

## **CABINET MEMBER FOR FINANCE PERFORMANCE & RISK**

### **DEPARTMENT OF RESOURCES**

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**REFERENCE:** FPR-002-11

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### **CHARITABLE FUNDS – ANNUAL REPORT 2009/10**

#### **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 2010 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 five 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 nine 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 2010 the permanent endowments totalled £7.215 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 £0.201 million, and payments made in the pursuit of objectives totalled £0.387 million.
6. Annual reports are produced for Trust Funds that are subject to independent examination or 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 no particular matters came to their attention. In 2009/10 there were four such Trusts and these are:-

The William 'Doc' Couch Trust  
 The Colonel William Llewellyn Palmer Educational Charity  
 Westbury Public Baths  
 The John Creasey Trust

7. These have to be submitted to the Charity Commission by 31 January 2011, 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 Performance & Risk if required.

### **Investments**

8. A valuation of investments held at 31 March 2010 is provided in Appendix 2. The Cabinet Member for Finance Performance & Risk has delegated responsibility for investment management arrangements to the Chief Finance Officer.
9. Investments are largely held in charitable Common Investment Funds (CIFs). These are pooled investment vehicles, run by well established investment management houses specifically set up for charities. The Chief Finance Officer monitors the performance of these on a regular basis.
10. In most cases, the Chief Finance 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 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 2009	6.080
ii. Investment income for the year	0.201

iii. Payments to beneficiaries and other expenses	-0.387
iv. Change in market value of investments	1.406
v. Grants/donations/additional bequest	0.171
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vi. Value of investments at 31 March 2010, including permanent endowments	7.471
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12. 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. These are available on request.

13. 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 to beneficiaries.

14. The William 'Doc' Trust - In the year to 31 March 2010 the portfolio produced a total return of 28.3%. 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. During the year Schrodgers reduced exposure to emerging markets which started to look relatively expensive and added to UK and US equities. Schrodgers added modestly to the property exposure given the attractive outlook and reasonable valuations. Schrodgers reduced exposure to government bonds where they had concerns about the huge increase in supply as a result of the very poor state of government finances.

### **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, of age under 18 years, with disabilities or who have a genuine need through hardship.

17. The Trust's Advisory Panel met in September 2010 when the annual awards were approved.

18. A total of 52 applications were received requesting in excess of £230,818.

19. The Trust's Advisory Panel recommended that a total of £103,369 should be awarded to 46 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 was established for the benefit of children and young people up to the age of twenty five, 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 the repair of the safety surface.
22. The Trust Advisory Panel met in September 2009 to consider the applications. Each application was prioritised with reference to the terms of the Trust. A total of £25,000 was awarded to 11 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 now housed, along with the Creasey Collection of Contemporary Art and other collections belonging to Wiltshire 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. Ten new acquisitions have been made during the year which cost £7,550.

## **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 225 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 and promotion of the Museum.
31. The highlight of the year was the success of the Heritage Lottery Fund application and the award to the Other Worlds project of approximately £49,000. This grant allowed the Trust to purchase the watercolour by Paul Nash – 'Ghost in the Shale' and realise an art project with 5 soldiers, focusing on 'war art'. The Art Fund and the Museums Libraries & Archives Council (MLA) / Victoria & Albert Museum (V&A) Purchase Grant Fund also provided significant grants. This funding has secured an important work for the collection and provided the Trust with a significant project to develop demonstrating the importance and value of art for everyone. The project will run in 2010 and 2011.
32. Financial support for the Trust is provided by Wiltshire Council by the continued funding of the part time curator post.

## **Westbury Public Baths**

33. The Charity was established from a deed of gift constituted on 24 May 1888 between William Henry Laverton and eleven others. It provides for a swimming bath for the benefit of the inhabitants of the parish of Westbury.
34. The Charity is now operated by the Council as part of the Council's leisure services function from which it receives all necessary funding to pursue its objectives. The Council, as trustee has arranged for its day to day

administration and responsibilities for the site to be delegated to DC Leisure Management Ltd. DC Leisure specialises in the development and management of leisure facilities in partnership with local authorities throughout the UK. This company manages other sports centres and pools provided by Wiltshire Council.

### **Plans for the Future**

35. During 2010/11 and 2011/12 a proposal to transfer nine trusts to The Community Foundation will be made. Cost benefit analysis for both the Trusts and Wiltshire Council will need to be made and consultations with The Charity Commission will be required.

### **Environmental Impact of the Proposals**

36. There is no environmental impact.

### **Risk Assessment**

37. 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 DC Leisure manage Westbury Public Baths, detailed contract management and risk assessments are carried out by Wiltshire Council property team.

38. 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 statements are available should the Cabinet Member for Finance require.

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

39. There are none arising directly from this report.

### **Financial Implications**

40. 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**

41. This report updates the Cabinet Member for Finance Procurement and Risk with a summary of Trust Fund Statement of Accounts.

### **Recommendations**

42. The Cabinet Member for Finance Procurement and Risk 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 five largest trusts

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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, Westbury Public Baths and The John Creasey Trust.**