

DERBYSHIRE COUNTY COUNCIL

CABINET

23 APRIL 2020

**Report of the Executive Director – Commissioning, Communities and
Policy**

**FUTURE MANAGEMENT OF EDUCATIONAL CHARITIES
Strategic Leadership, Culture and Tourism**

1. Purpose of the Report

To seek Cabinet approval to transfer the management of a number of educational charities for which the County Council is the sole trustee to Foundation Derbyshire.

2. Information and Analysis

2.1 Background

The County Council is the sole trustee for 47 charities established at various times over the past 150 years or so for educational purposes. Some are nominal in value with an annual income of only a few pounds and some were established for purposes or beneficiaries which no longer exist.

In many cases, these charities are not registered and the County Council holds limited information about them which has led to them being inactive for some time.

This situation is not unique to the County Council, a fact that has been recognised by the Charity Commission and the Department for Digital Culture, Media and Sport (DCMS). To address the issue of the thousands of inactive funds which individually have small nominal incomes, but collectively have a monetary value in the tens of millions, the Charity Commission, DCMS and the United Kingdom Community Foundations (UKCF) launched the Revitalising Trusts Programme. The aim of the programme is to assist dormant, ineffective or inactive charities and provide them with simple options to close or revitalise the charity.

The options available to trustees of charities which are no longer active are:

1. to consider transferring a charity's fund, using the Revitalising Trust Programme, to a central community fund managed by UKCF or to a local community fund managed by the local community foundation or to a charity with similar objectives depending on the governing document of the charity.
2. consider winding up a charity in line with the dissolution clause within its governing document.
3. consider amendments to the purpose of a charity in order that it can fulfil its purposes and undertake valuable charitable activities once again.

In the case of all three options advice is available from Toni Shaw, UKCF Trust Transfer Associate to guide the Council through the process of transferring a charity's funds for positive public benefit or to help the Council revitalise the objects of a charity.

The cost to the Council of administering the charities and their, in some cases, very small funds is not something that can be sustained going forward. It is more appropriate that the Council works in partnership with organisations that have the expertise to manage the charities and their funds so that they benefit the young people of Derbyshire as was originally intended.

Officers have considered the options and believe that option 1 is the most effective way forward. This option would allow a charity's funds to be revitalised and would also enable the Council to stay involved in the distribution of grants. It would involve transferring most of the 47 charitable trusts to the local Derbyshire Community Foundation, Foundation Derbyshire, to revitalise those funds to provide benefits for the children and young people of Derbyshire. An alternative proposal has been put forward for the future management of the Heage Educational Charity which is addressed later in this report.

2.2 Foundation Derbyshire

Derbyshire Community Foundation (operating as Foundation Derbyshire (FD)) was established in 1996 and is an independent and well respected locally based charity that promotes and encourages local philanthropy, creating funding sources for the hundreds of community groups and charities delivering vital services across the county. The Foundation's Board Members include senior representatives from industry, law, the voluntary sector and banking in Derbyshire.

FD works to revitalise local communities and tackle disadvantage by bringing about social change. It does this by investing in local communities - providing grants to the grass roots community and voluntary groups that

make a difference to local people's lives. To date, the Foundation has distributed over £15 million of grant funding across Derbyshire.

Funding for FD comes from a variety of sources:

- It attracts new monies from local companies, committed individuals and other charities who want to 'put something back' into their communities and the places where they live and work.
- These monies are used to establish named funds, each with their own charitable objectives and grant making criteria that reflect the donor's wishes and enable them to support the issues and causes that they care about and the problems that the Foundation knows need to be addressed.
- These funds are endowment based, which ensures that the county has a permanent funding source, benefiting future generations in perpetuity.
- The Foundation now has over 60 funds within its endowment, totalling in excess of £7.9m.

In addition to building endowment and making grants through this route, FD also delivers a wide range of funding programmes for other agencies and individuals. FD has delivered funding programmes for a wide range of national and regional funders including Cabinet Office of Civil Society, Comic Relief, Department for Education and Skills, GOEM and DDEP.

