



## Report of the Section 151 Officer

Audit Committee - 11 February 2020

### Trusts & Charities

<b>Purpose:</b>	To provide background information to the audit committee of the range of trusts and charities of which the Council is nominated trustee
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Report Author:</b>	Jeffrey Dong
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	N/A
<b>For Information</b>	

#### 1 Introduction

- 1.1 The City & County of Swansea and its predecessors (Swansea City Council and West Glamorgan County Council) have inherited, or been bequeathed or nominated to act as Trustee/manage/oversee a number of trusts and charities with a wide range of varied charitable objects.
- 1.2 The assets of these trusts and charities are not the property of the Council and are not core to the activities of the City & County of Swansea.
- 1.3 Where it is obliged to, Charity Commission returns are completed and financial statements are produced and 'independently examined' and/or returned to The Charity Commission as required under Charity Commission guidelines.
- 1.4 Although the trust and charity assets are not the Council's, summary year end balances were included in the financial statements of the Authority as an informational disclosure note up until 2013/14. In

rationalising the financial statements of the Authority and upon instruction from the appointed external auditors, it was determined that it was no longer required to include a similar extract in future financial statements of the Authority, however the requisite Charity Commission returns and financial statements continue to be produced and be independently examined. The deadline for returns to the Charity Commission is the 31<sup>st</sup> January after year end and where required, all funds have had returns submitted for the financial year ending 31<sup>st</sup> March 2019.

- 1.5 At the request of the Audit Committee Chair, this report has been submitted 'For Information' to the Audit Committee.

## **2 The Portfolio of Trusts & Charities**

- 2.1 The Council's portfolio of Trusts and Charities is outlined in Appendix 1 as at 31 March 2019 (last filed balance sheet with Charity Commission). The Council has historically supported these Trusts and charities in the provision of professional services on a pro bono basis (legal, finance, democratic services, IT, facilities and Education & Social Services) to enable the Trust & charity to undertake its objectives.

These services include:

- Legal advice
- Preparation of financial statements
- Financial advice/management of investments
- Charity commission filing
- Room hire
- Identifying awards
- Distributing awards
- Convening trustee meetings/recording minutes

The costs/time associated with the above have never been quantified. The degree of support and activity between Trusts and Charities varies widely.

- 2.2 It can be seen that there is a broad range of Trusts & charities both in size of assets and charitable object, some of which have lost relevancy in the 21<sup>st</sup> Century.
- 2.3 Where the charitable object is still relevant and there is sufficient distributable income, it can be seen that the Trust & charity is still active and makes regular distributions and awards as identified in Appendix 1.

## **3 Governance**

- 3.1 In most instances, the Council is the named Trustee of each trust or charity or in some instances there are named elected member trustees (e.g. The Lord Mayor) for each charity and delegates the decision making either to named elected members or to the Trustee Panel comprising of the members identified in Appendix 2.

- 3.2 For the larger trusts & charities, this body meets to agree and make awards and distributions in line with the objects of the charity and to receive the financial statements. This is usually a direct award to a person or organisation within the remit of the charitable object. Otherwise the directly appointed trustees make those decisions
- 3.3 Elected members have always been very active and keen to preserve their role in these acts of local philanthropy.

#### **4 Resource to Support Trusts & Charities**

- 4.1 As the workforce across the Council contracts, the ability of services to support 'non-core' business has reduced to a point where services cannot provide the historical level of service the trust or charity has historically enjoyed.
- 4.2 The current level of support is discharged without full recovery of costs.

#### **5 Community Foundation in Wales ( CFW)**

- 5.1 At the behest of the Administration in power at the time in 2011, Council Officers met with the Community Foundation in Wales, an organisation which seeks to manage and consolidate charitable funds with a view to maximising efficiencies in administration and management costs for the benefit of the charity. They undertake the labour intensive task of resolving the necessary legal issues to dissolve the charities with the Charity Commission and vire funds.

The proposed management charge was 2% of assets under management all-inclusive management fee to do so.

