



# **Strategic Business Plan**

## **Trusts and Charities Committee 2015-2017**

# Trusts & Charities Committee ("T&CC")

## Strategic Business Plan

2015-2017

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### ***Introduction and background***

*Members will be aware of a number of developing themes in the work of Trusts & Charities Committee. These focus on the better management of assets held in trust, plus greater transparency, for both members and the public, concerning charitable assistance that may be granted by the various Trusts under the Committee's oversight. This report aims to provide greater clarity around the Committee's work programme, consistent with the above broad objectives.*

*The 6 Key Tasks identified below describe both work in progress and proposed outcomes. They are commended to the Committee as reflecting sensible progress towards the better management of Trust assets in the interests of the citizens of Birmingham and in accordance with the City's obligations under charity law. It should be noted that the Tasks set out below are in addition to the other usual activities officers undertake to support the Committee.*

*Members will also be aware that, while TCC's trustee oversight is unique within the Council, the City Council provides support to its functions as both a committee and to the trusts it supports. Since the start of 2014 officers in Legal Services, Corporate Finance, and Birmingham Property Services have worked on a joint Income Generation Action Plan, which was agreed by the then Chairman, Cllr Narinder Kooner and Jon Warlow, Director of Finance. Certain tasks set out within that document remain live and the Plan was updated most recently in advance of a meeting between Jon Warlow and the current TCC Chair, Cllr Davis, on the 19 November 2014.*

*Given the overall financial position of the council, members will be aware of the need to minimise the level of financial assistance from the controllable budget the Council currently commits to supporting the work of Trusts & Charities Committee, where this can be done consistent with the Council's obligations as Corporate Trustee. The tasks set out below will create greater clarity in this context. They will also improve the focus of TCC in administering the City's charitable responsibilities.*

## **KEY TASKS**

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### ***Key Task 1 -Capital Asset Review [Sole Corporate Trustee -Charitable Trusts]***

Officers in Legal, Finance and BPS to undertake review of all charitable trusts where BCC is sole corporate trustee.

The review will identify:-

- 1) The charity's latest financial position [income, expenditure, management arrangements, and directorate delegations];
- 2) What assets the charity holds, financial, capital or both;
- 3) Where capital is held, establish under what basis, and whether this derives an open market income; and,
- 4) Where no such income is derived, to establish why, and formulate an appropriate action plan to address this.

Outcomes

- To maximise income from charitable assets (rental income at market rate)
- To better manage these assets in the future
- Discharge legal duty of Trustee to preserve the assets of the charity
- To increase charitable activity

Completion date: Officers will start this exercise in January 2015, and provide the Committee with updates, as and when directed. Anticipated completion date by end of 2017.

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### ***Key Task 2 -Investment Fund Review [Sole Corporate Trustee -Charitable Trusts]***

Officers in Treasury Management have reviewed the existing investment strategy for Trust Funds in accordance with the guidance issued by the Charity Commission and following a "beauty parade" of shortlisted fund managers on the 18<sup>th</sup> September, the appointment of "CCLA" was ratified by Trusts & Charities Committee on the 5 November 2014.

Outcomes

- To maximise income from charitable funds
- To manage any risk associated with the management of these funds through an external provider
- Discharge legal duty of Trustee to preserve the assets of the charity
- To increase charitable activity

Completion date: to be reviewed bi-annually, or as determined by Committee

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### ***Key Task 3 –Consolidation and merger of other charities into the Birmingham Municipal Charity (“BMC”)***

Officers in Finance and Legal to review small and/or dormant trusts (both Sole Corporate Trustee and Custodian Trustee charities) to establish if they can be consolidated with the “BMC”. This has been an on-going exercise – W J Loxley is due to be formally consolidated to BMC. Holinsworth, J K Gilbert and J Billingsley the Elder (all Custodian) having been identified as possible trusts to be consolidated.

#### **Outcomes**

- Cost effective service provision/administration through economies of scale
- Increasing the value of the “BMC” managed fund
- The returns on which will increase charitable activity and grants awarded for public benefit

Completion date: Officers will start this exercise in January 2015, and provide the Committee with updates, as and when directed. Anticipated completion date end of 2015.

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### ***Key Task 4 –Closure or transfer of assets of charities which are not commercially viable [Sole Corporate Trustee -Charitable Trusts]***

Officers in Legal, Finance and BPS to undertake review of all charitable trusts where BCC is sole corporate trustee.

The review will identify:-

- 1) The charity's latest financial position [income, expenditure, management arrangements, and directorate delegations];
- 2) Establish if income to the charity be increased or maximised through Key Task 1 (see above)
- 3) Establish if another charity or local community foundation would be interested in an asset transfer
- 4) Where the above are not possible, and no other viable option exists for the charity to establish if there is an “dissolution” or “winding up” clause or seek the same from the Commission
- 5) Establish what liabilities the charity has, and what will occur on dissolution or closure
- 6) Dispose of the Asset

#### **Outcomes**

- Prudent financial management
- Discharge legal duty of care
- Resources are better managed or can be properly directed to those charities which are sustainable

Completion date: Officers will start this exercise in January 2015, and provide the Committee with updates, as and when directed. Anticipated completion date end of 2016.

### ***Key Task 5 –Dispersal of Grant Awards [Sole Corporate Trustee -Charitable Trusts]***

Officers in Legal, Finance and BPS to undertake review of all charitable trusts where BCC is sole corporate trustee.

The review will identify:-

- 1) The charity's latest financial position [income, expenditure, management arrangements, and directorate delegations];
- 2) Establish what management powers the Trustee has to award grants within its objects and purposes/constitution
- 3) What the place of benefit is within the charity's constitution
- 4) To establish a Grants Application Protocol for the dispersal of charity funds in accordance with the charity's constitution. A grants protocol has already been established for "BMC" and Elford Estate Trust, which could be adopted for other trusts.

Outcomes

- Charitable activity/public benefit for the citizens of Birmingham
- Resources are better managed through a centralised process, as opposed to disparate grants awards for a number of charities

Completion date: Officers will start this exercise in January 2015, and provide the Committee with updates, as and when directed. Anticipated completion date end of 2016.

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### ***Key Task 6 –Highbury Trust [Sole Corporate Trustee -Charitable Trusts]***

Highbury Estate: - Improve Highbury Trust governance to both protect and unlock the iconic heritage and potential of the Chamberlain Estate

The task will involve:-

- 1) The establishment of new governance arrangements to bring about the implementation of the Preferred Option- Highbury Options Appraisal;
- 2) To consult with the citizens of Birmingham (beneficiaries under the Trust) and the wider third sector on how this should be achieved;
- 3) Enter a formal lease agreement with either an existing not for profit organization or establish a new entity that will deliver a sustainable future for the estate as set out in the Options Appraisal;
- 4) Achieve the above whilst retaining important safeguards to manage any associated risks post transfer.

Outcomes

- Increase charitable activity/public benefit for the citizens of Birmingham
- Reduce liability to meet the costs of administration from the Council's General Fund

Completion date: On or before 31 December 2017, being the date the Hall is expected to be vacated by the Council's Commercial Operator, (subject to contract). This will facilitate the refurbishment of the Hall, and provide time to fund raise the capital costs of refurbishment.

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## **Recommendation to Committee**

The Trusts and Charities Committee is asked to note and endorse this Report.

21 January 2015