To date the Foundation has transferred charitable trusts worth in excess of £1.58m into bespoke named funds within its own endowment. The transfer of a charitable trust to FD means that there is no need for a separate audit of individual funds or to file with the Charity Commission and individual statutory accounts are no longer required. FD provides accessible, transparent and supportive processes for applicants and provides the ability for former trustees to remain involved in decision making, if they so wish. Trustees can retain their involvement in grant making decisions, by participating in a dedicated "Named Fund Panel", which the Foundation will establish and administer on the Trust's behalf, and grants can be distributed and marketed in the name of the original charitable trust.

All paperwork including secretariat function is dealt with by FD which employ professional fund managers to manage funds as part of FD's portfolio. An annual charge covers all administration, grant making and investment management costs.

A board of independent trustees oversees the work of FD and assumes the increasing burdens on trustees, and former trustees can be sure that their charitable wishes will be honoured in perpetuity.

2.3 Proposed future management

Following an analysis of the 47 educational charities, it has been established that 8 are for the benefit of Chesterfield College, 9 are for the benefit of current and former educational establishments in Derby City and one is for the benefit of a church Sunday school. The remaining 29 are for the benefit of various schools or former schools and education establishments in Derbyshire for their pupils and students. There are only 3 of the charities which have seen any activity in the last 5 years.

The proposal is that 43 of the charities are transferred to FD to administer. In the case of the smaller charities, their funds would be amalgamated to form larger funds to which the original beneficiaries could apply for grants, and any income which has not been taken up at the end of each year would be rolled forward into a wider education fund to which all schools and students in Derbyshire could apply for grants.

The charities of which Chesterfield College is the beneficiary would be amalgamated into a single Chesterfield College Fund for the benefit of students and former students.

In the case of the Derby charities, these would similarly be amalgamated into a Derby City Learning Fund for the benefit of pupils in Derby schools, and the 3 Derby colleges charities would be amalgamated into a Derby Colleges Fund.

The beneficiary schools and colleges have been consulted and no objections have been raised to the proposal.

2.3.1 The Charles Baseldine Foundation

The Charles Baseldine Foundation which benefits pupils at schools in Clowne would be administered by FD as a separate fund in accordance with the provisions of the charity's scheme, through a dedicated Charles Baseldine Fund Panel.

2.3.2 Chesterfield schools charities

There are 3 charities which benefit pupils and former pupils at secondary schools in Chesterfield. The largest of these is the Chesterfield School Foundation which benefits pupils and former pupils of the 6 secondary schools which were in the Borough of Chesterfield prior to Local Government Reorganisation in 1974. These are now Brookfield School, Outwood Newbold Academy, Parkside School, Hasland Hall School, St. Mary's RC High School and Whittington Green School.

The other 2 charities are the Pegasus Trust Fund which benefits Brookfield School, Hasland Hall School, Whittington Green School, Outwood Newbold

Academy, Parkside School, St. Mary's RC High School, Springwell School and Netherthorpe School, and the Gertrude Weninger Trust Fund which was established to benefit girls attending Violet Markham School and St. Helena School. Both these former girls' schools closed on secondary school reorganisation in Chesterfield in 1991 and the girls who would have been their pupils would now attend one of the other secondary schools in Chesterfield.

The proposal is for the Pegasus Trust Fund to be administered by FD in the same way as the Charles Baseldine Foundation and to amalgamate both the Chesterfield School Foundation and the Gertrude Weninger Trust Fund into a Chesterfield School Trust Fund for the benefit of pupils and former pupils under the age of 25 in accordance with the objects of the current Chesterfield School Foundation charity scheme. The Fund would be administered by FD through a Chesterfield School Trust Fund Panel.

Further consideration would be given in due course whether to seek the Charity Commission's approval to merge the schemes of these three charities so that the pupils and former pupils of all eight secondary schools in the Borough of Chesterfield could benefit from all three funds.

2.3.3 Heage Educational Charity

The Heage Educational Charity, which primarily benefits the pupils and former pupils of Heage and Ambergate Primary Schools, and secondly, young people resident in the Parish of Ripley, has a substantial endowment as can be seen from the attached appendix. It also owns land at Ambergate which is used by Ambergate Primary School as its detached playing field as well as being leased by the Charity to Ambergate Cricket Club.

No objection was received from either Heage or Ambergate Primary Schools to the consultation regarding the proposal that the fund should be transferred to FD and managed as a separate fund in accordance with the provisions of the charity's scheme, through a dedicated Heage Educational Fund Panel. However, a request has recently been received from Ripley Town Council for the County Council to transfer the Heage Educational Charity to the Town Council to administer.