##### 5.2 The CFW Model

At the moment each charity or trust has a distinct and separate charitable object, CFW would seek to consolidate all these funds into a single Swansea Foundation fund with a single 'catch all' charitable object which would be determined and would seek to make awards not on a personal/ direct level but to other enabling charities or organisations which would satisfy those objects.

Elected members would be allowed a number of seats on the trustee board of this Swansea Foundation; however, the award making process would not be as granular as in the past.

##### 5.3 City & County of Swansea -CFW Pilot

It was agreed by the then Head of Financial Services to pilot the model in 2011/12 with the consolidation of the dormant and inactive Trusts and charities, however without the agreement of the Trustees of the Houseworkers' Trust Fund, which was the largest of the dormant funds at that time (subsequently taken over by the Trustees of the charity), the proposition became financially unviable for the CFW to consider any longer and take forward. No further work was undertaken.

#### 5.4 Rationalising Dormant /Inactive Trusts & Charities

There have been a number of exercises attempted to rationalise the dormant and inactive trusts & charities which have been frustrated by the onerous legal process required by the Charity Commission and the subsequent retirement of the two senior lawyers dealing with it in 2014 and again in 2015. Since the last audit committee in 2018, the Partnerships & Commissioning Officer has been tasked with this onerous piece of work. It is currently a work in progress.

#### 5.5 Investment Strategy of Trust & Charity Funds

The investment strategy for the various funds was reviewed by the Deputy S 151 Officer in 2018 with a view to increasing investment income, (noting the current low interest rate environment that the Trusts operate in). Options were put forward to Trustee Panel in Sep 2018 to consider investing in multi asset funds ( equities, bonds, property) especially managed for investment by trusts and charities. These investments would offer the potential for higher returns but also higher risks (potential loss of capital). The Trustee Panel determined not to change the current investment strategy.

### **6 Financial Implications**

6.1 There are no direct financial implications arising from this report

### **7 Legal Implications**

7.1 As Corporate Trustee, the Council must abide by the Trust Deed and objects of the charity and file charity commission returns as required.

### **8 Equality Impact Assessment**

The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above. As the report is for information and no actions arise there are no equality impact implications arising from this report

**Background Papers:** None.

#### **Appendices:**

Appendix 1 – Summary of trusts and charities

Appendix 2 – Trustee Panel

APPENDIX 1

Charity Funds							
Name of Fund	Charity Registration	Object of the Fund	Fund Value @ 01/04/18	Status	Grants Awarded 01/04/18 -31/03/19	Other Movement	Fund Value 31/03/19
			£		£	£	£
<b>Welsh Church Act Trust Fund</b>	1071913	Grants are awarded to charities, voluntary bodies and organisations with charitable objectives which are based in/or active within the City & County of Swansea.	1,323,318	Active Fund	-19,500	9,406 Interest plus CIMV of Investments	1,313,224
<b>Swansea Children's Relief In Need</b>	701418	To help relieve the hardship or distress of children living in the area.	809,580	Active Fund	0	5,729 Interest	815,309
<b>Swansea Workshop for the Blind</b>	532256	The object of the charity is the relief of persons who are blind or partially sighted by the provision for such persons of facilities for employment and vocational training.	697,549	Active Fund	0	-31,080 Depreciation on Land & Building	666,469
<b>Swansea Foundation</b>	1086884	To promote the education of persons who are under the age of 25, are in need of financial assistance and are resident in the City & County of Swansea. Preference is given to persons who have attended Bishop	184,119	Active Fund	0	7,949 Interest plus CIMV of Investments	192,068

		Gore Comprehensive School, Dynevor Comprehensive School, Swansea College and Swansea Institute of Higher Education.					
<b>Swansea Further Education Trust Fund</b>	1053664	The Charity provides post graduate awards to pupils residing in or near the County Borough of Swansea.	132,178	Active Fund	0	4,062  Interest plus CIMV of Investment	136,240
<b>Cwmdonkin House Trust Fund</b>	222391	To promote and carry out moral welfare work amongst girls and women in Swansea and the neighbourhood thereof.	92,480	Dormant	0	545  Interest	93,025
<b>T &amp; E Williams Scholarship Fund</b>	N/A	To award scholarships to candidates resident for at least two years immediately preceding the date of application for a scholarship, or have attended for two years in an educational establishment, within the area comprising the former Borough of Loughor. If there are no worthy applicants or not a sufficient number of worthy applicants to meet this criterion, then the area of benefit may be extended to cover the areas of the City & County of Swansea and that of Neath Port Talbot Borough Council.	68,945	Active Fund	-26,165	33,949  Annual Income received from Trustee (PNC Bank) plus interest.	76,729

