

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

**FINANCE DEPARTMENT**

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**CHARITABLE FUNDS – ANNUAL REPORT 2013/2014**

**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 2014 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 2014 the market value of all investments of the trust funds totalled £3.342 million. This is a mixture of investments, property and cash.

	£m
Government Fixed Interest	0.001
Managed funds – Bonds	0.442
Managed funds – Equities	1.800
Property	0.876
Cash	0.175
Other	0.048
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	<b>3.342</b>
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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. At the time of writing the examinations have not yet been carried out. In 2013/2014 there were three such Trusts:-

The Colonel William Llewellyn Palmer Educational Charity  
Westbury Public Baths  
Edwin Young Collection

The John Creasey Museum did not need an independent examination for 2013/14 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 2014 are attached. The Cabinet Member has delegated responsibility for investment management arrangements to the Associate Director of Finance & Pension Fund Treasurer.
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 £862k at 31 March 2014. 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 £786k at 31<sup>st</sup> March 2014. 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 on the attached Breakdown of investments. Due to the difference in net asset value of the two playing fields, their values are being investigated in 2014/15.
12. The overall movement in invested funds over the year is explained in the following table:

	£m
i. Value of investments at 1 April 2013	3.186
ii. Income for the year	0.218
iii. Payments to beneficiaries and other expenses	(0.194)
iv. Profit made during the year	0.132
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v. Value of investments at 31 March 2014, including permanent endowments	3.342
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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 trust's 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

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