria that they set for many years to come.

## Leaving a Legacy for Cumbria

Do you have a client who is interested in setting up a charitable trust through their will, but is wary of the cost and the legal responsibilities they may be leaving for family and friends?

Has your client approached you with a request to leave a charitable bequest to help a variety of Cumbria-based charities?

Do you have a client who would like to leave a gift to their local community, but doesn't know how to do so?

If the answer is yes to any of these questions, Cumbria Community Foundation can help.

## A word from Colleagues

*"Philanthropy – helping others or society at large – has long been a cornerstone of belief for clients of Gedye and Sons, the more so in current times when there are so many needs, especially in a county as diverse as Cumbria. For our clients who want to make a difference, a real difference, to the causes that matter in our county I have no hesitation in introducing them to the team at CCF. Through their unparalleled knowledge, and their empathetic communication, they truly do connect those clients who want to see real local benefits with the right causes."*

**Richard Roberts, Director, Gedye and Sons**

## Types of Legacy

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

Cumbria Community Foundation provides a uniquely flexible range of options and support. 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 Barrow or mental health issues across the county, we can set up a fund agreement with them which reflects their wishes.
- Provide a solution for leaving a one-off legacy which benefits a wide range of deserving, local causes across Cumbria.
- Offer a way, through an endowment fund, to make a single gift that keeps on giving, in perpetuity, to the causes your client wishes to support.
- Enable family and friends to be involved in the decision-making process without the burden of legal or fiscal responsibility.
- Simply naming Cumbria Community Foundation 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. Cumbria Community Foundation guarantees to use the donation in the best and most effective way to improve lives in the local community while adhering to the client's wishes.



## Cumbria Young People's Fund

The Cumbria Young People's Fund was established thanks to the generosity of a retired teacher who cared passionately about helping young people. He left £1.2m in his will to support young people between the ages of 14 and 22 directly, as well as groups working with young people throughout Cumbria.

One project to benefit is Cowran Training, a working farm in Pennington, near Ulverston, which offers a range of hands-on training and educational opportunities for schoolchildren and disadvantaged young people and adults.

The charity received £7,000 from the fund to develop a special 24 week 'work challenge' programme that provides opportunities for young people to get involved with all aspects of running a farm – from animal husbandry to growing vegetables and running the farm shop – and ends with nationally recognised qualifications.

## Tax Benefits

Legacies made to Cumbria Community Foundation qualify as charitable donations. As you will be aware, 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 other beneficiaries. We can also accept gifts in cash, shares, land and property, all of which can also be made tax-efficiently.

### A word from Colleagues

"I often find that when clients are discussing their affairs, they wish to benefit certain aspects of the community in which they live. When George Kipling was making his will he wished to make specific bequests to various people and also bequests to the local community. His particular interest was to help the elderly and disadvantaged children. As joint executor of his will, it would have been difficult to fulfil his last wishes if Cumbria Community Foundation had not existed. The real benefit of using the Community Foundation is the breadth of knowledge that they bring to focussed grant making, and their ability to match the causes that matter with people who care."

**Ian Brown, Partner, Dodd & Co**

## Case Study Examples for Clients

The basic principle is that if an individual leaves 10% or more of their net estate in their will to charity, the rate of inheritance tax (IHT) will be reduced from 40% to 36%. The examples assume the main residence does not form part of the estate.

Cumbria Community Foundation is not qualified to provide tax advice to individuals and we always advise any potential donor to discuss the tax implications with their professional adviser. However, we have set out below some examples of how the rules governing the IHT exemptions on charitable gifts work, which show how favourable they are.

You might find these examples helpful to share with your clients 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. 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 beneficiaries.

\*assuming an IHT 'nil rate' band of £325,000

**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 tax liability of £64,000 leaving just £421,000 for his beneficiaries. So, interestingly, Robert's beneficiaries will be better off if he leaves £17,500 to charity rather than just £15,000.

**Example 3**

If Robert left nothing at all to charity his taxable estate would be £175,000 and the tax charged at 40% would be £70,000 leaving £430,000 for his beneficiaries. So whilst Robert's beneficiaries would be better off if he left nothing to charity at all, as can be seen in examples 1 and 2 above, by reducing what is available to his beneficiaries by just £4,200 the charity benefits by £17,500.

