

# CORPORATE SCRUTINY COMMITTEE

## Minutes of the Call-In meeting held on 17 May, 2018

**PRESENT:** Councillor Dylan Rees (Vice-Chair) (In the Chair)  
Councillor John Griffith (Vice-Chair) (for this meeting only)

Councillors Lewis Davies, Richard Griffiths, Bryan Owen, Alun Roberts, Nicola Roberts

Co-opted Members: Mr Keith Roberts (The Catholic Church) Mr Dyfed Wyn Jones (Parent-Governor - Primary Sector)

### **Call-In Request Signatories who are not members of the Committee**

Councillors Kenneth Hughes, R. Llewelyn Jones, Peter Rogers.

### **Portfolio Members**

Councillor Llinos Medi Huws (Leader)  
Councillor R. Meirion Jones, (Portfolio Member for Education, Libraries, Youth and Culture)  
Councillor Robin Williams (Portfolio Member for Finance)

**IN ATTENDANCE:** Chief Executive  
Head of Function (Resources) and Section 151 Officer  
Head of Function (Council Business)/Monitoring Officer  
Interim Head of Highways, Waste and Property Services  
Principal Valuation Officer (TDE)  
Scrutiny Manager (AGD)  
Committee Officer (ATH)

**APOLOGIES:** Councillors Aled Morris Jones, Richard Owain Jones, J. Arwel Roberts, Nicola Roberts, Mrs Anest G. Frazer (The Church in Wales) Councillor R. G. Parry, OBE, FRAGS (Portfolio Member for Highways, Waste and Property)

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In the absence of the Chair, Councillor Aled Morris Jones who was not present because of a close family bereavement, the Vice-Chair, Councillor Dylan Rees chaired the meeting. Councillor John Griffith was elected Vice-Chair for this meeting of the Corporate Scrutiny Committee.

In welcoming all those present to the meeting, the Chair extended a particular welcome to his first meeting of the Corporate Scrutiny Committee to Mr Dyfed Wyn Jones as a Parent Governor representative of the primary schools sector.

### **1 DECLARATION OF INTEREST**

No declaration of interest was received.

## **2 CALL-IN OF A DECISION – ANGLESEY FURTHER EDUCATION TRUST ANNUAL REPORT AND ACCOUNTS 2017/18**

A decision made by the Executive at its meeting held on 29 April, 2019 to approve the Annual Report and Accounts of the Anglesey Further Education Trust for 2017/18 was called in by Councillors Peter Rogers, Kenneth Hughes, Robert Llewelyn Jones, Bryan Owen, and Shaun Redmond. The Executive's decision, the call-in request and the report by the Head of Function (Resources)/Section 151 Officer to the meeting of the Executive on 29 April, 2019 incorporating the Annual Report and Accounts of the Anglesey Further Education Trust for 2017/1 were presented.

Councillor Peter Rogers as Lead Call-In Member, explained the reasons for calling in the decision made by the Executive on 29 April 2019 as set out in the call-in request form which were as follows –

- The almost flippant way the Executive passed the report
- The report presented to the Executive paid attention to bad debts and financial losses in the accounts due to continuing ongoing repair costs
- No evidence of actually supporting further education for young people during their final years or having left school, to support their training needs

Councillor Peter Rogers said that he was concerned by the almost cursory way in which the Executive had approved the Annual Report and Accounts of the Anglesey Further Education Trust for 2017/18 at its meeting held on 29 April, 2019 with few questions being asked about what the figures showed in terms of the performance of the Trust and whether it was meeting its aims and objectives of assisting current and past pupils with finishing their education and/or further education and training. Councillor Rogers referred to the history of the Anglesey Further Education Trust and its founding principles and said that he was concerned that the accounts show that income from the land and smallholdings which form part of the David Hughes endowment is not being optimised with the Trust making a financial loss in 2017/18 due to repair costs. With more attentive management greater revenue could be generated from the land and properties and put to the educational use for which the Trust was established. Councillor Rogers highlighted that the 2014/15 Annual Report states that grants from the Trust Fund stopped a number of years previously and he questioned whether the grant funding application forms are being circulated as they should in April of each year. Whilst the Executive as part of its decision on the matter is engaging in a review of the Trust which he believed is the latest in a number of modifications that has taken place over the years, and has asked for a progress report within 6 months, that time could be spent in inviting applications for funding, distributing the money and thereby helping the young people in the way the Trust intended.

