

	<b>PAPER NO: CF.04(12)</b>
<b>Committee:</b>	<b>Charitable Funds Committee</b>
<b>Date:</b>	<b>10 May 2012</b>
<b>Subject:</b>	<b>Review of Management of Charitable Funds</b>
<b>Author:</b>	<b>Michael Broadway, Governance Officer</b>
<b>Executive sponsor:</b>	<b>James Stevenson, University Secretary</b>
<b>Recommendation by the Executive:</b>	<b>That the committee recommends the proposals to the Board for amalgamating the charitable funds and agrees to the power transfer resolution</b>

### **Executive summary**

1. The purpose of these proposals is to simplify the administration and awarding of charitable funds. There are currently 23 funds invested with Sarasin.
2. There are three purposes for the charitable funds: hardship, scholarships and prizes. Some charitable funds have been identified as unrestricted and these have historically been awarded to students in hardship.
3. It is therefore proposed that the 23 funds are split into these four categories and where appropriate amalgamated.
4. In order to do this the charity trustees (the Board of Governors) must pass a transfer power resolution and submit it to the Charity Commission for approval.
5. It is also proposed that funds which are not permanent endowments be removed from the Sarasin fund.

	<b>Board/Committee</b>	<b>Date</b>
Matter previously considered by:	N/A	N/A
Further approval required?	Board The Charity Commission	24 May 2012

Communications – who should be made aware of the decision?	N/A
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## **Introduction**

1. Currently there are 23 charitable funds which have been invested in the Sarasin portfolio. Yearly income from these funds ranges from £16 to £5,878 for each fund (in 2010/11). Of these 23 charitable funds awards were only given out from 8 funds, with £3,763 of available income not spent during 2010/11.
2. As a number of these funds have only a small amount of income available to distribute it is proposed that, where appropriate, it would be beneficial to amalgamate the funds.
3. Section 74 of the Charities Act 1993 gives charity trustees (the Board of Governors) power to transfer charitable assets to other charities which have similar purposes.
4. Please refer to the glossary for a reminder of the terms used in the paper.

## **Power to transfer assets**

5. The power to transfer assets is the power provided by section 74 of the Charities Act 1993 that enables the trustees of charities to transfer all the assets of their charity to another charity or charities.
6. Trustees can use the transfer power only if they are satisfied that it is 'expedient in the interests of furthering the purposes for which the property is held for it to be transferred in the way which is proposed'.
7. As the assets to be transferred are permanent endowments the purposes of the receiving charity must be substantially similar to all of the purposes of the transferring charity.
8. If the trustees are satisfied that the above criteria are met they must pass a formal transfer power resolution to enable the transfer.
9. This resolution must be submitted to the Charity Commission with reasons for the proposed changes for their approval. The lack of governing documents (which, due to their age, is a problem for a number of our funds) should not stop approval from the Charity Commission. The Charity Commission will, however, need to determine that the funds were charitable so will need some information, such as the details of the purposes.

## **Hardship Funds**

10. There are five invested funds which are currently spent on 'hardship' and distributed by the Charitable Funds Panel (this excludes the annual donation from the British and Foreign Schools Society which is not invested). Further details on these funds are available in Appendix 1. These are unrestricted

11. **It is recommended** that these unrestricted funds are consolidated to create one fund to be applied for a purpose determined by the Board of Governors. The beneficiaries (the University's current and future students) will remain the same. The Executive's recommendation is that this will continue to be awarded for hardship.

### **Scholarships**

12. There are currently 5 scholarships funds. No awards were made from any of these funds during 2010/11. For further details on these funds please see Appendix 2. One of these funds is expendable and another is under review and these are dealt with below.

13. **It is recommended** that the Lady Durning Lawrence fund remains invested with Sarasin and the income is available to the University's Scholarship's Panel to award each year.

14. Mona Grey and Richard Davis funds are separate charitable trusts with their own trustees and **it is recommended** that they remain so for the time being. Contact with these trustees is being made to recommend that awards are made from these funds again and to review the purposes of the trusts.

### **Prizes**

15. There are currently 13 prize funds. For information on these funds please see Appendix 3. Four of these funds are expendable and they are dealt with below.

16. **It is recommended that** the remaining 9 permanent endowment prizes funds are amalgamated into 1 general prize fund to be equally distributed to the Faculties to award. Where possible they will be expected to make awards according to the current criteria.