The Town Council has indicated it has experience of appointing trustees to local charitable trusts, that a number of Town Councillors have experience as Chairs of local charities and not for profit organisations and that, in terms of experience of financial management, the Town Council's annual budget is £320,000 a year. The Town Council is also replacing Amber Valley Borough Council as the Custodian Trustee of the Nottingham Road Recreation Ground in Ripley and assuming responsibility for the future management of the Recreation Ground.

It is recognised that the Town Council provides valuable local knowledge of the needs of the local communities (it was the Town Council which alerted the County Council to the potential sale of Ambergate Primary School's leased detached playing field and suggested that the charity should buy the land). However, whilst the experience gained by many of the Town Councillors from being involved in other local charities would undoubtedly be of benefit in considering applications for grants from the Heage Educational Charity in accordance with the charity's scheme, it does not necessarily mean the Town Council has experience of directly managing and investing a large permanent endowment of the size of the Heage Educational Charity, which is more than double the annual budget of the Town Council, or the internal resources to do so.

FD has a team of skilled and experienced staff dedicated to the management and distribution of the funds it manages. The size of its endowment enables it to keep the operating costs of the funds as low as possible, as described in the Financial Considerations in this report. The Town Council would require the assistance of specialist external investment managers to manage the permanent endowment of the charity, the cost of which would be met from the charity's income each year thus reducing the amount available for distribution as grants.

The charity's endowment is held by the County Council, on which the Council currently pays interest of 3% above base rate each year. This is not a level of return that would be available in the current climate to smaller organisations. FD employs professional fund managers to manage the investments of its endowments of over £7.9m which enables it to maximise the income available to each of its funds for distribution as grants.

It is recommended that the Council does not agree to Ripley Town Council's request and transfers the management of Heage Educational Charity along with the other 42 charities listed in the appendix to this report to Foundation Derbyshire.

The County Council would be able to maintain involvement in decision making for all of the Funds by appointing a representative to each of the Panels. In addition, to ensure local involvement in decision making it is proposed that each Panel should include representatives recruited from the local communities by, for example, advertising in the local press and contacting local organisations.

2.3.4 Long Eaton educational charities

The final group of 3 charities benefits pupils and former pupils at schools in Long Eaton. Enquiries suggest that there are other active charities which benefit the same groups and further work is being undertaken to establish whether the funds held by the County Council could be transferred to and

administered by the trustees of those other funds. At present therefore it is not proposed to transfer those funds to Foundation Derbyshire.

2.3.5 William Pearce Foundation

It is proposed that the remaining charity, the William Pearce Foundation, established for the benefit of a Church Sunday School, should be transferred to the appropriate Parochial Church Council which is already a registered charity.

3. Financial Considerations

The total value of all the charitable funds for which the Council is Trustee at 31 March 2019 was £1.290m. The individual values range from £51 - £659,000 and the annual income of each fund range from £2 - £26,000 a year. It is estimated that the funds currently cost the Council approximately £42,000 per year in interest and staff time.

Foundation Derbyshire would retain a fee as a contribution towards the operating costs of the funds, calculated quarterly in advance, based currently on 0.5% of the market value of the assets of the funds as at the previous quarter end. Its policy is to calculate the amount available for distribution as grants from the funds quarterly in advance, based currently on 1% of the market value of the assets of the funds as at the previous quarter end.

4. Legal Considerations

The Charities Act 2011 provides that charity trustees have a duty to ensure that charitable assets for which they are responsible are both invested appropriately and used for carrying out the charity's objects. Where a charity struggles to deliver its charitable objects, it is for the trustees to decide, in line with the governing document of the charity, how to proceed to ensure that the funds of the charity are used for public benefit.

The transfer of these charities to Foundation Derbyshire will require the consent of the Charity Commission. The Council will work with Foundation Derbyshire and the UKCF Transfer Associate in obtaining the Commission's approval.

