

Subject: Rossendale Community Fund
Proposal

Status: For Publication

Report to: The Cabinet

Date: 22nd July 2009

Report of: Head of Finance

Portfolio

Holder: Communities and Neighbourhoods

Key Decision: Yes.

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

1.1 To seek approval for the establishment of a Community Fund for Rossendale.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objectives.

- Delivering Regeneration across the Borough
- Promoting the Borough
- Encouraging Health and respectful communities

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

3.1.1 Security of Rossendale assets for future use within Rossendale and for Rossendale customers. Option A below results in the charitable assets would become legally owned by the Community Foundation for Lancashire for perpetuity. This risk will be managed by the appointment by Council of Grant Panel Members who can direct the Community Foundation.

3.1.2 The certainty that all current trusts will receive the approval from the Charity Commission to consolidate existing funds into one.

4. BACKGROUND AND OPTIONS

4.1 In April 2008 the Community Foundation for Lancashire was established and it performs two main functions: donor services and grant making. This organisation shares its back office functions with the Community Foundation for Merseyside (CFM) which is one of the largest and longest established community foundations in the country. The Foundation's running costs are met through a range of fees that are charged for managing and administering funds and from private sector donations in support of core costs. Prior to the launch of the Community Foundation for Lancashire, grant making across Rossendale was undertaken by the Community Foundation for Merseyside with £108,936 grant support provided to 20 initiatives across Rossendale in 2007/2008. Grants awarded to the whole of Lancashire have totalled over £7 million since 2004.

4.2.1 The Community Foundation for Lancashire has submitted a proposal to Rossendale Borough Council to develop a new charitable fund for the benefit of the people of Rossendale. The proposed name would be Rossendale Community Fund (RCF) and will seek to draw together a number of funding streams to make it easier for community and voluntary groups and organisations based throughout the area to access funds from a single source.

4.3 There are two options for the creation of the RCF:

- **Option A** - Wind up existing charitable trusts and establish a new endowment fund at the Community Foundation:

The Community Foundation for Lancashire proposes that Rossendale Borough Council winds up their charitable trusts to set up a new and more effective Fund at the Community Foundation. This would relieve the Council of its current responsibilities of being a trustee of these trust funds.

The new Fund can have new, modernised objectives (in the same spirit as the original objects set out in the original governing documents), allowing the Council to address current issues in the local area. Transferring the assets enables the trustees to continue to achieve the charity's interests and aims though without the burden of administration and legal reporting which the Community Foundation would undertake. Charitable trusts can be transferred to the Community Foundation with the support of the Charity Commission trained Boost Initiative team. Rossendale Borough Council is able to choose the name of the new Fund to reflect their aims and objectives – e.g. Rossendale Community Fund.

Once the new Fund is set up, the Community Foundation will undertake all administration, solicitation of grants, their assessment and monitoring on the Council's behalf. The Council has the option to appoint Grant Panel Members who can direct the Community Foundation on their requirements, chosen grant

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criteria and administrative support they require, and most importantly they can make the decisions on all grant-making with the Community Foundation's support. The Council can have as little or as much involvement in the Fund as it so wishes.

By setting up an endowment fund with the Community Foundation, the charitable assets become legally owned by the Community Foundation. The assets will sit under the Community Foundation's Registered Charity Number and will be accounted for in the Foundation's annual accounts. No further reporting or administration would be required from the Council should this option be chosen. The endowment will be held by the Community Foundation and invested by professional investment managers, Rensburg Sheppards. Six-monthly or annual endowment reports will be provided to show investment and Fund activity.

The Community Foundation typically requests a financial contribution of 1% of the value of the investment (c. £1,200 based on the trust funds' current assets) for an endowment fund per annum, to ensure that the Foundation as a registered charity is able to secure full-cost recovery in administering the fund

- **Option B** - Establish a Flow-Through management agreement with the Community Foundation:

Rossendale Borough Council also has the option of working with the Community Foundation, but by entering into an administration and management agreement with the Community Foundation. This would be what the Community Foundation refers to as a 'flow-through fund'.

If Rossendale Borough Council were to establish a flow-through fund with the Community Foundation, they would take the income from their endowment and then use the Foundation's expertise in grant-making to solicit and distribute grants to ensure that the income is used as effectively as possible.

With this option the Council would remain trustee of its charitable trusts and would remain responsible for the annual accounting and reporting of the charitable assets, both in the Council's accounts and the Charity Commission register. As the current charitable trusts are failing to distribute grants, it would be advisable for the Council to amalgamate the funds into one, more manageable Fund. The Council would need to contact the Charity Commission for support in this, or the Community Foundation could amalgamate the funds on the Council's behalf. The cost of consolidating the existing trusts is estimated at c. £2,000.

The Community Foundation would then administrate the grant-making on behalf of the Council annually, while the charitable assets remain under the trusteeship of the Council.

The Community Foundation typically requests a financial contribution of 10% per annum for the administration of a flow-through fund to include all grant applications and monitoring – the fee being based on the amount of annual distributions.

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4.5 A local Grants Panel would be established to review applications and grant awards. The Foundation would provide all necessary panel recruitment, training and administration. In keeping with Charity Commission requirements, decisions would be presented to the Foundation's board for ratification. It is also proposed that an Advisory Group be formed to produce a development plan which will effectively seek to widen the initial partnership and deliver growth to the Fund.