17. This will give a fund with £47,112 capital (as at 31 July 2011) and an approximate income of £2000 per annum (based on 2010/11 figures)

### **Expendable Funds**

18. There are currently 5 funds (African Radiographer, Allied Irish Bank Scholarship, Edgar Williams, Mercury Hare and Prudential Product Championship) which are expendable and which should be disinvested from Sarasin. The total amount of the disinvestment will be £30,810. For details on these funds please see Appendix 4.

19. As these are all expendable funds, the intention is that they are spent and the charity wound up without reference to the Charity Commission.

20. The Yvonne Shuttleworth Trust is still under review.

**Conclusion**

21. Appendix 5 shows a diagram of the Charitable Funds if the proposed actions are taken.

## Appendix 1

### Restricted Hardship Funds

#### 1. **Consolidated Charities** (Capital £59,086, Income £1,969<sup>1</sup>)

This was established on 1 April 1948 by amalgamating the Compassionate, the Women Teachers' Benevolent, the Dudley Beaumont and War Memorial and Samaritan Funds. The investments held in the names of the four funds were transferred to the credit of the Consolidation Charities Fund.

None of the source documents have so far been found for these funds and the information here is taken from contemporary documentation dating back to 1979.

### Unrestricted Funds

#### 2. **Mark Howarth Fund** (Capital £469 Income £16)

No documentation. Used as a general hardship fund.

#### 3. **Moir, Secretan and Horsfall Legacies** (Capital £176,425 Income £5,878)

- The Late Sir Ernest W Moir Bart, a former member of the Governing Body of the Borough Polytechnic. A legacy of £10,000 passed to the Polytechnic of the death of Lady Moir in October 1942. No formal Trust was established. The use of the funds is under the control of the Governors and no limitations apply with regard to the securities originally held.
- The Late Miss R M Horsfall bequeathed £500 to the Governing Body of the Borough Polytechnic in 1961. There is no provision in the will as to how the legacy was to be applied.
- The Late H A Secretan bequeathed £3000 to the Polytechnic of the South Bank in c1970. There were no terms or conditions prescribed as to the use of the Fund.

No source documentation has been unearthed regarding any of these funds and the information above has been gained from contemporary documentation dating back to 1979.

#### 4. **Strike Fund – Student Scholar** (Capital £64,685 Income £2,155)

Strike action saw a day's pay deducted from those members of staff taking part. The total was split between the provision of scholarships and financial assistance with

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<sup>1</sup> Capital figures taken from 31 July 2011. Income figures taken from the year 1 August 2010 – 31 July 2011

maintenance/study expenses. In 1999 it was proposed that the fund which assisted with maintenance and study expenses be transferred to Consolidated Charities.

**5. Student Centenary Hardship Fund (Student Support and Scholarship Fund)**  
(Capital £100,320 Income £3,343)

The purpose of the fund is to provide financial or other assistance in cases of need, hardship or distress to students or potential students of the University or such other educational institution as the trustees may determine from time to time including without limiting the generality of the foregoing:

- the provision of grants, bursaries, scholarships and maintenance or travel allowances; and
- the provision of clothing tools, instruments, books or any other item needed for study.

**Appendix 2**

**Scholarships**

**6. Lady Durning Lawrence Trust Fund** (Capital £31,033 Income £1,034)

Established in July 1923 for the advancement of education by the foundation of scholarships for male students of the Borough Polytechnic.

On 15 March 1983 a Deed was entered into appointing the Polytechnic as the Trustee of the Fund in place of the individual Trustees (3 governors).

Awards have not been made from this Fund since 2001.

**7. Dr Mona Grey Fund** (Capital £28,995 Income £966)

This fund was established by Mona Grey (now deceased) as a separate trust with its own trustees. The fund is to be “used by the Faculty of Health and Social Care to support access to higher education for nurses, midwives and health visitors”.

**8. Richard Davis Memorial Scholarship** (Capital £102,524 Income £3,416)

A subsidiary charity with named Trustees set up by the parents of Richard Davis in memory of their son. Its aim was to provide scholarships for an M.Phil/PhD degree in Architecture.

The Trustees requested London South Bank University (through the Charitable Funds Committee) to manage the investment of the capital and this has been the case since the inception of the fund. There are currently two trustees although awards are not currently made. Farrer advised that it must be maintained as separate scholarship fund.

