



OPEN REPORT ERNEST BAILEY CHARITY COMMITTEE

Ernest Bailey Charity Committee – 28 November 2023

STATEMENT OF FINANCIAL POSITION

Report of the Director of Resources

Report Author and Contact Details

Karen Henriksen, Director of Resources
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Wards Affected

Matlock West, Matlock East and Tansley, Darley Dale, Cromford and Matlock Bath, Chatsworth, Bonsall and Winster

Report Summary

This report sets out the financial position of the Charity as at the end of the 2022/23 financial year and provides estimates for 2023/24. The report also seeks approval for the investment of the Charity's funds.

Recommendations

1. That the financial statement for the 2022/23 financial year be received.
2. That Members endorse the investment with Derbyshire Dales District Council in respect of the net proceeds of £17,192.50 from the sale of land at Pope Carr Road, Matlock.
3. That the funds of the Charity continue to be invested with Derbyshire Dales District Council.
4. That Members agree the approach to be taken in respect of the net income receivable from the potential sale of the remaining land.
5. That progress on the Review be noted.

List of Appendices

None

Background Papers

None

Consideration of report by Council or other committee

Not applicable

Council Approval Required

No

Exempt from Press or Public

No

Ernest Bailey Charity: Statement of Financial Position

1. Financial Statement

- 1.1 The tables below detail the various financial transactions for 2022/23 and 2023/24. The charity holds land, but the value of that land is not included in the figures in this report. The Charity's annual accounts must be submitted to the Charity Commissioners within ten months of the financial year end.

Table 1: Ernest Bailey Charity: Actual income and expenditure for 2022/23

	Capital £	Revenue £	Total £
Balance brought forward 1 April 2022	-117,076.00	-37,671.45	-154,747.45
Proceeds from disposal of land at Pope Carr Road, Matlock	-19,000.00	0	-19,000.00
Survey and legal costs associated with disposal of land	1,807.50	0	1,807.50
Interest & Donations received in year	0	-1,357.00	-1,357.00
Grant payments made in year	0	3,980.00	3,980.00
Balance carried forward 31 March 2023	-134,268.50	-35,048.45	-169,316.95

Table 2: Ernest Bailey Charity: Estimated income and expenditure for 2023/24

	Capital £	Revenue £	Total £
Balance brought forward 1 April 2023	-134,268.50	-35,048.45	-169,316.95
Interest receivable in year		-7,812.52	-7,812.52
Provision for grant payments*		7,812.52	7,812.52
Balance carried forward 31 March 2024	-134,268.50	-35,048.45	-169,316.95

*Table 2 above assumes that the amount available for distribution is £7,813, being equal to the estimated interest receivable in the year. Should the Committee decide to award grants totalling more than this level, the result would be a reduction in the amount available for distribution in the future. If the Committee wishes to do so, it could award grants totalling £7,812.52 plus up to £2,124.45, i.e. a total of £9,937 and still retain an investment of £167,192.50 (which is made up of £150,000 previously invested and £17,912.50 from the net proceeds from the sale of Land at Pope Carr Road, the latter being subject to the committee's approval – see paragraph 2.1). Any grants awarded over the forecast will reduce the balance carried forward.

Table 3 : Maintenance Provision 2023/24

	£
Balance brought forward 1 April 2023	3,600.00
Provision in year	0.00
Balance carried forward 31 March 2024	3,600.00

2. Income from disposal of Land at Pope Carr Road

- 2.1 At its meeting in November 2022, this Committee approved the freehold sale of a section of the land at Pope Carr Road, Matlock. After the costs of the surveys etc. have been deducted, the net proceeds amounted to £17,192.50. Pending approval at this Committee meeting, the Director of Resources decided to invest the net proceeds, adding them to the £150,000 investment (to earn interest that could be used for future grant payments). The Committee's endorsement of this decision is sought.
- 2.2 At the time of writing, it is expected that a report elsewhere on the agenda for this meeting provides an update in respect of the potential disposal of the remaining land in the Charity's ownership at Pope Carr Road. It is necessary to agree how any net proceeds from the sale of that land could be treated. Options for the use of the net sale proceeds include:
- a. Add the net proceeds to the capital investment (to earn interest that could be used for future grant payments);
 - b. Agree that the whole of the net proceeds be used to award more grants in 2024/25;
 - c. Invest the net proceeds but release them over several financial years (e.g. at £5,000 a year from 2024/25 until exhausted), to increase the amount available for grant distribution in those years.

There will be other options that Members may wish to discuss. Different approaches could be taken for each disposal.

- 2.3 It is recommended that Members agree the approach to be taken in respect of the net income receivable from the potential sale of the remaining land.

3. Review

- 3.1 Members will recall that at the Committee meeting held 21 November 2017, it was resolved that a review of the Charity would be undertaken. As officers have been addressing other, higher priority, work areas, the review remains on hold for the time being.

4. Consultation

- 4.1 Not applicable

5. Timetable for Implementation

- 5.1 Not applicable

6. Policy Implications

- 6.1 Not applicable

7. Financial and Resource Implications

- 7.1 Financial implications are as detailed in the main body of the report.
- 7.2 The Charity had £150,000 invested with Derbyshire Dales District Council and for 2022/23 interest was earned at an average rate of 0.90%, earning £1,357.
- 7.3 The following interest rates have been applied to the estimate for 2023/24:-
- 4.19% from 1st April 2023 to 18th October 2023.
5.29% from 19th October 2023 to 31st March 2024.
- This generates interest of £7,812.52.
- 7.4 The charity holds land, but its value is not included in the figures in this report.
- 7.5 As sole Trustee, the Council is under an obligation to look after the assets of the Charity with the same care as it would do its own money. The actual and estimated income and expenditure set out in the report show a proper and prudent management of the Charity's assets.
- 7.6 The financial risk of this report's recommendations is assessed as low.

8. Legal Advice and Implications

- 8.1 The District Council became the sole Trustees of the Ernest Bailey Charity following approval by the Charity Commissioners on 12th April 1985. This function was later delegated to the Ernest Bailey Charity Committee.
- 8.2 The Trustees have a legal duty to protect the charities assets and apply them for the charity's charitable purposes. This report updates the trustees of the assets available and the amount available for distribution. It is not making decisions on how to distribute the funds. There are 5 recommendations at the beginning of this report and if the decisions are taken in line with these recommendations, the legal risk has been assessed as low.

9. Equalities Implications

- 9.1 None

10. Climate Change Implications

- 10.1 None

11. Risk Management

- 11.1 The Charity's funds are invested with the District Council. Risks of financial loss are mitigated by prioritising security and liquidity ahead of yield. The financial risks are assessed as low.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Director of Corporate and Customer Services (in absence of Chief Executive)	Helen Mitchell	20/11/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	20/11/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	20/11/2023