

CABINET MEMBER FOR FINANCE PERFORMANCE & RISK

DEPARTMENT OF RESOURCES

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CHARITABLE FUNDS – ANNUAL REPORT 2008/09

Background

1. Responsibility for the approval of annual reports on the activities and investment matters of trust funds for which Wiltshire Council is sole trustee, is with the Cabinet and 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 Performance & Risk

Purpose of Report

2. To present the Cabinet Member for Finance Performance and Risk with a summary of the trust fund statement of accounts information to ensure these trusts are properly managed and approved.
3. This report shows the activities of the trust funds in the year ended 31 March 2009 and the Cabinet Member for Finance Performance and Risk is asked to note the following:
 - 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.

Main Considerations for the Council

Statements of Accounts

4. Summarised statements of accounts are provided as Appendix 1. These are shown individually for the seven largest trusts, and in total for the remaining smaller trusts. A summary of the objectives of the larger trusts is also provided.
5. At 31 March 2009 the permanent endowments totalled £4.828 million. This is held as property of the charity (land, buildings, investments) and relates to money or other assets which were donated to the charity and

cannot be spent. It must be held permanently, either for use in directly furthering the charity's purposes or to produce an income for the charity. Investment income for the year amounted to £0.219 million, and payments made in the pursuit of objectives totalled £0.271 million.

6. Annual reports are produced for Trust Funds that are subject to independent examination or an audit by a firm of auditors. In 2008/09 there were four such Trusts and these are:-

The William 'Doc' Couch Trust (audit)
 The Colonel William Llewellyn Palmer Educational Charity
 The Edwin Young Collection
 The John Creasey Trust

7. These have to be submitted to the Charity Commission by 31 January 2010, together with the accounts of all charitable trusts. Copies of the reports and the accounts can be made available to the Cabinet Member for Finance if required.

Investments

8. A valuation of investments held at 31 March 2009 is provided in Appendix 2. The Cabinet Member for Finance has delegated responsibility for investment management arrangements to the Chief Financial Officer.
9. Investments are largely held in charitable Common Investment Funds (CIFs). These are pooled investment vehicles, set up and run by well-known investment management houses specifically for charities. The Chief Financial Officer monitors the performance of these on a regular basis.
10. In most cases, the Chief Financial Officer is responsible for selecting the CIFs in which the charitable monies are invested. The exception, because of its size, is the William "Doc" Couch Trust where the investments of which are managed by Schroder & Co Limited.
11. The overall movement in invested funds over the year is explained in the following table:

	£m
i. Value of investments at 1 April 2008	6.385
ii. Investment income for the year	0.219
iii. Payments to beneficiaries and other expenses	-0.271
iv. Change in market value of investments	-1.241
v. Grants/donations/additional bequest	.010

vi. Value of investments at 31 March 2009, including permanent endowments	5.102

12. The trust fund investments have performed well in comparison against the FTSE All-Share index which returned -29% to 31 March 2009. This was driven by continued uncertainty generated by the global credit crunch and liquidity crisis. The 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 of beneficiaries.
13. Wil Doc Trust - Around October 2008 about 24% of the Opus Diversified hedge fund holding became illiquid which meant it could not readily as before be converted into cash. As a result this part of the holding was split out into a separate share class called a side pocket. The market value of this side pocket at 31st March 2009 was around £73K. Holdings of this separate share class will be sold over the next few years as they are gradually restructured and the Trust will receive cash from these sales. It is difficult to determine exactly how much will be received, it could be more or less than the original book cost or market value above. This holding did not pay any dividends so income was not affected.
14. The investment portfolio managed by Schroder's has produced a return of -16.4%. The portfolio has a diversified spread of assets, investing in a combination of equities, bonds, hedge funds, property and cash designed to maximise total returns with due regard to risk. As a result the portfolio has a significantly lower projected level of volatility (or risk) than an all-equity portfolio.

Summary of Activity

15. A summary of activity for the larger Trust's is given below.

The William 'Doc' Couch Trust

16. The purpose of the Trust is to provide aid and assistance to those in need and/or to handicapped children and young persons. This is primarily by way of grants to individuals, schools or community groups. These grants must provide funding for specialist equipment, training, projects or activities that will support children and young people, aged under 18 years, with disabilities or who have a genuine need through hardship.
17. The Trust's Advisory Panel met in July 2008 when the annual awards were approved.
18. A total of 54 applications were received requesting in excess of £183,000.
19. The Trust's Advisory Panel recommended that a total of £119,814 should be awarded to 52 applications. The Director for Children and

Education accepted the recommendations of the Panel and the awards were approved. A full summary of the approved awards is set out in Appendix 3.