Councillor Rogers referred also to the governance of the Trust as summarised in the Annual Report noting that the Isle of Anglesey County Council is the sole trustee of the Anglesey Further Education Trust Fund and that the charity is run by the Council's Executive Committee. The Annual Report states that new trustees are briefed on their legal obligations under charity law, the content of the governing document and the decision-making process. Any training needs are identified and addressed internally by other existing trustees and officers of the Council. Councillor Rogers questioned whether this is actually taking place.

Councillor Peter Rogers said that in making the call-in request he was asking that the Executive be requested to rescind its decision of 29 April to put in place a procedure that would provide immediate benefit to the Island's young people today, whilst consideration is given to amending the Trust in the long-term including looking at whether the Trustees have the appropriate skills and whether they are being provided with training.

Councillor R. Llewelyn Jones and Councillor Kenneth Hughes not members of the Corporate Scrutiny Committee, were given the opportunity to speak as signatories of the call-in request and they spoke in support of Councillor Peter Rogers stating that it is important that this matter is scrutinised in order to establish whether things can be done better or differently for the benefit ultimately of the young people who are meant to be the main beneficiaries of the Trust Fund.

The Head of Function (Resources)/Section 151 Officer in clarifying the composition of the Anglesey Further Education Trust said that the Trust comprises of three funds one of which is the David Hughes Charitable Estate (Endowment Fund) which produces rental income from the land and cottages which form part of the endowment. After the management, financial and administration costs of the estate have been deducted the remaining net income can be distributed. A quarter of any surplus income is paid to the David Hughes Charity for the Poor; this charity is not connected to the Council and is managed independently of it. The remaining income then forms part of the Anglesey Further Education Fund which is divided into two further funds – Anglesey Further Education Trust Fund whereby  $\frac{1}{3}$  of the funds is used to benefit current pupils in the five secondary schools maintained by the Council, and the Anglesey Further Education Trust Fund whereby  $\frac{2}{3}$  of the funds is used to assist former pupils of the five secondary schools with further or higher education and training. The Trustees (the Council) distribute funds in accordance with a Scheme dated 18 July, 1960 (which significantly modifies the earlier 1939 Scheme) under which the Trust is regulated. This function i.e. distribution of educational grants has been delegated to the Head of Learning.

The Officer said that the 1960 Scheme states that “the Council may apply such yearly sums they think fit to provide special benefit for senior pupils at county schools. The Council may apply such yearly sums as they think fit being not more than  $\frac{1}{3}$  of the said net yearly income in providing such special benefit of any kind not normally provided by the Council in its capacity as Local Education Authority for senior pupils as in the opinion of the Council may assist or encourage the said pupils to finish their courses at one of the county’s schools specified in this scheme provided that if in any year a sum less than the said  $\frac{1}{3}$  is expended under this clause, the Council may if they think fit accumulate the balance for application under this clause in any subsequent year.” The Scheme also provides under “Other Educational Benefits” that “subject thereto, the residue of the said net yearly income shall be applied by the Council in one or more of the following ways for the benefit of the persons of either sex resident in the administering county of Anglesey who have not attained the age of 25 years who have for not less than 2 years at any time attended one of the county schools specified in the Scheme and who are in the opinion of the Council in need of financial assistance.” The Scheme specifies what the funding may be used for namely -

- “in the award to beneficiaries of exhibitions tenable at any training college for teachers, university or other institution of further, including professional and technical education, approved by the Council to be awarded under rules to be made by the Council including rules as to the value and period of tenure of exhibitions and qualifications and method of ascertainment and selection of candidates;
- in the provision of financial assistance, outfits, clothing, tools, instruments or books to enable beneficiaries on leaving school, university or any other educational establishment to prepare for or to assist their entry into a profession, trade or calling;
- in otherwise promoting the further education or training including postgraduate study of beneficiaries.”

The Head of Function (Resources)/Section 151 Officer said that although the Scheme indicates how the funds should be spent, the language used means that some of the

definitions are not easy to interpret and are therefore difficult to apply when determining who is eligible for funding under the Trust. The Executive has asked that in the interests of clarity and in order to enable the Learning Service and schools to gain a better understanding of eligibility under the rules of the Trust, the definitions be reviewed with the help of external legal advice. This process has started.