**Appendix 3**

**Prizes**

**9. Alumni Scholarship** (Capital £1,506 Income £75)

No documentation exists. Currently appears to be awarded by ESBE.

**10. Cyril Flischer** (Capital £771 Income £47)

Mr Flischer gave £100 to the Brixton School of Building in 1964 to establish an annual prize in perpetuity for students of architecture. This fund was passed on to the University from the GLC. No source documents have been found and the above information comes from contemporary documentation dating back to 1979. The fund does not appear to have been used for some years.

**11. Dennis Fitzgerald Memorial Prize** (Capital £2,203 Income £110)

A Trust set up in memory of Dennis Fitzgerald in 1982 to provide a prize or award for pupils within the Faculty of Built Environment. The trust document stipulates that the Head of Estate Management and the Head of Town Planning are ex-officio trustees. A prize is awarded annually.

**12. Frank May** (Capital £5,320 Income £266)

Two annual prizes of £100 were to be made, one in Electrical & Electronic Engineering (for the best research paper) and one in the Business School. No source documentation has so far been found by either faculty, Registry or Finance but contemporary correspondence would indicate that the fund may have been a personal initiative of a previous Registrar. Contemporary correspondence indicates that there were difficulties in sourcing the original paperwork for this fund in 1997.

**13. Gareth Pugh Memorial Fund** (Capital £8,222 Income £410)

Set up in memory of Gareth Pugh, a Late Head of Computers and Mathematics. Income used in the past to assist students in SCISM who are in financial difficulties.

In 1999 SCISM decided to make the following annual awards:-

- Best Final Year Computing Project - £100
- Best International Student - £100
- Hardship Award to be given to mature student in particular need (usually on the Bsc Computing Degree) - £100

Awards have not been made from this fund since 2001. The above information is taken from contemporary documentation as no source documents have so far been found.

**14. Harry Goodwin Prize Fund** (Capital £554 Income £28)

Fund were administered by Nigel Rapley and Kusum Teidy at Engineering, Science and the Built Environment. A prize should be made each year from income generated from an original donation of £800. The prize is awarded annually. This information has been sourced from contemporary documentation dating from 1999 and not from source documents which have not as yet been found by the faculty.

**15. Minerva Scholarship** (Capital £12,769 Income £637)

To support estates management students. No source documents.

**16. Prize Fund** (Capital £8,519 Income £284)

This fund was established from certain miscellaneous funds, amalgamated by the Borough Polytechnic in 1967/68. The component parts were John Kirkland (1950), Foundries Prize (1954) and H G A Leveson Prize Fund (1944).

The income has been used across all faculties in the form of book token prizes.

No original documentation has been found for these funds and the information has been taken from contemporary documentation dating back to 1979.

**17. Stanley Mayne Memorial Fund** (Capital £7,247 Income £241)

Established by the Board in 1990 in memory of Stanley Mayne, Former Vice-Chairman of Governors. Sum of £4000 invested (Minute 90/BG/16 refers) to provide prize of £200 p.a. in perpetuity.

An annual prize of £200 was awarded to the best project student in the final year of the Bsc (Hons) Occupational Health and Safety/Occupational Environmental Hygiene as determined by the Examination Board. An award was last made in 2001/2002.

This course is no longer run by the University and there is no obvious replacement.

**Appendix 4**

**Expendable Funds**

**18. African Radiographer (Capital £7,305 Income £244)**

This fund was the outcome of an anonymous donation and was managed by Mary Lovegrove, former head of department in the Health Faculty, on behalf of the university. One scholar has been appointed to date. The Fund is to enable African postgraduate students to study clinical ultrasound and teach it in their country. Money should not have been invested (according to Mary Lovegrove) and should therefore be removed from Sarasin. According to advice from Farrer in 2003 the fund must be maintained for existing purposes. The objects of the fund are very specific but the capital (£7,305) should be made available to the Health Faculty to award to a suitable candidate.

**19. Allied Irish Bank Scholarship (Capital £2,319 Income £116)**

This fund originated from a donation of £2000 from the Allied Irish Bank in January 2001. The donation was to be used to fund two scholarships for final year students who had originated from access programmes and therefore not intended to be invested.

As this money was not intended for investment it should be disinvested from the Sarasin portfolio and the Scholarships Panel should use the remaining capital of £2319 to make awards.

