

The Building Change Trust & Building Change Trust Limited

Annual Report and Accounts

for the year ended 31 December 2009

Presented to the Big Lottery Fund in accordance with the reporting direction given by the Big Lottery Fund in Annexe B of the Letter of Offer from the Big Lottery Fund to the Building Change Trust Limited dated 11 July 2008



The Building Change Trust was established by the Big Lottery Fund with a National Lottery grant of £10 million as an investment for community capacity building and promotion of the voluntary and community sector in Northern Ireland.

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Foreword

Bill Osborne, Chairperson, Building Change Trust Limited.

It has been and will, by all the information available, continue to be an extremely challenging and uncertain time for organisations within the voluntary and community sector. However it is also a time for civil society organisations to seize the opportunity that economic turmoil and market failure has brought to collectively focus on the core issue of social change and how best to achieve a more just and fairer society. It is, after all, those the sector purports to serve, the disadvantaged and vulnerable that are suffering the most.

The Building Change Trust is a very new organisation and in this the first year we have worked hard to promote understanding and develop an awards programme that makes real the strategic transformation concept that underpins our vision and mission. The original proposal prepared by the five bid partners, Business in the Community (NI), Community Evaluation Northern Ireland, and Community Foundation for Northern Ireland, Volunteer Development Agency and the Rural Community Network was successful in gaining Big Lottery Fund approval in 2008. To these organisations we owe a great deal of thanks for their vision, cooperation and commitment to, as they stated in the business plan *"depart from traditional approachesin order to bring about systemic change"*.

We continue to work closely with the bid partners as they deliver their activities funded by the Trust. The engagement, albeit time consuming, has proved beneficial for the future development of the Trust and we think it is a useful mechanism to share learning and experiences, maximise resources, increase impact and foster cooperation. This is the model of engagement with future award holders that the Trust will continue to explore and develop.

The Building Change Trust, as a result of this successful bid to the Big Lottery Fund (BIG) was established in late 2008 with an endowment of £10 million expendable over ten years, to support the development of the voluntary and community sector to meet the challenges of the future.

This is a significant and welcome investment by BIG into the development of the sector by the sector. However a cautionary warning must be given. Through a comprehensive engagement process with the sector and other stakeholders we know expectations for the Trust are high and rightly so, but these expectations must be placed in a realistic context. The £10 million BIG grant represents less than 2% of the annual income of the sector and given that the fund will be expended over a 10 year period the sum available each year to support the sector represents approximately 0.2% of the sector's annual income.

In this context the Trust funds are not sufficient to support even a small portion of the existing service delivery of the sector and as Directors of the Trust our responsibility has been to determine a way forward for the Trust which will see the funds utilised to best meet the three objectives within the Trust Deed:

- the development, for the public benefit, of the capacity and skills of the members of socially and economically disadvantaged communities in Northern Ireland in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- the promotion, for the public benefit, of the Voluntary Sector, the efficiency and effectiveness of Charities and the effective use of charitable resources in Northern Ireland;
- the advancement, for the public benefit, of citizenship and community development in Northern Ireland;

We began by informing people about the Trust and seeking their views, these consultation responses reinforced our belief that the Trust should be more than a grant maker and the Directors have taken time to explore the distinctiveness of the Trust. A three year strategy for the Trust which articulates the vision, mission and how we, through our programmes, plan to be distinctive has been published.

A unique aspect of the Trust's operating process, one that none of the Directors had previously encountered, is that of the Protector. I would like to, on behalf of the Directors, thank Michael Wilson for fulfilling this role and to acknowledge his contribution to ensuring robust governance. This "critical friend" role has a primary focus to ensure that the Directors adhere to the terms within the Trust Deed and other governance documents; it is a role worthy of further consideration by the sector as it has the potential to strengthen governance within voluntary and community organisations.

The Protector's report is included within this Annual Report as is the Directors response to the issues he has raised. It is interesting to note that some of the issues raised have also a wider resonance within the voluntary and community sector and it will be important for the Trust to share our learning from both the ongoing engagement with the Protector and how the Directors respond and or take action on the issues.

On 1 January 2009 the new Board of Directors received a cheque from BIG for ten million pounds. At the time the bid was prepared it was anticipated that it would be relatively easy to attain an annual 5% return. That of course was before the credit crunch, the bank failures and the decline in stock markets and interest rates. The Directors had to quickly address this matter and to develop a new investment strategy. The strategy had to preserve the capital base but generate income to cover project administration, running costs and hopefully produce additional income above the £10 million for more awards, all through an approach which in investment terms is deemed to be a low risk strategy; a difficult ask in today's economic climate.

After a tender process the Directors appointed Citi Quilter as our investment managers and I wish to acknowledge the advice and support throughout this process from our bankers the First Trust Bank. Good stewardship of resources is as important as the awards the Trust will make and I am happy to report that since the investments were made mid year a return of 3.5% has been achieved. I would particularly mention Leigh Yeaman from our investment managers for her diligence and constant assistance enabling us to obtain this investment return in very testing circumstances.

Going forward the Directors are under no illusion that the Trust resources alone will be sufficient to enable and equip the sector to make the changes it wants or needs to make. However we do see our contribution as one that can significantly nudge, highlight possible future directions and help to shape a new landscape.

We believe the commitment and experience to grapple with change and make progress exists within the people and organisations in the sector. We would also acknowledge that not everything we do or support will be successful, lead to change or be supported by the voluntary and community sector but this is part of the risk when safe space is created to challenge ourselves and to investigate change and transformation. *"Social transformation means much more than efficiency, effectiveness, and even innovation. The essence of transformation- like a butterfly emerging from a chrysalis – is a sense that something radically better and different can emerge from old patterns and structures when they are broken, shaken up, and superseded."* So states Michael Edwards in his book Small Change. The current economic crisis and political environment, I believe, offers the opportunity for the sector to emerge from the chrysalis *"radically better and different"* and with a stronger focus on solving social problems. The Building Change Trust is committed to challenging and supporting the sector to be that butterfly.

Finally, I would like to pay thanks to my fellow voluntary Directors for their perseverance, skills, experience and wisdom all of which have been called upon during the journey thus far. I know they would want me to particularly acknowledge the contribution of the Trust Administrator, Nigel McKinney. Nigel has diligently dealt with our endless requests, questions and along with the development of structures and procedures for the Trust has supported the Directors through this initial formative stage of this 10 year journey.

Bill Osborne
May 2010

Background and history of the Building Change Trust

The Building Change Trust was established in 2008 by the Big Lottery Fund following the submission and acceptance of a proposal developed by the Community Foundation for Northern Ireland, Community Evaluation Northern Ireland, Business in the Community, Rural Community Network and the Volunteer Development Agency.

The Trust is resourced through a National Lottery grant of £10 million as an investment for community capacity building and promotion of the voluntary and community sector in Northern Ireland.

The Trust is accepted as a charity by HM Revenue and Customs (XT11390) and is managed by a corporate trustee; Building Change Trust Limited.

The corporate Trustee, Building Change Trust Limited is registered as a company limited by guarantee in Northern Ireland (NI071182).

The corporate Trustee has 8 Directors drawn from across the community, voluntary and private sectors and a Protector appointed by the Big Lottery Fund. Each of the original bid proposers along with the Big Lottery Fund has the right to nominate one Director to the Board of the corporate trustee.

The Trust will by the 31 December 2018 have invested and expended the £10 million original grant along with any interest generated.

The Trust plans to support the community and voluntary sector through the development and delivery of and learning from a range of programmes including commissioned work, awards programmes and other interventions.

The specific objects of the Trust as detailed within the Trust Deed are as follows:

” To make awards for charitable purposes for:

- the development, for the public benefit, of the capacity and skills of the members of socially and economically disadvantaged communities in Northern Ireland in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- the promotion, for the public benefit, of the Voluntary Sector, the efficiency and effectiveness of Charities and the effective use of charitable resources in Northern Ireland;
- the advancement, for the public benefit, of citizenship and community development in Northern Ireland;

and thereby increase opportunities for volunteering, enhance the identification and support of best practice and good governance in the Voluntary Sector and the development of the skills of persons working in the Voluntary Sector and enable organisations in the Voluntary Sector to work effectively together for the benefit of the community. ”

The development of criteria for distribution of resources and decisions on the distribution of resources are the responsibility of the board of Directors of the corporate trustee.

Building Change Trust

Summary Operational Plan and Achievements for 2008 & 2009

Trust Governance				
Key issues Board meetings	Objectives	Achievements for 2008 & 2009	Impact	Key targets for 2010
<ul style="list-style-type: none"> Board Meetings Protector Insurance Risk Register Audit and Annual Report Companies House requirements Reporting to BIG 	<p>The Directors are facilitated to run the Trust in line with the requirements of the Trust Deed & the Memorandum and Articles of Association.</p> <p>To manage the contract with CFNI to ensure high quality management and administration support is delivered.</p> <p>To comply with BIG requirements in respect of the £10 million grant.</p> <p>To work with the Directors to ensure the Trust can meet its strategic objectives.</p>	<ul style="list-style-type: none"> Building Change Trust Limited (corporate trustee) formed and incorporated Trust Deed signed between BIG and the corporate Trustee Directors nominated and appointed Chairperson recruited and appointed Contract for administration of Trust with the Community Foundation for Northern Ireland (CFNI) agreed and Trust Administrator appointed by CFNI Protector recruited and appointed by BIG Manual of Regulations developed and submitted to BIG in line with the Letter of Offer requirements Insurance requirements identified and tendered and appropriate policies in respect of Public Liability, Employer's Liability and Legal cover established 12 meetings of the Board of Directors of the corporate trustee held 	<p>A well managed organisation with good governance with a high level of input and attendance by Directors complying with BIG requirements other legal requirements and well placed to deliver on strategic objectives.</p>	<p>To publish an Annual Report & Accounts for both entities by 31 May 2010</p> <p>To recruit two additional Directors for the corporate Trustee by autumn 2010</p> <p>To develop and consider options in respect of administration and Chairperson remuneration and make final decision and any required changes by June 2010</p> <p>To establish the a Finance and general purposes committee and have at least 2 meetings by December 2010</p> <p>To have at least 4 meetings of the Board of Directors of the corporate Trustee</p> <p>To prepare and submit 3 quarterly reports to BIG</p> <p>To host a meeting between the corporate Trustee and BIG NI committee</p>

Trust Governance

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Trust Governance

Commentary

The corporate trustee; Building Change Trust Limited was formed late in 2008 and the Trust Deed between it and BIG establishing The Building Change Trust signed in December of that year. In 2009, the focus was on becoming established and setting up the systems and procedures required for good governance and to support and enable future programme development and delivery. The Directors, who were new to the Trust and each other in many cases, met monthly on average and by the year end had completed all of the tasks associated with the establishment of a new organisation including setting out how they would develop a new strategy and programmes for the period from 2010 onwards. The Directors established a sub group to consider issues around and make recommendations in respect of the administration arrangements in place for the Trust and the remuneration of the Chairperson. These issues had been raised by the Protector.

