



Northumberland

County Council

CABINET

6TH AUGUST 2019

Northumberland Children's Trust

Report of Liam Henry Legal Services Manager

Cabinet Member: Councillor N Oliver, Portfolio Holder for Corporate Services

Purpose of report

To seek Cabinet approval to underwrite grant payments previously awarded to third party community and voluntary organisations by The Northumberland Children's Trust subject to repayment of the same

Recommendations

To seek Cabinet approval to underwrite grant payments previously awarded to third party community and voluntary organisations by The Northumberland Children's Trust in the sum of £66, 077 subject to repayment of the same once the Trust are able to access the funds held on their behalf by their Investment Managers

Link to Corporate Plan

eg: This report is relevant to the "We want you to realise your potential (Learning)" priority included in the NCC Corporate Plan 2018-2021

Key issues

Northumberland Children's Trust not currently able to access cash funds to support grant making activity due to issues surrounding their charitable status.

The Trust are requesting that the Council underwrite payments due to be made while the issues are resolved

Background

The Northumberland Children's Trust (formally known as the Longhirst Hall Educational Trust) was set up to benefit young people in Northumberland and Tyneside from the proceeds of sale of the former Longhirst Approved School under the provisions of a supplemental Trust Deed made between the Secretary of State for Health and the then Trustees on the 12th December 1996 which amended the original 1948 Trust deed which set up the Approved School.

The Trust has a board of trustees which considers and approves grant payments from the Trust fund to organisations which meet the charitable trust's objectives as set out in the 1996 supplemental Trust deed. The Trust is supported from an administrative and finance perspective by the County Council with the Legal Services Manager acting as Honorary Secretary to the Trust and the Leader of the Council having an ex officio position as one of the trustees. The other trustees are private individuals who have been appointed over the years and tend to include retired head teachers and those from other associated disciplines

Brewin Dolphin manages the Trust fund on the Trust's behalf which has current valuation of approximately £1.3 million. They invest the fund in order to achieve returns.

The Council effectively makes the grant payments to those organisations approved by the Trust's board. The Council is then reimbursed for these payments from Brewin Dolphin. The Council administers this through a trust fund account.

Until earlier this year the Trust had been registered with the Charity Commission as a charitable organisation under the operating or working name of The Northumberland Children's Trust. However, following an administrative oversight with regards to a failure to submit accounts to the Charity Commission the Trust had been deregistered which, under prevailing investment rules, prevented Brewin Dolphin from making investment decisions for the Trust and, most critically, realising cash in order that the Trust might make grant awards. As a result the Trust have stopped considering fresh applications for the time being but they currently have some outstanding payment liabilities, totalling £66,077, in respect of previous grant awards which involved staged payments which are now overdue. Two other payments are due to be made in September and December of this year and total a further £25,277. In addition the Trust's account with the Council is currently in deficit in the sum of £44,482.

Following deregistration the Trust had been invited to reregister with the Charity Commission, which is a common process, but having submitted the necessary application and all supporting information requested the Charity Commission then raised a more fundamental issue in relation to the basis on which it was understood that the Trust was registered as a charity from 1996 and appear, effectively, to be ignoring the provisions of the supplemental deed from 1996 and advising that the only way in which the Trust can now seek charitable status is by making a fresh application for registration which could lead to issues with regard to the ability to transfer the investment fund to the new charity, if not ultimately, then certainly in the short term. The Legal Services Manager has written to the Commission challenging their position, drawing to their specific attention the provisions of the 1996 supplemental deed and seeking a review of the decision but a promised response has yet to be received.

Advice received from Brewin Dolphin suggests that in the event of a failure to obtain charitable status the Trust could access their funds through a process of incorporation

Implications

Policy	This proposal would contribute to the Corporate Plan's Learning Priority
Finance and value for money	Any sums provided are intended to be repaid to the Council
Legal	None significant
Procurement	None
Human Resources	None significant
Property	None
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	None significant
Risk Assessment	There is a residual risk in respect of repayment of any monies provided but this is not considered to be of significance
Crime & Disorder	None
Customer Consideration	None significant
Carbon reduction	None
Wards	All

Background papers:

Supplemental Deed dated 12th December 1996 between the Secretary of State for Health and Trustees the charity

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full name of officer
Monitoring Officer/Legal	Liam Henry
Executive Director of Finance & S151 Officer	Alison Elsdon
Relevant Executive Director	Kelly Angus

Chief Executive	Daljit Lally
Portfolio Holder(s)	Nick Oliver

Author and Contact Details

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