

CONSTITUTION COMMITTEE: 18TH SEPTEMBER 2020**CHARITABLE TRUST FUTURE ARRANGEMENTS****REPORT OF DIRECTOR OF LAW AND GOVERNANCE****Purpose of Report**

1. The purpose of this report is to update the Committee on the proposals for the future arrangements for the Educational Trusts of which the County Council is the sole corporate Trustee and to seek the Committee's approval to the closure and transfer of funds referred in paragraph 6 below into a single fund called the Leicestershire Educational Trust Fund to be administered by the Leicestershire and Rutland Community Foundation (LRCF).

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. The Committee resolved at its meeting in July 2019 to approve the principle of the transfer of educational trusts to the Leicestershire and Rutland Community Foundation.

Background

3. The County Council is the sole corporate Trustee of various Educational Trusts set out below. Most of the Trusts have not been subject to a review for a significant period and the interest from the funds has accumulated over the years. Many of the Trusts are relatively small and the Trust objectives are difficult to apply. Engagement took place with the LRCF as part of the scheme supported by the Charity Commission to reactivate inactive Trusts for the benefit of the community. This coincided with approaches from the Charity Commission seeking the Council's proposals for the Trusts.
4. The Committee approved the principle of the Trusts being subject to closure and the funds being transferred into a fund to be administered by the LRCF combined into a single fund called the Leicestershire Educational Trust Fund, subject to developing qualifying criteria for the Trusts.
5. To progress the recommendation referred to above, a proportionate engagement exercise took place with a dual approach. Firstly those schools (or their successor bodies) which may have been referred to in the original Trusts were contacted for their views and these are reflected in the proposals in the table below. Secondly, a representative randomly selected sample of fifteen schools across all sectors and including maintained and academy schools, mainstream and special schools as well as faith VA schools were written to seeking comments and views on the general principles of the proposed transfer referred to above. There was a very limited response. Two schools did respond to express support to the transfer to LRCF citing the greater opportunity that

this would present to access funds and the benefits this would present for students who have SEND or mental health issues or other vulnerabilities.

Proposal; Leicestershire and Rutland Community Foundation

6. 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 £3 million of endowment funds on behalf of various charitable trusts and national grant programmes. LRCF operates by offering a moderate risk investment strategy which will preserve the capital (or achieve modest growth) and generate an annual return of 4% per annum to be used for grant making.

7. Based on the engagement above, it is proposed to close the funds listed in paragraph 8 below and to transfer £270,661 to LRCF to establish the new fund. Preparatory work has been undertaken in relation to the Fund Agreement Transfer which is now ready to be executed. The funds are currently invested with CCLA and the LRCF use the same investment fund and it is proposed to transfer the funds without withdrawing them as this will avoid the costs associated with buying and selling. The new trust will be called the 'Leicestershire Educational Trust' and members will retain involvement through the submission of an annual report to the Constitution Committee on the operation of the trust by the LRCF as previously agreed.

8. The benefits of this approach as outlined in the previous report are as follows:
 - a. The active management of the Trusts and making grant awards would support the community and be in keeping with the wishes of the donors;
 - b. 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;
 - c. It meets the objectives of the Charity Commission trust revitalisation initiative;
 - d. 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;
 - e. Members retain involvement through receipt of an annual report on grant giving and the operation of the Trust; and
 - f. It is consistent with the advice to Local Authorities from the Charity Commission to review and consolidate small funds.

<u>Trust Name</u> <u>Charity Number</u>	<u>Details</u>	<u>Valuation</u> <u>as at</u> <u>31.3.20</u> £
Charities in Connection with Humphrey Perkins High School (LCC Humphrey Prkns Sch Prize) 527839	For pupils who have for not less than two years at any time attended Humphrey Perkins' County Secondary School, who are in need of financial assistance. With a preference, other things being equal, to those beneficiaries who were born or are a resident of Barrow-Upon-Soar.	44,430
The Longwill Agricultural Scholarships (LCC Longwill Bqst No2 Ag Schl) 527888	To be awarded to students studying agriculture in Leicester, under the rules made by the council.	58,437
Charities in Connection with Loughborough Burleigh College (LCC Spriggs Memorial Prize) 527842	One prize awarded to a pupil showing expertise in the technical and scientific side of television and one for the production side of television or allied arts in the form the headmaster decides.	15,874
Lutterworth Grammar School (LCC Luttrwrth Upper Sch Endow) 527857	To offer maintenance allowances to pupils who in the opinion of the council are in need of financial assistance to keep them in school, to be paid to the parent or guardian or in the form of travelling facilities or meals.	50,259
The Longwill Educational Foundation (LCC Longwill Bequest No 1) 527889	To provide financial assistance for students of Melton Mowbray Grammar School.	67,215
Lord Maynard's Trust (LCC Maynards Charity) 527936	Charity objects are to promote education of persons under the age of 25 residing in the parish of Bagworth and students of Nailstone Dove Bank Primary and Thornton Primary.	19,085
The Doctor Peter Hill Prize Fund (LCC Dr Peter Hill Prize) 515108	For pupils of Melton Mowbray King Edward VII Upper School, the Melton Mowbray Sarson High School and the Melton Mowbray John Ferneley High School who demonstrate excellence in Mathematics, Music and Athletics respectively.	7,307