Finance and Investment

Key issues Board meetings	Objectives	Achievements for 2008 & 2009	Impact	Key targets for 2010
<ul style="list-style-type: none"> Manual of Regulations and systems and procedures. Budgets and finance reports to Board Appointment of investment advisors Ongoing monitoring and review of investments Decisions in respect of future investments 	<p>To develop, update and implement a comprehensive Manual of Regulations that meets the needs of the Trust.</p> <p>To work with investment advisors and bankers to ensure the return on investments is sufficient to allow the Trust to meet its governance requirements and programme objectives.</p> <p>To facilitate decision making by the Board through the provision of accurate investment, financial reports and budgets to Board meetings.</p> <p>To effectively manage the finance function of the Trust ensuring all organisation systems and procedures and best practice is adhered to</p>	<p>Manual of Regulations</p> <ul style="list-style-type: none"> An initial Manual of Regulations was developed, agreed by the corporate Trustee and submitted to BIG within the specified 3 month deadline (by 31/03/09). This is a work in progress and will be added to as additional procedures are required in the context of new programmes and actions. <p>Banking and investments</p> <ul style="list-style-type: none"> In late 2008 the banking and investment requirements of the Trust were tendered. The First Trust Bank was selected as bankers. In respect of investment the Directors interviewed a number of potential investment managers and appointed Citi Quilter. With advice from Citi Quilter an Investment Policy Statement was developed for the Trust, this details a low risk strategy with the bulk of investments in UK gilts. The Trust made initial investments through Citi Quilter in June 2009 and added to the portfolio during the period. 	<p>Comprehensive systems and procedures in place operating effectively. Investments managed effectively and produce adequate income.</p> <p>Decisions made on basis of comprehensive and timely financial information.</p>	<p>To update and add to the Manual of Regulations by the end of June 2010 taking account of new strategy and programmes</p> <p>To formally review the performance of the appointed investment managers, the performance of investments during the first period of operations by the end of June 2010 and make any necessary changes</p> <p>To consider and respond appropriately by the end of June 2010 to any advice given by the auditors in their consideration and preparation of the accounts of the Trust.</p> <p>To establish and facilitate at least two meetings of the Finance and General Purposes Committee</p>

Finance and Investment

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<ul style="list-style-type: none"> Manual of Regulations and systems and procedures. Budgets and finance reports to Board Appointment of investment advisors Ongoing monitoring and review of investments Decisions in respect of future investments 	<p>To develop, update and implement a comprehensive Manual of Regulations that meets the needs of the Trust.</p> <p>To work with investment advisors and bankers to ensure the return on investments is sufficient to allow the Trust to meet its governance requirements and programme objectives.</p> <p>To facilitate decision making by the Board through the provision of accurate investment, financial reports and budgets to Board meetings.</p> <p>To effectively manage the finance function of the Trust ensuring all organisation systems and procedures and best practice is adhered to</p>	<ul style="list-style-type: none"> Substantial funds are also held on fixed term accounts with the First Trust Bank. The Directors considered reports on the Trust budgets, expenditure and investments on a monthly basis. The performance of the investment managers and investments will be formally reviewed in spring/summer 2010. The Trust made initial grant payments to the 5 original bid partners and established financial monitoring and payment arrangements in respect of these awards. Letters of Offer to the value of £1,192,741.00 were issued in March 2009. At the year end, payments totalling £215,236.98 had been made. During the period the Trust administrative and financial monitoring arrangements were subject to consideration by BIG internal audit. This made a number of recommendations which have been considered and taken into account by the corporate trustee. The Annual accounts provide further detail on the financial position of the Trust at the year end. 	<p>Comprehensive systems and procedures in place operating effectively. Investments managed effectively and produce adequate income.</p> <p>Decisions made on basis of comprehensive and timely financial information.</p>	<p>To update and add to the Manual of Regulations by the end of June 2010 taking account of new strategy and programmes</p> <p>To formally review the performance of the appointed investment managers, the performance of investments during the first period of operations by the end of June 2010 and make any necessary changes</p> <p>To consider and respond appropriately by the end of June 2010 to any advice given by the auditors in their consideration and preparation of the accounts of the Trust.</p> <p>To establish and facilitate at least two meetings of the Finance and General Purposes Committee</p>

Finance and Investment

Commentary

The key decisions facing the Directors of the corporate trustee in 2009 in respect of finance and investments were the selection of investment managers and the development of an appropriate Investment Policy Statement. At 31 December a rate of return of 3.5% had been achieved on the investments made in June of the year. The Trustee also considered the arrangements to be put in place to enable effective and deliver of programmes from 2010 onwards. These arrangements include the establishment of a sub committee to consider finance and related matters and make recommendations to the full Board. It is anticipated that this committee will commence work in 2010

Programme development and implementation

Key issues Board meetings	Objectives	Achievements for 2008 & 2009	Impact	Key targets for 2010
<ul style="list-style-type: none"> Trust Strategic and Action Plan Trust evaluation Building Capacity for a New Paradigm Strategic Programme Panel Advisory Circles Building Change Awards (direct support, grants) Charity Bank Stakeholder engagement 	<p>To develop, deliver and use information from a process of stakeholder engagement.</p> <p>To establish, facilitate and service the Strategic Programme Panels and Advisory Circles</p> <p>To develop, agree, communicate, implement and review an effective strategic and action plan.</p> <p>To gain maximum benefit from the implementation of the bid partners "Building Capacity for a New Paradigm".</p> <p>To establish relationships and working arrangements with the CFNI Observatory Project and the other bid partner projects.</p> <p>To commission and manage an external formative evaluation.</p> <p>To develop and agree a strategy and action plan in respect of direct support and transformative grants.</p> <p>To consider the integration of Charity Bank loans within the overall programme</p>	<p>Trust Strategic and Action Plan</p> <ul style="list-style-type: none"> The corporate Trustee agreed a consultation process to inform future strategy and programme development. On that basis the Trust Administrator and CFNI Observatory Facilitator delivered 15 community consultation events across NI geographically and thematically with the results presented to Trust Directors This was used to assist programme development. The Trustee also agreed a process for early 2010 to develop a new strategy and programmes for 2010 onwards. <p>Trust Evaluation</p> <ul style="list-style-type: none"> An evaluation subgroup comprising the Trust Administrator, Directors and Community Evaluation Northern Ireland prepared terms of reference for the commissioning of an external independent evaluation of the Trust. Hall Aitken were appointed following a public tender and commenced work in late Autumn 2009. 	<p>An optimal strategy and action plan developed and implemented following appropriate engagement and consultation.</p> <p>Effective SPP and Advisory circles inputting into Trust plans and programmes</p> <p>Ongoing learning and change from implementation.</p> <p>Comprehensive frameworks for direct support and transformative grants (and as appropriate) loans developed and implemented</p>	<p>The key targets in respect of new programmes are laid out separately below.</p> <p>Additional targets are as follows</p> <p>To promote the Trust's strategy and programmes to the community and voluntary sector across NI and respond as necessary to requests for information, advice and support.</p> <p>To update the Trust evaluation arrangements by August 2010 to take account of the new strategy and programmes and ensure appropriate evaluation and learning</p> <p>To develop and implement by October 2010 appropriate forms of wider stakeholder engagement including through an effective added value programme for the Exploring Change and Deliver Change awards programmes</p> <p>To develop and implement appropriate award payment and monitoring arrangements by August 2010 that protect Trust funds but which also enable organisations to efficiently and effectively deliver their projects</p>

Programme development and implementation

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Programme development and implementation

Key issues Board meetings	Objectives	Achievements for 2008 & 2009	Impact	Key targets for 2010
<ul style="list-style-type: none"> Trust Strategic and Action Plan Trust evaluation Building Capacity for a New Paradigm Strategic Programme Panel Advisory Circles Building Change Awards (direct support, grants) Charity Bank Stakeholder engagement 	<p>To develop, deliver and use information from a process of stakeholder engagement.</p> <p>To establish, facilitate and service the Strategic Programme Panels and Advisory Circles</p> <p>To develop, agree, communicate, implement and review an effective strategic and action plan.</p> <p>To gain maximum benefit from the implementation of the bid partners "Building Capacity for a New Paradigm".</p> <p>To establish relationships and working arrangements with the CFNI Observatory Project and the other bid partner projects.</p> <p>To commission and manage an external formative evaluation. To develop and agree a strategy and action plan in respect of direct support and transformative grants.</p> <p>To consider the integration of Charity Bank loans within the overall programme</p>	<p>Stakeholder engagement</p> <ul style="list-style-type: none"> In addition to the community consultation events the Trust engaged with a number of other organisations and individuals during the period. These engagements served to inform others of the structure and plans of the Trust and to capture their views on issues facing the community and voluntary sector into the future. Discussions were held with, Belfast City Council, Department for Social Development, Belfast Health Trust, Healthy Living Centre Network, Early Years management team, NICVA and CO3. At the end of the period the Trust made arrangements with NICVA and CO3 for a Chatham House Rule event in early 2010 considering the potential for partnership, collaboration and mergers within the NI community and voluntary sector. 	<p>An optimal strategy and action plan developed and implemented following appropriate engagement and consultation.</p> <p>Effective SPP and Advisory circles inputting into Trust plans and programmes</p> <p>Ongoing learning and change from implementation.</p> <p>Comprehensive frameworks for direct support and transformative grants (and as appropriate) loans developed and implemented</p>	<p>To develop and issue a formal Letter of Offer for a capital grant to Charity Bank by June 2010 thereby enabling the further development of social finance in Northern Ireland</p> <p>To monitor the administration contract with the Community Foundation for Northern Ireland in line with contractual obligations.</p>

Commentary

Whilst the main focus in 2009 was establishment of the Trust and setting up of appropriate systems and procedures, the Trustee was also conscious of the need to engage with the sector and the importance of a process that developed a strategy and programmes for the Trust which was additional to the individual and collaborative work of the original bid partners. By the end of 2009, in addition to resourcing the work of the original bid partners, the Trust had consulted widely and had set out a strategy and programme development process and timescale for 2010 which would result in the development of a new strategy and programmes. Hall Aitken submitted a preliminary report on their evaluation findings late in 2009, this was robust in setting out the issues and challenges facing the Trust. The internal CENI evaluation of the work of the original bid partners also progressed. During the period the trustee Directors met with representatives of the bid partners as part of a process to clarify relationships and discuss and share progress and issues. Further engagement events are planned for 2010.