The Foundation has specimen legacy clause wording available to help solicitors ensure that we can manage your clients' gifts according to their wishes.

**The Kipling Funds**

Born in Westmorland, George Kipling lived and farmed at Burgh by Sands. He was a man who cared about his community and rural life and in particular had a concern for the welfare of children and older people. As he was a widower with



no children, he decided to leave £120,000 of his estate to charity. The executors of his will agreed the best way to fulfil his wishes was to establish two funds at the Foundation, one benefiting children and young people and the other the elderly throughout Cumbria. Since the fund was created many awards have been made to projects throughout the county, including one to Burgh by Sands Village Hall, George's home village.

**This is an example of a larger estate. Estate of £2,000,000 - legacy to CCF illustration**

Amounts in £000		No legacy		£100K legacy		10% legacy	
Gross estate		2000		2000		2000	
Tax free band		325		325		325	
Net taxable estate		1675		1675		1675	
<b>Gift to CCF</b>		0		100		168	10%
Taxable		1675		1575		1508	
Inheritance tax	40%	670	40%	630	36%	543	
Net for beneficiaries (incl tax free sum)		1330		1270		1290	
<b>Benefit to CCF</b>		0		100		168	
<b>Cost to beneficiaries</b>		0		60		40	

Accurate as of 1 Jan 2017

**Notes**

1. As can be seen from this illustration Robert can create a named Fund of £168K at a cost to his beneficiaries of £40K
2. Compared to a £100K gift it is better to give 10% as CCF fund gets £68K more and beneficiaries get £20K more
3. All calculations based on tax free band of £325K and 10% reduction in IHT rate for a 10% gift to charity



# Setting up a Personal Fund

Many of us have a desire to help promote positive change in our communities and are likely to be approached by people who wish to establish a charitable trust so that their philanthropic wishes can be met.

In these circumstances, setting up a new charitable trust is the conventional route. However, the legal responsibilities of trustees under charity law are onerous. Any new charity will need to prepare audited accounts annually, decide on an investment policy, monitor the investments, decide upon the sort of needs they wish to help meet, agree the level of support to provide to each group, advertise their fund, carry out due diligence checks on applicant groups, make awards and then monitor the impact that the grant award has had.

While many donors have some of the skills to do this work, very often they do not have the time or the same level of expertise in due diligence and grant award-making as those in the charity sector. Charitable trusts can be expensive to run which results in some people who like the concept being put off by the cost and compliance requirements.

We believe that Cumbria Community Foundation provides a simple, cost effective alternative to a charitable trust for individuals and businesses.

## Establishing a Fund through Cumbria Community Foundation

While there will always be a place for the conventional route, a unique feature of community foundations is the ability to establish a personal fund where the administrative burden and legal compliance is managed by us but, importantly, the fundholder can remain as closely involved in the application of their money as they wish.

A personal fund with Cumbria Community Foundation works in a similar way to a charitable trust but is a lot easier to manage; we handle the investment, correspondence, compliance and governance.

Personal funds are bespoke to your clients' charitable objectives and fundholders can choose the name of the fund or choose to remain anonymous. They can also choose the geographical area of benefit in Cumbria, the causes that they wish to support in their grant-making and the level of their involvement in terms of giving and selecting projects to fund.

Cumbria Community Foundation receives hundreds of requests for funding each year and we have a great 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 fundholder. When assessing applications for funding, there are 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 your client and ensures a low level of risk by making use of the Foundation's expertise in this field.

### Quarry Hill Fund



Charles and Margaret Woodhouse created the Quarry Hill Fund in 2008. Charles is a former partner in London law firm Farrer & Co, where he helped form many charities. Their fund's focus is support for young people and sport and recreation in the North Allerdale area. This is their home patch and an area identified as having limited opportunities for support from other sources.

Charles said: "We have confidence in the team at the Community Foundation and value their expertise. We appreciate the benefits of them looking after all the paperwork, including investment management and project sourcing and monitoring."

