



## OPEN REPORT ERNEST BAILEY CHARITY COMMITTEE

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**Ernest Bailey Charity Committee – 5 November 2024**

### **STATEMENT OF FINANCIAL POSITION AND ARRANGEMENTS FOR BANKING AND INVESTMENTS**

#### **Report of the Director of Resources**

##### **Report Author and Contact Details**

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#### **Wards Affected**

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

#### **Report Summary**

This report sets out the financial position of the Charity as at the end of the 2023/24 financial year and provides estimates for 2024/25.

The report also seeks approval for changes in the arrangements for banking and investments in respect of the Charity's funds.

#### **Recommendations**

1. That the financial statement for the 2023/24 financial year be received and the forecasts for 2024/25 be noted.
2. That approval be given to the Director of Resources to open a separate bank account as the Ernest Bailey Charity current account with the Council's main banker (currently Lloyds), with signatories being the same as for the Council's main bank account i.e. the Director of Resources, the Director of Governance & Corporate Services and the Financial Services Manager and, in addition, the Principal Accountant.
3. That the Charity's investments (currently £167,192.50) continue to be invested with Derbyshire Dales District but that this be at Debt Management Office (DMO) interest rates from 1<sup>st</sup> April 2025, with reviews of rates and balances on 1<sup>st</sup> April and 1<sup>st</sup> October each year.

**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 2023/24 and estimates for 2024/25. 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 2023/24

	Capital £	Revenue £	Total £
Balance brought forward 1 April 2023	-134,268.50	-35,048.45	-169,316.95
Interest & Donations received in year	0	-7,812.52	-7,812.52
Grant payments	0	8,932.00	8,932.00
<b>Balance carried forward 31 March 2024</b>	<b>-134,268.50</b>	<b>-33,928.97</b>	<b>-168,197.47</b>

Table 2: Ernest Bailey Charity: Estimated income and expenditure for 2024/25

	Capital £	Revenue £	Total £
Balance brought forward 1 April 2024	-134,268.50	-33,928.97	-168,197.47
Interest receivable in year		-8,090.33	-8,090.33
Provision for grant payments*		8,090.33	8,090.33
<b>Balance carried forward 31 March 2024</b>	<b>-134,268.50</b>	<b>-33,928.97</b>	<b>-168,197.47</b>

\*Table 2 above assumes that the amount available for distribution is £8,090.33 being equal to the estimated interest receivable in the year. The usual practice is to consider current grant applications from within the current year's interest receipts, estimated at £8,090.33 for 2024/25. 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. The Charity currently holds funds of £168,197.47, of which £167,192.50 (made up of £150,000 capital grant and £17,912.50 net proceeds from the sale of land at Pope Carr Road) is invested. This leaves a working balance of £1,004.97. The Committee could award grants up to the value of £9,095.30 (the sum of the working balance and the interest earned in 2024/25), without affecting the amount invested.

Any grants awarded over the forecast will reduce the balance carried forward.

Table 3 : Maintenance Provision 2024/25 (part of the sum invested)

	£
Balance brought forward 1 April 2024	3,600.00
Provision in year	0.00
<b>Balance carried forward 31 March 2025</b>	<b>3,600.00</b>

## **2. Arrangements for banking and investments**

2.1 During the external audit of the Council's accounts for 2022/23, the external auditor noted that the Council did not have a separate bank account for the Ernest Bailey Charity. In the External Auditor's "Audit Completion Report" published in January 2024, it was recommended that:

*"The Council should encourage the Ernest Bailey Trust to establish its own bank account".*

2.2 Officers have since reviewed the arrangements for the banking and investment arrangements for the charity. The aim is to make to bring more independence to the Charity's finances, whilst avoiding the arrangements becoming an administrative burden.

2.3 It is proposed that:

(1) A new account be established with the Council's main banker (currently Lloyds) as the Ernest Bailey Charity current account, with signatories being the same as for the Council's main bank account i.e. the Director of Resources, the Director of Governance & Corporate Services and the Financial Services Manager and, in addition, the Principal Accountant.

(2) That the Charity's investments (currently £167,192.50) continue to be invested with Derbyshire Dales District but that this be at Debt Management Office (DMO) interest rates (for 6 months' notice) from 1<sup>st</sup> April 2025, with reviews of rates and balances on 1<sup>st</sup> April and 1<sup>st</sup> October each year.

## **3. Consultation**

3.1 Not applicable

## **4. Timetable for Implementation**

4.1 Not applicable

## **5. Policy Implications**

6.1 Not applicable.

## **6. Financial and Resource Implications**

6.1 The Charity currently holds funds of £168,197.47, of which £167,192.50 (made up of £150,000 capital grant and £17,912.50 net proceeds from the sale of land at Pope Carr Road) is invested and earns interest. This leaves a working balance of £1,004.97.

6.2 The Charity has £167,192.50 invested with Derbyshire Dales District Council and for 2023/24 interest was earned at an average rate of 4.67%, earning £7,812.52. For 2024/25 the following interest rates have been applied:-

5.08% from 1<sup>st</sup> April 2024 to 30<sup>th</sup> September 2024.

4.65% from 1st October 2024 to 31<sup>st</sup> March 2025.

This generates interest of £8,090.33.

6.3 The usual practice is to award grants up to the value of the interest earned for the year, estimated at £8,090.33 for 2024/25. 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. The Committee could award grants up to the value of £9,095.30 (the sum of the working balance and the interest earned in 2024/25), without affecting the amount invested. It would, of course, reduce the amount in the working balance.

6.4 The charity holds land, but its value is not included in the figures in this report.

6.5 The proposed banking and investment arrangements will meet the requirements of the external auditor's recommendation and will improve transparency, without becoming an administrative burden.

6.6 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 and the proposed arrangements for banking and investments set out in the report show a proper and prudent management of the Charity's assets.

6.7 The financial risk of this report's recommendations is assessed as low.

## **7. Legal Advice and Implications**

7.1 The District Council became the sole Trustees of the Ernest Bailey Charity following approval by the Charity Commissioners on 12<sup>th</sup> April 1985. This function was later delegated to the Ernest Bailey Charity Committee.

7.2 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.

7.3 There are 3 recommendations at the beginning of this report and if the decisions are taken in line with these recommendations, the legal risk of challenge has been assessed as low

## **8. Equalities Implications**

8.1 None

## **9. Climate Change Implications**

9.1 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:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Paul Wilson	28/10/2024
Director of Resources/ S.151 Officer	Karen Henriksen	28/10/2024
Monitoring Officer (or Legal Services Manager)	Kerry France	28/10/24