Marketing and Communication

Key issues Board meetings	Objectives	Achievements for 2008 & 2009	Impact	Key targets for 2010
<ul style="list-style-type: none"> • Communications Plan • Corporate branding and logos • Corporate communication material • Website • Publications • Stakeholder engagement 	<p>To develop high quality and effective communication material and mechanisms for the Trust.</p> <p>To work to ensure that knowledge and information on the Trust is communicated effectively to a range of target audiences</p> <p>To develop and maintain an effective website.</p> <p>To ensure that there is ongoing communication with stakeholders to facilitate strategic consultation.</p> <p>To work with BIG as necessary in respect of communications</p>	<p>Communications plan.</p> <ul style="list-style-type: none"> • The original business plan “Building Capacity for a new Paradigm” approved by BIG set out a communications strategy and plan for the Trust. • During the period the priority was to complete some key initial communications activities but also to moderate activities until such time as a wider and clearer programme offering was in place for the sector. • It was recognised at the end of the period that a new communications strategy would be needed for the period 2010 onwards <p>Corporate branding and logos</p> <ul style="list-style-type: none"> • A logo was commissioned and approved by the Trust in spring 2009 and subsequent to that guidelines on its use were developed and agreed with BIG. • The logo and guidelines on its use were circulated to funded projects. 	<p>Awareness and knowledge of Trust and Trust Programme across community and voluntary sector.</p> <p>Good engagement between Trust and key stakeholders.</p> <p>A functional and effective website used by sector and others.</p>	<p>To develop and agree by July 2010 a revised and updated communications strategy that meets the needs of the Trust for the future</p> <p>To review the function of the website by August 2010 and make any changes necessary to ensure the website is appropriate for the Trust’s needs in the context of the new strategy and programmes</p> <p>To organise and deliver 8 information sessions on new programmes in 2010</p> <p>To develop case studies in respect of each project award made and to publish all on the Trust website.</p> <p>To consider the potential for additional publications highlighting issues of particular interest for the sector</p> <p>To communicate the outputs and outcomes of the new strategy and programmes to audiences within and outside the community and voluntary sector</p>

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Commentary

The aim of marketing and communications work in 2009 was to develop and establish the brand of the Trust and do the preliminary work to support effective launch and delivery of programmes in 2010. At the end of the period early feedback from the evaluation indicated that within the sector and amongst other stakeholders there was in fact a low profile for the Trust and some confusion over the structure, governance and relationships. Nevertheless the achievements in respect of the marketing of the Trust were recognised and some clear actions identified for 2010 onwards to enable a clearer profile and identify for the Trust. Further work on the structure, administration and other issues raised by the Protector and the evaluators along with the development and launch of new programmes in 2010 should help with clearer communications messages

PROTECTOR'S REPORT 2009-2010

(First Annual Report)

Background

This is my first report as the Protector of the Building Change Trust ('the Trust'). I was invited to become the Protector of the Trust by the Big Lottery Fund on 12 November 2008. My appointment is for a 3 year period and took effect from the signing of the Trust Deed under which the role of Protector was created.

Remuneration of Protector

The Protector receives remuneration from the Trust and details of this are set out in the Trust's Annual Report.

Role of Protector

As appears in the Trust's Annual Report, the Big Lottery Fund ('BIG') made a grant of £10m to the Trust. This payment is a wholly expendable endowment which must be spent over the 10 year life of the Trust in accordance with the provisions of a Trust Deed made between the BIG and Building Change Trust Limited ('the Corporate Trustee'). The Trust Deed is a legal document governing how the funding must be distributed. This document, as well as setting out the objects of the Trust, also provides for the appointment of a Protector and details the powers and duties of the Protector.

Duties of the Protector

My principal duty is to oversee the work of the Corporate Trustee to ensure that it administers the Trust in accordance with the terms of the Trust Deed and to protect the Trust's property.

Whilst the Trust Deed, together with the Memorandum and Articles of Association of the Corporate Trustee, set out the formal legal position and role of the Protector, it is important that the Protector should have a good working relationship with both the Corporate Trustee and BIG.

As Protector I am entitled (but not obliged) to be present at all meetings of the Corporate Trustee and I have attended all but one of its Board meetings in the year of this Report. This has been particularly important in the first year of the Trust's activities and has greatly assisted me in developing a good rapport with the Directors.

I wish to thank all the Directors and the Secretary of the Corporate Trustee for their help and willingness to engage with me throughout the year. They have shown considerable diligence and ability in dealing with the business of the Trust. I pay particular thanks to Bill Osborne, the Chairman of the Trust, for his unfailing commitment to the work of the Trust and for always being readily available to discuss the business of the Trust with me. My appreciation is also due to Nigel McKinney of the Community Foundation for Northern Ireland who has administered the activities of the Trust and met the needs of the Directors with commendable efficiency.

I also wish to acknowledge the help I have received from BIG, in particular from Breidge Gadd (and her successor Frank Hewitt) and Walter Rader with whom I have maintained regular contact throughout the past year as part of my remit to provide a link between BIG and the Trust.

Protector Issues

In the course of the year I have raised a number of issues in relation to the activities of the Trust and the manner in which the Corporate Trustee carries on its work. These issues were detailed in correspondence to the Chairman of the Corporate Trustee and discussed at meetings of its Directors and with representatives of BIG. The matters I raised included the following:

- Visibility of the Trust and the Corporate Trustee;
- The Business Plan and Strategy of the Trust;
- The role of the Chairman;
- The Accounting Officer function;
- The administrative support to the Trust;
- The appointment of Directors;
- Directors' Meetings;
- Charity Bank

The Directors have given due consideration and have fully engaged with me in their consideration of all of these issues in a manner which I am satisfied will ensure compliance with the requirements of the Trust and also help to deliver its objectives. The review of some of these matters is ongoing and I will continue to engage with the Corporate Trustee and BIG as appropriate. I note that some of the issues which I have referred to the Corporate Trustee are mirrored in the initial report of the independent external evaluation carried out by Hall Aitken at the Trust's request.

Independence and perception of the Trust.

The Trust was established following the submission and acceptance of a proposal developed by five "Bid Partners"; namely, the Community Foundation for Northern Ireland, Community Evaluation Northern Ireland, Business in the Community, Rural Community Network and the Volunteer Development Agency. Individual and collaborative projects proposed by these five bodies were also outlined in the Business Plan for the Trust "*Building Capacity for a New Paradigm*" which was submitted to and approved in due course by BIG and the Trust. These projects are currently in receipt of the first transformative grants covering the period from 1 January 2009 until 31 December 2011. In addition, the Community Foundation for Northern Ireland provides administrative support to the directors of the Corporate Trustee.

The Trust and the Corporate Trustee are legally independent of the Bid Partners and as Protector I have indicated to the Directors that this should be clearly reflected in the public perception of the operation of the Trust.

The Corporate Trustee does not directly employ staff; nor does it have its own office, administrative or communication facilities. These are provided through a Service Level Agreement with the Community Foundation for Northern Ireland. That Agreement has been in place since the inception of the Trust. It was originally intended to be a 10 year term agreement but, at my suggestion, it is now subject to a good faith review in the fifth year.

I queried with the Corporate Trustee whether or not the manner in which these services were being provided could contribute to the view of some in the community and voluntary sectors that the Trust and the Corporate Trustee were not wholly independent of the Bid Partners. In this context the perception and work of the Trust might be enhanced by making some small but important changes to the existing administrative arrangements with the Community Foundation for Northern Ireland, a representative of which is also the Company Secretary to the Corporate Trustee.

In addition, I highlighted the need to review the roles and responsibilities of the Directors, the Chair of the Corporate Trustee, and the Trust Administrator (see below - *Role of Chairman and Administration of the Trust*). Beyond this I have encouraged the Corporate Trustee to ensure that the Trust engages with stakeholders throughout the community and voluntary sector.

I have expressed a view to the directors (and to BIG) that some practical steps could be taken to improve the independence of the Trust and the Corporate Trustee such as having a dedicated telephone number, and its own readily identifiable e-mail and other contact addresses. This would build on the work which has been done by the Trust Administrator in creating a web presence for the Trust and would inform and assure the wider community and voluntary sector that the Trust is concerned with the interests of all within these communities. As I have noted above, the Trust represents the outcome of a successful bid by five Bid Partners working in this sector. Each of those Partners is presently in receipt of grant funding from the Trust and all of the Partners are collaborating to ensure that the work they are individually doing will be of as great a benefit as possible to the work of the Directors and the successful achievement of the objectives of the Trust. However, the Trust must see and be seen to have its own identity and independence.

Operational and Financial Matters

During the first year of the Trust the Directors of the Corporate Trustee have necessarily spent considerable time dealing with operational issues, not least the manner in which the endowment received from BIG was to be invested and financially managed on a basis which would be consistent with the requirement that the endowment is to be fully spent over the 10 year period. The return on the investment in the past year has been very satisfactory particularly in view of the turmoil in the UK and global financial markets. The Directors have also put in place appropriate procedures and arrangements for the internal and external audit of their financial and other management systems. As part of this the operation of the Corporate Trustee is also subject to audit by BIG.

Business and Strategic Plans

I asked the Directors to review the original Business Plan which was originally promoted by the Bid Partners and BIG (in arguably very different social and economic circumstances) but which is now their responsibility and must therefore be subject to ongoing consideration. This has been done in conjunction with the development of a strategic plan for the short to medium term of the life of the Trust. The Directors have recently devoted considerable time and attention to the strategic activities of the Trust over the next 3 years and have agreed a number of programmes which are intended to be launched on 7 May 2010. The management of these programmes will have an impact on the administration of the Trust which is the subject of ongoing consideration by a sub group of the Directors (see below - *Role of Chairman and Administration of the Trust*).

Directors

I raised a particular concern in relation to the appointment of some of the directors of the Corporate Trustee in contravention of Article 82 of the Articles of Association which gives each of the Bid Partners the right to appoint one director "who shall not be an employee or officer of that body". It appeared to me that there were a small number of the directors whose appointment could be considered to be in breach of this provision. I advised against any amendment of the Articles of Association but suggested a procedure whereby the appointments of the directors concerned might be ratified by the members of the Corporate Trustee and this has now been done.

