



# Community Funding Policy

## **Introduction**

London Luton Airport Ltd. (LLAL) was set up in 1987, in response to the Airports Act 1986 that required any local authority that owned and operated an airport to transfer it to a private limited company. Luton Borough Council is the shareholder of LLAL.

Between 1987 and 1998 LLAL managed and operated London Luton Airport (LTN). It was during that time that low-cost carriers, such as Ryanair and easyJet, began their operations, and passenger numbers at LTN began to grow. It soon became clear that LTN badly needed some new facilities, but LLAL was not able to fund them; as a public airport company it was subject to the same controls on capital expenditure as its shareholder.

In 1998, LLAL entered into a 30-year Concession Agreement with London Luton Airport Operations Ltd. (LLAOL), whereby the latter is responsible for the management, operation and development of the airport in return for a concession fee (set at an amount per passenger) payable to LLAL.

Since that time, LLAL has acted as an investment company, safeguarding the asset that is LTN on behalf of the people of Luton, and ensuring that the long-term interests of the airport are promoted and protected.

## **Corporate Social Responsibility**

LLAL takes its responsibilities to the people of Luton, and to those who are neighbours to the airport, very seriously, recognising that LTN contributes to the wider economic and social well-being of the region. It also understands, however, that, inevitably, there are undesirable impacts to airport operations and, whilst it is not responsible for them, it shares with the airport operator, LLAOL, and its shareholder, LBC, a desire and commitment to ensure that they are, as far as possible, mitigated.

LTN is a significant generator of economic advantage to the local area. LLAL is committed to ensuring that this benefit is shared as widely as possible for local businesses and residents.

LLAL believes that respect for the equality and diversity of people, and promoting social cohesion and inclusion are fundamental in nurturing a community's readiness to welcome others. Such a place will attract people to visit, as in those who pass through or perhaps stop for only a short time, or to stay, as in those who make Luton their home and see London Luton Airport as the gateway between their old and new lives. In investing in the social capital of Luton, LLAL can help to foster and sustain a sense of belonging and shared endeavour to the benefit of all.

## Commercial Interest

LLAL's commercial interests are inextricably bound up with the number of passengers using the airport to travel to and from. These interests are dependent upon a number of factors: the reputation and attractiveness of the airport, the efficiency of operations, both airfield and ancillary, and the prosperity of the airport's principal catchment area, in terms of business success and individual disposable income.

LLAL is not in a position to control, or even influence, many of these factors, but one to which it can contribute is to the economic and social well-being of Luton, an objective it shares with its shareholder, Luton Borough Council.

It is LLAL's responsibility to exercise responsible and far-sighted stewardship of the single most important asset owned, through their elected Council, by the people of Luton. Managing that asset and the income derived from it to increase the prosperity of the community is not only philanthropic, but also makes sound commercial sense.

The extent to which LLAL can support the communities of Luton and the surrounding area depends on the success of LTN, and success hinges on the degree to which the airport can meet the needs and aspirations of its customers, both airlines and travellers. A customer-friendly, cost-efficient airport will attract new business, thereby increasing the revenue to LLAL, and so the resources that LLAL has to plough back into the community. This is one of the main reasons why LLAL supports development at LTN.

On the other hand, aviation is a volatile business that can be adversely affected not only by economic factors, but also by natural phenomena such as the Icelandic ash cloud that caused the suspension of air traffic activity in 2011. LLAL cannot, therefore, guarantee to allocate the same amount of money to its Community Funding Programme each year. The Board of Directors will review its Funding Policy annually at its December meeting in the context of its Medium Term Financial Plan, and in order to ensure that the objectives and priority outcomes remain relevant.

## **Luton – the place, the community and the challenge**

Luton is located approximately 30 miles north of central London. Whilst it is highly urbanised and densely populated, the attractive countryside of the Chiltern Hills is within easy reach, and the town benefits from a number of highly-rated parks and green spaces. Significant remains of Neolithic settlement remain beside the River Lea that runs through the town, but Luton came to prominence and some prosperity only in the 18<sup>th</sup> and 19<sup>th</sup> centuries, when it became a worldwide centre for the production of straw hats.