5. Other Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, and property considerations.

6. Key Decision No

7. Call-in Is it required that call-in be waived in respect of the decisions proposed in the report? No

8. Background Papers File held by Director of Legal Services

9. OFFICER'S RECOMMENDATIONS That Cabinet:

- 9.1 approves the transfer of the educational charities as listed in the appendix to the report, including the Heage Educational Charity, to Foundation Derbyshire to be administered as set out in the report;
- 9.2 approves the transfer of the William Pearce Foundation to the Parochial Church Council of St Michael's Parish Church, Pleasley.
- 9.3 authorises the Director of Legal Services to execute all documents necessary for the purposes of the transfers;
- 9.4 authorises the Director of Finance & ICT to transfer the funds of the charities concerned held by the County Council to Foundation Derbyshire once the legal transfers have been completed;
- 9.5 agrees and authorises the Cabinet Member for Strategic Leadership, Culture and Tourism to appoint representatives to the Fund Panels to be established by Foundation Derbyshire; and
- 9.6 notes that the Council and Foundation Derbyshire will jointly recruit local individuals to serve on each of the Fund's Panels.
- 9.7 notes that a further report will be presented to Cabinet regarding the future of the Long Eaton educational charities.

Emma Alexander
Executive Director – Commissioning, Communities and Policy

Appendix

Trust Fund	Beneficiary	Value as at 31.03.2019 (£)
W R Parsonage Scholarship	Chesterfield Technical College	50.95
G Clarke (Alderman G Clarke)	Chesterfield Technical College	258.99
G Stephenson Memorial Prize	Chesterfield Technical College	1,754.15
P D Curley Scholarship Fund	Chesterfield Technical College	3,143.79
G A Eastwood Scholarship chesterfield Tec	Chesterfield Technical College	3,580.67
Pegasus Trust Chesterfield Technical College	Chesterfield Technical College	6,692.45
Pegasus Trust Chesterfield College of Art & Design	Chesterfield College of Art & Design.	9,813.64
J H Clements	Chesterfield Technical College	231.47
Derby College Bakery Prize	Derby College of Further Education.	425.71
Peter Topping Memorial Fund	Derby College of Further Education	5,774.85
Derby COFE Earp Legacy	Derby College of Further Education.	5,252.90
Arthur Pope Memorial Fund	Bemrose School	54.43
Helmore Exhibition	Homelands School	83.98
Sturgess Prize	Woodlands School	1,455.98
Hoare Bequest Markeaton	Parkfields School Derby	1,946.86
Oldham Prize Fund	Merrill School	2,415.22
Hoare Bequest Derby	Not known	950.52
Rev G H Coombs Memorial Prize	Melbourne Infant and Junior School	54.54
P Bennett History Prize	Ecclesbourne School	103.37
A Griffiths Memorial Prize	Tupton Hall School	194.93
W Levick Bequest	William Levick Primary	199.89
Selkirk Holister Prize	Tupton Hall School	305.23

W Turbot Scripture Prize	Tupton Hall School	331.76
RAOB Prize Fund	Winster CE Primary School	437.46
Clay Cross Exhibition Prize	Tupton Hall School	470.87
Dronfield Woodhouse Lawn Tennis Prizes Fund	Dronfield Woodhouse County Primary School	543.71
J Strover Memorial Prize	The county secondary school in Buxton.	573.84
S Green Maths Prize	Ecclesbourne School	748.61
Clay Cross Eve Inst. Prize Fund	Clay Cross Institute	1,264.98
Captain Johnson Prize	Beighton Elementary School to 1967, then Westfield School	1,456.68
S Rhodes	Hardwick Square Infants School, Buxton	1,466.87
Carnegie UK Trust	Informal education of a charitable nature with voluntary groups.	2,665.85
M M Shephard	Park House Primary School	3,185.31
D Dampier Legacy	The Pines Teachers Centre or o/wise as determined by Director of Education	5,629.93
Burbage School Charity	Originated from sale of land in Burbage (1998)	6,326.59
Fitzwise-Ireland Colliery	Not known	7,857.71
Earp Legacy	Not known	47,260.03
William & Vera Parker Fund	Not known	9,182.23
C Baseldine Foundation	Clowne Infant School, Clowne Junior School and Heritage School	22,593.83
Pegasus Trust Schools	Secondary schools in the Chesterfield Borough	65,135.44
Chesterfield School Foundation	Named schools in Chesterfield	334,032.20
G Weninger Prize Fund	Violet Markham & St Helena Schools.	1,727.84
Heage Educational Charity	Ambergate/ Heage Primary Schools	658,794.22