I take the view that both the constitution of the Corporate Trustee and the practice of good governance require that a nominated director should act independently of the nominating body and must not act as a representative of that body. In other words, he/she must be able to commit to the work and independence of the Corporate Trustee without qualification thereby ensuring a robust and participatory debate within the Board.

I have suggested that consideration should be given to increasing the number of persons serving as directors and to expand the "talent pool" from which such directors might be appointed. The appointment of any additional directors will be subject to the restriction on the total number of directors set by the Articles of Association. As well as strengthening the Board an increased number of Directors would facilitate the use of sub-committees. This matter is presently under review.

Role of Chairman and Administration of the Trust

I asked the Directors to consider whether it might be more appropriate to the needs of the Trust if the position of Chairman, which is at present non-executive and unpaid, became a part-time executive and/or remunerated role and that the Chairman might also be the Accounting Officer of the Trust. This is currently under consideration by a sub group of the Board with which I am in contact. This sub group is also reviewing the general administration of the Trust. It is acknowledged that these are sensitive issues not least because of the arrangements that are presently in place. The purpose of my request and the objective of the Board's review is to ensure that the Trust should operate as effectively as possible and with an operational and communication strategy that is internally effective and externally robust. I anticipate that a decision on these matters will be made in the course of the second year of the Trust's operation.

I have expressed a view to the directors (and to BIG) that some practical steps might be taken to support and better assert the independence of the Trust and the Corporate Trustee such as having a dedicated telephone number, and its own readily identifiable e-mail and other contact addresses. This would build on the work which has been done by the Trust Administrator in building a web presence for the Trust and would inform and

assure the community and voluntary sector that the Trust is looking to the interests of the entire community and voluntary sector. As I noted earlier in this report the Trust represents the outcome of a successful bid by 5 Partners working in this sector. Each of those Partners is presently in receipt of grant funding from the Trust and all of the Partners are collaborating to ensure that the work they are individually doing will be of as great a benefit as possible to the Directors and the successful achievement of the objectives of the Trust. However, having worked together to establish the Trust, the 5 Bid Partners must accept that the Trust has its own identity and independence and must be seen and promoted in this manner.

Charity Bank

Another issue which was the subject of much discussion was the proposal in the original Business Plan to make a grant to the Charity Bank. I was concerned that any such payment (a sum of £2m was anticipated in the original Business Plan) had to comply with the legal objects of the Trust, and the powers of the Corporate Trustee. I was particularly concerned that any payment to Charity Bank should be capable of producing a tangible benefit within Northern Ireland. When the matter was first raised my concern and stated that I was not satisfied the Directors had sufficient information on this proposal to enable them to take an informed decision. Since I first raised this issue there has been considerable discussion and correspondence with Charity Bank and it was eventually agreed (in March 2010) that the Trust would allocate £1m to the Charity Bank loan fund and would "ring fence" an additional £1m for further social finance, but subject to review and decision in due course.

Conclusion

It has been my privilege to act as Protector of the Trust. I have been enormously encouraged by the dedication of the Directors and the Trust Administrator together with the support of BIG. I look forward to the development and achievement of the objectives of the Trust and the delivery of transformative change.

Michael Wilson
19 April 2010

Directors' response to Protector's Report

The Directors of the Building Change Trust Limited welcome the report of the Protector, Michael Wilson and wish to record our appreciation for his advice and support over the first year of operations. During our meetings we have discussed on a number of occasions the issues he has raised and taken a number of actions to address the issues

Administration arrangements and remuneration of Chairperson

We have established a subgroup of the Directors to research these issues, develop options and report back to the full board with a view to informing our future decisions. Hall Aitken in their Year 1 evaluation report also highlighted these issues and in particular highlighted the need for a stronger identity for the Trust separate from the Community Foundation for Northern Ireland and the other original bid partners and also highlighted some of the issues that would need to be taken account of should a decision be made to have a paid Chairperson. These included guidance from the Charity Commission, the potential need to re-advertise and the change in dynamics that would result. We expect to resolve any issues by mid 2010.

Investments

The Trust Deed requires that Building Change Trust Limited review the performance of investments and of investment managers annually. The Trust Directors have made arrangements for this to be done during June 2010. To date investment performance has been considered at each meeting of the Board. The Directors conclude that the investments and managers are performing satisfactorily to date and in line with the agreed investment strategy and policy statement.

Directors

Building Change Trust Limited has agreed to recruit additional Directors (either full or co-opted) to its Board. The aim is to have additional Directors in place by the autumn of 2010.

Charity Bank

We have carefully considered the issues around the proposed £2 million grant to Charity Bank as detailed within the original business plan and have agreed a timescale for a final decision to be made. We have been in ongoing correspondence and discussion with Charity Bank and requested that the Trust Administrator complete further work on the proposal.

The Trust Administrator has met with the Charity Bank NI Regional Manager and has put forward proposals in respect of the proposed content of a grant contract with Charity Bank. It is anticipated that further work will now take place resulting in the issuing of a contract in May/June 2010 that will meet with the legal requirements of the Trust Deed and powers of the corporate trustee and produce tangible benefit in Northern Ireland.



Building Change Trust

Strategy 2010 – 2013

On behalf of the Building Change Trust, the corporate trustee has developed a strategy for the period 2010 – 2013. This will be used to inform the development of new award programmes during the period.

Mission

Our overall aim is

Investing in social change; working to make today's challenges tomorrow's opportunities.

Distinctiveness of the Trust

Our continuing development and delivery will be distinctive through

More than grant making

We will do more than make grant awards. We will consider non traditional grant making approaches if appropriate. We will also commission specific projects and in doing so will seek to influence practice and policy in the sector and elsewhere.

Supporting innovation

With our resources we will seek to support organisations in their endeavours to work better, smarter and innovatively. We will work collaboratively with the sector and others to identify new ways of working which may inform the sector into the future.

Learning and sharing

We will make a relatively small number of awards along with commissioned projects and will not invest our resources for continuing existing service delivery. Where we do make grant awards we will seek to develop an enduring relationship with grantees to learn from them and to share that learning. We recognise that the sector has a wealth of skill, knowledge and experience along with willingness and determination for ongoing development. We want to harness and contribute to that knowledge and expertise

A strategic focus on change

Our resources are substantial but limited. The environment in which community and voluntary organisations are operating is changing. Reduction in availability of funding, changes in local governance, the recession and wider societal changes all impact. We will use our resources to explore, support and enable positive change for sustainable development and delivery within community and voluntary activity.

Vision

Our vision is of a strong, vibrant, independent and relevant community and voluntary sector in Northern Ireland that

- is effective and makes the best possible use of resources to improve the quality of life for the most disadvantaged and marginalised
- develops and delivers effective services and advocates and drives development for positive change based on sound evidence
- engages and develops positive relationships with communities and with other stakeholders and collaborates productively in pursuit of its overall aims
- inspires, enables and supports more active and involved citizens resulting in the benefit of increased voluntary effort
- is open to new ideas and ways of working and continually learns from and improves what it does
- contributes to developing a shared and inclusive Northern Ireland, that is open and outward looking and encourages the potential of all to be recognised and realised

Aims

With our resources and through our actions we will invest in Northern Ireland's community and voluntary organisations to achieve positive change.

We will invest our resources to

- Increase active citizenship and support community development
- Develop new ways of working and effective cooperation
- Enable the sector to develop and realise an inspiring future vision
- Help create a more independent, confident, risk taking and effective sector

Internally we will work to

- Achieve the best possible stewardship of the time limited Trust fund, through good governance, inclusive communication and meaningful collaboration

Principles

Our work will be guided by the following key principles

- Securing the participation and engagement of individuals and organisations across the community and voluntary sector
- Flexibility and responsiveness in our actions, plans and strategies within the boundaries of the Trust Deed
- Upholding and promoting equality of opportunity
- Being challenging and open to challenge
- Collaborative working where possible and appropriate
- Clear communication and transparency
- Striving for excellence in all that we do

To enable our vision for the sector to be achieved we have developed a number of programmes for the forthcoming period. These are summarised below.

Building Change Trust Programmes and targets for 2010

Programme development and implementation								
Programme	Aims	Funding Allocation	Total targets	Timescale	Additional targets	2010 targets	Evaluation	Outcomes and impacts
Initial transformative awards	To build capacity for a new paradigm for the voluntary and community sector that will be characterised by a high level of active civic engagement, more effective services, and greater community well-being.	£1.2 million	5 awards Business in the Community Community Foundation for Northern Ireland Community Evaluation Northern Ireland Rural Community Network Volunteer Now	Initial transformative awards cover the period 01/01/09 – 31/12/11	In addition to individual project activity to work in an integrated and collaborative way to support the community and voluntary sector in Enniskillen town and the Ards Peninsula	Conduct 2 monitoring visits for each funded project	Internal evaluation by CENI. External evaluation by Hall Aitken and BIG	The practical outworking of the proposal will be concerned with supporting community development; developing community and civic engagement through volunteering; building partnerships within and across sectors; enhancing the skills and capacity of the sector to ensure better governance, deliver services more effectively, work more collaboratively, and access/compete successfully for funds.

Programme development and implementation

Programme	Aims	Funding Allocation	Total targets	Timescale	Additional targets	2010 targets	Evaluation	Outcomes and impacts
Exploring Change Awards Programme	An awards programme to enable recipients to complete a project exploring options for change and future sustainability in the context of making a contribution to one or more of our aims.	£1.2 million	60 awards up to £20,000 per award	Exploring Change will make 15 awards in each of 4 phases from May 2010 until May 2012	15 – 20 individuals per cohort to participate in an added value programme which will entail 10 days work per cohort (15 awards) of networking, seminars, study visits and case study development.	Launch programme Open for applications Assess applications Make 15 awards in total in phase 1 Establish monitoring and reporting arrangements Commence added value programme	Individual project evaluation arrangements. Programme evaluation arrangements to be confirmed but integrated with the Trust's external evaluation	Highlighting of the possibility and need for change to the rest of the community and voluntary sector. Discussion of issues raised by projects within funded organisations and more widely within the sector. Exposure of individuals in funded projects to wider concepts of change for the sector.

Programme development and implementation

Programme	Aims	Funding Allocation	Total targets	Timescale	Additional targets	2010 targets	Evaluation	Outcomes and impacts
Deliver Change Awards Programme	An awards programme to enable recipients start to implement change for future sustainability in the context of making a contribution to one or more of our aims.	£1 million	20 awards of around £50,000 per award	Deliver Change will make 20 awards in 3 phases (5,5 10) from May 2012 until September 2013	5 – 10 individuals per cohort to participate in an added value programme which will entail 10 days work per cohort (15 awards) of networking, seminars, study visits and case study development.	Launch programme Open for applications. Application assessment. Make 5 awards in total in phase 1 Establish monitoring and reporting arrangements Commence added value programme	Individual project evaluation arrangements. Programme evaluation arrangements to be confirmed but integrated with the Trust's external evaluation	Highlighting of the possibility and need for change to the rest of the community and voluntary sector. Discussion of issues raised by projects within funded organisations and more widely within the sector. Exposure of individuals in funded projects to wider concepts of change for the sector.

