

Halesowen Area Committee – 24th January 2008

Report of the Director of Children's Services

Formation of the "Putting Children and Young People First" Charity

Purpose of Report

1. To seek approval from each of the five Area Committees in Dudley to the issue of a consultation document on behalf of the Trustees to rationalise eighteen small 'inactive' education charities into one charity. The new charity, titled "*Putting Children and Young People First*" will be of benefit to children and young people of Dudley by way of awards for educational achievements.

Background

2. When Dudley Council receives an educational bequest, this is invested into a charitable account with the Council appointed as the Corporate Trustee.
3. The five Area Committees have a specific delegation in the Constitution that says "The administration of local charities for their area, where the Council has been appointed trustee."
4. The Director of Children's Services is the nominated Director in respect of the education charities.
5. In total there are currently twenty two education charities, many of which were bequeathed in the 1970's and are now 'inactive'. Of the twenty two, four are 'active' charities which include land and buildings.
6. This report relates to the eighteen 'inactive' charities. Of these, 1 account, the Francis Brett Young charity relates to the Halesowen Area Committee with a balance of £18,846 at 1st April 2007. The details attached at Appendix A highlight the charities by Area Committee, for information.
7. The value of the total eighteen 'inactive' funds invested at 1 April 2007 ranges from £40 to £18,846 and the beneficiaries from the education charities relate to pupils at schools within the Dudley Borough.
8. At 1 April 2007 there is a total investment of £37,456 in respect of the eighteen charities: permanent endowment £2,762 and interest £34,694.

9. The conditions of the bequest indicate how the charity funds are to be applied. All of the eighteen charity funds were intended to be utilised for the benefit of young people by way of annual prizes or awards in respect of educational achievements, for example, Stourbridge High for Girls – Three annual prizes: 1 for handwork, 1 for English and 1 for lawn tennis
10. The original donation from the bequest is known as the permanent endowment or capital element; this is then invested to attract an annual sum for interest. Many of the education charities state that only the interest can be applied for the purpose of awarding prizes from the charity and that the permanent endowment must remain intact.
11. Many of the charity requests were set up in 1971 and the value of the funds invested has since devalued. This means that the value of the original endowment is now very small and the interest earned is insufficient for the annual prize to be of beneficial use (being just a few pounds each year). Also in many cases the purpose or area of benefit no longer exists or is now inappropriate (e.g. Stourbridge High for Girls, prize for Lawn Tennis).
12. In order to make effective use of the charity funds it is proposed that the funds from the eighteen charities would be merged or 'donated' to form one new charity titled 'Putting Children and Young People First'. This would make more economic sense and provide a more meaningful charity which has a strategic impact for the children and young people of Dudley.
13. Alternatively, recognising that the only Halesowen area charity, arising from the Francis Brett Young bequest, is the largest at £18,846, the Area Committee Members may wish for this charity to be preserved and not included in the eighteen charities to be merged into one new charity. The only disadvantage with this option is that the terms of the existing Francis Brett Young charity are limited in their application, in that they can only be applied for secondary pupils in the Halesowen area in relation to awards for English and allied subjects. This will mean that the Francis Brett Young charity funds could not be applied more widely to children and young people in Halesowen aged between 3 to 19 or to recognise outstanding educational achievements other than English. If this is the preferred option, it is recommended that the administrative process for allocating the awards for achievements still remains with the Dudley Children's Trust, for consistency, as proposed below.
14. **Two Proposals are offered for Consideration:**

Proposal 1 - Merge 18 Charities into 1

If the Area Committee Members are in agreement, in principle, to the rationalisation of all eighteen education charities to form one new

charity titled: *"Putting Children and Young People First"* then the following proposals will be included in the consultation document:

