

CABINET

Community Foundation for Lancashire

6th October 2009

Report of Head of Democratic Services

PURPOSE OF REPORT

To update Cabinet on the Community Foundation for Lancashire and work in progress to implement the Cabinet's previous decision to bring back into use existing charity funds which currently lie dormant.

Key Decision

Non-Key Decision

Officer Referral

X

This report is public

RECOMMENDATION OF COUNCILLOR MACE

That Cabinet note the work of the Community Foundation of Lancashire in this district and invite a representative to meet the Head of Democratic Services and relevant portfolio holder to outline the work they are doing and ways in which they can assist in ensuring that funds are put to a better use in this district.

1.0 Introduction

- 1.1 At its meeting on 20th January 2009 Cabinet considered options for the use of existing charity and trusts funds for which the Council is responsible but which are currently dormant. This matter had been investigated at the instigation of the Civic Task Group who whilst undertaking a review of the Council's civic functions in 2006 had become aware of a number of charities, bequests and endowments for which the Council was responsible which were lying dormant.
- 1.2 At the time these amounted to a total of approximately £68,000 of charitable funds, although there will by now be additional interest accrued.
- 1.3 Having considered the recommendations of the Council Business Committee, Cabinet resolved:
- (1) *That Council Business Committee's recommendation to proceed with the proposed amalgamations of Charity Trust Funds and the transfer of funds as set out in paragraphs 1.4 and 1.5 of the report (Option 1) be approved, subject to (2) and (3) below:*
 - (2) *That the funds referred to in 1.5 of the report, relating to current and former educational establishments, be transferred to the relevant Board of Governors for use as prize money for the school without delay.*

(3) *That the consolidation of the charities to form five charities to be managed by Lancaster City Council, referred to in 1.4 of the report, be deferred until resources are available in Democratic Services to carry out the work required to set up and support the new arrangements.*

1.4 The relevant sections of the original report referred to above are set out in Appendix 1 to this report.

2.0 Proposal

2.1 At the time an alternative option put before Members had been to support the setting up of a Community Foundation for Lancashire (CFL) on which all Lancashire Councils were being consulted and to identify sums of money which could be contributed to this project which would see grant funding to organisations in this District without requiring staff resources for administration once the initial transfer of funds had taken place. Details of the options at that time are set out in paragraph 3 of Appendix 1 to this report for information.

2.2 Since the meeting in January 2009, there has not been sufficient capacity in Democratic Services to commence this piece of work until during the recess over August 2009, when initial enquiries were commenced into the procedure working with the Charity Commission to first of all transfer the sums of money relating to named schools in the district to the relevant board of governors. It is hoped that this can be completed relatively quickly before moving on to the suggested amalgamations. This will inevitably be a long and slow process to be undertaken as time allows and there remains the concern as previously reported over the capacity within Democratic Services to manage this number of Trusts once amalgamated.

2.3 Whilst looking again at this piece of work, a further letter has been received from the Community Foundation for Lancashire, which is now formally established, which outlines some of the progress they have made since the inception and lists the grants made to organisations in this district even without the participation of the City Council.

2.4 A copy of this letter is attached at Appendix 2.

2.5 The Chairman of the Foundation has offered to come to Lancaster to explain further the aims of the charity and ways in which working with them could increase the impact in this area.

2.6 In view of the slow progress in bringing these funds back into use and the likelihood of them remaining dormant for a further period of time, Members may wish to invite the CLF to Lancaster to outline ways in which they could work with officers in Democratic Services to bring these funds back into use for the benefit of the district.

3.0 Options and Options Analysis

3.1 Option 1 – to note the work of the Community Foundation of Lancashire in this district but to continue with the proposed amalgamations and transfer of funds as agreed by Cabinet in January 2009.

It should be noted that this work is not a priority and although included in Democratic Services Business Plan is unlikely to progress quickly. There also remains a concern as to the staffing capacity to manage the new Trusts once established.

3.2 Option 2 – to note the work of the Community Foundation of Lancashire in this district and invite a representative to a future meeting of Cabinet to outline the work they are doing and ways in which they can assist in ensuring that funds are put to a better use in this district.