Programme development and implementation

Programme	Aims	Funding Allocation	Total targets	Timescale	Additional targets	2010 targets	Evaluation	Outcomes and impacts
Partnerships, collaboration and mergers support programme	<p>A commissioned programme to run from 2010 – 2013.</p> <p>The aims are:</p> <ul style="list-style-type: none"> to assist organisations at all levels within the sector to contribute to the debate on the role of collaboration in all its forms to provide practical support to assist organisations explore the issues to provide an integrated programme of support, to contribute to learning within the sector and create a legacy for the sector in respect of the issue 	Tendered	To be agreed with successful tenderer	Tender to be awarded autumn 2010 and to run for a three year period.	<p>The successful tenderer will be required to work with the Trust to integrate their programme where possible with the Trust's other programmes creating and taking advantage of opportunities for joint working</p> <p>Announce and tender programme</p> <p>Tender evaluation</p> <p>Appoint delivery agent and agree detailed project plan and targets</p> <p>Participate in advisory group</p> <p>Ongoing tender management</p>	<p>Announce and tender programme</p> <p>Tender evaluation</p> <p>Appoint delivery agent and agree detailed project plan and targets</p> <p>Participate in advisory group</p> <p>Ongoing tender management</p>	<p>The successful tenderer will be required to commission an external formative evaluation.</p> <p>The Trust's own external evaluation will also consider the programme.</p>	<p>An increase in realistic and meaningful collaboration between organisations that brings benefits to the communities they serve.</p>

Programme development and implementation

Programme	Aims	Funding Allocation	Total targets	Timescale	Additional targets	2010 targets	Evaluation	Outcomes and impacts
Establishment of a permanent loan fund for the NI community and voluntary sector	The establishment through Charity Bank of a permanent loan fund for the Northern Ireland community and voluntary sector.	£1 million	Cumulative loan making of 49 loans with a cumulative total of £4 million lent	Initial capital grant to be made in summer 2010. Informal investment readiness programme to commence autumn 2010.	Charity Bank and the Trust will work closely together to create and take advantage of opportunities for joint working and integration of the Charity Bank programme with the other programmes resourced by the Trust.	Develop and issue Letter of Offer of funding to Charity Bank by June 2010	Charity Bank will be required to commission an external independent formative evaluation.	A wider discussion on the potential for loan finance to support the sector.
	We recognise that now and in the future the sector will operate in a time of reduced and constrained funding and that innovation and changes in funding and financing arrangements are both inevitable and desirable.		£4.5 million in deposits taken 96 individuals completing an accredited Investment Readiness Support programme between 2011 and 2015	Formal programme to commence 2011 for 5 years. Loan making to commence in 2012 and to run to 31 December 2018 and beyond. Deposit taking to commence in 2010 and to run until 31 December 2018 and beyond.	Work with Charity Bank to integrate their programme with the added value programme.	The Trust's own external evaluation will also consider the programme	An increase in loan applicants and deposit making with Charity Bank. A more knowledgeable workforce within the sector equipped to make better informed decisions in respect of financial management.	
								The development of other social finance products for Northern Ireland in the future

Building Change Trust Evaluation

Evaluation findings

The Trust is subject to 3 separate and ongoing evaluations.

1. The internal evaluation of the work of the 5 original bid partners and their Catalyst for Change initiative is being completed by Community Evaluation for Northern Ireland with resources provided by the Trust.

CFC is a partnership of Business in the Community, Community Evaluation Northern Ireland, Community Foundation for Northern Ireland, Northern Ireland Volunteer Development Agency, and the Rural Community Network. Each of the organisations has been funded by BCT to implement an agreed programme of work on an individual basis. However, in addition, CFC has developed as an initiative that will involve all five organisations working together on a focused basis over the period 2009-11 to support an integrated programme of work. It is not a grant making initiative but rather seeks to harness the expertise, information and convening potential of all five of its member organisations to enhance community activity at a local level.

Two areas were selected as the loci for collaborative activity. In Omagh/Enniskillen district council area they chose Enniskillen (essentially an urban, area with a rural hinterland) and in North Down/Ards they chose the lower Ards peninsula (essentially a rural area with several villages and small towns).

Work towards integrated area action plans occurred contemporaneously with the development of CFC partnership.

While based on the partners original Big Lottery/BCT funding bid activities as set out in the Operational/Business Plan, these were to be refined following a further process of consultation with key stakeholders in each of the two pilot areas. This consultation consisted, by January 2010, of three meetings each in Enniskillen and Upper Ards. These meetings were designed as opportunities to engage participants (the stakeholders) in focussed discussions to enable them to express their views, to the partners, in relation to what they would like them to do. While the meetings commenced with each partner describing what they would be able to offer in terms of the types of support and expertise, it was left to the stakeholders to decide what they felt the priorities for action were. The discussions were, however, underpinned by a number of general questions such as:

- What was the capacity of organisations (partners) to deliver;
- What stakeholders wanted from the menu of support offered by the partners;
- What the community and voluntary sector (in each area) wanted from the statutory sector and vice versa; and
- What would be the role of the local stakeholders in enabling the agreed support to happen

Summary of how CFC Activities for Period Ending 30th December 2009 had contributed to BCT Programme Themes

Summary of how CFC Activities for Period Ending 30th December 2009 had contributed to BCT Programme Themes

BCT Programme Themes					
Partner Activities	Underpinning community development	Promoting volunteering	Supporting partnership	Skills development	Infrastructure support
Business in the Community	Work in CFC Pilot areas	Employer Supported Volunteering Research	Development of Catalyst for Change Social Economy Programme		Private Sector Taskforce
Community Evaluation Northern Ireland	'Measuring Up' research on evaluation practice Work in CFC Pilot areas		Development of Catalyst for Change Formative Evaluation Social Profiling	'Measuring Up' research on evaluation practice Engagement with 2 pilot areas	Utilisation of Social Assets data to inform needs and interventions Identification of evaluation needs across sector ProHelp Support
Community Foundation NI/observatory	Community consultation Development/piloting of new approaches to civic engagement and participation Work in CFC Pilot areas	Promoting debate around relationship between community development practice and volunteering	Development of Catalyst for Change Development of Catalyst for Change	Organisational Transformation training	
Rural Community Network	Research Projects on Key Community Development Skills Work in CFC Pilot areas	Research Projects on Key Community Development Skills for Volunteers	Development of Catalyst for Change	Work towards gaining OCN accreditation	Establishment of Rural Community Development and Networking Support Infrastructure

BCT Programme Themes

Partner Activities **Underpinning community development** **Promoting volunteering** **Supporting partnership** **Skills development** **Infrastructure support**

Volunteer Development Agency	<p>Community Support Plans Training courses</p> <p>Contribution to/ and promotion of DIY Committee Guide</p> <p>Work in CFC Pilot areas</p>	<p>Response to Review of Community Support Plans</p> <p>Volunteering Opportunities course</p> <p>Volunteer Now website</p> <p>Timebank projects</p> <p>Volunteer management training courses</p> <p>Investing in Volunteers Award</p> <p>DIY Committee Guide</p>	<p>Volunteering Opportunities course</p> <p>Volunteer management training courses</p> <p>Investing in Volunteers DIY Committee Guide</p>	<p>Strengthening volunteering</p>
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2. The Trust in line with requirements of BIG as detailed in the Letter of Offer, tendered an external independent evaluation of the Trust to cover the first three years of operation. Hall Aitken in partnership with Full Circle Solutions were appointed.

3. BIG have also commissioned an evaluation of the Trust. FGS McClure Watters have been appointed to complete this.

The Trust is required by the terms of its Letter of Offer from BIG to include within the Annual Report the findings of any independent evaluation of the impact and effectiveness of grant making;

Although the Year 1 evaluation report from Hall Aitken are still in draft form at the date of publication, their initial conclusions on the impact and effectiveness of grant making are as follows

“Across the projects, there is plenty of evidence for activity with some key events taking place. The lead up to and establishment of the Observatory is a significant achievement. Other projects lend themselves to being less well defined than the Observatory but there has been extensive consultation and the development of platforms for partners to move toward their goals. However there are some significant challenges that must be addressed. A lack of clarity in the project plans over milestones and current reporting formats make it difficult to assess whether or not projects are on schedule or are having an impact. The Administrator has raised this with the Board but has not been empowered to effectively address the situation. There has been limited working between projects and the Catalyst for Change is an attempt to bring the partnership ethos to the five projects. This was not envisaged in the original business plan but partners have shown initiative. They have developed a partnership plan and a rotating leadership basis to allow clear lines of communication to the Trust. Catalyst for Change has been implemented from project resources however and the original individual projects resources and outcomes may be affected. The learning from the projects is largely with CENI and the project staff rather than the Trust. Trustees who represent original partners have a handle on progress. Other Trustees must rely on the paper reporting or the Year 1 report from CENI and we have highlighted that this is not an adequate basis to measure performance. Partners leading projects are in a similar position despite Catalyst for Change and are not clear of the progress being made by other partners individual projects. From a Trust perspective, unclear project planning and reporting formats make effective contract managing of the projects difficult. The lack of a Strategic Programme Panel plugged into the Trust, combined with the focus of the Board on operational matters, means that there has been no space for sharing learning and experiences.”



Building Change Trust Limited

Directors' report and financial statements

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Building Change Trust Limited

Directors and advisers

Directors

W B Osborne
P Osborne
J McVey
M Meehan
A M McGeeney
M J McCarthy
E A Keys

Secretary

A Kilmurray

Auditors

KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast
BT1 6DH

Solicitors

Cleaver Fulton Rankin
50 Bedford Street
Belfast
BT2 7FW

Registered office

Community House
City Link Business Park
Albert Street
Belfast
BT12 4HQ

Company registration number

NI 071182 Building Change Trust Limited

Building Change Trust Limited

Directors' report

The directors present their report and audited financial statements of the company for the period from incorporation to 31 December 2009.

Principal activity and business review

The company was incorporated on 2 December 2008 to serve as sole corporate trustee for the Building Change Trust, a charity recognised by HM Revenue and Customs. The company is limited by guarantee and has no share capital.