The town has excellent communication links. Central London is 30 minutes away by train (from the town's three railway stations – Luton, Luton Parkway and Leagrave), with onward travel to continental Europe via St Pancras International. There is also direct rail access to the south (Brighton, Gatwick) and to the north (Bedford, Leicester, Derby, Nottingham and Sheffield).

Luton is situated on the M1 motorway, providing access to access to Milton Keynes, Northampton, Leicester and Leeds and, via the M6, Birmingham and Manchester. The M25 is a 10-minute drive away, and other north-south road links are also facilitated by the A6 and the nearby A5 and A1 (M). Luton is linked to the eastern region by the A505.

LTN, the fifth largest airport by passenger numbers in the UK after Heathrow, Gatwick, Stansted and Manchester, has seen significant passenger growth in recent years, exceeding 10 million for the first time in 2009. The range and availability of destinations provided by airline operators has also increased, with direct flights to places as diverse as Estonia and Egypt, and connecting flights via Tel Aviv to South Africa, India and China. Scheduled flights now predominate over the charter flights that were the airport's main activity 40 years ago.

Given its proximity and ease of access to London, LTN is also the UK focus for private and business aviation, with Signature Flight Support, Ocean Sky and Harrods Aviation providing services of the highest quality to Heads of State, celebrities and business leaders from home and abroad.

### **Demography**

According to the 2011 Census the population of Luton was 203,200. Research undertaken by Luton Borough Council in 2010 suggests that this is an underestimate and a figure of 205,900 is more realistic. The LBC assessment of the composition of the Luton population draws upon administrative data-sets such as the GP register and Child Benefit records. Independent research by Mayhew Harper Associates<sup>1</sup> confirmed a minimum population of 202,700.

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<sup>1</sup> The growth and changing complexion of Luton's population, Mayhew Harper Associates, January 2011

With an area of 4336 hectares, the official population figure translates into a population density of 46.8 persons per hectare or 47.5 persons per hectare respectively using the LBC estimate. Both of these figures are greater than many London Boroughs.

According to the Census, the age structure of Luton's population differs from that of the GB population as a whole. Luton has a younger population than that of Great Britain and the eastern region, with the 0 - 14 age group accounting for 21.7% of the Luton population, compared with 17.7% regionally and nationally. The 15-64 age group accounts for 66.5% of the Luton population compared with 66% on England and 64.7% in the eastern region, whilst the over 65 age group represents 12% of the Luton population compared with 19 per cent nationally and 18 per cent regionally. The population of Luton increased by 10% since the 2001 Census compared with 7% nationally.

The town is ethnically diverse, with approximately a third of the population being of Black and Minority Ethnic (BME) origin, with significant Pakistani, Bangladeshi, Indian and African Caribbean communities. A recent pupil level school census (PLASC) showed that 51 per cent of children (aged 0-15) are of BME origin.<sup>2</sup>

In recent years the diversity of the population has increased with foreign students coming to the University of Bedfordshire. There has been a significant shift in the population over recent years, primarily driven by those arriving from newly EU acceded A8 countries of Eastern Europe. Since May 2004, there have been over ten thousand new National Insurance registrations by people from A8 countries, with over 80 per cent of these coming from individuals whose country of origin is Poland. The amount of people registering from Eastern Europe fell in the last year but there has been a significant increase in those registering from India. The recent Mayhew Harper study showed concentrations of new communities of Congolese, Somalians, Ghanaians, Nigerians, Turks and Zimbabweans in Luton.

## **Economy**

Gross Value Added (GVA) is a measurement of economic activity and GVA per head in Luton is £22,200 which is 6 per cent higher than the national average.<sup>3</sup>

According to the Business Register and Employment Survey (BRES) (2009) there are 82,900 jobs in Luton. Luton is now dominated by the service sector rather than the manufacturing sector. Major employers in Luton are: Luton Borough Council, Luton NHS, easyJet, TUI UK Ltd, Monarch Airlines and General Motors.<sup>4</sup>

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<sup>2</sup> Population by ethnicity 2009, Office for National Statistics Experimental Statistics (published 2010)

<sup>3</sup> Gross Value Added 2008, Office for National Statistics 2010

<sup>4</sup> Business Register & Employment Survey 2009, Office for National Statistics 2010

London Luton Airport is a major employer in the region and also a strong driver of the economy of Luton. The Economic Benefits section of the Statement of Need, prepared in support of LLAL's futureLuToN:Optimisation programme of airport development, demonstrated that the airport accounts for approximately 10,000 jobs (7,600 direct, 1,400 indirect and 1,600 induced) across an area stretching E-W from Bishop's Stortford to Buckingham, and N-S from Northampton to North London, with, as expected, predominance in Central Bedfordshire, North Hertfordshire and Luton.