4.0 Officer Preferred Option

4.1 The officer preferred option is 2 above as this has the potential to take advantage of the expertise of a specialist grant making organisation to bring back into use funds which have lain dormant for many years and on which slow progress is being made using Council resources.

5.0 Conclusion

5.1 Significant funds as a result of bequests had been identified which are currently lying dormant and options have been considered to bring these back into use for the benefit of the District. Cabinet's preferred option has previously been to transfer some readily identifiable education based funds and amalgamate the remainder into a small number of Trusts to be managed by the Council. This report brings to Cabinet's attention the successful operation of the new Community Foundation in Lancashire and suggests that further consideration be given to this option in the light of the slow progress being made in house.

RELATIONSHIP TO POLICY FRAMEWORK

None

FINANCIAL IMPLICATIONS

There are no direct financial implications at this stage as a result of this report.

There are however implications for the level of resources required to manage the funds.

Option 1 will continue to place a significant additional workload on staff in Democratic Services, initially to work with the Charity Commission to set up the new arrangements and on an ongoing basis to manage the Trust Fund, the Management Committee and the allocation of funds. At the present time, there is little capacity within the Service to undertake this without reducing the level of service elsewhere, resulting in the lack of progress as reported.

If the decision as a result of Option 2 is to utilise the Community Foundation to distribute funds locally, some input from Democratic Services will be required initially to identify and transfer the most appropriate funds, but this can be contained within existing resources.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

There are no direct legal implications at this stage as a result of this report.

MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has drafted the report.

BACKGROUND PAPERS

Letter from Community Foundation Network
dated 28th August 2009

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E-mail: gnoall@lancaster.gov.uk

Ref:

Extract from Cabinet Report – 20 January 2009

1.4 In order to bring this money back in to public use the Task Group recommended that these charities be consolidated to form the following five charities to be managed by the Lancaster City Council with the income by a Committee of trustees appointed by the Council, supported by Democratic Services and used for the following purposes:

1.4.1 **William Briggs and Sarah Ann Albright Trust
(Approximately £3390)**

- To purchase/ restore pictures, works of art and objects of local interest at Town Hall, Museum or Art Gallery.

1.4.2 **Enid Smith Trust
(Approximately £5910)**

- Promotion and encouragement of moral and intellectual training of children.

The Task Group believed that this Charity is ideally placed to further the aims and objective of increasing and promoting Citizenship with regard to young people in the district.

1.4.3 **Pyper, Dean, Aitken and Seward Schools Prize and Exhibitions Fund
(Approximately £20,000)**

- Provision of secondary school exhibitions and maintenance allowances.
- Prizes for musical knowledge, Botany, religious knowledge or Geology.
- Musical education of boys and girls within the district.

1.4.4 **Isabella Simpson and Mrs Green Charity
(Approximately £16,300)**

- Support to Widows, Spinsters and the poor.

1.4.5 Additionally, there is a sum of approximately £1,400, known as the **Jane Gardner** bequest for assisting those in the district with Tuberculosis. It was suggested that this be consolidated with the **James Bond and Henry Welch Charity** (managed by Democratic Services), which has similar aims and objectives

1.5 There are several charities and charitable funds that the City Council has relating to current and former education establishments for safekeeping and the Task Group recommended that these be transferred to the relevant Board of Governors for use as prize money for the school.

1.5.1 **Skerton Community High School**

There is approximately £1,426 of money relating to the former Skerton Girls and Boys Schools (now the Skerton Community High School).

1.5.2 **Lancaster and Morecambe College**

There is approximately £3640 of money relating to Lancaster and Morecambe College and its preceding institutions.

1.5.3 Lancaster Girls Grammar School

There is approximately £86 of money relating to the Lancaster Girls Grammar School.

1.5.4 Bowerham County School

There is approximately £139 of money relating to Bowerham County School.

1.5.5 Our Lady's Catholic School

There is approximately £97 of money relating to Our Lady's Catholic School.