The company does not trade and carried out no financial transactions on its own account during the period.

The company maintains a bank account in the name of Building Change Trust Limited on behalf of the Building Change Trust. The funds held in this account are held on trust for the Building Change Trust and are disclosed within the financial statements of the Building Change Trust.

The company enters into contracts/incurs expenses on behalf of the Building Change Trust in its role as corporate trustee. These expenses are accounted for within the financial statements of the Building Change Trust. The company has no assets or liabilities.

Results and dividends

The company did not incur any liabilities and made neither a profit nor a loss.

Directors

The directors of the company who served during the period were as follows:

W B Osborne
P Osborne
J McVey
M Meehan
A M McGeeney
M J McCarthy
E A Keys
B A R Cook (resigned 13 January 2010)

Political and charitable contributions

The company made no political or charitable donations during the period.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

KPMG were appointed as auditors during the period. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the Board



Trustee Director

28 May 2010

Building Change Trust Limited

Statement of directors' responsibilities in respect of the directors' report and financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

On behalf of the Board



Trustee Director

28 May 2010

Independent auditor's report to the members of Building Change Trust Limited

We have audited the financial statements of Building Change Trust Limited for the period ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out page 4, the directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. Further details of the scope of an audit of financial statements are provided on the Auditing Practices Board's website at <http://www.apb.org.uk/apb/scope>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its result for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Arthur O'Brien (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Stokes House
17-25 College Square East
Belfast
BT1 6DH

28 May 2010



Building Change Trust Limited

Profit and loss account

for the period ended 31 December 2009

During the financial period ended 31 December 2009 the company did not trade and received no income and incurred no expenditure. Consequently the company made neither a profit nor a loss. The opening and closing balance on the cumulative profit and loss account accordingly remain at £nil. Additionally, the company had no other gains or losses, nor any cash flows, during the period ended 31 December 2009.

The accounting policies and the notes on page 9 form part of these financial statements.



Building Change Trust Limited

Balance sheet

At 31 December 2009

	Note	2009 £
Net assets		- =====
Capital and reserves		
Called up and issued share capital	3	- -----
Shareholders' funds		- =====

The financial statements were approved by the Board of Directors on 28 May 2010 and signed on its behalf by:

Trustee Director

Company registration number: NI 071182

The notes on page 9 form part of these financial statements.



Building Change Trust Limited

Notes

(forming part of the financial statements)

1 Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules.

The company is the sole corporate trustee for the Building Change Trust, a charity recognised by HM Revenue and Customs. The company does not trade or carry out any financial transactions on its own account. The company has no assets or liabilities. All activity of the company is carried out as trustee on behalf of the charity, the Building Change Trust, and as a result no activity is reflected on these financial statements.

2 Directors' emoluments

The directors of the company received no emoluments during the period.

3 Share capital

The company is limited by guarantee and does not have any share capital.

4 Ultimate controlling parties

The company was controlled by the directors throughout the period and is the sole corporate trustee of the Building Change Trust, a charity recognised by HM Revenue and Customs.

5 Related party transactions

There were no transactions with related parties during the period.



Building Change Trust

Annual Report and Financial Statements

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The Building Change Trust

Reference and administrative information

Trustee	Building Change Trust Limited
Trustee Directors	W B Osborne J McVey M Meehan E A Keys M McCarthy P Osborne A M McGeeney
Address	Community House City Link Business Park Albert Street Belfast BT12 4HQ
Bankers	First Trust Bank 31 – 35 High Street Belfast BT1 2AL
Investment Managers	Quilter & Company Limited Montgomery House 29 – 33 Montgomery Street Belfast BT1 4NX
Solicitors	Cleaver Fulton Rankin 50 Bedford Street Belfast BT2 7FW
Auditors	KPMG Stokes House 17 - 25 College Square East Belfast BT1 6DH
HM Revenue & Customs Charity Number	XT11390

The Building Change Trust

Report of the Trustee

The Trustee presents their annual report and financial statements of the charity for the period ended 31 December 2009. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the charity's Trust Deed, the relevant legislation and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

Structure, governance and management

The Trust is recognised as a charity by HM Revenue and Customs, number XT11390, and is constituted under a Trust Deed dated 12 December 2008. The Trust was established by the Big Lottery Fund and the Building Change Trust Limited and was awarded £10 million to be spent over 10 years to 31 December 2018 on helping to develop and shape the future of Northern Ireland's voluntary and community sector.

The sole corporate trustee is the Building Change Trust Limited, a company limited by guarantee in Northern Ireland. Power to appoint and remove trustees has been assigned to the Protector, Michael Wilson, under the terms of the Trust Deed. The Trustee shall ensure that proper consideration is given and proper advice is obtained in relation to the performance or discharge of its functions. In the exercise of its functions the Trustee shall have regard to governance material provided by the Big Lottery Fund.

The Trust has delegated the day to day management of Trust resources, by way of a service level agreement, to the Community Foundation for Northern Ireland in accordance with the Trust Deed. The Trust has no direct employees.

Trustee directors

The trustee directors who held office during the period are listed on page 1.

Barbary Cook also served as trustee director during the period and resigned from the Board on 13 January 2010.

Risk management

The Trustee has considered the major risks to which the charity is exposed and has produced a risk register in respect of these. The Trustee has reviewed those risks and established systems and procedures to manage those risks.

The Trustee considers variability of investment returns on the endowment received from the Big Lottery Fund to constitute the charity's major financial risk, and recent volatility in world stock markets has demonstrated this risk. The Trustee has delegated risk management for investments to a third party, Citi Quilter, in accordance with the Trust Deed. A low risk strategy has been adopted. Performance reviews and portfolio measurement are provided on a quarterly basis, with a review of the investment policy statement and the investment management agreement occurring annually.

The major operational risks identified are as follows:

- Fraud and/or misappropriation of funds received from the Big Lottery Fund
- Failure to comply with the Trust Deed and Memorandum and Articles of Association
- Failure of delivery agents to deliver as required
- Delay in development and implementation of Trust activity

The appointment of the Protector, to ensure the integrity of the administration of the Trust and the propriety of its procedures, is designed to mitigate many of the operational risks. A Manual of Regulations is in place which specifies the procedures to be followed. Good planning and clear contractual arrangements, coupled with close monitoring of each project during implementation should ensure that grantee organisations and the Trust Administrator deliver as required. To avoid any delay in the development and implementation of Trust activity

the Trust have provided clear direction and autonomy to the Administrator to develop further proposals and plans around the development of a Strategic Programme.

Powers of the Protector

In addition to appointing and removing Trustees, the Protector has the power to:

- receive notice of, attend and speak at all meetings of trustee directors, as well as any other body to whom the Trustee has delegated its function of making awards;
- make any necessary amendments to the Trust Deed to enable the Trust Fund to be administered properly; and
- consult with the Big Lottery Fund on any matters relating to the Trust.

Objectives and activities for the public benefit

The objectives of the Trust are to make awards for charitable purposes for:

- the development, for the public benefit, of the capacity and skills of the members of socially and economically disadvantaged communities in Northern Ireland in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- the promotion, for the public benefit, of the voluntary sector, the efficiency and effectiveness of charities and the effective use of charitable resources in Northern Ireland; and
- the advancement, for the public benefit, of citizenship and community development in Northern Ireland and thereby increase opportunities for volunteering, enhance the identification and support of best practice and good governance in the voluntary sector and the development of skills of persons working in the voluntary sector and enable organisations to work effectively together for the benefit of the community.

The Trust seeks to satisfy these objectives by expending trust funds in the following three ways:

- direct support
- transformative grants
- a loan fund

Grant making policy

The Trustee has established its grant making policy to achieve its objectives to develop Northern Ireland's voluntary and community sector. In establishing the Building Change Trust, the Big Lottery Fund recognised that the Trust will need to evolve over time so that it remains fresh and innovative and relevant to Northern Ireland society. Grants, 'Building Change Awards', should only be made available to formally constituted groups or organisations, on projects carried out on a not for profit basis. Building Change Awards are 'revenue' grants and should not be used on significant expenditure on capital items. In considering an application, the quality of the application should be the overriding determining factor in any grant award decision. Support and guidance should be available to potential applicants in completing an application for a Building Change Award. Any recipients of Building Change Awards should benefit from ongoing advice and support over the life of their project to assist them achieve their goals; this should be tailored to the needs of each award recipient.

For the period under review, five organisations received grant funding from the Trust. These five organisations jointly submitted a Business and Operational Plan, 'Building Capacity for a New Paradigm', to the Big Lottery Fund. This plan was agreed by their Northern Ireland committee in June 2008 to be implemented via funding from the Building Change Trust. Detailed expenditure budgets were submitted by each organisation and the amount of award initially agreed was based on these, subject to adherence to terms and conditions per the grantees' letter of offer and any revisions of budgeted amounts.

Financial review

During the period the Trust received £10m from the Big Lottery Fund and committed to provide grant funding in the amount of £1,192,738. In addition the Trust incurred expenditure of £202,854 and received investment income/change in market value of £353,784. At the period end the Trust had net funds of £8,958,192.

Investment policy and performance

In accordance with the Trust Deed, any income which is not for the time being required for application should be invested in accordance with the provisions of the Trustee Act (Northern Ireland) 2001. The Trust Deed requires the Trustee to delegate the power of investment to a person who is authorized by law to manage investments. Citi Quilter, a member of the London Stock Exchange, authorised and regulated by the Financial Services Authority, were appointed as the Trusts investment managers. The investment objective is to produce income with the potential for capital growth limited to a small percentage of the portfolio.

During the period the Trust invested £8,680,164 with Citi Quilter. At the period end the investment value stood at £8,758,626, representing an increase in market value of £113,264 less investment management expenses of £34,802. The value of the investments reflects the market value of the units held in accordance with the SORP.

The Trust's benchmark for the investment portfolio invested with Citi Quilter specifies a minimum investment of 85% of the portfolio in fixed interest gilts and a maximum of 15% in diversified domestic and international equities. The investment portfolio at the period end shows that 84% of the portfolio is invested in fixed income gilts and remaining 16% is invested in diversified domestic and international equities.

Future plans

The Trust will make awards to projects which do more than take an orthodox approach to problem solving. It is particularly interested in innovative projects, which demonstrate strong potential for change delivery and learning both within and external to the recipient, and which have the potential to be shared with and influence the wider sector and other stakeholders. The Trust envisages that award recipients will work closely with it and influence both their and others future plans.

