



## **REPORT OF THE LEADER OF THE COUNTY COUNCIL**

### **ESTABLISHING A NOTTINGHAMSHIRE COMMUNITY FUND**

#### **Purpose of the Report**

1. To approve the transfer of assets (comprising cash and investments) from moribund and ineffective trust funds where the County Council is the sole trustee to Nottinghamshire Community Foundation to establish a 'Nottinghamshire Community Fund'.

#### **Information and Advice**

##### Background

2. The Council holds a number of funds in trust (as sole trustee) following historical bequests and investments made for various issues and causes in the County. In many cases, the funds have become moribund or ineffective as the original intentions or objectives within the governing documents of the funds are now out of date or, over time, have become impossible to fulfil. The Charity Commission is keen to see the release of these trust funds and particularly supports their release to leading charitable bodies.
3. Against this background, the County Council was approached by the Nottinghamshire Community Foundation (NCF) with a view working with them and the Charity Commission to consolidate the trust funds into a single fund with modernised objectives and endowment capacity which would be administered and managed by NCF. This is a model that has been adopted successfully by numerous local authorities across the Country. The 30 plus local authorities that have taken this approach have made £20 million of moribund or ineffective trust funds and their attaching assets workable again, creating endowment funds generating in excess of £1.3 million per annum in grant making capacity for awards to individuals and grass roots community groups.
4. The County Council's 2011/12 Statement of Accounts indicates that the Council is sole trustee of 12 trust funds which are moribund and ineffective, with a current (as at 31 March 2012) value of circa £121,000. The value of these funds will be recalculated at the date of transfer. A review of these trust funds and their attaching assets has been undertaken and details are set out in Appendix A. With one exception, all are considered to be moribund and ineffective according to the Charity Commission's definition (i.e. the last award was made more than 2 years ago). All costs associated in maintaining the moribund and ineffective trust funds in scope have historically and continue to be borne by the Council.

5. The NCF are projecting a yield of 4.75% on their capital investments of circa £2.4 million managed by Coutts, Rathbone's and CCLA Investment Managers, for the current financial year and for 2013/14. This compares very favourably to the financial returns achieved by the Council in recent years where yields have been adversely impacted by a substantial value of assets being held in the form of cash.
5. In the past attempts have been made to analyse, with a view to making more effective, the assets held in trusts under the Council's trusteeship. However, there is no internal expertise in trust fund management and the previous exercises have been superseded by other priorities. The NCF proposal as set out in this report is attractive in that, using a tried and tested model endorsed by the Charity Commission, it would transfer those moribund and ineffective trusts funds to NCF who will, for a reasonable fee, act as trustee and manage the funds as an endowment fund to be known as the 'Nottinghamshire Community Fund'. This would in turn generate a new small grants scheme for charitable distribution to eligible individuals, groups and organisations domiciled within the County, broadly in line with the transferred trust funds' original objectives.

#### The Nottinghamshire Community Foundation

6. The NCF is the most appropriate organisation to manage a consolidated fund on behalf of the County. Community Foundations are a well-established part of the UK voluntary sector. Set up as charitable trusts, they have a unique approach to philanthropy by acting as a broker to allow individuals and businesses to collaborate in creating capital funds for the benefit of defined local areas. This generates income for grant making that is available for the long term, responding to local needs and issues at the time.
7. NCF was established in 1997 to encourage philanthropy for the benefit of the people of Nottinghamshire. Its President is the Lord Lieutenant of Nottinghamshire and its Board of Trustees comprises senior representatives from numerous sectors. NCF is quality accredited by the Community Foundation Network to standards endorsed by the Charity Commission and administers and distributes charitable funds and manages a number of corporate and statutory grant programmes. This includes a Capital Endowment Fund in excess of £2.35 million utilising the services of professional fund investment managers. Over the past three years NCF has distributed over £4 million of grants to support over 1,445 individuals, groups and projects across the County.
8. Given the governance arrangements of the NCF, their experience of managing funds and small grants schemes, and their reasonable administration charges, it is recommended that the Foundation administers the 'Nottinghamshire Community Fund'. No other locally based organisation has been identified which has the relevant experience or expertise to deal with the release of such moribund and ineffective funds and their attaching assets and to deliver the resulting benefits.