The Colonel William Llewellyn Palmer Educational Charity

20. The Charity is for the benefit of children and young people up to the age of 25 attending, or who have attended, schools in Bradford on Avon, and for the provision of recreational facilities for the same age group in the town.
21. The first call on the income of the Charity is the cost of maintaining the Charity's property at Sladesbrook in Bradford on Avon. From 1 April 2004 the site has been managed by the Council's Environmental Services Department. A priority during this year was repairs to the safety surface.
22. The Trust Advisory Panel met in July 2008 to consider the applications. Each application was prioritised with reference to the terms of the Trust. A total of £23,974 was awarded to 23 applicants and these are set out in Appendix 4.

The Edwin Young Collection

23. The Edwin Young Trust was established in 1913 as the result of a bequest to the City of Salisbury by Edwin Young, and later by his brother, Thomas Young. The bequest consisted of money to build an art gallery adjacent to the former city library in Chipper Lane as well as a large number of Edwin Young's paintings. Four properties, which have now all been sold and the proceeds invested to provide an income, were also part of the bequest. The collection is housed, along with the Creasey Collection of Contemporary Art, and other collections belonging to Wiltshire County Council, at the Salisbury Library & Galleries. The Edwin Young Trust is registered as a charity with the Charity Commission and has full registration with the Museums and Galleries Commission.
24. The object of the charity is:-

To advance the education (including aesthetic education) of the public by establishing and maintaining for exhibition to the public a collection of watercolours, paintings, prints and drawings which are of artistic merit of historical or topographical interest and in particular watercolours, paintings, prints and drawings of Salisbury and the neighbourhood thereof.
25. The main objectives of the year continue to be the holding of exhibitions and the conservation of works of art.

26. Twelve new acquisitions have been made during the year which cost £12,068. Two grants were received for this totalling £6,250.

The John Creasey Museum

27. The John Creasey Museum was founded in 1973 following a bequest from the distinguished author, John Creasey, of part of his residuary estate. The Museum, the greater part of which is now its literary collection, comprises more than 2,000 books in over 20 languages, as well as manuscripts, designs for book jackets, printed material, objects and ephemera.

28. The Museum has a wide range of objects and in 1980 the Trustees decided to launch a collection of contemporary art which has since become the main thrust of the Museum's collecting activities. The emphasis has been on collecting art with a Wiltshire connection, domiciled, taught, and studied or iconography, and leading British artists. The Creasey Collection of Contemporary Art, the name by which the Museum is now commonly known, now consists of 210 works of art.

29. The Trust's Statement of Purpose is:

- i. To preserve and promote the name of the author John Creasey, his books, manuscripts, literary artefacts.
- ii. To preserve and promote the Collection of Modern and Contemporary Art.

30. The key aim of the Trust is to ensure the long term viability of the Museum and to promote the museum.

31. This year has seen the consolidation and development of higher quality exhibitions using the collections along with or complimenting good quality local artists. The Creasey and Portico galleries compliment each other well and people are always commenting on the 'good feel' factor. By linking up with local artists the Trust continues to strengthen the link with the arts community. The Trust also continues to work with other local dealers and extend our network.

32. The acquisition of a print by Frank Auerbach of Ruth II (cost £3,000) was a significant acquisition. Auerbach is an important artist of our time and the support the Trust received in grants from The Art Fund and the MLA/V&A Purchase grant fund of £1,300 each recognised the importance of this acquisition

33. Financial support for the Trust is provided by Wiltshire County Council by the continued funding of the part time curator post.

Environmental Impact of the Proposals

34. There is no environmental impact.

Risk Assessment

35. In line with reporting requirements, tables of the potential risks facing the largest four trusts, their potential impact and the steps taken to mitigate them have been drafted and approved by each trust's Advisory Panel.

36. By doing this the Council as trustee has considered the major risks to which the charities are exposed and systems have been designed to mitigate those risks. All four statements are available should the Cabinet Member for Finance require.

Equalities Impact of the Proposal

37. There are none arising directly from this report.

Financial Implications

38. 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.

Reasons for Recommendation

39. This report updates the Cabinet Member for Finance with a summary of Trust Fund Statement of Accounts.

Recommendations

40. 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

MARTIN DONOVAN
Chief Financial Officer

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The following unpublished documents have been relied on in the preparation of this Report: The individual accounts for each Trust Fund and the Annual Report for The William 'Doc' Couch Trust, The Colonel William Llewellyn Palmer Educational Charity, The Edwin Young Collection and The John Creasey Trust.