4.6 The Foundation would provide the following support for the Fund:

- Liaise with the Charity Commission to obtain an initial 'in principle' sanction to utilise sections 74 and/or 75 of the 1993 and 2006 Charities Act and ultimately undertake the work to facilitate the transfer of all qualifying sleeping trust funds.
- Design relevant Application and Monitoring documentation
- Work in partnership to develop fund criteria which in turn will govern the distribution of the grants and ensure Sustainable Community Strategy and Corporate Plan outcomes are achieved in respect of grant awards made from the Fund.
- Undertake all administrative duties involved in running the Fund
- Jointly undertake a high profile launch of the Fund.

4.7 Stubblee Park Trusts: There exist 2 trusts in relation to the maintenance of Stubblee Park (JH Pilling Legacy and Miles Ashworth Endowment). It is felt that the Charity Commissioners will not allow the consolidation of such specific trusts with the other trusts which are of a more general community nature. With this in mind it is recommended that these 2 funds be consolidated (if possible) and then ring fenced for Stubblee maintenance.

4.8 Following discussions with the Community Foundation and the Boost Initiative, it is at this stage assumed that the Charity Commission will give its approval that all existing Trust accounts can be consolidated into one. However, should that not be the case, consolidation will be made to the minimum number possible.

4.9 Costs

Option A: The Trust Fund would incur an annual management charge of 1% of the market value of the Fund at 31st March.

Option B: If the Council should wish the Foundation to undertake the management and administration of a Flow-Through this would incur a fee in the region of 10% on all donations made out of the fund.

In addition there would be a set up fee (amalgamation of trust funds) of approximately £2,000 for a flow-through fund (Option B) though this is covered in the annual 1% fee of the endowment fund (Option A).

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COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 Financial matters have been addressed in the body of the report.
- 5.2 Any initial set up costs will be met from existing Council resources.
- 5.3 In its unaudited Annual Report for 2008/09 the Council has reported and summarised a number of Rossendale funds, in which it acts as trustee. There are accumulated assets of £125,414 as at 31st March 2009 (see Appendix 1)

6. MONITORING OFFICER

- 6.1 No additional comments to add to the report.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 There are no human resource implications arising from this report.

8. CONCLUSION

- 8.1 The creation of a Community Fund for Rossendale provides the opportunity to access a resource left to the borough by people committed to improving the quality of life for local people.

9. RECOMMENDATION

- 9.1 The Cabinet recommend the establishment of a Rossendale Community Fund on the basis of Option A above and that the two trusts in relation to Stubbylee Park be ring fenced for future Stubbylee Park maintenance issues.
- 9.2 That community consultation is carried out on the basis of 9.1 and that final approval of the various trust transfers, to the Community Foundation for Lancashire, is delegated to The Portfolio Holder for Communities and Neighbourhoods.
- 9.3 That the Council's own grant funding programme will not be included at this stage.

10. CONSULTATION CARRIED OUT

- 10.1 Consultation carried out with relevant Elected Members and Councillors.
- 10.2 The recommendations are subject to final community consultation

11. COMMUNITY IMPACT ASSESSMENT

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Is a Community Impact Assessment Required?

Not at this stage. Equality impact assessment will be considered as part of the grant allocation process.

Is a Community Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

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Appendix 1

Trust Funds as at 31st March 2009

	Value of Original Asset £	Accum'd Balance at 31 st March 2008 £	Income Earned & Transfers £	Utilised £	Accum'd Balance at 31st March 2008 £
J H Pilling Legacy <i>Maintenance of Stubbylee Park</i>	3,348	18,596	648	-	19,244
Miles Ashworth Endowment <i>Maintenance of Stubbylee Park</i>	6,574	13,982	736	-	14,718
Mechanics Institute Scholarship <i>Student scholarship for Bacup</i>	60	2,958	103	-	3,061
W Hardman Bequest <i>Exhibits for Rossendale Museum</i>	100	4,242	148	-	4,390
Local Charities Account <i>Charitable activities in Haslingden</i>	2,200	22,521	786	-	23,307
S Pilling Trust <i>Student support in Haslingden</i>	200	2,709	94	-	2,803
Greenfield Trust Massage Centre <i>Haslingden War Memorial</i>	1,157	22,184	774	-	22,958
Bacup Orchestral Scholarship <i>School instrumental scholarship</i>	200	862	30	-	892
Smith Prize for Music <i>Boys Music Festival Prize</i>	150	1,067	37	-	1,104
Mayor of Haslingden Relief Fund <i>Charitable relief in Haslingden</i>	176	891	31	-	922
Haslingden Grane Duckworth <i>Charitable relief in Haslingden</i>	1,990	13,385	467	-	13,852
Lawrence Henry & Minetta Clegg <i>Charitable relief in Rawtenstall</i>	2,550	-	9,501 *	-	9,501
Mayor of Rossendale Fund <i>Charitable activities in Rossendale</i>	170	-	8,662 *	-	8,662
	18,875	103,397	22,017	-	125,414

* Two trusts funds previously managed independently now transferred to the Council