



Meeting:	Edward Harvist Trust Charity
Date:	1 st November 2004
Subject:	Basic Standards for Beneficiary Authorities
Responsible Officer:	David Ward 020 8424 1064
Contact Officer:	As above
Portfolio Holder:	Not Applicable
Key Decision:	No

Section 1: Summary

Decision Required

To approve the proposed basic standards as good governance rules, which Trustees could encourage their own authorities to adopt.

Reason for report

To recommend that all beneficiary authorities adopt the same basic standards, thus ensuring the same degree of accountability and transparency.

Benefits

By adopting basic minimum standards beneficiary authorities will comply with the letter and spirit of the Charity's objects and will conform to the requirements of the Charity Commission.

Cost of Proposals

Not applicable.

Risks

Without a common approach from beneficiary authorities there is a risk of inconsistencies in the application of the objects of the charity, leading to criticism from the Charities Commission or other regulator.

Implications if recommendations rejected

The beneficiary authorities may render themselves in breach of the Charity's objects and of the Charity Commission regulations.

Section 2: Report

2.1 Brief History

2.1.1 Trustees will recall that at their last meeting on 17th May 2004, they asked the Hon Secretary to report on this matter. There was concern that sooner or later the Charity Commission, or another regulator, would express concern about the ultimate expenditure of funds allocated to each of the five beneficiary authorities, and that it would not be good enough for trustees simply to say that they had a certificate from an officer of each of the authorities. This was in the context that:

- Some authorities were allocating interest to unspent money and others were not
- One or more authorities were charging administration or other expenses to the money allocated to them by the charity
- Some authorities were holding significant unspent balances
- One or more authorities were treating the Harvist money as part of their general Grants budget so it was difficult to tell whether any allocation was additional to its own spend
- For some authorities it was difficult to reconcile sums allocated with grants allocated and balances held
- One or more authorities had had a policy of confining grants from Harvist money to capital expenditure
- One or more authorities had contemplated using Harvist money to grant aid individual sports-persons.

2.1.2 The Westminster position is now resolved: Westminster's policy is described in the attached 26th May letter.

2.1.3 The Hon Secretary was asked to contact Camden, a letter has been sent and Camden's reply dated 18th June 2004 is attached.

2.1.4 Harrow Council is currently carrying out a strategic review of grants to voluntary organisations which aims to create common grants criteria and minimum qualifying conditions for organisations applying to the Council for support.

A new strategy for supporting the voluntary sector was reported to the Grants Advisory Panel on 13th September 2004 and will be reported to Cabinet for final approval on 14th October 2004.

After the Trustees meeting on 1st November 2004, the Grants Advisory Panel will consider a report at its November 22nd meeting recommending

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that they approve the minimum standards agreed by the Trustees and proposing a policy on utilising the annual allocation from the Trust as well as of the balances held.

2.1.5 Trustees are reminded that the object of the charity is as follows:

“The object of the Charity shall be to further all or any of the following purposes: -

- (1) The relief of the aged, impotent and poor inhabitants of the London Boroughs of the City of Westminster, Barnet, Brent, Camden and Harrow (the inhabitants of the said London Boroughs being hereafter referred to as “the said inhabitants”)
- (2) The relief of distress and sickness among the said inhabitants;
- (3) The provision and support (with the object of improving the conditions of life for the said inhabitants in the interests of social welfare) of facilities for recreation and other leisure-time occupation;
- (4) The provision and support of educational facilities for the said inhabitants;
- (5) Any other charitable purposes (whether or not of a nature similar to any of those hereinbefore specified) for the benefit of the said inhabitants:

Provided always that such purposes shall extend to those purposes for which provision is made out of rates, taxes or other public funds, only if and to the extent to which in the opinion of the Councils of the said London Boroughs further provision (in addition to that made out of rates, taxes or other public funds) can properly be made for such purposes”.

2.1.6 The essence of the above is that Councils can spend Harvist money on anything charitable or for which they have statutory powers to spend their own money provided that the Harvist money is spent on further provision to the Councils’ expenditure from their own funds.

2.1.7 Trustees will be aware that annually an officer from each authority gives a Certificate of Proper Expenditure to the Charity’s Hon Treasurer and these are included in the annual accounts.

2.1 Options considered

2.2.1 While trustees are aware that the beneficiary Councils can determine what Harvist money shall be spent on, the following suggestions are offered as good governance rules which trustees could encourage their own authorities to adopt:

- (a) No charge whatsoever shall be imposed by the Councils for their own administration or other expense on Harvist money

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- (b) So far as possible, it shall be the objective to distribute or use the Harvist money during the year of receipt
 - (c) Councils shall allow interest to accrue on Harvist money from receipt until use at the average 7 day LIBOR rate
 - (d) Councils must be explicitly clear that Harvist money is further provision in addition to the Councils' own expenditure from their own funds
 - (e) Recipients of grants allocated from Harvist money must be so informed; the trustees' preference is that the Harvist money is a discrete fund/budget to which organisations may apply who would not qualify for an award from the relevant Council's own grants programme
 - (f) If an authority uses Harvist money for expenditure on its own facilities, it must be clear that that expenditure is for an "extra" which simply would not be provided but for the Harvist money, and not simply as a contribution to revenue expenditure which the Council should itself properly bear
 - (g) Each Council must provide a fully reconcilable account of money held and spent whenever required by the trustees or the Hon Treasurer.
- 2.2.2 Whilst the Hon Officers can inform the beneficiary authorities of the foregoing and any others which trustees may deem appropriate, trustees need to seek to ensure their adoption and compliance within their own authorities. As trustees are aware the distribution is unequal, and for some authorities the annual amounts are relatively small. Therefore those boroughs may well incline to the view that they do not wish to accept any restrictions which may increase their costs.

2.3 Equalities Impact

- 2.3.1 The proposed governance rules for the Edward Harvist Charity aim to ensure greater transparency and accountability as well as a fairer distribution of grants throughout the beneficiary authorities.