



Steps to creating a
Development Trust for
Torre Abbey, Torquay

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CREATING A DEVELOPMENT TRUST FOR TORRE ABBEY

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Introduction

The case to create a development trust for Torre Abbey has been set out in the “Torre Abbey Development Trust Proposal”, attached as appendix 1. This document does not therefore seek to replicate the work but to set out the steps required to establish the Trust. The process itself of registering with the Charity Commissioner is straightforward and once the application is submitted the Commission will take about 6 to 8 weeks to approve. There is no fee to register a new charity.

The first consideration for the Abbey is that of the Trustees. These must be considered before the application is made. This is likely to be the longest part of the process and due consideration should be given at the earliest opportunity to appointing the right trustees.

Steps to setting up the Trust

The Government website¹ identifies 6 steps to setting up a charity. These are listed below and form a good checklist for the establishment of Torre Abbey Development Trust.

1. Find trustees for the charity –

This is the first critical step and will probably take the most time. The first Trustee could and probably should be someone actively involved in the Abbey. At the Box the new CEO once she has taken up the post will probably become one of three trustees. The other two are currently independent from the Box. I would suggest that a role profile (consistent with Torbay Council's) is created setting out the skills and experience required. It is recommended that a minimum of three are required.

A draft role profile template is attached, included requirements specific to a chair. The following details will be required for submission to the Charity Commission on application

- Trustee 1 [insert details including names, dates of birth and contact details]
- Trustee 2 [insert details including names, dates of birth and contact details]
- Trustee 3 [insert details including names, dates of birth and contact details]

The attached document references a cost of £500 per trustee for third party to assist in the recruitment of trustees. This is considered to be a very competitive price.

2. Make sure the charity has “charitable purposes for the public benefit”

The suggested objectives for Torre Abbey are set out below:

- I. The preservation and maintenance, conservation and restoration, improvement, development, and alteration, including extensions and additions, of Torre Abbey and its associated buildings, including lands, contents, collections, and archives*

¹ [Set up a charity - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

- II. *To advance the education of the public community within the Unitary Authority of Torbay and the surrounding county of Devon, the UK and worldwide for the public benefit in relation to culture, the arts, history and heritage and the environment in particular but without limitation through Torre Abbey buildings, archaeology, collection, gardens, and grounds.*
- III. *To do all such other things as are incidental or conducive to the attainment of these objectives.*

3. Choose a name for the charity

I would suggest “Torre Abbey Trust”. Or “Torre Abbey Foundation”. Some charities use the term Foundation. It can be interchangeable with the term “Trust” and may appeal to donors who are not UK based.

4. Choose a structure for the charity.

The paper proposes the simplest solution which is to create a Charitable Incorporated Organisation (CIO). This can be achieved by registering with the Charity commission. There is no requirement to register with Companies House. A CIO is an incorporated structure designed especially for charities.

If it is required for the charity to be a corporate body it would need to be set up as a **foundation** CIO, the only members are the trustees. There will be no wider membership. The charity must:

- have a constitution as the governing document – use the commission’s model foundation CIO constitution (or this can be modified if necessary)
- register your CIO with the Commission for it to legally come into existence
- keep a register of its trustees (who are also the members)

Once established the CIO will need to:

- send its accounts and annual return to the commission each year, regardless of its income

5. Create a ‘governing document’.²

The Charity Commission prefers the use of the model template it provides. The link below takes you to the model constitution for CIO whose members are the trustees.

[Constitution of a Charitable Incorporated Organisation who’s only voting members are its charity trustees \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424242/constitution_of_a_charitable_incorporated_organisation_who_s_only_voting_members_are_its_charity_trustees.pdf)

6. Register as a charity.

This is a requirement if the annual income is over £5,000 or as in this case the trust is set up as a CIO. There is no fee to register a charity. It is currently taking about 6 to 8 weeks for the Commission to complete the registration. The link below takes you to the Registration site.

² [Constitution of a Charitable Incorporated Organisation who’s only voting members are its charity trustees \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424242/constitution_of_a_charitable_incorporated_organisation_who_s_only_voting_members_are_its_charity_trustees.pdf)

[Apply to register a charity \(charitycommission.gov.uk\)](http://charitycommission.gov.uk)

The application process will require:

- the charity's charitable purposes
- details of how the charity will run for public benefit
- name
- bank or building society details
- most recent accounts (these will not be available as a start-up)
- contact details, including a postal address
- trustees' names, dates of birth and contact details
- a copy of your charity's governing document (in PDF format). The Charity commissioner would prefer the model constitution is downloaded, printed, the blanks filled in, scanned, saved as a PDF, and returned accordingly.

Financial matters

The costs of creating a charity are minimal if the charity chooses to adopt model governing documents. Registering with the Charity Commission is free of charge.

There will be initial trust set up costs including:

- Recruitment of trustees (these have already been estimated at £1,500).
- Opening a bank account (the cost to the Box Foundation was £150)
- Marketing costs including website set up to allow for online giving
- Purchase of secure donation boxes (the cost to the Box was approximately £600 per unit.)

