

Report to:	Trust and Charities Committee	<i>Exempt information paragraph number – if private report:</i>
Report of:	Director of Finance	
Date of Decision:	20 th January 2016	
SUBJECT:	HARRIET LOUISA LOXTON TRUST DEPOSITS HELD WITH BCC	
Key Decision: Yes / No	Relevant Forward Plan Ref: No	
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/>	
	O&S Chairman approved <input type="checkbox"/>	
Relevant Cabinet Member(s):	N/A	
Relevant O&S Chairman:	N/A	
Wards affected:	All	

1. Purpose of report:

- 1.1 To set out the current trusts investments and cash balances analysed between restricted and unrestricted funds and make recommendations for the reallocation of funds currently held in deposits with BCC.

2. Decision(s) recommended:

- 2.1 The Committee acting on behalf of the Trustee (BCC) is recommended to approve the reallocation of £170k currently held within BCC into COIF Deposit fund.

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3. Consultation

Consultation should include those that have an interest in the decisions recommended

3.1 Internal

The Chairman of the Committee has been consulted in the preparation of this report.

3.2 External

N/A

4. Compliance Issues:
<p>4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>N/A</p>
<p>4.2 <u>Financial Implications</u> (Will decisions be carried out within existing finance and Resources?)</p> <p>N/A</p>
<p>4.3 <u>Legal Implications</u></p> <p>Management and governance arrangements for Charitable Trusts are set out in the constitution under which they were established. Charity Trustees must also comply with Charities Act 2011, Trustee Act 2000, other relevant legislation and guidance issued by the Charity Commission. The assets of a charity must be used in accordance with charitable law, failing which this will give rise to a breach of trust. Legal sanction can follow from either the beneficiaries of the charitable trust and/or Charity Commission. Decisions made by the charity must be expedient in the interests of the charity at all times. The Committee has empowered officers within the Council to discharge certain functions on its behalf as Council as Trustee.</p>
<p>4.4 <u>Public Sector Equality Duty (see separate guidance note)</u></p> <p>No adverse impact.</p>

5. Relevant background/chronology of key events:

- 5.1 The Harriet Louisa Loxton Trust was established on the 2nd February 1949 for the benefit 'of persons who by reason of Age, infirmity or any other circumstance, are in need of care and attention not otherwise available to them by providing or paying for items, services and facilities that are designed to meet that need'. Beneficiaries of the Trust must reside in Birmingham and the Trust is administered on behalf of Birmingham City Council as "Council as Trustee" by the Adults and Communities Directorate.
- 5.2 The Trust is registered with the Charity Commission No. 702446.
The Trust was established by a deed dated 31 March 1932. The objectives of the Trust are general charitable purposes for the benefit of the citizens of Birmingham.
- 5.3 The Trust has assets of cash and investments. The latter now being managed by the Trust's appointed Fund Manager – CCLA. As at 31st March 2015 the funds were held In the following assets:

Asset	Unrestricted Funds	Restricted Funds	Total
Investments held in COIF Investment Fund (formerly Barclays Wealth)		1,252,523	1,252,523
Deposits held in COIF Deposit Fund (Formerly BCC Loan Fund)	29,595	248,401	277,996
Cash held with BCC General Fund	184,568		184,568
Total	214,163	1,500,924	1,715,087

- 5.4 The investment fund generates both income and capital growth while the deposit fund generates income (though this is currently at a low rate). The cash held with BCC generates no income or capital growth and thus is providing no benefits to the trust.
- 5.5 The accumulated cash held with BCC has grown considerably over the last decade due to annual investment income constantly exceeding the trust's annual expenditure. The annual surplus has been decreasing since 2008-09 mainly due to the low prevailing Bank of England base rate.

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Income	46,932	55,930	38,475	32,536	35,626	30,651	27,209	28,679
Expenditure	20,904	22,658	17,355	15,289	20,348	19,570	21,751	31,757
Surplus/ Deficit	26,028	33,272	21,120	17,247	15,278	11,081	5,458	-3,078

- 5.6 The year on year reduction in the annual surplus should have peaked (providing future expenditure is controlled) which should ensure that annual deficits should not occur in future years thus allowing the previously accumulated cash balance to be invested into longer term/ higher yielding investment vehicles.
- 5.7 Unless it is decided to move any of the cash balance into the investment fund, then there would be no need to move balances from unrestricted to restricted funds since this would unnecessarily restrict the use of funds in the future
- 5.8 It is recommended that the majority of the cash (£170k) currently held with BCC is moved into the COIF deposit fund. This will earn a short term rate of interest with very little variation in capital value. This fund is relatively instant access so funds can be drawn down the next day. The remaining cash balance should remain held with BCC to be used as working capital for the trust.

6.	Evaluation of alternative option(s):
6.1	Some or all of the cash balance moved to COIF Investment fund. Although this option will generate significantly greater income and potential for capital growth, it will also restrict the use of these funds in the future since the funds would have to be moved into the restricted fund. There is also a lot of uncertainty in financial markets so it would be prudent not to increase any further exposure in these markets at this time.
6.2	Do nothing and keep balance in BCC. This option would not be an acceptable use of trust funds due to no yields being generated.
7.	Reasons for Decision(s):
7.1	This decision will increase the trust's income so that more can be spent to meet trusts objectives.

Signatures	<u>Date</u>
Director of Finance
Chairman

List of Background Documents used to compile this Report:
N/A

List of Appendices accompanying this Report (if any):
1. 2014-15 Accounts