Exploring Change Awards

During the period 2010 – 2012, the Trust plans to make up to 60 Exploring Change awards up to a maximum of £20,000 per award. Each award will enable recipients to complete a project exploring options for change and future sustainability in the context of making a contribution to one or more of their aims. The funding allocation for this venture has been estimated at £1.2m for the awards programme with an accompanying evaluation and support programme.

Deliver Change Awards

During the period 2010 – 2013, the Trust plans to make up to 20 Deliver Change awards up to an indicative maximum of £50,000 per award. Each award will enable recipients to start to implement change for future sustainability in the context of making a contribution to one or more of the Trust's aims. The Trust anticipates that these awards will be for more substantial projects where initial and exploratory work on change has been completed and clear change actions have been identified and can be implemented. The funding allocation attributed to this programme is £1m, with an accompanying evaluation and support programme.

Permanent loan fund

The Building Change Trust is committed to establishing a permanent loan fund for the Northern Ireland community and voluntary sector. It recognises that now and in the future, the sector will operate in a time of reduced and constrained funding and that innovation and changes in funding and financing arrangements are both inevitable and desirable. The Trust will invest in researching, exploring and learning from social investment developments in the rest of the UK and elsewhere with a view to informing future developments in Northern Ireland. It is expected that during 2010 a permanent loan fund will be made through Charity Bank, the value of which has yet to be confirmed, however it is anticipated it will be in the region of £1m.

Equal opportunities

The Trust is opposed to all forms of unlawful and unfair discrimination and seeks to treat all who work for it, who apply to and/or receive support from it fairly. The Trust has implemented an equal opportunities policy to ensure that the benefits of the Trust are open to all organisations operating in the community and voluntary sector in Northern Ireland. As a result, the Trust is committed to:

- promoting equality of opportunity for all persons;
- promoting a good and harmonious working environment in which all persons are treated with respect;
- preventing occurrences of unlawful direct discrimination, indirect discrimination, harassment and victimisation;
- fulfilling all relevant legal obligations under the equality legislation and associated codes of practice;
- complying with internal equal opportunities policy and associated policies;
- taking lawful affirmative or positive action, where appropriate; and
- regarding all breaches of equal opportunities policy as misconduct which could lead to disciplinary proceedings.

Complaints procedure

Complaints in the first instance should be raised either in writing by letter or email or by telephone with the Trust Administrator. The Trust will acknowledge complaints within 7 working days and respond more fully within 4 weeks.

If complaints cannot be resolved by the Trust Administrator or the complaint is not resolved satisfactorily, further complaints can be made to the Chairperson of the Trust.

Conflicts of interest

The Trust Deed establishing the charity contains specific provisions in respect of how the Trust manages conflicts of interest. This includes, but is not limited to:

- prohibition of the Trustee or Director of acquiring any interest in the property of the Trust;
- declaration of interest (personal or in a body whose interests are likely to be disclosed) prior to the commencement of any meetings;
- withdrawal from attendance at meetings where conflicts are identified; and
- withdrawal of right to vote where a personal interest is identified.

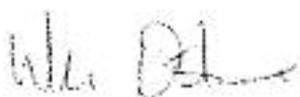
In addition the Trust has appointed a Protector whose fiduciary duty is to ensure the integrity of the administration of the Trust. During the period it was noted that three trustee directors, namely Barbary Cook, Maurice Meehan and Joseph McVey, were also officers of grantee organisations in contravention of the corporate trustee's Memorandum and Articles of Association. The following special resolution was passed by the members of the Building Change Trust Limited on 27 January 2010 in respect of the three named individuals:

"That the appointment of (name) as director of the Company with effect from 2 December 2008 and all acts carried out by him since that date in relation to his office be and are hereby approved and ratified notwithstanding he is an officer of (organisation name) and was appointed director of the Company contrary to article 8.2 of the Company's articles of association which prevent the appointment of an employee or officer of (organisation name) as director of the Company."

Auditor

The Trust has appointed KPMG as their statutory auditor.

Approved by the Trustee on 28 May 2010 and signed on its behalf by:



Chair of Board of Trustee Directors



The Building Change Trust

Remuneration report

The responsibility for the administration of the Trust has been assigned to the Community Foundation for Northern Ireland Limited (CFNI) under a service level agreement dated 18 February 2009.

Under the terms of this agreement it is envisaged that there will be one and a half full time equivalents dedicated to the Trust. The specific tasks carried out by CFNI include:

- Servicing of the Trust Board
- Facilitation of meetings
- Marketing and communication
- Liaison with finance staff
- Assessment of transformative grants
- Identification of partnerships for the Trust
- Liaison with the Protector
- Day to day administration of the bank account of the corporate trustee

Details of remuneration paid to CFNI can be found in note 7 to the accounts.

In addition to the remuneration paid to CFNI, the Trust also provides remuneration to the Protector of the Trust, detail of which can be found in note 8.

The Building Change Trust

Statement on internal control

We acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated by the Building Change Trust which supports the achievement of the Building Change Trust's objectives whilst ensuring compliance with the requirements of the Building Change Trust's governing documents.

The systems can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

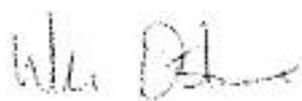
- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Corporate Trustee;
- Regular review by a committee of the Board of periodic and annual financial reports which indicate financial performance against targets;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- As appropriate, formal project management disciplines;
- Procedures for the assessment of applications and the management of grants, ensuring that all applications and grants receive sufficient, consistent processing; and
- Procedures for monitoring grants to ensure use for proper purpose.

The major risks to which the Building Change Trust is exposed, as identified by the Corporate Trustee, have been reviewed and systems have been established to mitigate those risks. Our risk management strategy:

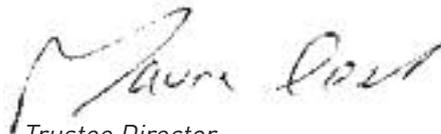
- Covers all risks – governance, management, quality reputational and financial. However, it is focussed on the most important key risks;
- Produces a balanced portfolio of risk exposure;
- Is based on a clearly articulated policy and approach;
- Requires regular monitoring and review, giving rise to action where appropriate;
- Needs to be managed by an identified individual and involve the demonstrable commitment of members and officers; and
- Is integrated into normal business processes and aligned to strategic objectives of the Building Change Trust.

Our review of the effectiveness of the systems of internal control is informed by the work of the executive managers who have responsibility for the development and maintenance of the control framework and comments made by the external auditors.

We confirm that plans are in place for ensuring the continued effectiveness of control arrangements and managing risks in the coming year.



Chair of Board of Trustee Directors
28 May 2010



Trustee Director
28 May 2010

The Building Change Trust

Statement of Trustee's responsibilities in respect of the Trustee's Report and the Financial Statements

Under the Trust Deed of the Trust and charity law, the Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

The financial statements are required by law to give a true and fair view of the state of affairs of the Trust and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustee:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the Trust Deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Trustee is required to act in accordance with the Trust Deed of the Trust, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Trust at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by them under relevant legislation, those statements of accounts comply with the requirements of regulations under that legislation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the financial and other information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Trustee:



Trustee Director
28 May 2010

Independent Auditor's Report to the Trustee of The Building Change Trust

We have audited the financial statements of The Building Change Trust for the period ended 31 December 2009 which comprise the statement of financial activities, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trust's Trustee as a body, in accordance with relevant legislation. Our audit work has been undertaken so that we might state to the Trust's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

The Trustee's responsibilities for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant legislation. We also report to you if, in our opinion, the Trustee's Annual Report is not consistent with the financial statements, if the Trust has not kept sufficient accounting records, if the Trust's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Trust's affairs as at 31 December 2009 and of its incoming resources and application of resources for the period then ended; and
- have been properly prepared in accordance with relevant legislation.



Arthur O'Brien
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
Stokes House
17-25 College Square East
Belfast
BT1 6DH

28 May 2010

The Building Change Trust

Statement of financial activities

Period ended 31 December 2009

	Note	Endowment funds £	Total funds £
Incoming resources			
<i>Incoming resources from generated funds</i>			
Endowment income		10,000,000	10,000,000
Investment income	3	240,520	240,520
		<hr/>	<hr/>
Total incoming resources		10,240,520	10,240,520
		<hr/>	<hr/>
Resources expended			
<i>Costs of generating funds</i>			
Investment management costs	4	(34,802)	(34,802)
<i>Charitable activities</i>			
Grants awarded	5, 6	(1,192,738)	(1,192,738)
<i>Other resources expended</i>			
Administration and support costs	7	(133,305)	(133,305)
		<hr/>	<hr/>
Cost of grant making		(1,360,845)	(1,360,845)
Governance cost	8	(34,747)	(34,747)
		<hr/>	<hr/>
Total resources expended		(1,395,592)	(1,395,592)
		<hr/>	<hr/>
Net movement in funds		8,844,928	8,844,928
Net incoming resources before other recognised gains and losses		8,844,928	8,844,928
<i>Other recognised gains and losses</i>			
<i>Realised and unrealised gains on investment assets</i>	9	113,264	113,264
		<hr/>	<hr/>
Net movement in funds		8,958,192	8,958,192
Total funds brought forward		-	-
		<hr/>	<hr/>
Total funds carried forward	13	8,958,192	8,958,192
		<hr/> <hr/>	<hr/> <hr/>

The Building Change Trust

Balance sheet

As at 31 December 2009

	Note	Endowment funds £	Total funds £
Fixed assets			
Investments	9	8,758,626	8,758,626
Current assets			
Debtors	10	3,412	3,412
Cash at bank and in hand	10	1,175,901	1,175,901
Total current assets		<u>1,179,313</u>	<u>1,179,313</u>
Liabilities			
Creditors: amounts falling due within one year	11	(5,750)	(5,750)
Grants payable within one year	12	(517,957)	(517,957)
Total current liabilities		<u>(523,707)</u>	<u>(523,707)</u>
Net current assets		655,606	655,606
Total assets less current liabilities		9,414,232	9,414,232
Grants payable after more than one year	12	(456,040)	(456,040)
Net assets		<u>8,958,192</u>	<u>8,958,192</u>
Funds of charity			
Endowment funds		<u>8,958,192</u>	<u>8,958,192</u>
Total funds	13	<u>8,958,192</u>	<u>8,958,192</u>

The notes on pages 15 to 22 form part of these financial statements.