The average annual salary of people living in Luton is £24,000 per annum which is less than national average of £25,900. However, the average annual salary of those who work in Luton (but do not necessarily live in Luton) is £26,400 which is higher than the national average.<sup>5</sup>

The unemployment rate in Luton of 4.5 per cent is higher than both the national and regional averages of 3.7 per cent and 3 per cent respectively. Unemployment is greater than 6 per cent in Biscot (6 per cent), Dallow (6.8 per cent), High Town (6.1 per cent), Northwell (6.2 per cent) and South (6.7 per cent) wards. Whilst unemployment is lowest in Bramingham (1.8 per cent) and Barnfield (2 per cent) wards.<sup>6</sup>

Luton is ranked as the 69th (out of 326) most deprived local authority.<sup>7</sup> In 2007 Luton was ranked as the 87th most deprived local authority and in 2004 as the 101st. This indicates that Luton is becoming relatively more deprived in comparison to the other local authorities of England. Luton has nine output areas in the top ten per cent most deprived areas in the country. Two of these are in Biscot, Dallow and Northwell wards and one each in Farley, High Town and South wards.

## **Our near neighbours**

Aside from the Borough of Luton, within a five-mile radius LTN is surrounded by predominantly rural countryside within the local authority areas of Central Bedfordshire, North Hertfordshire, St Albans City & District and Dacorum. Settlement is based around small villages and hamlets, connected by winding roads, often with high hedgerows, ranging from Flamstead, Markyate and Studham in the south-west, through Streatley and Lilley in the north, to Whitwell, Kimpton, and Breachwood Green in the east. To the south, lie the larger villages and market towns of Wheathampsted, Harpenden and Redbourn. The larger towns of Hitchin, Stevenage, Welwyn Garden City, Hatfield, St Albans, Hemel Hempstead and Dunstable lie just beyond this five-mile radius. These towns and villages are markedly different from Luton in character, demography and relative affluence.

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<sup>5</sup> Annual Survey of Hours & Earnings, 2010, Office for National Statistics 2010

<sup>6</sup> Unemployment Claimant Count March 2011, Office for National Statistics via NOMIS

<sup>7</sup> 2010 Indices of Multiple Deprivation, Communities & Local Government 2011

## Objectives of this Policy

In relation to this policy, LLAL shares the corporate objectives of its shareholder:

- To empower, support and protect the vulnerable
- To improve health and promote health equality
- To improve life and learning opportunities for all
- To create a vibrant environment where businesses thrive and prosper
- To reduce crime, antisocial behaviour and the fear it causes
- To protect and enhance the quality of the natural and built environment
- To strengthen community cohesion

Below these sit a range of priority outcomes derived from the Luton Forum's Sustainable Community Strategy 2008-26:

### ***Stronger and safer communities***

- strengthening communities; building capabilities and resources of community, voluntary and social enterprise groups together to work out shared solutions
- increasing the number of active citizens; people with motivation, skill and confidence to speak up for their communities and say what improvements are needed
- reducing anti social behaviour and fear of crime, ensuring all people feel safe
- tackling alcohol and drug abuse
- more well-designed, safer and accessible open spaces

### ***Environment and economic development***

- protecting & enhancing the natural and built environment including rivers and natural habitats within Luton's green spaces
- enhancing skills for employability and entrepreneurship and reducing differences in achievement levels between communities

### ***Health and wellbeing***

- supporting people to live independently
- improving mental health services
- improving services for carers
- improving leisure and cultural opportunities for all and better access

### ***Children & young people***

- improving the health of children and young people
- ensuring children and young people in Luton are safe and well cared for
- supporting our children and young people to achieve skills and experience to enhance their prospects for the future
- reducing the differences in educational achievements between ethnic groups

- providing positive activities for young people and reducing anti social behaviour
- better meeting the needs of children and young people with disabilities/learning difficulties

LLAL will actively support the aspirations of its shareholder and of the community as a whole, through the sponsorship and funding of, and donations to, organisations and activities that are of public benefit, and that directly contribute to the achievement of these objectives, particularly by way of early intervention and prevention.

