

CABINET MEMBER FOR FINANCE PERFORMANCE & RISK – Mr J BRADY

CHIEF EXECUTIVE'S OFFICE

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CHARITABLE FUNDS – ANNUAL REPORT 2010/2011

Background

1. 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 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 2011 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. At 31 March 2011 the market value of investments totalled £7.561 million. This is a mixture of investments, property and cash.

| | £m |
|---------------------------|--------------|
| Government Fixed Interest | 0.001 |
| Managed funds – Bonds | 1.162 |
| Managed funds – Equities | 4.225 |
| Property | 1.482 |
| Hedge funds | 0.360 |
| Cash | 0.271 |
| Other | 0.044 |
| Debtors/Creditors | 0.016 |
| | ----- |
| | 7.561 |
| | ----- |

5. Annual reports are produced for Trust Funds that 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 are to be carried out under the general directions given by the Charity Commission and for 2010/2011 no particular matters came to their attention. In 2010/2011 there were four such Trusts:-

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

6. These have to be submitted to the Charity Commission by 31 January 2012, 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

7. A detailed breakdown of investments held and their value at 31 March 2011 can be provided on request. The Cabinet Member for Finance Performance & Risk has delegated responsibility for investment management arrangements to the Chief Finance Officer.
8. 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.

9. 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.

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

| | £m |
|--------------------------------------------------------------------------|--------------|
| i. Value of investments at 1 April 2010 | 7.468 |
| ii. Income for the year | 0.361 |
| iii. Payments to beneficiaries and other expenses | (0.357) |
| iv. Profit made during the year | 0.089 |
| | ----- |
| v. Value of investments at 31 March 2011, including permanent endowments | 7.561 |
| | ----- |

11. 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. These are available on request.

12. 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.

13. Schroder's comments for the William 'Doc' Couch Trust - Last year we reported a very strong rebound in equity markets to 31 March 2010. This year equity market returns have been reasonable, but more modest, with the FTSE All Share Index returning 8.7% to 31 March 2011. This is to be expected following the previous year's exceptional returns. Overseas equity markets also generated steady, if unexciting, returns with the MSCI World Index returning 7.9%. With continuing low interest rates and investors adding to risk assets throughout the year bond returns were again relatively subdued with the FTA Government All Stocks Index producing a total return of 5.2%. Cash returns have been minimal given a base rate of only 0.5% p.a.

Over the year to 31 March 2011 the portfolio produced a total return of 5.8%. 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 lower projected level of volatility (or risk) than an all-equity portfolio. During the year we continued to take some profits in equities following the strong recovery in markets over the last couple of years. The resultant cash was used to fund further property investment and an increase in liquid 'absolute return' funds. These funds are designed to lower the overall volatility of the portfolio and increase the portfolio's diversification

Summary of Activity

14. A summary of activity for the larger trust's is given below.

The William 'Doc' Couch Trust

15. 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.

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

17. A total of 67 applications were received requesting in excess of £245,000.

18. The Trust's Advisory Panel recommended that a total of £95,391 should be awarded to 48 applications. The Director for Children and Education accepted the recommendations of the Panel and the awards were approved.

The Colonel William Llewellyn Palmer Educational Charity

19. 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.

20. 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.

21. The Trust Advisory Panel met in July 2010 to consider the applications. Each application was prioritised with reference to the terms of the Trust. A total of £17,000 was awarded to 13 applicants.

The Edwin Young Collection

22. 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.

23. 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.

24. The main project this year was centred on the reconciliation and return of objects to the collection previously held by the former Salisbury District Council, now Salisbury City Council. New acquisitions have been made the most significant being the Keith Vaughan watercolour 'Allegorical Landscape' an engaging watercolour from the 1950's showing the influence of Henry Moore, Graham Sutherland, John Piper and John Minton in his work. The collection has been shown twice during the past 12 months.

The John Creasey Museum

25. 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.

26. 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 including iconography. The Creasey Collection of Contemporary Art, the name by which the Museum is now commonly known, now consists of 3007 objects.

27. The Trust's Statement of Purpose is:

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

28. The key aim of the Trust is to ensure the long term viability and promotion of the Museum.

29. The Other Worlds project has continued with a slight change to the original aim to work directly with soldiers with Post Traumatic Stress Disorder. Unfortunately this was too optimistic and would not be practical. What was feasible, however, was the opportunity to work with servicemen who had an awareness of art and might be interested in exploring their story through art. The Trust has also continued to show works by leading local artists, community exhibitions and the permanent collection.

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

Westbury Public Baths

31. 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.

32. 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 the 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

33. During 2011/2012 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

34. There is no environmental impact.

Risk Assessment

35. 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 the Wiltshire Council property team.
36. 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 for Finance Procurement and Risk 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 Procurement and Risk with a summary of Trust Fund Statement of Accounts.

Recommendations

40. 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.**

