

**CABINET MEMBER FOR FINANCE, PROCUREMENT IT & OPERATIONAL ASSETS – CLLR PHILIP WHITEHEAD**

**SERVICE AREA** Finance

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**REFERENCE:** FP-01-18

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**CHARITABLE FUNDS – ANNUAL REPORT 2016/2017**

**Purpose of Report**

1. To present the Cabinet Member a summary of the trust fund statement of accounts information to ensure these trusts are properly managed and approved.

This report shows the activities of the trust funds in the year ended 31 March 2017 and the Cabinet Member is asked to note the following:

- a summary of the trust fund statement of accounts information
- a discussion of the investment arrangements and performance during the year
- the risk management activity
- a summary of the activity in the year of the four largest trusts.

**Relevance to the Council's Business Plan**

2. As Trustee Wiltshire Council fulfil the objectives of the trusts.

**Main considerations for the Council**

**Statement of Accounts**

3. At 31 March 2017 the market value of all investments of the trust funds totalled £4.995 million. This is a mixture of investments, property and cash.

	£m
Managed funds – Bonds	0.482
Managed funds – Equities	2.140
Property	2.275
Cash	0.100
Creditors/debtors	-0.002
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	<b>4.995</b>
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4. Annual reports are produced for the larger Trust Funds, these are subject to independent examination by a firm of auditors. Following a quotation, Blomfield & Co Chartered Accountants & Registered Auditors of Trowbridge were appointed to carry out the examinations. These were carried out under the general directions given by the Charity Commission and following the examinations no matters were brought to our attention. In 2016/17 there were three such Trusts:-

The Colonel William Llewellyn Palmer Educational Charity  
Westbury Public Baths  
Edwin Young Collection

The Trusts bear the cost of the examinations apart from Westbury Public Baths as the council has a separate arrangement with Places for People Ltd who manage the facility.

5. Copies of the reports are attached (see background papers 1,3 and 4)

### **Investments**

6. A detailed breakdown of investments held and their value at 31 March 2017 are attached (see background paper 5). The Cabinet Member has delegated responsibility for investment management arrangements to the Associate Director Finance.
7. The Associate Director monitors the performance of investments on a regular basis. Budgets are set for largest three trusts and investment income is monitored against budget. Any large differences are investigated, and the performance of investments are benchmarked against other investments. The market value of investments are calculated at the end of each financial year and compared in the accounts against the previous year. As investments are held on a long term basis fluctuations can occur but are generally not a cause for concern.
8. The largest holdings at book cost are two investments into Charishare Income Shares for Llewellyn Palmer and Edwin Young with a combined market value of £1.044m at 31 March 2017. Charishare is managed by BlackRock which offers charities access to a professionally managed, diversified equity portfolio which invests predominantly in quality UK companies. The funds objective is to provide medium to long term capital and income appreciation by investing mainly in UK listed companies. It is benchmarked against the FTSE All-Share TR Index.
9. The second largest holding in book cost is for two investments into Charity Equity Fund Income Shares managed by Schroders. Both the Llewellyn Palmer and Edwin Young have investments with a combined market value of £914k at 31<sup>st</sup> March 2017. The Charity Equity Fund aims to achieve a rate of total return above that of the FTSE All Share Index

over a five year rolling basis. It may invest anywhere in the world but predominantly in good quality UK equities.

10. There are additional smaller trusts including Calne Library, King George's Field Warminster, King George's Field Melksham and other small ones which are shown on the attached Breakdown of investments.

11. The overall movement in invested funds over the year is explained in the following table:

	£m
i. Value of investments at 1 April 2016	4.692
ii. Income for the year	0.214
iii. Payments to beneficiaries and other expenses	-0.532
iv. Profit made during the year	0.396
v. Revaluation of Melksham King George	0.225
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vi. Value of investments at 31 March 2017, including permanent endowments	4.995
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12. Details of how the various charity based investments performed throughout the year are detailed in Schroders, Black Rock and CCLA investment and performance fact sheets and reports. See appendices 1 to 6 attached.

