

April 16, 2009

Dear Members,

As many of you will be aware, The Civic Trust's financial position has come under severe pressure since the loss of the Green Flag contract last summer. Despite this, the financial forecasts for the Trust have been that the Trust would maintain its solvency through the course of the current financial year. However, a number of recent events have caused a revision of those forecasts. These have included a failure to attract sufficient funding from Purple Flag, poor results from the fundraising appeal to our membership, a significant drop in the number of BizFizz and High Street UK programmes won in recent months, and an unsuccessful bid to the Empowerment Fund.

The Trustees have been examining ways of addressing this shortfall. Some restructuring of the Trust's support activities were implemented earlier in the year and a sub-contract with ENCAMS to run the Green Flag Award scheme for part of the current year has provided some relief. However, it has become clear that severe funding constraints being imposed on local authorities and our other current and potential funders as a result of the credit crunch will mean that even our current, modest financial forecast for the next few months is unlikely to be achieved.

The Trustees met yesterday to consider a number of options for the Trust's future. These included a potential merger with another organisation or dramatically scaling back the number and scope of our programmes. They have with great regret concluded that the Trust will not be able to continue to operate on a solvent basis and resolved to place the Trust into Administration.

This has been an agonising decision. The Trustees are acutely aware of the Trust's fifty two year history and legacy. We are extremely conscious of our obligations to members, staff, donors and other stakeholders. Because of these responsibilities, the Trustees believe it is essential that this action is taken now. Working with the Administrator we aim to ensure that, where possible, key programmes currently in place are handed over to other organisations to continue delivery with the minimum of disruption.

I appreciate this news will come as a shock and there will be understandable anger and disappointment that the outcome was not otherwise. With more than 700 active societies across the country, the Civic Society movement will continue and thrive. The Civic Trust, in its current form can no longer provide the national voice but there may be other structures or organisations which can. The Trustees have identified possible options for how ongoing support can be provided for the Civic Societies Programme and will make recommendations to the Administrator; however, it will be for the Administrator to determine whether or not these options are feasible. Once the Administrator has had time to consider the situation, the Civic Society designated Trustees, Kevin Trickett, Peter Diplock, Peter Cooper and Hilary Silvester, will meet with the National Committee, as representatives of the movement, to discuss what actions might be appropriate.

On a personal note, I wish to express the greatest regret that it has not been possible to keep the organisation afloat. The simple reality is that the Trust was heavily reliant on the Green Flag Award scheme and Biz Fizz. While the loss of the first of those programmes was sustainable, the loss of Biz Fizz income, largely caused by the squeeze on local authority spending in the current climate, was not.

So far as the civic societies are concerned, I am, as I have always been, suffused with admiration for their expertise, their endeavour and the contribution they make. The difficulty with which I and the Board have grappled is that the amount generated by Civic Society subscriptions is wholly inadequate to sustain even a skeletal movement. There was a need to increase income from societies four-fold to put in place the most basic elements of a national movement – being press, policy, campaigning, web and education functions. That proved impossible in circumstances in which we did not have even individual contact details for members and there was no proper fund-raising function or capability within the organisation. I am very proud of what we have managed – having greatly improved hard and electronic communications, established a civic societies web-site, introduced a good programme of training for civic societies, secured a high profile President for the organisation, and begun to energise societies with a vision of what may be possible if only a better nexus could be found between individual societies themselves and between them and the Trust. However, pulling off what we did against the declining economic function of the Trust was always a race against time, and ultimately time was against us. Furthermore, I am acutely aware of the disjuncture between many societies and central office, which I suspect has long beleaguered the organisation.

I still passionately believe in the civic movement, but it now needs grassroots members of vision and energy to start afresh with a new organisation, working within its means and building gradually from the bottom, rather than relying on the efforts of a relatively remote corporate structure. These observations are intended as a frank appraisal of what we have done and what we failed to do. At all times, however, I and my fellow trustees have done our utmost to deliver the charitable objectives of this organisation. If they can be carried forward, albeit in a new format, nothing would give us greater pleasure. I salute the civic societies and wish them increasing success in the future.

**Philip Kolvin QC**

On behalf of Trustees