**20. Edgar Williams (Capital £500 Income £17)**

This fund was managed by the Faculty of Health and Social Care. The fund was set up in 2000 by means of a donation from the Nuffield Trust of £6000 per annum (index linked) to be used to encourage applications for the Return to Nursing course or to be given to nurses, in demonstrable financial need, during their retraining.

This pool of applicants has now been exhausted and proposals were brought forward to allocate this fund as a Hardship Fund to Pre-registration nurses. This money is no longer received from Nuffield Trust.

As this money was not intended for investment it should be disinvested from the Sarasin portfolio and the remaining capital of £500 should be used to make awards to nursing students in financial hardship.

**21. Mercury Hare Fund (Capital £671 Income £34)**

£500 donation in 1990. The money was intended to be awarded to students in any year of the HND Computer Studies Course, who were in particular financial difficulty. The money was to be awarded until fully allocated – which was expected to be 4 years if awarded every year. This fund has not been awarded for some time.

As this money was not intended for investment it should be disinvested from the Sarasin portfolio and the remaining capital of £670 should be used to make awards to computer studies students in financial hardship.

**22. Prudential Product Championship** (Capital £20,015 Income £999)

In the 1980's or early 90's the Prudential gave £12k per year for three years as pump priming money for student projects, which had commercial potential. In the first year £6k went to a student to take a unit in Technopark and the other £6k went to support final year projects. A similar line was followed in the second year. In 1992 the Faculty of Engineering agreed to use the income from the accumulated fund to assist students in that faculty who were in financial hardship. The aim of the Faculty was to build up a capital of £20k and then to decide on a use for the income.

In 2003 the Prudential gave their consent for the funds to be used for designated design awards.

As has been agreed with Prudential the capital should be spent. It should therefore be disinvested from the Sarasin portfolio. The fund (£20,015) should be allocated by Engineering and Design Dept, ESBE in accordance with terms agreed with Prudential (over approx three years).

**23. Yvonne Shuttleworth Fellowship** (Capital £10,018 Income £334)

This award is for a fellowship in radiographical research in partnership with Guys and St Thomas' NHS Trust. Mary Lovegrove used to manage this fund on behalf of the University and awards are made in close partnership with the NHS Trust concerned but she has recently retired. Awards have not been made from this fund because the income is too small

We propose to write to Girling solicitors (who dealt with the original bequest) to see if we can change the terms so that we can spend capital as well as income. If this is satisfactory, we propose to distribute the money for the purposes originally intended and wind up.

**Appendix 5**

**Analysis of Charitable Funds if proposed actions approved**

**Investments in Sarasin portfolio**

<b>Name of Fund</b>	<b>Balance 31/08/11 (full year)</b>	<b>Income to 31/08/11 (full year)</b>
Restricted Hardship Fund	59,086	1,969
Unrestricted Fund	341,899	11,392
Scholarship Fund	31,003	1,034
Scholarship subfunds		
Richard Davis Scholarship Fund	102,524	3,416
Dr Mona Grey fund	28,995	966
Prize Fund	47,112	2098

**Distribute and Wind up**

Mercury Hare Fund	671
African Radiographer Fund	7,305
AIB Scholarship	2,319
Edgar Williams	500
Prudential Product Championship	20,015
<b>Total</b>	<b>30,810</b>

**To be confirmed by HSC**

Yvonne Shuttleworth	10,018
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## **Glossary**

1. Restricted funds – funds which are restricted to a particular purpose, e.g. relief from hardship. Restrictions will be in the governing documents that set up a particular charitable fund.
2. Unrestricted funds – funds whose allocation is not restricted to a particular purpose.
3. Permanent endowment – an endowment whose capital should remain unspent. Only the income should be awarded. The capital should also grow and the policy agreed with Sarasin is that capital growth should exceed the WM Charity Survey or equivalent by 1% per annum.
4. Expendable endowment – an endowment whose capital is available to be spent. Often these are short term endowments and the intention is not to invest the capital long-term.
5. Designated funds – funds designated to a particular purpose. Designation is at the discretion of the charity trustees.
6. Undesignated funds – funds which have not been designated to a particular purpose.
7. Hardship funds – these are for students experiencing financial hardship.
8. Scholarships – these are for students who receive a grant to study a subject at LSBU. They are usually based on academic ability and distributed before study. Awards are made by the Scholarships Panel.
9. Prizes – these are for students who, for example, achieved the best exam result or project in a particular subject whilst studying at LSBU. Awards are made by each faculty.