

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member – Policy and Resources
Date of Decision:	29 September 2016
Decision Title:	Charities' Annual Accounts for 2015/16
Decision Reference:	7746
Report From:	Director of Corporate Resources – Corporate Services

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1. Executive Summary

- 1.1. This report presents the accounts of charities administered by the County Council for approval by the Executive Member on behalf of the County Council as sole trustee. Under the Charities Act 2011 this satisfies the reporting requirements as the charities' gross annual income is less than £25,000.

2. Issues covered in the Report

- 2.1. During 2015/16, there were three charities registered with the Charity Commission for which the County Council has acted as sole trustee, and which were under the remit of the Executive Member (Policy and Resources). There are certain other charities, for which the Council acts as trustee, which have different reporting lines for approval of the accounts. The trusts covered by this report are:
- The Michael Austin Harlick Trust Fund
 - The Dayas Music Scholarship Trust Fund
 - The Mace Educational Trust.
- 2.2. Trusts with investment balances invest in a mix of managed unit trusts established for charities in line with the County Council's investment policy for trust funds agreed by the former Charities Panel in July 1998. The Charibond and Charinco funds are both invested in a range of fixed-interest and index-linked bonds, which produce a relatively high income yield. The investment in Charifund gives the trusts exposure to equities, which can have more variable yields but provide more scope for growth in the Trusts' capital.

- 2.3. Both bond and equity funds have produced relatively good income returns in 2015/16. Income returns from the charities' bond investments (Charibond and Charinco) were an average of 4.4% and equity fund (Charifund) returns were 4.7%.
- 2.4. It has been a turbulent year for investments, as the market for both equities and bonds has fallen in the year to 31 March. The capital value of the charities' equity investments has fallen by 6.5% and bond investments by 2.5%. This has eroded some of the gains in capital values seen in previous years. The capital value of both equity and bond investment will vary over time and diversified investment in both asset classes still provides a good income source, which is the main aim of the charities' investments.

3. Trust fund accounts

Michael Austin Harlick Trust Fund

- 3.1. Michael Austin Harlick was an ex-prisoner of war from Gosport who established a trust in his will to be used for the provision of medals, challenge cups and trophies for the children of Hampshire schools, and for the encouragement of pupils in all forms of sporting activity.
- 3.2. The accounts attached in Appendix 1A show that the trust has maintained its healthy financial position. The Trust's income from investments was £11,700 and its expenses in grants paid were £13,700, so the Trust has a healthy cash balance of £30,100.

Dayas Music Scholarship Trust Fund

- 3.3. Although the County Council is sole trustee, this trust is administered by the Hampshire Music Service in consultation with the Director of Children's Services, Director of Corporate Resources, Chief Executive and County Music Adviser.
- 3.4. It was established in 1978 under the will of Mary Gwendolyn Sayer Hayton (née Dayas). It provides music scholarships, preferably, but not necessarily, for pianoforte, for applicants living in Hampshire.
- 3.5. Accounts for the trust are shown in Appendix 1B. The accounts show that the trust is in a financially strong position. There has been £2,100 spent on grants in 2015/16 and the total income from investments was £5,300. A further addition to the Trust's investments of £6,000 was made during the year; therefore the cash balance has reduced to £9,400.

The Mace Educational Trust

- 3.6. This Trust was established in 2000 under the will of Evelyn Mace. Income to the Trust is used for the provision of scholarships for higher education for students under 25 who are, or have been, in the care of Hampshire County Council, and for scholarships for students due to start a drama or poetry higher education course.
- 3.7. All grants made have been subject to the specific approval of the Executive Member (Policy and Resources) and the trust is administered in the

Corporate Services Department. Accounts for the Trust are shown in Appendix 1C.

- 3.8. The Trust's expenditure on grants of £6,700 was higher than its income from investments of £5,300 but the Trust is maintained a reasonable cash balance of £7,000, in addition to its other investments.

4. Legal implications

- 4.1. The County Council is no longer required to supply to the Charity Commission annual statements of account and reports for the smaller charities for which it acts as Trustee, which have a gross annual income of less than £25,000 a year.
- 4.2. These small charity accounts must be approved directly by the Executive Member (Policy and Resources) on behalf of the County Council as sole trustee.

5. Financial implications

- 5.1. There are no financial implications for the County Council.

6. Conclusion

- 6.1. The proposals set out in the report will enable the Council to fulfil its obligations under charities law.

7. Recommendation

- 7.1. That the accounts for the charities listed below for 2015/16 be approved:
- Michael Austin Harlick Trust Fund
 - Dayas Music Scholarship Trust Fund
 - Mace Educational Trust.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

This proposal does not link to the Corporate Strategy but, nevertheless, requires, under the Charities Act 2006, a decision to approve the accounts and reports appended to this report because the County Council acts as sole trustee to the charities mentioned in the report.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 – background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

1.3. Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific impact.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific impact.

Michael Austin Harlick Trust Fund
Registered Charity Number: 900351

Accounts from 1 April to 31
 March

	2014/15 £	2015/16 £
Fund Balance as at 1 April	255,903	254,827
Income		
Income from Charibond	8,717	8,085
Income from Charinco	1,825	1,824
Income from Charifund	1,712	1,776
	12,254	11,685
Expenditure		
Grant payments	13,330	13,720
Fund Balance as at 31 March	254,827	252,792
Represented by:		
Investment at cost (see below)	222,666	222,666
Cash Balance	32,161	30,126
	254,827	254,827

INVESTMENTS (15/16)

Holding	Stock	Book Cost £	Market Price as at 31.03.2016 £	Market Value as at 31.03.2016 £
134,533	Charibond	163,850	1.26	169,269
22,806	Charinco	39,518	1.95	44,357
2,564	Charifund	19,298	14.15	36,284
		222,666		249,911

The Dayas Music Scholarship Trust Fund
Registered charity number: 280413

Accounts from 1 April to 31 March

	2014/15 £	2015/16 £
Fund balance as at 1 April	105,981	108,562
Dividends and interest on investments	4,993	5,322
Less: Award payments	2,112	2,089
Less: Hampshire Music Service - Administration of Trust	300	300
Fund balance as at 31 March	<u>108,562</u>	<u>111,495</u>
Investments at cost (see below)	96,074	102,074
Cash balance	12,488	9,421
	<u>108,562</u>	<u>111,495</u>

Market Value of Investments

Holding	Stock	Book Cost £	Market Price as at 31/03/16 £	Market Value as at 31/03/16 £
31,194	Charibond	36,031	1.26	39,249
20,820	Charinco	37,302	1.95	40,494
2,776	Charifund	28,741	14.15	39,280
		<u>102,074</u>		<u>119,023</u>

MACE Educational Trust

Accounts from 1 April to 31 March

	2014/15 £	2015/16 £		
Fund Balance as at 1 April	106,713	106,937		
Income				
Income from Charifund	1,638	1,700		
Income from Charibond	3,886	3,604		
	5,524	5,304		
Expenditure				
Grant payments	5,300	6,700		
Fund Balance as at 31 March	106,937	105,541		
Represented by:				
Investment at cost	98,500	98,500		
Cash Balance	8,437	7,041		
	106,937	105,541		
Market Value of Investments (2015/16)				
Holding	Stock	Book Cost	Market Price	Market Value
		£	as at 31.03.16	as at 31.03.16
			£	£
2,454	Charifund	24,500	14.15	34,727
59,968	Charibond	74,000	1.26	75,452
		98,500		110,179