

Report to Charitable Trustee Committee



Date of Meeting	2 nd September 2021
Portfolio	Cabinet Member for Finance
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Public/Private Document	Private

Charitable Trustee Committee Annual Accounts 2020/21 and Projected Financial Position for 2021/22

Executive Summary

1. To provide an update on the 2020/21 annual accounts and the current 2021/22 projected financial positions of the Norcross Scholarship Fund, the James Handley Bequest and the Doctor Chadwick Trust Fund.

These are Trust Funds, with charitable status, separate from Rochdale Borough Council monies.

The report also considers additional annual income should Trustees consider using approximately 50% or 100% of Doctor Chadwick's cash reserves to purchase investments.

Recommendation

2. It is recommended that the members of the Charitable Trustee Committee:-
 - a) Note the financial position of the Norcross Scholarship Fund, the James Handley Bequest and the Doctor Chadwick Trust Fund as outlined in section 4 of this report.
 - b) Review the reserves policy maximum and minimum balances in appendices 1 to 3 and make any amendments they deem necessary.

Reason for Recommendation

3. The recommendation is put forward for information to the Members of the Charitable Trustee Committee.

Key Points for Consideration

4. Summary income and expenditure for 2020/21

Trust	Investment Income, Interest and rental income (£)	Grants Paid (£)	Management Fee paid to RBC / Other Expenditure (£)	Surplus/(Deficit) for the year (£)
Norcross Scholarship Fund	5,898	0	1,620	4,278
James Handley Bequest	3,075	0	918	2,157
Doctor Chadwick Trust Fund	3,026	0	540	2,486
Total	11,999	0	3,078	8,921

Summary Balance Sheets at 31 March 2021

Trust	Land (£)	Investments (£)	Deposit Account (£)	Current Account (£)	Total (£)
Norcross Scholarship Fund	0	189,189	500	4,714	194,403
James Handley Bequest	0	92,983	10,000	4,679	107,662
Doctor Chadwick Trust Fund	13,816	26,164	0	53,668	93,648
Total	13,816	308,336	10,500	63,061	395,713

Projected Financial Position for 2021/22

Appendices 1 to 3 provide the current projected financial position for 2021/22 for the three trusts.

Appendices 4 and 5 consider the request at the last meeting to consider the purchase of investments by the Doctor Chadwick Trust. Appendix 4 considers using £28k (roughly 50%) of cash reserves to purchase investments whereas appendix 5 considers using £56k (just under 100%) of cash reserves to purchase investments.

The amount will vary depending upon the split of investments purchased but annual income would increase by an estimated amount of £805 to £1,184 with £28k on investments purchased and £1,610 and £2,368 if £56k of investments purchased.

Trustees may wish to consider:-

- Whether to invest in either or both of the current share funds (i.e. in the charities UK bond or the charities UK equity fund). It is unclear which fund contains more risk than the other but it is clear which generates the higher annual income at present.

2. Whether to invest in a different fund altogether. This would potentially meaning seeking advice from an external advisor (who may potentially charge a commission).
3. Whether Trustees would want to retain the flexibility of holding cash reserves and if risk levels are too high to consider additional investment in the current market.

Reserves Policies

Trustees are requested to consider whether any changes are necessary to the maximum and minimum balances on the reserve policies (shown on appendices 1, 2 and 3), especially in relation to the maximum reserve balances or if they are happy to maintain them for another year.

Please note that the current policy allows for Trustees to maintain a balance above the maximum set out in the policy where they feel it is reasonable to do so. However, Trustees may wish to simply increase the maximum balance to above the current reserve levels forecast at year end if they feel this is reasonable to do so.

Trustees can review the reserve policy at any meeting.

Alternatives considered

As these are separate distinct funds, there are no alternatives to consider.

Costs and Budget Summary

5. As per section 4 above.

Risk and Policy Implications

6. As the monies relate specifically to the Trust Funds, there are no financial or legal implications for Rochdale Borough Council.

However, there is a slight risk that decisions made by the Charitable Trustee Committee could contravene rules, regulations and guidance laid down by the Charity Commission, The Charities Act 2011 and the Governing Schemes. Guidance and monitoring provided by Rochdale Borough Council and use of Rochdale Borough Council systems significantly reduces this risk. Finance Service provides guidance to members of The Charitable Trustee Committee to ensure that the risk is minimised and appropriately managed, by regularly reviewing charity legislation for changes relevant to the Charity, advising the members of the committee of those changes so that they can be implemented and ensuring that Charity Commission guidance is followed.

Consultation

7. No consultation is required.

Background Papers	Place of Inspection
<p>8. Trust Funds Annual Financial Statements for 2020/21 Appendices 1-3 showing projected financial position for 2021/22</p>	<p>Finance Services, Tax and Treasury Management Team, Floor Two Number One Riverside</p>
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