



## **CONSTITUTION COMMITTEE: 29 JULY 2019**

### **CHARITABLE TRUSTS: FUTURE ARRANGEMENTS**

#### **REPORT OF THE DIRECTOR OF LAW AND GOVERNANCE**

##### **Purpose of report**

1. The purpose of this report is to seek approval of a proposal for the future arrangements for the Educational Trusts of which the County Council is the sole corporate trustee.

##### **Policy Framework and Previous Decisions**

2. Part 3 of the County Council's Constitution provides for the Constitution Committee to undertake those functions relating to the Council's role as a Charitable Trustee where the Council has been identified as a trustee of a charity or trust.

##### **Background**

3. The County Council is the sole corporate Trustee of the various Educational Trusts set out in Appendix A of this report. The Trusts have not been subject to a review for some time and in most cases the interest from the Trust Funds has simply accumulated over the years. With the exception of Kibworth Beauchamp HS Foundation, all of the Trusts are relatively small with trust objects that are now difficult to apply.
4. Officers have recently explored engagement with Leicestershire and Rutland Community Foundation (LRCF) as part of the scheme supported by the Charity Commission and funded by the Department of Culture Media and Sports to re-active inactive trusts for the benefit of the community. This has coincided with approaches from the Charity Commission asking for the Council's proposals for the Trusts; and an approach from representatives who wish to take over the trusteeship and manage the Kibworth Beauchamp HS Foundation in place of the County Council.

##### **Leicestershire and Rutland Community Foundation**

5. LRCF is a charity which helps local individuals and companies to give money, in a tax efficient way, directly to local needs. It offers a structure under which community, trust and donor funds are invested and managed in a consolidated fund. It currently manages circa £3 million of endowment and "spend down" funds on behalf of various charitable trusts, companies, families and national grant programmes such as Comic Relief, the Tampon Tax Fund and Building a Stronger Britain Together for the Home Office. LRCF operates by offering a moderate risk investment strategy which will preserve the capital (or achieve modest growth) and generate a projected annual return of 4% per annum to be used for grant making.

### **Proposal: Leicestershire Funds**

6. There are a number of Trusts Funds (excluding Kibworth Beauchamp HS Foundation) with assets totalling approximately £300,000. It is proposed that these be transferred to the LRCF to be combined into a single fund called the Leicestershire Educational Trust Fund, with interest from the fund being used to support qualifying grant applications. The qualifying criteria for awarding grants would be set taking into account the original objectives of the various Trusts, updated where appropriate, and the Council's strategic outcome objectives so far as they are consistent with the Trust's objectives. Officers would work with representatives from LRCF to develop the grant criteria for member approval.
7. This has a number of benefits for the Council as follows:
  - The active management of the Trusts and making grant awards would support the community and be in keeping with the wishes of the donors;
  - The administration of the Trusts at present is achieved through the internal services and via professional support from Corporate Resources and the Chief Executive's Department. The resource involved in maintaining the Trusts is not significant but if the Trusts are to be actively managed this would require additional resourcing;
  - It meets the objectives of the revitalisation initiative;
  - LRCF is an accredited member of the UK Foundation Network and is experienced in managing educational trusts elsewhere, such as for Leicester City Council, and offers a resilient approach;
  - Members could retain involvement through receipt of an annual report on grant giving and the operation of the Trust; and
  - It is consistent with the advice to Local Authorities from the Charity Commission to review and consolidate small funds.

### **Proposal: Kibworth Beauchamp HS Foundation**

8. The Kibworth Foundation Trust is by far the largest fund, worth approximately £348,000, and is different to the others in that there is a small group of people who actively wish to be engaged with the Trust and to take over the trusteeship. Whilst this is a possibility, there is increased risk as the experience and expertise of the proposed trustees and the resilience of the proposed arrangements are untested. Such an arrangement confers none of the benefits set out in paragraph 7 above.
9. It is therefore proposed that there be a separate LRCF fund for this Trust, ring-fenced to the objects set out in the Trust Deed, and that the Council and LRCF engage with the representatives who have come forward with a view to working with them to further the objects of the Trust. This could be achieved in a number of ways including through their participation in a reference panel for the fund. A number of LRCF's funds are personally directed by those who set them up. All funds receive an annual report of financial position and grant spend.
10. The Charity Commission has given approval to the principle of closing down the Trusts and amalgamating their assets into two funds as set out above.

**Resource Implications**

11. LRCF's running costs are met through fees charged for managing and administering the funds and also from private sector donations. The set-up fee is 5% and annual fees are negotiated between 1-3%. There are no costs to the Council in connection with the LRCF proposal.

**Recommendations**

12. The Committee is recommended to:
- (a) Approve the closure of the Trusts referred to in Appendix A and the transfer of assets into two Trusts to be administered and managed by the Leicestershire and Rutland Community Foundation as set out in paragraphs 6 - 9 of this report;
  - (b) Request officers of the Council and the Leicestershire and Rutland Community Foundation to develop qualifying criteria for the Trusts, excluding the Kibworth Beauchamp HS Trust, on the basis outlined in paragraph 6 of the report and submit them to a future meeting of the Constitution Committee for approval;
  - (c) Request officers of the Council and the Leicestershire and Rutland Community Foundation, together with representatives of the Kibworth Beauchamp HS Trust, to progress the proposal outlined in paragraph 9 of the report;
  - (d) Request the Leicestershire and Rutland Community Foundation to submit an annual report to the Constitution Committee on the operation of the two Trusts.

**Background papers**

13. The Constitution of Leicestershire County Council.

**Circulation under the Local Issues Alert Procedure**

14. None.

**Equality and Human Rights Implications**

15. There are no Equalities and Human Rights Implications arising from this report.

**Other Relevant Impact Assessments****Appendices**

Appendix A – List of Educational Trusts

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