

Cabinet

14 March 2018

Closure of former Durham City Council Charities



Report of Corporate Management Team Report of John Hewitt, Corporate Director of Resources Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Purpose of the Report

- 1 This report recommends that Cabinet wind up two old City of Durham Council charities, which have very limited funds and have not been active in recent years. It proposes charities with similar objectives to which the balances can be transferred.

Background

- 2 The Charity named the Mayoress of Durham Fund (Registration number 240887) originates from a donation understood to be from a war bond at the end of the First World War. Charity Commission records describe the fund as being for general charitable purposes. No formal record of its purposes can be traced. It currently stands at £61.75.
- 3 The Charity entitled Unknown Donor (Registration number 240963) is described as an ancient charity whose income is intended to support the poor. It currently stands at £127.25.

Proposal

- 4 Neither of these charitable bodies remain viable in view of the limited capital remaining within them. It is therefore proposed that they should be closed and the balances transferred to charities with similar objects.
- 5 Despite an extensive search of records held by the former City of Durham Council, archives and public records, it has not been possible to identify governing instruments for either charitable body, or ascertain whether such documents ever actually existed. Accordingly, there are no provisions governing the closure of the charities. A copy of the information held by the Charity Commission on each charity is attached at Appendix 2.
- 6 In general, a charity can be closed provided that all of its debts and liabilities have been satisfied, and its assets have been distributed in accordance with its objects. Neither of these bodies have outstanding debts or liabilities as far as the Council is aware, nor have any assets other than those identified above been attributed to them.

- 7 The objects of the Mayoress of Durham fund refers to relief of suffering from wartime and it is considered that an ex-servicemen's charity would be the appropriate recipient. The Chairman for the municipal year 2016 – 2017 raised funds for Veterans at Ease and it is believed that that charity has sufficiently similar objects to allow the proceeds of the charity to be donated to it.
- 8 The Unknown Donor's Fund is intended to support the poor of the City, and accordingly the City of Durham Food bank charity is proposed as a suitable recipient.

Consultation

- 9 The Mayor's office is in agreement as to the above course of action. The Charter Trustees of the City of Durham were consulted on 22 March 2017 by the Legal Manager, Governance and Elections in relation to Charter Trustees views on the proposal by Durham County Council to close two former City of Durham Council charities and donate the money held within those charities to organisations with similar objectives – as set out above.
- 10 The Charter Trustees agreed that it was appropriate to close down the Mayoress of Durham Fund and the Unknown Donors Fund, and that the remaining balances of the two charities be transferred to Veterans at Ease and Durham Food Bank respectively.

Recommendations and reasons

- 11 It is recommended that Cabinet:
 - (a) agree to the closure of the Mayoress of Durham Fund and the Unknown Donor's fund;
 - (b) agree to the transfer of the remaining balances in the two charities to Veterans at Ease and Durham Food Bank respectively.

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Appendix 1: Implications

Finance - None

Staffing - None

Risk - None

Equality and Diversity/Public Sector Equality Duty - None

Accommodation - None

Crime and Disorder - None

Human Rights - Not applicable

Consultation - The mayor's office and the Charter Trustees have been consulted as set out within the report.

Procurement - Not applicable

Disability Issues - None

Legal Implications - The Council as trustee is obliged to consider the distribution of the remaining funds to charities with similar objects if there are good reasons to close the existing charities.

Upon a decision being taken to close either of both of the charities, the following steps will be undertaken by officers to properly close the charities:

- (a) confirm that there are no debts and liabilities related to the charity;
- (b) confirm there is no unspent grant money or money from fundraising appeals that haven't reached their target;
- (c) transfer the assets (cash) to the identified charitable bodies;
- (d) complete the charity commission's online [charity closure form](#) as the charities had an income of less than £5 million in their last accounting year; have assets worth less than £100 million and are not either a charitable incorporated organisation or NHS Charity;
- (e) tell the Charity Commission that the charity has ceased to exist so they remove it from the register of charities;
- (f) the charities accounting books and records (including cash books, invoices and receipts) shall be kept for at least six years after the year they were made.

It is important to note that former charity trustees remain responsible for the decisions they made while they were in office even once the charity has closed. As Durham City Council was the trustee, this means that Durham County Council will be treated as the former charity trustee.