Marjorie Wright Scholarship (Trust No. 527839-2)	Linked to charity 527839 above	8,054
Total		270,661

9. The engagement referred to above elicited some feedback from schools/ colleges who may consider themselves to be directly affected by the proposal because they are a potential successor body or have been accessing funds under the trusts to some extent from time to time. It is proposed that these be subject to further engagement as set out below and subject to a further report to the Constitution Committee in due course.

<u>Trust Name</u> <u>Charity</u> <u>Number</u>	<u>Details</u>	<u>Valuation as at</u> <u>31.3.20</u> £	<u>Proposal</u>
The Mary Smith Scholarship Fund (LCC Mary Smith Bequest) 527890	To give financial assistance for students of Ashby-de-la-Zouch Grammar or Ivanhoe Secondary School or are residents of Ashby-de-la-Zouch to help them pursue a trade or profession or travel abroad for their education.	95,669	This fund is administered by Ashby school via the governing body and includes a representative related to the original endower Mary Smith. It is proposed to work towards the transfer of this fund to the governing body of the school.
Willis Memorial Scholarship (LCC Willis Memorial Prize) 160619	To provide scholarships for purpose of enabling pupils of Dixie Grammar school to participate in foreign travel.	11,049	The Dixie Grammar school has a trust; it would seem sensible to work towards transferring this fund to the school. This will have the advantage of allowing the LRCF trust to focus on

			maintained schools and academies.
Minnie Burman Trust Fund 514700	To award each year of a prize or prizes to a pupil or pupils of Dunton Bassett County Primary School and the provision/repair of plant equipment, furniture or other chattels or the provision of amenities or services for the benefit of the School of the pupils of the staff at the school or some of them.	7,205	The school continues to give prizes as part of the 'Minnie Burman annual service'. It is proposed to work towards the transfer of this fund to the governing body of the school.
The Piercy Scholarship Fund, in Connection with the Loughborough Technical College and the Loughborough College of Art and Design (LCC Piercy Trust) 527810	Open to pupils who have attended for two years at least at one of the Elementary schools or Secondary Schools at Loughborough for the assistance of their education in Electrical Engineering.	49,383	To review whether this fund should be transferred to Loughborough College to form part of the of the college's existing Educational Trust (Loughborough Educational trust).
Thompson Trust Charity No. Tbc	Net income applied by the Governors in assisting pupils to attend Loughborough College for purposes of education other than elementary by means of exhibitions.	55,302	To review whether this fund should be transferred to Loughborough College to form part of the of the college's existing Educational Trust (Loughborough Educational trust).
Fullhurst Community College Price Fund (LCC	Award of prizes to pupils showing qualities of citizenship, public spirit or kindred qualities as distinct from academic	2,935	To transfer to the Fullhurst college existing trust

Elizabeth R Frisby Prize) 527832	knowledge.		
John Cleveland College Education Enhancement Trust	To advance the education of the pupils of John Cleveland college by providing or assisting in the provision of educational, recreational and other charitable facilities in augmentation of such facilities financed by the local education authority or the department for education and science.	4,110	To review whether this fund should be transferred to John Cleveland college
Total		21,217	
		246,870	

Resource Implications

10. 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

11. The Committee is recommended to:
- a) Approve the closure of the Trusts referred to in para 8 above and the transfer of assets into a trust to be administered and managed by the Leicestershire and Rutland Community Foundation and to authorise the Director of Law and Governance take any steps necessary to achieve this.
 - b) Request the Leicestershire and Rutland Community Foundation to submit an annual report to the Constitution Committee on the operation of the Fund.
 - c) Authorise the Director of Law and Governance to explore the future arrangements for the trusts referred to in para 9 above and to report back to this committee.

Background Papers

Report to the Constitution Committee on 29th July 2019

<http://politics.leics.gov.uk/documents/s147457/Charitable%20Trusts%20report.pdf>

Circulation Under the Local Issues Alert Procedure

None

Equality and Human Rights Implications

12. A full EHRIA is not considered necessary. The resources currently allocated to the management of these funds are limited. The transfer will enable these funds to be actively managed enabling additional resources to be directed to recipients identified in the objects of the charities concerned and will benefit students in the protected groups.

Appendices

None

Officer to Contact:

Lauren Haslam ,Director of Law and Governance
Telephone 0116 3056240
Email lauren.haslam@leics.gov.uk

This page is intentionally left blank