LLAL and its shareholder will jointly review these objectives and outcomes annually to ensure that they remain relevant to the community.

LLAL intends that the principles set out in the recommendations of the report of the Commission on Council and VCS Relations shall inform, and be observed by, this policy.

## **What LLAL will not fund**

- Statutory bodies
- Individuals, except where the activity undertaken contributes to the wider public benefit and promotes the achievement of priority outcomes
- National charities, except where the funding is demonstrably targeted locally.
- Organisations that distribute a profit amongst shareholders, except where this is on a small scale in the context of a Community Interest Company, Community Benefit Society or an analogous form of social enterprise.
- Organisations or activities that promote political parties or the propagation of religion or conduct of worship. (Religious organisations may apply for funding for non-denominational activities that demonstrate wider public benefit.)
- Organisations or activities which are inconsistent with public policy, for example, the promotion of terrorism or of sectarian interests.
- Activities that take place outside the financial period for which funding is given
- Retrospective funding (money that has already been spent)



## General Eligibility Criteria

In order to be considered for funding, an organisation should be able to demonstrate the following:

- That the activity undertaken directly contributes to the achievement of this policy's objective and priority outcomes, and to support this assertion by evidence of need and examples of outcomes achieved.
- That it has the capacity, knowledge, skills and resources to deliver its activities effectively.
- That it is properly constituted according to its form, and is effectively governed and managed with, wherever appropriate, user involvement or participation in the planning, development and management of the organisation and its activities.
- That it is properly financially managed, in good financial health, and not holding an amount of unrestricted funds that is disproportionately high in relation to annual expenditure.
- That it is committed to the promotion of equality, cohesion and inclusion both within its client group and across the community as a whole, and that this is demonstrated through the way it plans and delivers its activities.
- That its estimate of the funding required to deliver its activities is realistic and reasonable, and represents good value for money.
- That it has an effective complaints policy, procedure or mechanism.
- That, where it deals with children, young people and vulnerable adults, it has an effective safeguarding policy in place, and that the governing body, staff are thoroughly and regularly trained and monitored to ensure compliance.
- That it has a track record of partnership working, wherever appropriate, with others working in the same, similar or complementary field of activity.
- That it recognises that it cannot expect continual funding from LLAL, and that it has a track record of, wherever possible, seeking funds from different sources, has made efforts to become sustainable, and has a clear exit strategy for dealing with a situation where funding stops.

# LLAL's Community Funding Programme

## Introduction

To contribute towards meeting the needs of the people of Luton and the surrounding area, LLAL has developed a funding programme consisting of four separate Funds, each designed to provide a form of funding suitable to a specific purpose. The programmes are:

- LLAL Partnership Fund
- LLAL Luton Community Fund
- LLAL Near Neighbour Fund
- LLAL Enterprise Fund

Common to each of the Funds is an expectation that organisations will understand that funding cannot be guaranteed in perpetuity and will therefore investigate and secure alternative sources of funding to increase self-reliance, that activities must contribute directly, measurably and significantly to the achievement of corporate objectives and priority outcomes, and that organisations will, wherever practicable, actively seek to work in partnership with similar organisations efficiently to deliver outcomes that demonstrate value for money.

It is not expected that any single organisation will receive funding from more than one Fund. Where an organisation meets the criteria for being considered as an "outcomes partner", application to any other Fund should not be necessary. The other Funds are intended to support those organisations (often smaller, or newer, or in an early stage of developing their response to emerging needs) that do not, at the time, meet the criteria as "outcomes partners". The funding must be protected for their use.

The criteria for being considered as a "outcomes partner" is primarily those scale: of the size of the organisation, of the impact that the organisation has in respect of the priority outcomes, and of the amount of funding required to deliver that impact. However, smaller organisations can qualify as policy partners, if they are working in partnership or collaboration with, or in support of, larger organisations in the delivery of outcomes that affect a significant proportion or section of the community.