Ongoing costs will include but limited to:

- Miscellaneous expenses
- Trustee travel expenses
- Audit fees (the Box Foundation is being charged £2,750 for an Independent Examination, but not a full audit.)
- Membership of the Chartered Institute of Fundraising³. Corporate membership costs £815 p.a. if turnover is less than £500k rising to £2,625 p.a. if turnover is greater than £25m. An alternative option is to be an Organisational member, membership starting at £200 p.a. if income is less than £1m.
- Support cost fees (internal recharge from Torbay Council)
- Contribution to employment costs of dedicated fundraiser. It would be preferable if the post holder were appointed by TBC with the Trust invoiced for costs.

A small advance could be made from the Torre Abbey budget to cover costs of the initial set up.

Funding the "Fundraiser"

The success of the charity in attracting donations and securing grants will in large part be due to the effort and skills of those tasked with the responsibility. By way of reference, PCC employ a dedicated fundraiser for the Box, whose role is to apply for

³ [Chartered Institute of Fundraising - Homepage \(ciof.org.uk\)](http://ciof.org.uk)

grants and corporate sponsorship. The application is made via the most tax efficient vehicle for the donor or the body that the grant funded operates with. For example, applications to HLF are made through PCC whilst corporate gifts and most other grant applications and small gift aid donations are channelled through the Foundation. Corporate sponsorship received in return for “benefits”/rights is recognised as trading income and therefore managed through ARCA (the Trading Co.). The fundraiser is employed by PCC with the intention that the Box Foundation will contribute to the employment costs from the charity’s unrestricted funds. Over time, as the Foundation becomes more established it is planned to cover at least 50 to 75% of the costs depending on the nature of the income generated and the vehicle used.

1. Gift Aid

From the 2019/20 figures available there is an opportunity to gain additional contributions from gift aid if the admission price was increased by £1. Based on 2019/20 admission footfall of 23,300 this would generate £5,825. In addition, based on membership income of £11,000 a further £2,750 could be claimed through Gift Aid. To claim gift aid on membership fees the charity must demonstrate that the member does not benefit significantly from the fee they are paying.

In addition, the £1,753 (figures from 21019/20 budget monitoring income subjective code 53302) through the donation box could generate a further £438 from Gift Aid. The Abbey should consider increasing the target for donation income boxes if consideration is given to installing additional boxes.

The section below sets out further information regarding gift aid.

2. Café “profits”

I am unable to ascertain from the budget monitoring reports the costs and income associated with the café. In 2019/20 code 15202 shows the cost of purchasing catering provisions was £1,900, but the staffing costs can’t be identified and there is no apparent income. I understand that the service is now to be delivered in house with trading commencing in August 2021. Due to the unusual circumstances affecting 2021/22 for the purposes of considering the income from the Café I have taken the figures below from the business case for 2020/21 and rolled them forward one year. The figures below exclude any internal overhead charges from the Abbey budget and assume these to be sunk costs reflected in the Abbey baseline budget.

	2022/23
	Assumes full year
	£
Income	
Sales	223,500
Less: Expenditure	
Employees (see below for FTE)	71,300
Purchase of consumables & occupancy costs	74,500
Rental of catering equipment	3,300
Gross costs	149,100
Net Profit	78,200

Staffing:

Food and beverage manager 0.8 FTE (grade F) (£21,200)

Food and beverage supervisor 0.62 FTE (grade E) (£16,900)

Food and beverage assistant 4 FTE (grade C) (£33,200)

The forecast surplus for the year 2021/22 is £78,200.

To clearly identify income and expenditure relating to the Café, I would recommend that a trading account be established with the surpluses earmarked to firstly assist support the fundraiser post and secondly to support the conservation of Torre Abbey.

3. Gift shop and events

The above excludes any analysis and consideration of further commercialisation of the Gift shop and the events programme. As with the Café I would recommend the trading accounts be established for each activity centre with the surpluses earmarked to firstly assist support the fundraiser post and secondly to support the conservation of Torre Abbey.

Conclusion

The additional income from the application of gift aid together with a proportion of catering profits and other commercial income will cover a significant account of costs associated with the employment of a fund raiser.

Gift Aid⁴.

Donations received through Gift Aid means charities can claim an extra 25p for every £1 given. To claim Gift Aid the charity will need to get a Gift Aid declaration from the donor.

In addition there is a Gift Aid small donations scheme (GASDS). The charity may be able to claim 25% on:

- cash donations of £30 or less
- contactless card donations of £30 or less collected on or after 6 April 2019

From 6 April 2016, charities are able to claim up to £2,000 in a tax year but the GASDS claim cannot be more than 10 times the Gift Aid claim. The charity must have claimed Gift Aid:

- in the same tax year as you want to claim GASDS
- without getting a penalty in the last 2 tax years

The charity will need to record the:

- total cash donations collected
- date of the collection
- date it was paid into a bank account and,
- keep records of any contactless card donations that are taken, for example receipts from the card machine.

Further details are available on the government website.

Conclusion.

⁴ [Tax relief when you donate to a charity: Gift Aid - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/tax-relief-when-you-donate-to-a-charity-gift-aid)

Setting up a charity is a relatively straight forward process which can be completed online through the Charity Commissioners website. The biggest time and cost restraint will be the recruitment and selection of trustees which needs to be completed before the application can be made. The Charity Commissioners should register the application within 6 to 8 Weeks. I would estimate that the minimum time from "Proceed Decision" date to be 10 weeks assuming recruitment of trustees can be completed in 4 weeks.