

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

29th September 2010

ADMINISTRATION OF SMALL CHARITIES BY THE COUNCIL

Relevant Portfolio Holder	Cllr M Braley
Relevant Head of Service	Claire Felton Head of Legal Equalities & Democratic Services
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To consider the option of transferring the administration of three small Charities to the Worcestershire Community Foundation, with the assistance of the Community Foundation for Greater Manchester to effect the transfer.
- 1.2 To consider transferring the sum of £129.62 in the Redditch Disaster Fund to the Mayor's Charity as suggested by the Audit and Governance Committee on 20 April 2010.

2. RECOMMENDATIONS

The Committee is asked to **RECOMMEND** that :

- 1) **the administration of the Stanley, John Jordan Skinner and Caroline Swann Charities be transferred to the Worcestershire Community Foundation; and**
- 2) **Mr Colin Evans, Trust Transfer expert of the Community Foundation for Greater Manchester, be appointed to effect the transfer, and**
- 3) **the sum of £129.62 in the Redditch Disaster Fund be transferred to the Mayor's Charity**

3. BACKGROUND

CHARITIES

- 3.1 The Council currently has responsibility for three small registered Charities, the "Stanley", "John Jordan Skinner" and "Caroline Swann" Charities, which were established many years ago by the Wills of residents for various charitable purposes, generally related to relief of poverty. Details are set out at Appendix 1.

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- 3.2 Some of the objectives are now obsolete (e.g. purchase of coal for distribution to the poor / relief for persons who are or were engaged in the needle, fish hook or fishing tackle industries) and, apart from the Stanley Charity where the Mayor is ex-officio Trustee, they have no current Trustees.
- 3.3 In January 2004 the Council supported a recommendation for the appointment of Trustees to these charities and the amendment of the Charities' objects, for the future management of the funds, but these appointments have lapsed and no amendment to the objects has been made. This was highlighted in Audit & Governance Committee Report in April 2010.
- 3.4 The Council maintains a separate account for these Charities and files returns with the Charity Commission but otherwise they are, effectively, dormant.
- 3.5 The Charities no longer qualify for registration with the Charity Commission due to their small size and the Charity Commission has referred the Council to Mr Colin Evans, a Trust Transfer expert with Greater Manchester Community Foundation, who works specifically with Local Authorities to help them make their dormant and inactive trusts more effective by transferring them to a local Community Foundation.
- 3.6 Community Foundations then administer and manage local grants that meet need in local areas. This relieves the local authority of the administrative burden of managing and reporting separate small trust funds that struggle to meet their charitable objectives and, by consolidation, provides a more substantial fund to apply the income to local causes. To date £15m in dormant local authority small trusts has been identified and transferred under this scheme.
- 3.7 There is a Community Foundation for Worcestershire. Further information is available at <http://www.worcscf.org.uk> and the Home Page is attached at Appendix 2.
- 3.8 As a result of preliminary discussion with Mr Evans, he has recommended that the Council transfer the funds of the 3 charities to the Worcestershire Community Foundation. It has a track record of working with many groups within the County and in Redditch, who will qualify to benefit from the annual income from the transferred assets.

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DISASTER FUND

- 3.9 A small sum was left to the Council under a legacy to be spent in the event of a disaster affecting Redditch. As long ago as 1081, it was proposed that the sum then in the account would be transferred to a charity but no action was taken.
- 3.10 It is entirely uneconomic to continue to administer this sum and it was suggested at the Audit and Governance Committee that it should be transferred to the Mayor's Charity, which was considered an appropriate Charity to receive it.

4. KEY ISSUES

- 4.1 Appointing new trustees and amending the obsolete objects of these dormant Trusts would be a lengthy process and would still leave the Council responsible for their administration. Individually, they are too small to be effective and even amalgamation of all three would not produce sufficient income to justify the administrative burden on the Council of continuing to manage them and there would be insufficient interest generated annually with which to do anything useful.
- 4.2 Urged by the Charity Commission, many local authorities have already transferred their Trust funds over to their local Community Foundation, to increase their efficiency through grant-making that meets need in the local area.
- 4.3 The Charity Commission has referred the Council to Mr Colin Evans, who works specifically with Local Authorities and who has an established process with the Charity Commission, to transfer their dormant and inactive trusts to a local Community Foundation.
- 4.4 To cover the cost of the process Mr Evans charges local authorities £50 per hour and has advised that there would be 3 – max 5 hours work to close and transfer the 3 RBC small Trusts to the local Community Foundation. This sum may be recoverable from the Charities but if not would be invoiced to the Council on completion of the transfer.
- 4.5 Mr Evans advises that, as it is usual for an Annual Impact Report to be produced by Community Foundations, the Council can receive details of how the assets have been invested and how the income generated has been used to support qualifying purposes.

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5. FINANCIAL IMPLICATIONS

- 5.1 It would be a costly process to appoint new Trustees and amend objects of these small Trusts, as previously proposed particularly considering the size of the Trusts.
- 5.2 The current cost associated with the administration of these dormant Trusts (maintaining bank accounts, producing annual data and notifying to the Charity Commission) will be saved.
- 5.3 The costs of closing and transferring the Trusts can be minimised by appointing Mr Evans of Manchester Community Foundation who has an established relationship and agreed process with the Charity Commission to achieve this aim.

6. LEGAL IMPLICATIONS

The Charity Acts 1993 and 2006

All of these 3 charities qualify as “small charities” within the definition of these Acts and are so small that they no longer need to be registered with the Charity Commission.

7. POLICY IMPLICATIONS

None identified: Administration of these small Charitable Trusts is not a core local government function nor part of the Council’s Service Business Plan.

8. COUNCIL OBJECTIVES

None.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

None.

10. CUSTOMER IMPLICATIONS

None.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

None.

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12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

It is uneconomic for the Council to continue to administer these small funds and the time and resources used do not produce any benefit to the Council.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

None.

14. HUMAN RESOURCES IMPLICATIONS

None.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

None.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

None.

17. HEALTH INEQUALITIES IMPLICATIONS

None.

18. LESSONS LEARNT

These small funds have lain dormant and are an administrative burden on the Council whilst providing no benefit to local residents as the original benefactors intended. There is now a resolution available which will relieve the Council of the administrative responsibility but at the same time ensuring that the funds are put to good use within the local area.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

- 19.1 The Council can contribute positively to the community by releasing the funds from these dormant Trusts to the local Community Foundation.

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19.2 Information about the Community Foundation's "Boost Initiative" to unlock inactive charitable assets to be applied to need in local communities is available at www.boostinitiative.org.uk.

20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	Yes
Head of Legal, Equalities & Democratic Services	Yes
Corporate Procurement Team	Yes

21. WARDS AFFECTED

None.

22. APPENDICES

Appendix 1 Details of Charities.

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23. BACKGROUND PAPERS

Charities Act 1993

Charities Act 2006

Audit and Governance Committee 20 April 2010

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