It is possible to foresee that some smaller, newer organisations in receipt of funding from the LLAL Luton Community Fund could, over time, develop a track record of achieving priority outcomes that means they will be considered to be eligible to become "outcomes partners". Given the level of responsibility and accountability that this entails it may not be suitable for, or indeed preferred by, all organisations.

The overall value of the Community Funding Programme and the allocation of sums to each of the individual Funds will be determined by the Board of LLAL annually, following consideration of the Company's Medium Term Financial Plan. The amount of money available will be directly affected by the success of the operations of the airport, and the number of passengers choosing to travel to and from LTN. The value of the Programme cannot be guaranteed from year to year.

## 1. LLAL Partnership Fund

- Purpose:** to provide significant and sustainable funding, in the form of sponsorship and/or donations, to 'outcomes partners', these being charitable organisations having a major and key role in contributing to the delivery of priority outcomes in the medium- to long-term.
- Value:** approximately £14 million per annum (2013/14)
- Application:** the Partnership Fund is **not** open to general application by organisations. The Board of LLAL will, informed by recommendations from its shareholder, choose to support those organisations and activities that it considers are making a significant contribution to the achievement of the objectives of this policy, and of priority outcomes for the people of Luton.
- Assessment:** In respect of sponsorship, LLAL and the organisation will agree measures that promote London Luton Airport in an appropriate and effective manner. LLAL will monitor the outcome of these measures on a periodic basis. In respect of donations, LLAL will, for future planning purposes, only monitor the outcomes in so far as is consistent with a large donor ensuring that its donation is being used effectively in delivering the organisation's charitable purposes, and with the accountability of a charity to its funders. It is expected that Luton Borough Council will, in its community leadership role, wish to be reassured that the activity the organisation is undertaking is contributing to the achievement of the priority outcomes of the Sustainable Community Strategy.

## 2. LLAL Luton Community Fund

**Purpose:** to provide small grants, generally but not necessarily limited to one year only to support community and voluntary activity in Luton. Assistance may be sought for project work, running costs, support with rent, rates or room hire, and capital investment. It should not be assumed that funding will be continuing, and organisations should be able to demonstrate that they have explored the potential for finding alternative funding. Applications may also be made to secure match-funding from other sources, and to support capacity building, innovative ways of working, particularly in partnership with other organisations, and to meet emerging or changing needs in the community.

**Value:** approximately £500,000 per annum (2013/14)

**Application & Assessment:** A donation will be made by LLAL to an independent charitable organisation, which will administer the funding. Applicants will need to comply with their application, assessment and monitoring policy and procedures. The making of awards is at the discretion of the administering organisation. The Bedfordshire and Luton Community Foundation has been appointed as the administering organisation for the period 2013/14 to 2015/16. It is expected that there will be four quarterly funding cycles in a year; however, organisations will be expected to submit only one application each year, unless there is a change in their circumstances that requires further funding to be considered.

## 3. LLAL Near Neighbour Fund

**Purpose:** to provide small grants, limited to one year only, to support community and voluntary organisations, activities and projects in those communities, outside the Borough of Luton, that are most affected by airport operations.

**Value:** approximately £50,000 per annum (2013/14)

**Application & Assessment:**

A donation will be made by LLAL to an independent charitable organisation, which will administer the funding. Applicants will need to comply with their application, assessment and monitoring policy and procedures. The making of awards is at the discretion of the administering organisation. The Bedfordshire and Luton Community Foundation has been appointed as the administering organisation for the period 2013/14 to 2015/16.

#### **4. LLAL Enterprise Fund**

**Purpose:**

to provide small grants, limited to one year only, to support the start-up of small businesses, including social enterprises, in Luton with particular focus being given to areas of significant deprivation, as measured by the most recent indicators of multiple deprivation. Some assistance may be offered to existing small businesses in hardship due to the current economic downturn, in which case applicants should demonstrate that the loss of their business will result in a significant loss of amenity to residents in a local area, or, due to the specialised nature of the goods or services provided, across the Borough as a whole.

**Value:**

approximately £50,000 per annum (2013/14)

**Application & Assessment:**

A donation will be made by LLAL to an independent charitable organisation, which will administer the funding. Applicants will need to comply with their application, assessment and monitoring policy and procedures. The making of awards is at the discretion of the administering organisation. WENTA has been appointed as the administering organisation for the period 2013/14 to 2015/16.