#### The Nottinghamshire Community Fund

9. Under the proposal, the Board of Trustees of NCF will be the Trustees of the 'Nottinghamshire Community Fund'. If the transfer takes place the Council will no longer hold any of the funds or their assets or be responsible for their distribution. The agreement of the Charity Commission and a Fund Agreement between the Council and NCF will set out the charitable purposes of the Fund and outline NCF's responsibilities in this respect.
10. The primary beneficiaries of the Trust Funds listed at Appendix A (i.e. particular schools and Granby and Sutton Parish Council) have been consulted about the potential to establish the Nottinghamshire Community Fund. Despite it being an active fund, Bramcote Hills Schools have also been consulted about transferring the relatively small amount of funding in the Arthur Mee Prize Fund to the proposed Fund. Subject to the agreement of primary beneficiaries, the capital sum will form the initial capital fund with annual income/interest from the Fund distributed by NCF as the 'Nottinghamshire Community Fund' small grants programme. The amount available for distribution each year will depend on interest rates and other investment returns.
11. NCF will continue to identify possible sources of additional funds to grow the 'Nottinghamshire Community Fund'. Any additional private contributions to the Fund may potentially attract 50p in the £1 match funding from The Office for Civil Society under the Community First (Endowment Match Challenge) Programme which runs through to 31<sup>st</sup> March 2015.
12. It is proposed to set aside up to £10,000 from the 'Nottinghamshire Community Fund' capital for distribution in 2013/14 and 2014/15 so that it is possible to make grants immediately. It is believed that this will encourage donations from individuals, companies, businesses and organisations situated within the County who will be attracted to contribute to a Fund which is capable of making an immediate impact in servicing the needs of the community. The combined total of £10,000 represents income accrued over many years from the moribund and ineffective assets in scope and is not eroding the capital sums left in trust by the original donors. The Charity Commission would need to formally sanction this approach but it is in line with that taken by other local authorities.
13. In establishing the 'Nottinghamshire Community Fund', NCF will set funding themes that are complementary to the Council's Strategic Plan. It is proposed that these include:
  - Prosperity, skills, jobs and aspirations
  - Lifelong learning, including early school years
  - Community Safety, including crime and disorder
  - Sustainable neighbourhoods and independent living
  - Health and healthy living
  - Culture, arts and sports
  - General charitable purposes which align to NCF's ethos of inspiring local giving

14. For individuals a maximum grant award of £500 is proposed and groups undertaking activity that is itself charitable could be funded to a maximum grant of £1,000. Initially applications to the Fund would be sought where the purposes are broadly in line with the original objectives of the source funds (as set out in Appendix A). This would be a Charity Commission condition of Fund approval.
15. NCF will publish guidelines and eligibility criteria for the “Nottinghamshire Community Fund”. Applications will be restricted to applicants residing within the County and in accordance with the NCF’s respected custom and practice, a grants panel will assess all applications received and make funding recommendations. The grants panel will be made up of respected members of the community drawn from within the County and the County Council will be able to appoint representatives to give elected members an involvement in the decision making process leading to the distribution of grants. The Council will also be able to work with NCF over broader panel composition.
16. The trustees of the NCF, as the accountable body under charity law, will review and approve all recommendations made. Applications to the ‘Nottinghamshire Community Fund’ which are unsuccessful will, wherever possible, be signposted to alternative funds administered by NCF and / or other agencies.
17. Were the ‘Nottinghamshire Community Fund’ to be established, information about the Fund and application process would be circulated to all members, publicised on the Council and the Foundation’s respective websites and promoted in the local media and by appropriate community support networks.

#### Fund Administration Fees

18. A one off establishment fee of up to a maximum 3% of the value of assets (i.e. up to 3% of £121,000) at the time of transfer would be payable to the NCF. This fee paid would represent the justifiable direct costs aligned to the work undertaken by NCF to establish the Nottinghamshire Community Fund and to liberate, through the Charity Commission, the moribund and ineffective trusts funds in scope and their attaching assets. This fee would be taken from transferring assets at the time of transfer but would come from accrued income rather than the original capital sums invested.
19. The value of all assets held in the form of endowment will incur an annual management charge of 1.25% of the market value of the Fund. In addition, the management and administration of the distribution element of the Fund will incur a fee of 10% per annum of all income passing to the Fund (including interest earned and any one-off donations received).
20. These fees are based on the established model which many local authorities have subscribed to and are considered to offer fair value for money.

