

Southend-on-Sea Borough Council
Report from the Corporate Director for People
to
Cabinet
on
23rd June 2015

Report prepared by: Jane Moon, Head of Learning

**Agenda
Item No.**

Consolidation of Dormant Trust Funds to create a Southend Education Fund

Executive Councillor: Councillor Anne Jones

Part 1 (Public Agenda Item)

1. Purpose of Report

This report seeks the approval of Cabinet to enter into a partnership agreement with Essex Community Foundation, a not-for-profit organisation, to create a Southend Education Fund from the consolidation of four dormant trust funds.

2. Recommendations

- 2.1. Following consultation with the Charities Commission, to close the four dormant trust funds and consolidate into a single fund.
- 2.2. To pay the single fund to Essex Community Foundation, who would use it to set up a Southend Education Fund, manage the fund and invest it in order to maximise its future funding potential to support the educational achievement of children and young people resident in Southend.

3. Background

- 3.1. There are currently four dormant trust funds worth a total of £49,000 for which the Council is the sole trustee. These are:

1. The E.D.F. Garvie Memorial Fund	£2,000
2. The E. Cecil Jones Primary Schools Trust Fund	£22,000
3. R.A. Jones in Memoriam Fund	£17,000
4. Arthur Henry & Mary Thatcher Memorial Prize	£9,000

These funds have not been active for the last five years. All four funds were originally set up for the benefit of young people in the borough.

Essex Community Foundation is a not for profit organisation which manages charitable funds matching donor's intentions to relevant beneficiaries. Further information on Essex Community Foundation can be found at www.essexcommunityfoundation.org.uk.

- 3.2. As things stand, the four dormant trusts have only limited potential to provide for additional educational opportunities. There is no capacity within the Council to

administer the trusts and the facility to secure additional funding is also limited for the same reason.

3.3. There are a number of benefits in entering into an arrangement with a not-for-profit charitable organisation which the Council on its own cannot realise:

- The money would be invested with a view to further growth, thereby maximising the potential for a sustainable source of additional funding to benefit education and be accessed by small community based groups as well as formal education providers.
- The Essex Community Foundation can access government match funding to increase the fund by 50% raising its value at the start of the arrangement to £74K.
- The Essex Community Foundation is an organisation which exists purely to manage and invest charitable funds and then make appropriate grants, so the Council would benefit from the Foundation's expertise.
- The Council, through this partnership, would enable the funding of small and medium scale projects which would be of educational benefit to a broad range of children and young people.

3.4. There are some risks involved in taking this decision:

- The 'legacy' factor would be lost. The trusts stemmed from individual legacies and therefore are part of the social and educational history of the town. This risk could be managed through effective communication about the opportunity that this partnership would bring to help realise the ambition of each of the respective benefactors.
- There is some investment risk as there is with all investments. In preparation for bringing this paper to Cabinet, officers have undertaken a due diligence process concerning the financial management track record of the Essex Community Foundation. Officers are reassured by the charity's performance history and evidence of investment which can be accessed through publically available accounts.

4. Other Options

4.1. Managing the trust funds in-house. We do not recommend this option for the reasons mentioned earlier in this paper.

5. Reasons for Recommendations

5.1. To maximise the potential for educational investment and facilitate the establishment of a sustainable if modest source of additional funding.

6. Corporate Implications

6.1. Contribution to the Council's vision and corporate priorities –

Entering into this partnership would contribute to the Council's ambition to ensure residents have access to high quality education to enable them to be lifelong learners and have fulfilling employment.

6.2. Financial Implications –

This arrangement would maximise the investment and useage of a modest but important group of legacy funds. There would be no cost to the Council in the transfer or ongoing administration.

6.3. Legal Implications - It is a requirement for the Council to approve the transfer of the four funds as the sole Trustee.

- 6.4. People Implications - None
- 6.5. Property Implications - None
- 6.6. Consultation - None required
- 6.7. Equality and Diversity Implications - None
- 6.8. Risk Assessment

The risk of doing nothing is that the funds continue to exist but without strong and proactive administration.

- 6.9. Value for Money – None
- 6.10. Community Safety Implications - None
- 6.11. Environmental Impact - None

7. Background Papers

http://www.essexcommunityfoundation.org.uk/images/uploads/ECF_Accounts_2014.pdf

http://www.essexcommunityfoundation.org.uk/images/uploads/Annual_Review_2014.pdf

8. Appendices

None

