

Formation of a Charitable Company limited by Guarantee for Museum's Heritage Quest Centre

Full Council, item 16

Committee: Full Council

Date: 27th April 2006

Title: Formation of a Charitable Company limited by Guarantee for Museum's Heritage Quest Centre

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Agenda Item

16

Item for decision

Summary

It is necessary for the Council and Saffron Walden Museum Society to set up a separate charity for the purposes of transferring money raised through the Museum Society to the construction of the Heritage Quest Centre, in keeping with the advice of the Charity Commission and Entrust (the organisation with which the Museum Society must register to be eligible for a Land Fill tax grant). The new Charity will have incorporated status to protect the three trustees proposed: the Council (as a corporate trustee), a Museum Society trustee and an independent trustee. The land for the Heritage Quest Centre off Thaxted Road, Saffron Walden would be gifted to the new Charity to enable it to build the Heritage Quest Centre.

Recommendations

1. Officers to pursue the creation of a new Charitable Company limited by guarantee the 'Heritage Quest Trust') in association with the Museum Society and other relevant partners to receive monies raised for building the Heritage Quest Centre and to facilitate its building and to report back to Council will the formal proposals including the Memorandum of Association and Articles of Association and future appointment to the Board of Directors
2. The land off Thaxted Road where the Heritage Centre is to be built to be gifted by the Council to the new Charity once it has been formed and as soon as the necessary funds have been raised, subject to Secretary of State approval for the transfer if required

Background Papers

Correspondence from Entrust and the Charity Commission to Saffron Walden Museum Society

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Full Council, item 16

Impact

Communication/Consultation	Charity Commissioners and Entrust consulted by Saffron Walden Museum Society Heritage Lottery Fund consulted by Curator
Community Safety	N/A
Equalities	N/A
Finance	New trust necessary for transfer of funds raised to Heritage Quest Centre and to benefit from Gift Aid
Human Rights	N/A
Legal implications	The Council will be a Corporate member of the new Charitable company but any liability will be limited to the level of the guarantee (likely to be £1). The member appointed to the board of directors will be indemnified by insurance to be provided by the Charitable Company
Ward-specific impacts	None
Workforce/Workplace	None

Situation

- 2 Capital funding for Museum Service projects is raised through Saffron Walden Museum Society, which is a registered charity and can therefore attract donations, grants and other monies which would not be payable directly to a local authority. The Society is currently raising matching funding for the Heritage Quest Centre project and also needs to register with Entrust in order to apply for a Land Fill tax grant. The Museum Society's objects do not meet the Entrust criteria but the new Charity's objects could be drafted to meet Entrust's requirements.
- 3 As a charity, the Museum Society cannot pass the money raised directly to the Council, nor can it undertake the Heritage Quest Centre project itself as the land for the Heritage Quest Centre is Council-owned and the Council, not the Society, operates the Museum Service. The application to the Heritage Lottery Fund and the project will be managed and implemented by Council staff.
- 4 Saffron Walden Museum Society has sought advice from the Charity Commission and Entrust to resolve this. It is proposed to set up a new charitable Company limited by guarantee (the 'Heritage Quest Trust') which would have incorporated status to protect the trustees. There would be three

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Full Council, item 16

- trustees: the Council (as a corporate trustee), a trustee appointed by the Saffron Walden Museum Society and an independent trustee.
- 5 Members of the Authority would also need to be appointed to the Board of Directors to enable the day to day running of the Trust along with other Directors to be drawn from the Museum Society and the voluntary sector.
 - 6 The purpose of the 'Heritage Quest Trust' would be to build the Heritage Quest Centre and to facilitate this, it is proposed that the Council should gift the land for the Centre to the 'Heritage Quest Trust' once sufficient funds have been raised. Once built, the Heritage Quest Centre could be leased back to the Council for a peppercorn rent, to operate as part of the Museum Service as planned. This would be very similar to the current lease of the museum buildings from the Saffron Walden Museum Society to the Council.
 - 7 The application to the Heritage Lottery Fund would need to be a partnership application incorporating the Council, Saffron Walden Museum Society and the 'Heritage Quest Trust', with the Council as the lead body.
 - 8 The Saffron Walden Museum Society has offered to provide assistance in setting up and registering the 'Heritage Quest Trust' and would provide assistance in the administration of this charity.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Unable to access monies raised as matching funding for future bid to HLF	High	High	Formation of 'Heritage Quest Trust' will allow monies raised to be legally transferred from Museum Society to project