

CABINET MEMBER FOR FINANCE & PROCUREMENT – CLLR SIMON JACOBS

SERVICE AREA Finance and Procurement

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CHARITABLE FUNDS – ANNUAL REPORT 2018/2019

Purpose of Report

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

This report shows the activities of the trust funds in the year ended 31 March 2019 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 fulfils the objectives of the trusts.

Background

3. 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 to the Cabinet Member for Finance & Procurement.

Main Considerations for the Council

Statement of Accounts

4. At 31 March 2019 the market value of all investments of the trust funds totalled £3.227 million. This is a mixture of investments, property and cash.

	£m
Managed funds (Bonds/Equities)	0.741
Property	2.457
Cash	0.030
Creditors/debtors	(0.001)

	3.227

5. 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 examinations were carried out under the general directions given by The Charity Commission. Following the examinations no matters were brought to our attention. In 2018/2019 there were two such Trusts:-

Westbury Public Baths
Edwin Young Collection

6. Copies of the reports are attached (see background papers 2 and 3)

Investments

7. A detailed breakdown of investments held and their value at 31 March 2019 are attached (see background paper 4). The Cabinet Member has delegated responsibility for investment management arrangements to the Director Finance & Procurement.
8. The Director Finance & Procurement monitors the performance of investments on a regular basis. Budgets are set for the largest two 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.
9. The largest holding with a market value of £0.239 million at 31 March 2019 is an investment with Charishare Income Shares for Edwin Young. 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.
10. The second largest holding in book cost is for two investments into COIF Charities Investment Fund Income Shares managed by CCLA. Both the Edwin Young and John Creasey Trusts have investments with a combined

market value of £0.198 million at 31 March 2019. This investment is designed to help protect both present and future costs from the effects of inflation. It invests mainly in equities but also includes property, bonds and other asset classes.

11. 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.

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

	£m
i. Value of investments at 1 April 2018	3.268
ii. Income for the year	0.151
iii. Payments to beneficiaries and other expenses	(0.215)
iv. Profit made during the year	0.023

v. Value of investments at 31 March 2019, including permanent endowments	3.227

13. Details of how the various charity based investments performed throughout the year are detailed in Schrodgers, 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.

Summary of Activity

14. A summary of activity for the four larger trust's is shown in the annual reports. See background papers 1 to 3.

Future Plans

15. Wiltshire Council, as sole trustee of the Edwin Young Collection and the John Creasey Museum, has taken the decision to merge these charities and, to facilitate this, to create a new charity; the Young & Creasey Gallery Trust. As at 31 March 2019 the Charity Commission had approved the draft of the Declaration of Trust for the Young & Creasey Gallery Trust.

Overview & Scrutiny Engagement

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

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

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

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 & Procurement is to note the contents of this report which show:

- 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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Background Papers

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

1. The John Creasey Museum Annual Report & Accounts
2. Westbury Public Baths Annual Report Audited Accounts
3. The Edwin Young Collection Annual Report Audited Accounts
4. Breakdown of Investments 31 March 2019

Appendices

1. Black Rock Charishare March 2019
2. Black Rock Charinco March 2019
3. CCLA COIF fixed Interest Fund factsheet March 2019
4. CCLA COIF Investment Fund March 2018
5. Schrodgers Charity Equity Fund March 2019
6. Schrodgers Income Trust for Charities A Income units March 2019