#### **Other Options Considered**

21. There are two other options:

- (a) To continue as at present, with the 12 trust funds and their attaching assets continuing to be moribund and or ineffective, fulfilling no charitable purpose.
  - (b) To seek new arrangements with the Charity Commission to update the purpose of the individual trust funds and enable them to be distributed again, but any new fund would have to be a charity in its own right, and the Council would still have to act as sole trustee accountable to the Charity Commission for its management.
22. Option (a) would continue the present situation, whereby the trust funds are not meeting the needs of local people as envisaged by the original donors neither are they generating the a reasonable level of charitable return. Option (b) would result in the Council continuing as the trustee with greatly increased administrative commitments and whilst the costs could be charged to the individual trust funds, it would be undertaking work that is not core to the Council's objectives and in a field where it has no expertise.

### **Reason/s for Recommendation/s**

23. The recommendation to establish a Nottinghamshire Community Fund, to be administered by the NCF, would result in the moribund and ineffective trust funds in scope and their attaching assets being used to meet the needs of local people through an independent organisation regulated by the Charity Commission. NCF would also be best placed to maximise future investment returns; ensure the Council bear no future costs in administering the trust funds in scope and take pro-active measures to increase the asset value and impacts of the small grants programme to the Fund by attracting resources that are not available to the Council.

### **Statutory and Policy Implications**

24. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below.

### **RECOMMENDATION/S**

- 1) It is recommended that Policy Committee:
  - i. Approve the establishment of the Nottinghamshire Community Fund in line with the terms set out in the report.
  - ii. Note that the Corporate Director for Policy, Planning and Corporate Services, in consultation with the Leader of the County Council, will, as an operational decision, determine and enter into Fund Agreement with the Nottinghamshire Community Foundation for the Nottinghamshire Community Fund.

- iii. Agree to the appointment of the Chairman and Vice-Chairman of the Grant Aid Sub-Committee to participate in award panel(s) for the Nottinghamshire Community Fund.

**County Councillor Kay Cutts**  
**Leader**  
**Nottinghamshire County Council**

**For any enquiries about this report please contact:**

**Caroline Agnew**  
**Programme Manager**  
**Tel: 0115 9773760**

#### **Constitutional Comments [SG 28/02/2013]**

25. The Committee has the appropriate authority to decide the issues set out in this Report.

#### **Financial Comments [RWK 1/03/2013]**

26. The report proposes the transfer of a number of moribund and ineffective trust funds currently held by the County Council to Nottinghamshire Community Foundation to establish a 'Nottinghamshire Community Fund'. The value of these funds at 31<sup>st</sup> March 2012 was £121,027. The value of the funds will be recalculated at the date of transfer.
27. The financial implications relating to the transfer and future operation of the 'Nottinghamshire Community Fund' are set out in the report.

#### **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

#### **Electoral Division(s) and Member(s) Affected**

All

## Trust Funds in Nottinghamshire County Council Trusteeship

Name of Trust	Original Purpose	Registered <sup>1</sup> [R] / Unregistered [UR]	Date of last Award Active / Moribund	Value of Capital at 31 March 2012
AH Mee's Prize Fund	Annual Award for most deserving pupil at Bramcote Hills School	R	October 2012 Active	£310
Bleys Charity	Support elementary education in East Leake Schools	UR	April 2006 Moribund	£622
The Bristowe Trust	Grants towards trips abroad for educational purposes for students/former students between the ages of 16 and 21	UR	June 2008 Moribund	£12,861
Cubley Art Exhibition	Awards to Arts students at Trent Polytechnic or similar institutions	UR	Pre 2003 Moribund	£552
E-Wynne Jones Trust Fund	Prizes for proficient scholars in scriptural knowledge at Schools in the Bingham area	UR	May 2006 Moribund	£727
Ellen Godfrey (Children's) Fund	Set up for the benefit of children in children's homes in Worksop	R	Pre 2003 Moribund	£205
Gertrude Sykes Fund	To buy flowers for Redlands primary school in winter months	R	May 2006 Moribund	£43
Granby Educational Foundation	Provision of exhibitions tenable at any secondary school, training college for teachers, university or other institution of further education, provision of financial assistance & otherwise promoting the education (including social and physical training of boys & girls who have not for less than four years been resident in the Parish of Granby.	R	September 2010 Moribund	£3,222
Harry Thorpe Charity	For the benefits of pupils of the Grove Comprehensive School	R	January 2006 Moribund	£825
Henry Mellish Scholarship	Scholarships for educational travel	UR	Pre 2003 Moribund	£6,994
Nottinghamshire Charitable Grants Fund	To assist those who are providing services on a voluntary basis for the benefit of inhabitants within the country	UR	December 2008 Moribund	£88,230
Ophthalmic Fund	Ophthalmic Fund	UR	Pre 2003 Moribund	£6,436
TOTAL				£121,027.00