

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- The original purposes may be outdated and irrelevant to current needs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)
- Lack of expertise may make grant decision-making challenging

With larger funds, it might be that over the years the trustees are not able to distribute funds and they become dormant, or moribund. Trustees 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.

Our Experience

We can provide a range of solutions from assisting with grant-making to taking over a trust completely. If they wish, the client 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 modern and applicable objectives. We are able, if it is required, through the transfer process to change the specific objects of the trusts and continue to distribute grants in the spirit of the original founders.

With active trusts, it may be that trustees are looking for a sustainable approach to their fund, to ensure that the excellent work they have undertaken for many years is continued in perpetuity without losing involvement in the funds. An important advantage of working with us is the level of control and decision making that our fundholders are able to retain, whilst taking full advantage of our expertise in grant-making and local knowledge.

Trustees of charities and community groups facing closure may decide the work that Kent 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 trustees will be required to distribute these in accordance with the dissolution clause in their governing document and 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.