- Name of Charity
Putting Children and Young People First.
- Trustees
Dudley MBC – The Council. The current constitution of the Council gives Area Committee delegated powers to deal with the administrative arrangements for Dudley's charity accounts.
- Objects of Charity
The purpose of the 'Putting Children and Young People First' charity would be 'to enable Dudley children to achieve their full potential'. This is in line with the powers provided in section 74 of the Charities Act 1993.
- Governing Document - Criteria
This would state: 'to enable children and young people aged 3-19, who reside in Dudley, to achieve their full potential'. This criteria is aligned to the stated purpose and beneficiaries similar to the original charities but is intended to be in line with present day activities and values.
- Area of Operation
The distribution of the annual prizes or awards will be based on a township model, covering the five townships within the Dudley Metropolitan Borough.
- Methodology for Distribution
Each Township to award ten annual prizes of £150 each in respect of outstanding achievements by children and young people of Dudley within the educational field.
- Allocations of Awards
That Dudley's Children's Trust, as one body, is responsible for the collation of bids for consideration and allocation of awards in line with Governing Document: 'to enable Dudley children to achieve their full potential' to be stated in the new charity'.
- Value of the Awards
The new charity will have funds of £37,456 (*approx*). If fully allocated over a five year period then this would give annual overall awards totalling £7,491 (or £1,498 for each township). With this option it would be the intention that at the end of the period, when the funds have been depleted, the new charity would be wound up.
- Annual Accounts
The annual statement of accounts for the new charity would be presented to the Area Committees together with any other relevant charity data, for information on behalf of the Trustees.

Proposal 2 - Retain the Haleowen Area Charity – Francis Brett Young

- If the Area Committee Members are in agreement, the Francis Brett Young charity, at £18,846, would be excluded from the rationalisation of seventeen other small education charities, detailed in option 1 above. This would leave the Francis Brett Young charity with the current funds and beneficiaries; being designated for annual prizes for English and allied subjects for the Halesowen Area secondary schools.
- The distribution of awards for outstanding achievements to the Halesowen area would be made annually by the Dudley Children's Trust, for consistency, using the same criteria to be agreed in respect of the other four townships.

15. Consultation

As part of this proposed rationalisation, it is necessary to formally 'wind up' the charities. As the Charities Commission will require the Council to prove that the public have been made aware of the Council's intentions, a formal consultation period of six weeks will be observed. During which time the public and stakeholders will be advised of the Council's intentions as outlined in this report.

16. Consultation Feedback

The Area Committees, on behalf of the Council as Trustees, will be advised of the outcomes of the consultation and the public notices before any final decision are made.

17. Next Stages After Consultation

In order for the charities to be wound up, the Charities Commission require that a minimum of two-thirds majority of the Trustees voting at a properly constituted and quorate meeting of the Charity Trustees resolve that the following resolution under section 75 of the Charities Act 1993 be passed. 'That the restriction with respect to the expenditure of capital which is a permanent endowment comprised in the Trusts of the Charity to be removed.'

This then allows the permanent endowment of the eighteen charities to be used in the formation of the new charity. Each Trustee will be required to sign and date the Charities Commission form (CC44-D1).

Area Committees will be invited to make their final decisions after the consultation feedback has been received.

18. Publicity

The resolution, outlined in paragraph 17, once passed, must be made public in whatever manner thought reasonable. The purpose of this publicity is to make the proposal known to as many people as possible in the area of benefit, whilst giving consideration to advertising costs in relation to the total assets. In general the Trustees would be expected to display the notice on at least two

conspicuous notice boards in the area of benefit for one month. Or advertise in a newspaper in the area of benefit.

Finance

19. At the 31 March 2007 there was £37,456 invested in the eighteen charity funds which currently attracts approximately £1,500 in interest per annum. Of the £37,456, £2,762 is the permanent endowment.

Law

20. The conduct of Charities is governed by The Charities Act 1993.

Equality Impact

21. The proposals take into account the Council's current Equal Opportunities policy.
22. This decision will have a positive effect on children and young people. By involving the Children's Trust in the process, children's needs can be taken into account and they can be involved in the decision making process.

Recommendation

23. It is recommended that the Area Committee Members, on behalf of the Council as the Trustees for Dudley education charities agree in principle to:
 - The rationalisation of eighteen education charities into one new charity "*Putting Children and Young People First*" (proposal 1 paragraph 14) and the issue of a public consultation document, to include the proposals outlined in paragraph 14 of this report;or
 - Retaining the Halesowen Area charity the 'Francis Brett Young' in existence in line with its current designation for educational awards in English to be made to Halesowen secondary school pupils only.
(Proposal 2 paragraph 14);



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List of Background Papers- Appendix A – List of proposed charities for merger