<b>Lord Mayor's Charity Fund</b>	512099	Each year the newly inaugurated Lord Mayor chooses a charity or charities to benefit from the funds raised during his/her term of office.	17,137	Active Fund	-13,841	23,505 Income from donations	26,801
<b>Glen George Scholarship Fund</b>	N/A	The City & County of Swansea shall stand possessed of the Scholarship Fund upon trust to apply the income thereof in perpetuity for the promotion and encouragement of education of pupils from Bishop Gore Comprehensive School.	27,695	Active Fund	0	672 Interest	28,367
<b>Vision Impaired West Glamorgan</b>	504736	To provide assistance to registered blind and partially sighted people within the areas of the City & County of Swansea and Neath Port Talbot, by making grants of money or providing items, services or facilities.	20,285	Active Fund	0	2,665 Donations plus interest	22,950
<b>Glyn Vivian Lectureship Fund</b>	N/A	Grants awarded by Glyn Vivian Art Gallery	17,000	Active Fund	0	500 Interest	17,500
<b>Ynystawe Reading Room</b>	524252	The provision and maintenance of a reading room situated in Ynystawe, Swansea	13,249	Dormant Fund	0	0 Held in a holding bank a/c – interest applied on redemption	13,249

<b>Morrison Park Fountain</b>	N/A	The provision and maintenance of a fountain in Morrison Park	10,047	Dormant Fund	0	0 Held in a holding bank a/c – interest applied on redemption	10,047
<b>Royal Artillery Maintenance Fund</b>	N/A	The objects of the charity is the provision of maintenance of a WW2 monument situated at Quay Parade Swansea.	9,420	Active Fund	0	60 Interest	9,480
<b>Frank Squires Trust Fund</b>	508215	Advancing the course of education within the County of West Glamorgan and in particular of assisting former pupils of Dan-Y-Graig and St Thomas Junior School to pursue courses of higher education.	5,301	Active Fund	0	27 Interest	5,328
<b>Lily Thomas</b>	505022	To relieve either generally or individually persons resident in the area of benefit who are in conditions of need, hardship or distress.	3,495	Dormant Fund	0	455 Interest	3,950
<b>D F Nichol</b>	245214	Relief of the poor in the village of Oystermouth, Swansea	3,019	Dormant Fund	0	0 Held in a holding bank a/c – interest applied on redemption	3,019
<b>William Turpin</b>	N/A	Unknown - Dormant	2,058	Dormant Fund	0	0 Held in a holding bank a/c – interest	2,058



						applied on redemption	
<b>G M John Bequest</b>	N/A	Unknown - Dormant	1,200	Dormant Fund	0	0 Held in a holding bank a/c – interest applied on redemption	1,200
<b>St Johns Day Centre</b>	N/A	Unknown - Dormant	278	Dormant Fund	0	0 Held in a holding bank a/c – interest applied on redemption	278
<b>Total</b>			<b>3,438,353</b>		<b>-59,506</b>	<b>58,444</b>	<b>3,437,291</b>

**TRUSTEE PANEL**

**TRUSTEE PANEL (17)**

**Labour Councillors: 11**

Cyril Anderson	Hazel M Morris
Yvonne Jardine	Alyson Pugh
Mike B Lewis	Paulette B Smith
Wendy Lewis	Lesley V Walton
Christine Richards (Chair)	Mark Thomas
Vacancy	

**Liberal Democrats/Independent Councillors: 3**

Chris A Holley	D Gareth Sullivan
Susan M Jones	

**Conservative Councillors: 2**

Lyndon R Jones	Brigitte J Rowlands
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**Uplands Councillor: 1**

Irene E Mann	
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