Councillor Bryan Owen, a member of the Committee and also a signatory of the call-in request sought clarification of the income generated by the Trust, where the responsibility for training its Trustees lies and whether the training has been provided.

The Head of Function (Resources)/Section 151 Officer said that for 2017/18 the Trust received £128,223 income in total, £124,087 of which was made up of rent and £4,136 made up of investment income. Expenditure came to £177,917 of which £119,473 was on repairs and maintenance; a further £13,092 was spent on support costs leading to an overall year end loss of £62,786. This was not unexpected as the capital expenditure was planned. Whilst there was no surplus income from which to distribute funds in 2017/18, funds not distributed in previous years were available and grants to the value of £1,000 were awarded. The Officer said that the Trust has generated a surplus in previous years but because of the investment in the estate which comes out of the Trust Fund, it did not do so in 2016/17 or 2017/18. The Officer said that he could not confirm whether the Executive Committee as the decision-making body with respect to the Trust has received training.

The Leader, Portfolio Member for Finance and the Portfolio Member for Education, Libraries, Youth and Culture were given the opportunity to respond; they emphasised that the Annual Report and Accounts for 2017/18 is a factual document and that this was only the second occasion on which the Executive has been presented with the annual report with the first being the 2016/17 Annual Report and Accounts which was presented to the Executive in March 2018. The 2017/18 accounts show a loss because of the money expended on the repair, maintenance and upgrade of the estate. Recognising that the way the Trust is currently structured is restrictive and that the scheme under which it is managed is antiquated in its language, the Executive has asked that the Trust be reviewed so that these can be brought up to date so that the Trust funds can be distributed more effectively and to a greater number of beneficiaries in a way that responds to their needs and better reflects modern educational requirements.

Councillor Peter Rogers as the Lead Call-in signatory was given the opportunity to summarise.

The Committee considered the information presented and made points as follows –

- The Committee noted and accepted that the Annual Report and Accounts show how the Trust has been managed and money spent during the year and are as such a statement of fact prepared in accordance with financial reporting requirements for charities although it was noted that no reference is made therein to an Annual General Meeting.

The Head of Function (Resources)/Section 151 Officer clarified that the receipt of the 2017/18 Annual Report and Accounts by the Executive on 29 April, 2019 effectively constitutes the Annual General Meeting.

- The Committee noted that money has been spent over the past 2 years in upgrading the estate which accounts for the lack of surplus revenue for distribution for those years.

- The Committee noted that a review of the Trust has been commissioned with a view to updating it to make it more relevant to today's educational environment which it welcomed if that means more young people may potentially benefit from it. The Committee noted however that the review should be completed as soon as possible.

The Head of Function (Resources)/Section 151 Officer said that the intention is to clarify and update the wording of the Trust's scheme of operation whilst leaving its aims and objectives unchanged which may mean the review can be expedited sooner.

- The Committee noted that it is unclear whether the Trustees of the Anglesey Further Education Trust have received training and that consequently their training requirements need to be established and addressed as appropriate.
- The Committee noted that there is scope for Scrutiny to add value in scrutinising the review of the Anglesey Further Education Trust to see whether the changes made meet the requirements.

The Chair said that the Committee has three options in coming to a decision on the call-in, viz.

- To reject the call-in and confirm the Executive's decision
- To reject the Executive's decision and refer it back to the Executive with a recommendation that it be reconsidered and/or amended.
- To reject the Executive's decision and to refer the matter with a recommendation to the Full Council.

In addition, the Committee may wish to make recommendations on any of the points which it has noted during the discussion.

It was proposed and seconded that the call-in request be rejected. An amendment was made that the call-in be accepted and the decision sent back to the Executive; the amendment was not seconded. In the ensuing vote the proposal to reject the call-in was carried.

**It was resolved –**

- **To reject the call-in of the Executive's decision from its meeting held on 29 April, 2019 in relation to the Annual Report and Accounts of the Anglesey Further Education Trust for 2017/18 and also,**
- **To recommend –**
  - **That the training needs of the Trustees of the Anglesey Further Education Trust be looked at and addressed;**
  - **That the review of the Anglesey Further Education Trust instigated by the Executive be also referred to Scrutiny for its consideration.**

*The Executive's decision of the 29 April, 2019 therefore takes effect forthwith.*

**Councillor Dylan Rees  
Chair**