

REPORT TO CABINET

17 July 2019

Subject:	Transfer of Dormant Trust Funds to Heart of England Community Foundation phase 2
Presenting Cabinet Member:	Councillor Joyce Underhill - Cabinet Member for Best Start in Life
Director:	Director – Education, Skills and Employment – Chris Ward
Contribution towards Vision 2030: 	 
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC01/07/2019
Cabinet Member Approval and Date:	Councillor Joyce Underhill: 6 June 2019
Director Approval:	Lesley Hagger: 17 June 2019 Chris Ward: 17 June 2019
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	This report affects the whole borough
Scrutiny Consultation Considered?	Scrutiny has not been consulted on the proposals
Contact Officer(s):	Heather Chinner, Neighbourhoods heather_chinner@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Agree that in respect of the following trusts, the council resign as trustee and be replaced by the Heart of England Community Foundation (HoECF):

Former Warley Secondary Schools (registered charity 529071)
Sir W W Butler (registered charity 529000)
Mary May Sheward.

2. Agree to transfer the funds linked to the trusts named in Recommendation 1 to the Heart of England Community Foundation for the purpose of investing those funds in the Sandwell Community Fund.
3. Agree that the JP Morgan investment fund “Education Trust Funds” client reference 184590 be transferred from Sandwell council to Heart of England Community Foundation for the purpose of investing those funds in the Sandwell Community Fund.
4. Agree that the funds related to the Richards Bequest be transferred to Sandwell Museums Service to be used towards the annual running cost of Wednesbury Art Gallery and the trust wound up
5. Agree that the Councillor Arthur Smith Trust (registered charity 509010) be closed and the funds transferred to Hanbury Primary School, Hanbury Road, West Bromwich for the purpose of pupil awards and an outdoor learning area.

1 PURPOSE OF THE REPORT

- 1.1 The council is the trustee for a number of trust funds. Due to a range of factors these trusts have become dormant and no awards have been made for some time. In August 2017 the Heart of England Community Foundation (HoECF) approached the council and offered to take over any dormant trusts and turn them into a single, active Community Fund for Sandwell. In May 2018 Cabinet agreed to transfer 21 dormant trusts to the HoECF for the purpose of establishing the Sandwell Community Fund. In December 2018 the transfer of the funds was completed.

- 1.2 A small number of trusts were not included in phase 1 of the transfer:

Former Warley Secondary Schools (registered charity 529071)
Sir W W Butler (registered charity 529000)
Mary May Sheward
Richards Bequest
Councillor Arthur Smith (registered charity 509010)

The purpose of this report is to seek agreement to transfer funds to the most appropriate body in order to ensure that this money is put to effective use.

2 IMPLICATION FOR THE VISION 2030

- 2.1 The Sandwell Community Fund has funding criteria that directly links to Vision 2030, particularly ambition 4. “Our children benefit from the best start in life and a high-quality education throughout their school careers with outstanding support from their teachers and families” and ambition 1. “Sandwell is a community where our families have high aspirations and where we pride ourselves on equality of opportunity and on our adaptability and resilience”.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The Charity Commission is keen to see the release of the many dormant and frustrated trust funds locked in local authorities around the country, and the Commission particularly supports the release of these funds to leading charitable bodies such as HoECF (registered charity number 1117345). It is timely to determine the future of the remaining dormant funds so that benefits can be released as far as practicable in line with the donor’s original intent. One particular advantage is that community foundations are well placed to maximise the benefits of funds through their knowledge of funding opportunities, potential donors and the voluntary and community sector.
- 3.1 The Charity Commission acknowledges that community foundations have a reputation for the effective management of charitable funds in order to maximise their impact at local level. The Charity Commission and Community Foundations have worked closely in recent years to ensure that trustees seeking to revitalise moribund (dormant) or ineffective trust funds (and who are looking for an effective way of carrying on their good work in future years) can release their funds to a community foundation as part of their appraisal of options.

4 THE CURRENT POSITION

4.1 Further details about these dormant trusts are as follows:

Name	Registered charity	Funds (cash and investments) at 31.03.19
Former Warley Secondary Schools	529071	44,493.30
Sir William Waters Butler Scholarship Fund	529000	888.38
Mary May Sheward	-	10,106.80
Richards Bequest	-	5,339.61
Councillor Arthur Smith Trust	509010	6,369.67

Former Warley Secondary Schools: this is made up of 20 separate trusts merged in 1978 into a single trust the income from which was to be divided amongst the secondary schools in the area covered by the former borough of Warley. The last payment was made to schools in 2015/16.