## Long Term Endowment or Immediate Impact?

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

- **Endowment Fund** – an endowment provides permanence to a donation and demonstrates a long-term commitment to the local community. Endowed funds are invested, with the annual income and a proportion of capital growth (when available) being distributed as grants. Funds are also invested with a view to ensuring the real value of the donation being retained over time to create a sustainable source of funds for grant-making in perpetuity.
- **Revenue (or flow-through) Fund** - revenue funds are often established by making an annual donation which is awarded as grants within that year to provide immediate support to local communities.
- **Combined Fund** – this is very appealing for those fundholders who wish to grow an endowment fund over time but also wish to make grants from a revenue fund to make an immediate impact.

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 or the Grassroots Grant Programme, both of which provided a 50% uplift on donations into endowment funds. In short, this could potentially grow £10,000 of your client's donation to £17,500 after the application of Gift Aid. We can provide further details of any current schemes if your client would be interested in exploring this option.

## Management and Costs

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

The size of the contribution to cover administrative costs depends on the size of fund but is typically 1% annually for endowment funds, and up to 10% for revenue funds. This offers our donors significant value for money when compared with the cost of establishing a conventional charitable trust.

## The Donation

Where possible, we encourage donations to be made in a tax-effective manner, usually with Gift Aid. This means that 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 and property, all of which can also 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 as well as exemption from capital gains tax. 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 taxpayer's by £400 or £450\*. 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 how to arrange the transaction.

### A word from Colleagues

*"Clients can be anxious about their estate planning, particularly where there are no immediate family beneficiaries and/or taxation makes charitable gifts attractive. The issue is what to give and to whom? What might change and what will my legacy achieve? Cumbria Community Foundation is a fabulous, friendly organisation which offers these clients peace of mind through bespoke philanthropic arrangements. Don't leave your clients in the dark about philanthropy, recommend CCF."*

**Stuart Nelson, Director, Veritas Financial Planning**

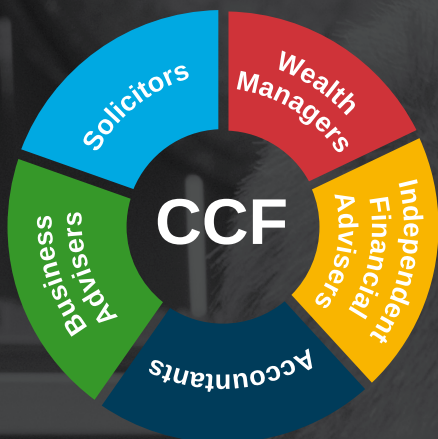
\*calculations correct as of June 2020.

## Benefits

The key benefit to your clients is knowing that, by setting up a fund through Cumbria Community Foundation, they are making a significant and lasting difference to those in need in the local community without the burden of running a charity themselves. In short, we believe that we take out the stress and make giving the pleasure that it should be.

There are further advantages that we believe personal funds have over the establishment of a charitable trust. Please refer to our **Comparative Table** on page 11, which highlights the comparisons.





## COULD WE BE PART OF YOUR TEAM?

We are one of 46 community foundations across the UK, and over 1,700 similar foundations around the world. We work with fundholders and their advisers to provide a permanent, flexible and growing source of local charitable funding that will directly address the needs of Cumbria's most vulnerable.



**CUMBRIA**  
COMMUNITY FOUNDATION

Cumbria Community Foundation, Dovenby Hall,  
Dovenby, Cockermouth, Cumbria CA13 0PN  
Tel: 01900 825760  
Email: [enquiries@cumbriafoundation.org](mailto:enquiries@cumbriafoundation.org)  
Web: [www.cumbriafoundation.org](http://www.cumbriafoundation.org)

Cumbria Community Foundation is a charitable company limited by guarantee.  
Company No 3713328. Registered in England and Wales. Registered Charity No 1075120.

Cumbria Community Foundation is quality accredited by UK Community Foundations to standards endorsed by the Charity Commission



## BREWIN DOLPHIN

We are one of the UK's leading wealth managers. Founded in 1762, we are here to help you achieve your ambitions through expert, personalised financial planning and investment management advice. Proudly supporting Cumbria Community Foundation.



**UK COMMUNITY**  
**FOUNDATIONS**  
GIVING FOR LOCAL GOOD

