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**Ernest Stevens Trusts Management Committee – 31<sup>st</sup> October 2013**

**Report of The Treasurer**

**Stevens Park and Recreation Ground Foundation Trust - Financial Strategy**

**Purpose of Report**

1. To update members about the revaluation of the Stevens Park and Recreation Ground Foundation Trust property and the amount available for distribution as grants.

**Background**

2. Ernest Stevens made various donations of property which were to be used for specified purposes. These have been identified as individual Trusts and detailed below:
  - i. Mary Stevens Maternity Home and Public Park Charity.
  - ii. Mary Stevens Park, Recreation Ground and Park, Norton.
  - iii. Stevens Park, Quarry Bank.
  - iv. Stevens Park and Recreation Ground Foundation, Wollescote
3. Only the Stevens Park and Recreation Ground Foundation, Wollescote has investments, which generate income for disbursement.
4. The income of the Stevens Park and Recreation Ground Foundation Trust shall be applied in one or more of the following ways:
  - a. The maintenance and improvement of the property for the time being belonging to the Foundation:
  - b. The acquisition and laying out of additional land to be held in trust for the Foundation;
  - c. The maintenance and improvement of the property for the time being held by the Council on trust for the charitable purposes specified in deeds dated 6<sup>th</sup> December 1929( Mary Stevens Park, Norton ) and 13<sup>th</sup> February 1931 (Mary Stevens Maternity Home and Public Park)
  - d. The provision of facilities for recreation or other leisure time occupation, being facilities provided with the object of improving the conditions of life for persons resident in the Borough of Stourbridge.
  - e. Where in the opinion of the Council, the net income of the Foundation cannot be usefully and beneficially applied in accordance with the provisions of the last sub clause, it may be applied for such other charitable purposes for the benefit of persons resident in the Borough of Stourbridge as the Council may determine.

5. In 2001, the Charity Commission confirmed the opinion that because the Council uses its mainstream budget to maintain all the property in the trusts, it is permitted to give grants under paragraph (e)
6. In the application of the income of the Foundation, the Trustees have discretion to give preference to the area of the former Urban District of Lye and Wollescote and to meeting the needs of the people resident therein.
7. There is no set maximum amount stipulated in the Trust deed for a grant.
8. At a previous meeting the Trustees agreed that subject to retaining the flexibility to consider each and every application on its own merit and to award grants at their discretion in special and exceptional circumstances, in accordance with the overall terms of the Trust Deed, the Trustees will apply the general criteria as follows;
  - a. Applications will normally be considered if they are for capital purposes up to a maximum grant of £5,000 or 50% of the project cost, whichever is the lower.
  - b. Consideration will be given to the applicant's ability to self fund the expenditure or to obtain funding from alternative sources;
  - c. Applicants will be able to apply for further funding from the Trust upon the expiry of two years from the date of the Committee meeting at which the previous grant award was approved.
9. In November 2008 the Trustees agreed to set aside the undistributed income of the Trust for the 5 years 2008/09 to 2012/13 which currently amounts to £66,000.
10. At a previous meeting of this Committee, the Trustees agreed to continue a policy setting out the level of reserves needed to meet the objectives of the Charity. This policy was to maintain the "Real" spending power of the bequest i.e. the permanent funds, as a fundamental part of the investment strategy. Therefore before any grants are awarded, it is confirmed that the value of the permanent funds adjusted for inflation has been maintained.
11. This Committee has the delegated power to act on behalf of the Trustee, Dudley MBC for the 4 Ernest Stevens Trusts as shown in paragraph 2.

## **Finance**

12. As set out in paragraph (10) above the Trustees have previously agreed to maintain the value of the original endowment by adjusting it for inflation and property and investment valuations. If the value of the capital falls it has to be maintained by using the undistributed income, which could result in no funds being available for awarding grants and the amount of funds in reserve.

13. The Trust has 2 funds:
  - a. The Permanent Fund  
This is the original assets of the Charity at current valuations which cannot be used without special permission from the Charity Commission.
  - b. The Unrestricted Fund  
This is the amount available for distribution subject to the conditions of the Trust. This comprises all undistributed income from past years and any revaluations of investments which form part of this Fund.
14. The land and buildings have been revalued as at 1<sup>st</sup> April 2013, by the Management and Valuations team, within the Directorate of Corporate Resources.
15. Appendix 1 shows the valuation of the land and buildings of the Trust as at 1<sup>st</sup> April 2013 and the changes from the previous valuation as at 1<sup>st</sup> April 2008.
16. Appendix 2 shows the valuation of other assets as at 31<sup>st</sup> July 2013 and how this is split across the two funds.
17. Appendix 3 shows the required value of the permanent fund after it has been adjusted for inflation to be £838,139. Therefore the difference between the current value and the value adjusted for inflation of the Permanent Fund is £189,902.
18. This difference can be funded from the Accumulated Fund, as shown in Appendix 3 the value of this fund totals £317,044 as at July 2013. Once the £66,000 mentioned in paragraph 9, as a contribution to the cost of the gates at Mary Stevens Park, Stourbridge has been deducted this leaves £61,142, available for distribution from the accumulated fund, together with this year's estimated income of £17,000.
19. However, the valuation of investments may decrease in the future, which may result in more of the accumulated funds being needed to be set aside to maintain the value of the Permanent fund to comply with the reserves policy as set out in paragraph 10.

## **Law**

20. The Council is successor to the former Stourbridge Council by virtue of the Local Government Act 1972.
21. Section 139 of the Local Government Act, 1972 empowers the Council to accept, hold and administer gifts of property, where it enables them to discharge any of their functions, and where the gifts are for the purposes of benefiting the inhabitants of their area.
22. The law relating to Trusts, which are charitable, is contained in various acts, the main one being the Charities Act 2011.
23. The conditions under which a gift is to be administered, are contained in the Deed creating the Trust, and any subsequent schemes made by the Charity Commission.

## **Equality Impact**

24. The Trusts have been set up to benefit the public in certain geographical areas of the Borough as outlined in the Deeds of Gift.

## **Recommendation**

25. It is recommended that the Members consider the amount available for distribution before any awards are approved.



Treasurer

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