

CABINET MEMBER FOR FINANCE PERFORMANCE, RISK, PROCUREMENT & WELFARE REFORM

FINANCE DEPARTMENT

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REFERENCE: FRBPR-02-14

CHARITABLE FUNDS – ANNUAL REPORT 2012/2013

Purpose of Report

To present the Cabinet Member for Finance Performance, Risk, Procurement and Welfare Reform with 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 2013 and the Cabinet Member 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

INTENTION TO MAKE DECISION

Following consultation with officers I give notice that I intend to note this report. If you would like to make any representations to me on this issue please do so by 7 April 2014.

The following supporting documents are attached.

- 2012/2013 Breakdown of all Investments of all Charitable Trust's
- Annual Reports for the following Trust's
 - The Colonel William Llewellyn Palmer Educational Charity
 - The John Creasey Trust
 - Westbury Public Baths
 - The Edwin Young Collection

Date

Signed

Cllr Dick Tonge
Cabinet Member Finance Performance, Risk, Procurement and Welfare
Reform

**CABINET MEMBER FOR FINANCE PERFORMANCE, RISK,
PROCUREMENT & WELFARE REFORM**

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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, Procurement & Welfare Reform.

Purpose of Report

2. To present the Cabinet Member 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 2013 and the Cabinet Member 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. At 31 March 2013 the market value of all investments of the trust funds totalled £3.186 million. This is a mixture of investments, property and cash.

	£m
Government Fixed Interest	0.001
Managed funds – Bonds	0.467
Managed funds – Equities	1.640
Property	0.896
Cash	0.132
Other	0.048
Debtors/Creditors	0.002

	3.186

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 are to be carried out under the general directions given by the Charity Commission and for 2012/2013 no particular matters came to their attention. In 2012/2013 there were three such Trusts:-

The Colonel William Llewellyn Palmer Educational Charity
Westbury Public Baths
John Creasey Museum

The Edwin Young Collection did not need an independent examination for 2012/13 as its income was less than £25k.

The Trusts bear the cost of the examinations apart from Westbury Public Baths as the council has a separate arrangement with DC Leisure who manage the facility.

6. Copies of the reports are attached.

Investments

7. A detailed breakdown of investments held and their value at 31 March 2013 are attached. The Cabinet Member has delegated responsibility for investment management arrangements to the Associate Director of Finance, Revenues and Benefits and Pensions.
8. 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.

9. 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 £805k at 31 March 2013. 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 Index.
10. The second largest holding in book cost is again 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 £691k at 31st March 2013. The Charity Equity Fund aims to achieve a rate of total return above that of the FTSE All Share Index on a rolling five year basis. It may invest anywhere in the world but predominantly in good quality UK equities.
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 as 'other' on the attached investment breakdown.
12. The overall movement in invested funds over the year is explained in the following table:

	£m
i. Value of investments at 1 April 2012	7.096
ii. Income for the year	0.259
iii. Payments to beneficiaries and other expenses	(0.248)
iv. Profit made during the year	0.215
v. Transfer of trusts	(4.136)

vi. Value of investments at 31 March 2013, including permanent endowments	3.186

The transfer of £4.136m was for the Wil Doc Couch Trust that was transferred to The Community Foundation for Wiltshire & Swindon in March 2013.

13. 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 attached.
14. 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

15. A summary of activity for the four larger trusts is shown in the attached annual reports.

Environmental Impact of the Proposals

16. There is no environmental impact.

Risk Assessment

17. 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.

18. 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.

Equalities Impact of the Proposal

19. There are none arising directly from this report.

Financial Implications

20. 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

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

Recommendations

22. The Cabinet Member for Finance, Performance, Risk Procurement and Welfare Reform 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

MICHAEL HUDSON

Assistant Director of Finance Revenues, Benefits and Pensions

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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 Colonel William Llewellyn Palmer Educational Charity, Westbury Public Baths, Edwin Young Trust and The John Creasey Trust