Sir William Waters Butler Scholarship Fund:

Employees of Coors/Mitchell and Butler and their children could apply for help from the fund (usually for "A" level course equipment and fees for University). Once these applications have been assessed any surplus funds were given to Sandwell Student Finance and Sandwell College. Changes in student finance meant that the council could no longer make any awards. The balance of £23,211.40 was paid to Mitchell's and Butlers via Cobbett's solicitors in 2010, but the charity was not closed. The remaining £888.38 relates to a proportion of the income from a joint investment through JP Morgan. This investment includes the Council, Sandwell College and the Heart of England Community Foundation funds.

Mary May Sheward: there is very little information available about this fund. It was a registered charity (1068078) but was removed from the list in 2011. The last payment was made on 27/8/2015.

Richards Bequest: In 1885 Mary Ann Richards left £1000 in trust, the income from which was to be used towards the wages of a "caretaker" for Wednesbury Art Gallery. The annual income is approximately £6 per year. This is not a registered charity. It is proposed that the trust should be wound up and the funds of just over £5,300 be transferred to the museum service for them to use towards the upkeep of the Art Gallery.

Councillor Arthur Smith Trust fund: £6,369.67 (registered charity 509010). The trust was set up to fund prizes for pupils attending Guns Village School (now Hanbury Primary School).

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 SCVO support the proposal to transfer these dormant funds to HoECF and welcome this opportunity to strengthen the Sandwell Community Fund which will benefit for the residents of Sandwell in years to come.

6 ALTERNATIVE OPTIONS

- 6.1 If no action is taken these trusts are likely to remain moribund as the amounts remaining are disproportionately small, the cost of administering the charity and its investment is disproportionate to the benefit and level of funding and because of the difficulty in identifying suitable beneficiaries.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The proposed transfer to HoECF will result in a small saving to the council, in terms of officer time required to bring these trusts back to life and then manage them. HoECF will make no charge in respect of their work on taking over the trusts, including liaison with the Charity Commission. This would also include PR and press coverage of the transfer of the trusts. There will be an annual charge for running the new community fund. This will not exceed 1% of the income generated by the investment of the transferred funds in an endowment portfolio and will be met from that income.
- 7.2 The funding will be invested with the CCLA, the government approved investment bank. CCLA is a charity in its own right.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 This report comes to Cabinet as the Council is the trustee of the charitable funds described. The recommendations proposed reflect the requirements of the Charities Act 2011.
- 8.2 The objects of the HoECF are “The promotion of any charitable purpose for the benefit of the community in the City of Coventry, the County of Warwickshire and elsewhere in the United Kingdom. And in particular the advancement of education, the protection of good health both mental and physical and the relief of poverty and sickness, and any other exclusively charitable purposes which are in the opinion of the Trustees beneficial to the community in the area of benefit”. Their entry on the Charity Commission website confirms that they operate in Sandwell.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 The Sandwell Community Fund will be promoted locally so that a wide range of organisations supporting Sandwell residents will be made aware of its existence.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 The Sandwell Community Fund will comply with the GDPR in terms of any personal data collected to enable awards to be made

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 Reviving moribund funds that can deliver benefits in terms of the advancement of education and the relief of poverty will contribute to community cohesion and capacity building within the community. The new Sandwell Community Fund brings the opportunity for positive publicity for the council, HoECF and Sandwell.
- 11.2 There are no significant risks associated with the transfer of these dormant trusts to HoECF. The Charity Commission and Community Foundations have worked closely in recent years to ensure that trustees seeking to revitalise dormant or ineffective trust funds can release their funds to a Community Foundation. The Charity Commission acknowledges that Community Foundations have a reputation for the effective management of charitable funds in order to maximise their impact at local level. HoECF was established 22 years ago and is growing from strength to strength. In 2017/18 they managed 39 endowment funds valued at over £9.9 million and awarded over 450 grants to local organisations totalling over £2.25 million.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 HoECF present the council with a sustainable way forward. They will bring the dormant funds into life and will then make the funding available to Sandwell residents. HoECF will also work to grow the capital value of the fund, for example by contacting local businesses to seek donations

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 Applicants to the new Sandwell Community Fund will be expected to outline the community benefits they will achieve as a result of the grant.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There is no impact on any council managed property or land.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The proposed phase 2 transfer of dormant trust funds to HoECF presents an effective way of bringing these funds back into use, aligning them to Vision 2030 and securing their long-term future through the creation of a larger single fund.

16 BACKGROUND PAPERS

16.1 Trust documents relating to the specific trusts.

17 APPENDICES:

Sandwell Community Fund purpose and criteria.

Chris Ward

Director – Education, Skills and Employment