The overall trust fund investment strategy is a long term position reflecting medium risk and a weighting towards income generation through dividends. This reflects the need for regular income to meet running costs of the trusts and payments to beneficiaries.

### **Summary of Activity**

13. A summary of activity for the four larger trust's is shown in the annual reports. See background papers 1 to 4.

14. In September 2015 Cabinet resolved that it "Gives 'in principle approval' to the 'transfer' of its administration of the The Colonel William Llewellyn Palmer Educational Charity to Bradford on Avon Town Council and delegates authority to the Associate Director, Communities and Communication to seek approval from the Charity Commission and, subject to the Commission's approval, to progress the transfer to its conclusion. Charity Commissions approval was given and the transfer took place in August 2017. As the Council was still trustees at 31<sup>st</sup> March 2017 accounts of this trust have been included in this report.

### **Background**

15. Responsibility for the approval of annual reports on the activities and investment matters of trust funds for which Wiltshire Council is the sole trustee, is with the Cabinet. This responsibility has been delegated under

the Scheme of Delegation and the Protocol for Individual Decisions by Members adopted in July 2009 to the Cabinet Member for Finance.

### **Overview & Scrutiny Engagement**

16.No engagement has taken place as this is not applicable to the trusts.

### **Safeguarding Implications**

17.Although grants are awarded from the William Llewellyn palmer Trust to schools, children's clubs and individuals under the age of 25, no individuals have been specifically named in this report or in any of the attachments. There are no safeguarding implications.

### **Public Health Implications**

18.None have been identified as arising directly from this report.

### **Procurement Implications**

19.There are no procurement implications in this report.

### **Equalities Impact of the Proposal**

21. None have been identified as arising directly from this report.

### **Environmental and Climate Change Considerations**

22.There is no environmental and climate change impact.

### **Risk Assessment**

23.Tables of the potential risks facing the largest trusts, their potential impact and the steps taken to mitigate them have been drafted and approved by each trust's Advisory Panel. Although Places for People manage Westbury Public Baths, detailed contract management and risk assessments are carried out by the Wiltshire Council property team.

24.By doing the risk assessments the Council as trustee clearly demonstrates that it has considered the major risks to which the charities are exposed and systems have been designed to mitigate those risks. All statements are available should the Cabinet Member require.

### **Financial Implications**

25.There are no financial implications for the Council arising from this report. The financial implications for the individual Trust Funds are made explicit in this report.

## **Legal Implications**

26. It should be noted as per paragraph 16 that the legal team are already involved with the transfer of The Colonel William Llewellyn Palmer Educational Charity to Bradford on Avon Town Council.

## **Options Considered**

27. None have been identified as arising directly from this report.

## **Reasons for Proposal**

28. This report updates the Cabinet Member with a summary of Trust Fund Statement of Accounts.

## **Proposal**

29. The Cabinet Member for Finance is to note the contents of this report which showed:

- a. A summary of the trust fund statement of accounts information
- b. A discussion of the investment arrangements and performance during the year
- c. The risk management activity
- d. A summary of the activity in the year of the four largest trusts

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9<sup>th</sup> January 2017

## **Background Papers**

The following unpublished documents have been relied on in the preparation of this report:

1. The Colonel William Llewellyn Palmer Educational Charity Audited Accounts
2. The John Creasey Museum Annual Report
3. Westbury Public Baths Annual Report Audited Accounts
4. The Edwin Young Collection Annual Report Audited Accounts
5. Breakdown of Investments 31<sup>st</sup> March 2017

## **Appendices**

1. Black Rock Charishare March 2017

2. Black Rock Charinco March 2017
3. CCLA COIF fixed Interest Fund factsheet March 2017
4. CCLA COIF Investment Fund March 2017
5. Schroders Charity Equity Fund March 2017
6. Schroders Income Trust for Charities A Income units March 2017