1.6 These recommendations were reported to Council on 6th December 2006 when the following resolution was passed:

(a) That the amendments, transfers, proposed objectives and consolidations of charitable funds as set out in the report be agreed, subject to the required approvals being obtained.

(b) That officers be authorised to begin discussions with the Charity Commission, boards of governors and joint trustees.

(c) That this work be included within the Democratic Services Business Plan 2007/08.

(d) That the County Council be requested to consider the transfer of the Bertha Taylor and Agnes Holmes Charitable funds to the relevant Board of Governors for use as prize money for the school.

1.7 It was noted at the time that in order to make the changes set out above there needed to be extensive discussions with various parties including joint trustees and boards of governors and all changes would require agreement and approval by the Charity Commission. This is therefore a substantial piece of work involving officer time in Democratic Services and whilst it was included in Democratic Services Business Plan initially for 2007/08 it has been carried forward into 2008/09.

2.0 Proposal

2.1 Since the initial review by the Civic Task Group and subsequent decisions to progress this piece of work, there have been discussions in the County regarding the setting up of a Community Foundation for Lancashire (CFL). This would be one of a network of community foundations across the UK which use endowment funds to generate income to enable the making of grants for the benefit of local communities. The broad purpose is to help donors collaborate in generating funds that promote and support local voluntary activity through a programme of grant making.

2.2 The proposal is to set up a Lancashire County Fund managed by the Community Foundation for Lancashire allocating grants which will contribute to LAA outcomes – to be kick-started using existing funds which will build up into an endowment fund providing sufficient income for future grant funding in Lancashire.

2.3 The aim is to raise £50m over the next few years and the Foundation is asking for a contribution from each of the District Councils in Lancashire of £6,000 over 3 years (£2k p.a.)

- 2.4 The intention is to protect the geographical interest of each income stream so that where a District Council has channelled resources into the Fund, grant funding would be made available on a proportional basis for that District and in a way determined by the District Council (focusing for example on a particular outcome).
- 2.5 It is proposed that decisions would be made by a Lancashire County Fund Panel comprising representatives of the various partners (including the local authorities and LSP) and of local voluntary and community organisations.
- 2.6 Members may therefore wish to consider the use of some of these inactive charitable funds for this purpose, bringing them back into use for the good of the local community.

3.0 Options and Options Analysis (including risk assessment)

	Option	Advantages	Disadvantages/risks
1	To proceed with the proposed amalgamations of Charity Trust Funds as set out in paragraphs 1.4 and the transfer of funds as set out in 1.5	Retains control over the allocation of funds via a Management Committee of Trustees appointed by the Council	Significant additional workload for staff in Democratic Services, initially to work with the Charity Commission to set up the new arrangements and on an ongoing basis to management the Trust Fund, the Management Committee and the allocation of funds
2	To agree to support the proposed setting up of the CFL and identify sufficient funds from the bequests listed in Appendix A for transfer to the CFL over the next 3 years, holding the remaining sums in abeyance until the operation of the CFL has been evaluated, but with the long term intention of transferring all unused funds to the CFL	Takes advantage of the opportunity to be part of the Lancashire Community Foundation, utilising the expertise available in grant funding Expected to ensure that grant allocations show a demonstrable contribution to LAA outcomes More cost effective than administering the funds 'in-house'	Could be seen as handing over Lancaster District money to the County The Lancashire Community Foundation may fail
3	To agree to support the proposed setting up of the CFL and identify sufficient funds from the bequests listed in Appendix A for transfer to the CFL over the next 3 years and continue with the proposed amalgamations of Charity Trust Funds for the remaining bequests.	Takes advantage of the opportunity to be part of the Lancashire Community Foundation, utilising the expertise available in grant funding Expected to ensure that grant allocations show a demonstrable contribution to LAA outcomes More cost effective than administering the funds 'in-house'	Could be seen as handing over Lancaster District money to the County The Lancashire Community Foundation may fail Work on amalgamations may be wasted if there is a later decision to transfer further funds to the CFL
4	Take no action in respect of any of the funds listed in Appendix A.		Money continues to accumulate and is not used for the benefit of the community