Approved on 28 May 2010 and signed on behalf of the Trustee by:



Trustee Director

The Building Change Trust

Cash flow statement

Period ended 31 December 2009

	Note	2009 £
Cash outflow from operating activities	14	(381,043)
Returns on investment	15a	237,108
Capital expenditure and financial investment	15b	(8,680,164)
Financing	15c	10,000,000
		<hr/>
Increase in cash		1,175,901
		<hr/> <hr/>

Reconciliation of net cash flow to movement in net funds

Period ended 31 December 2009

	Note	2009 £
Increase in cash in the period		1,175,901
Movement in net debt in the period		-
Net funds at start of period		-
		<hr/>
Net funds at end of period	16	1,175,901
		<hr/> <hr/>

The notes on pages 15 to 22 form part of these financial statements.

The Building Change Trust

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception that investments are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and relevant legislation. They have been prepared in a format which meets conditions set by the Big Lottery Fund in return for the Building Change Trust Endowment.

The financial statements are prepared on a going concern basis under the accruals concept and provide information that is relevant, reliable, comparable and understandable.

2 Accounting policies

Fund structure

The Trust received a single endowment of £10m from the Big Lottery Fund, as an investment for community capacity building and promotion of the voluntary and community sector in Northern Ireland. The Trust will, by the 31 December 2018, have invested and expended the £10 million original grant along with any interest generated.

Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

All voluntary income was received from the Big Lottery Fund. The Trust received an endowment of £10m to be spent over a ten year period ending in 2018. Whilst there are certain conditions attached to this endowment, the Trustee is confident that these conditions will be met and as such the endowment will not be required to be repaid.

Investment income comprises of interest received on fixed term deposit accounts and the Trust's current account, accounted for on an accruals basis.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis.

Grant payments are payments made to third parties in the furtherance of the charitable objectives of the Trust.

Sufficient resources are held in an appropriate form to enable the fund to be applied in accordance with grant payment schedules agreed with the grantee bodies.

Cost of generating funds

Costs of generating funds consist of investment management expenses incurred on the investment transactions. Investment management expenses are deducted at source and are not invoiced separately.

Charitable activities

Costs of charitable activities relate to grant awards made in respect of the period.

Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include statutory audit and legal fees, external Trust evaluation costs, as well as Protector remuneration and any related expenses. These are accounted for on an accruals basis.

Fixed asset investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Realised gains and losses

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the statement of financial activities.

Contingent liabilities and provisions

In accordance with the SORP, a contingent liability is disclosed for those grants, which do not represent liabilities, where the possible obligation, which arises from past events, will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustee's control. Provisions are recognised for those grants where there is uncertainty as to the timing or amount, and any uncertainty regarding the amount is more than one of determining a basis for reasonable estimation of the liability arising from that constructive obligation.

3 Investment income

	2009 £
Bank interest	240,520
	<u><u> </u></u>

4 Investment management costs

	2009 £
Investment management fees	34,802
	<u><u> </u></u>

5 Analysis of charitable expenditure

	2009 £
Grant awards made	1,192,738
	<u><u> </u></u>

6 Analysis of grants

	2009 £
Grants to institutions	1,192,738

Recipients of institutional grants

Names of institutions	Purpose	Total amount payable for period £
Community Foundation for Northern Ireland (CFNI)	To support the costs of the establishment and operation of a Building Change Trust Observatory	251,648
Community Evaluation Northern Ireland (CENI)	To provide support cost in relation to mapping of community assets, community profiling and putting in place a system of monitoring and Trust evaluation for the activity of the Trust	331,010
Rural Community Network (RCN)	To support the development of a Strategic Framework for Community Development, promote excellence of community development practice, and to establish a Community Development and Networking Structure	144,100
Northern Ireland Volunteer Development Agency	To provide support and training in relation to volunteering	144,100
Business in the Community (BITC)	To support the delivery of the 'Tomorrow Today' Programme	293,980
		172,000
Total grants to institutions		1,192,738

Sufficient resources are held in an appropriate form and are sufficiently liquid to enable the fund to be applied in accordance with grant payment schedules agreed with the grantee bodies. The grants are payable for the period from 1 January 2009 to 31 December 2011. See note 12 for details of the payment terms agreed with grant recipients.

7 Administration and support costs

	2009 £
Administration costs	128,357
Insurance costs	1,229
Venue hire	3,634
Bank costs	85
	<hr/>
	133,305
	<hr/> <hr/>

The Trust does not employ any employees directly. A service level agreement is in place with the Community Foundation for Northern Ireland who take responsibility for the day to day running of the Trust. The administration cost of £128,357 represents the amount incurred in respect of these services during the year. There are no higher paid employees (above £60,000) who are remunerated through this service agreement charge.

8 Analysis of governance costs

	2009 £
Protector remuneration	15,000
Consultancy fees	11,884
Audit fees	5,750
Legal fees	2,113
	<hr/>
	34,747
	<hr/> <hr/>

9 Fixed asset investments

	2009 £
Opening market value	-
Additions to investments at cost	8,680,164
Disposals at carrying value	-
Investment management expenses	(34,802)
Gain on investments	113,264
	<hr/>
Closing market value	8,758,626
	<hr/> <hr/>

Investment management expenses are deducted at source and the Trust are not invoiced for these separately.

Investments at market value comprise the following:

	2009 £
Fixed Interest UK Gilts	7,401,735
Equities	1,295,681
Property funds	27,000
Cash funds	34,210
	<hr/>
	8,758,626
	<hr/> <hr/>

10 Analysis of current assets

	2009 £
Interest receivable	3,412
Cash at bank	1,175,901
	<hr/>
	1,179,313
	<hr/> <hr/>

11 Analysis of current liabilities

	2009 £
Audit fee accrual	5,750
	<hr/> <hr/>

12 Grant commitments

The Trust has provided letters of offer to the institutions set out in note 6 providing grants as follows:

	Brought forward £	Commitments made £	Commitments met £	De-commitments £	Carried forward £
CFNI	-	251,648	(39,810)	-	211,838
CENI	-	331,010	(71,789)	-	259,221
RCN	-	144,100	(24,330)	-	119,770
BITC	-	172,000	(47,380)	-	124,620
NIVDA	-	293,980	(35,432)	-	258,548
	<u>-</u>	<u>1,192,738</u>	<u>(218,741)</u>	<u>-</u>	<u>973,997</u>

The above represents commitments made by the Trust to the respective voluntary organisation through formal letters of offer. These commitments cover a three year period and the table below sets out the expected timing of future payments:

	Within one year £	Greater than one year £	Total £
CFNI	108,708	103,130	211,838
CENI	88,613	170,608	259,221
RCN	110,167	9,603	119,770
BITC	56,771	67,849	124,620
NIVDA	153,698	104,850	258,548
	<u>517,957</u>	<u>456,040</u>	<u>973,997</u>

The awarding of these grants is subject to the institutions meeting certain criteria as set out in the letter of offer.

At the period end the Trust had also agreed in principle to provide funding in the amount of £1,500 to CO3 payable within one year. As this had not been formally agreed at period end, this has not been accounted for within grant commitments.

13 Analysis of charitable funds

	Incoming resources £	Resources expended £	Gains Transfers £	and losses £	Fund c/fwd £
Endowment funds	10,000,000	(1,395,592)	-	353,784	8,958,192

14 Reconciliation of net incoming resources to net cash inflow from operating activities

	2009 £
Net outgoing resources before other recognised gains and losses	(1,395,592)
Investment management costs	34,802
Increase in creditors	979,747
	<hr/>
	(381,043)
	<hr/> <hr/>

15 Analysis of cash flows for headings in the cash flow statement

	2009 £
a) <i>Returns on investment</i>	
Interest received	237,108
	<hr/> <hr/>
b) <i>Capital expenditure and financial investment</i>	
Payments to acquire financial investments	(8,680,164)
	<hr/> <hr/>
c) <i>Financing</i>	
Endowment received	10,000,000
	<hr/> <hr/>

16 Analysis of changes in financing during the period

	At start of period £	Net cash flow £	At end of period £
Cash at bank and in hand	-	1,175,901	1,175,901
Bank overdrafts	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	-	1,175,901	1,175,901
Debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net funds	-	1,175,901	1,175,901
	<u><u>-</u></u>	<u><u>1,175,901</u></u>	<u><u>1,175,901</u></u>

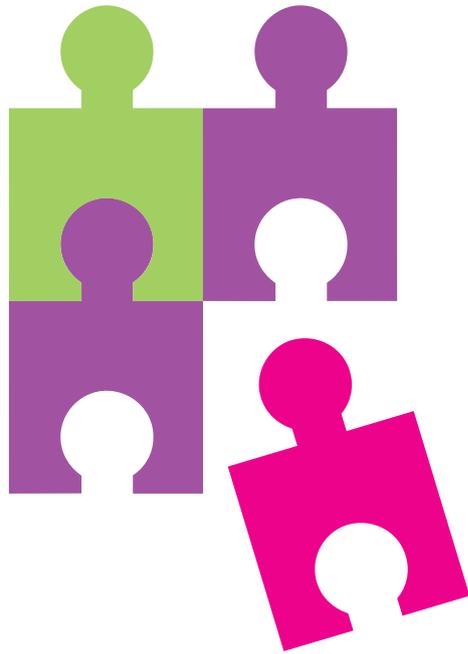
17 Related party transactions and Trustee remuneration

Two or more parties are considered related when at any time during the financial period one party has influence over the financial and operating policies of the other party to the extent that that other party might be inhibited from pursuing at all times its own separate interests or/and where the parties are subject to common control from the same source. During the period it was identified that a number of trustee directors, namely Barbary Cook (CFNI), Maurice Meehan (CENI) and Joseph McVey (NIVDA) were also officers of grantee organisations. The grants awarded to each of these bodies along with details of expected payment dates are included in notes 6 and 12.

The Trust operate under a service level agreement with the Community Foundation for Northern Ireland (CFNI) for the provision of administration services and as such the CFNI take responsibility for the day to day administration of the Trust. The Trust pay CFNI a fixed annual fee (indexed for inflation). For the period under review, the Trust incurred £128,357 in respect of management fees payable to CFNI, £55,250 of which was paid post period end and which has been deducted as a reconciling item when arriving at the period end bank balance.

During the period no Trustee, director of the Trustee or any person connected with them has received any remuneration from the Trust. No expenses were received by the Trustee directors during the period.





Building Change Trust

The Building Change Trust is managed by a corporate Trustee, the Building Change Trust Limited.

The Building Change Trust is accepted as a charity by HM Revenue and Customs (XT11390).

The corporate Trustee, the Building Change Trust Limited is registered as a company limited by guarantee in Northern Ireland (NI071182).

For further information please contact us as follows:

The Building Change Trust
Community House
Citylink Business Park
Albert Street
Belfast
BT12 4HQ

Telephone: 028 90 40 8726

Website: www.buildingchangetrust.org

E-mail: info@buildingchangetrust.org