



JOHN HAWKINS, DIRECTOR OF FORESIGHT TRUSTEES, TELLS **PETER WILLIAMS** HOW HE CAME TO BE HELPING ADMINISTER THE WILL OF A WEALTHY VICTORIAN BREWER.

Executive summary

- Many treasurers make a contribution to society by participating in the voluntary sector – charities, housing associations and hospital trusts are popular examples. In an occasional series, *The Treasurer* will be interviewing some of these treasurers to explore the difference they have been able to make.

PETER: Gardner's Trust for the Blind is not a well-known charity. What does it do and how did you come to be involved in it?

JOHN: Henry Gardner made a small fortune out of the Cannon Brewery in Clerkenwell, London, with his two brothers during the middle years of the 19th century. His only daughter married the heir to part of a shipping fortune and Henry felt she could probably get by with only half of his own wealth. He died in 1879 and left £300,000 to be used for the benefit of blind people. His trustees, including his daughter and son-in-law, could not agree among themselves on the best way to deploy the assets and eventually the Court of Chancery had to step in. The result, in 1882, was Gardner's Trust for the Blind.

Income from the fund was to be used for specific purposes, including the instruction of the blind in various trades and

professions, with an emphasis on music. This was long before the organisation of the National Health Service and co-ordinated government assistance for the blind. Social and political change in the last century or so has been enormous and today the income is used almost entirely to improve the life quality of blind and partially sighted people. The largest single category to which grants are applied is computer and visual aid equipment, complementary to that provided by the NHS and local authorities.

From time to time the trust has benefited from other major bequests. One was from Edith Lord, the heiress to the US Lord & Taylor retail fortune.

PETER: How has the trust been managed?

JOHN: A surprisingly limited number of people have chaired the trust since its formation, the last change being in 1996. The new chairman then made a decision to bring in, as vacancies arose, one or two trustees who were perhaps younger than had been the norm (this was true even of myself in those days!) and had some financial expertise. The chairman knew me through other interests and I joined Gardner's Trust in 2001.

We meet four times a year in the West End, usually for no more than a couple of hours. The agenda will typically comprise the authorisation of what we describe as major grant applications that will have been pre-cleared by the trust's professional administrators,

a review of investment performance, approval of management accounts and other ad hoc items. The administrators have delegated authority to deal with minor grant applications as they are received.

PETER: That seems pretty straightforward.

JOHN: There is one other complicating factor. By coincidence, the firm that administers the day-to-day activities of the trust also had responsibility for the administration of a very similar charity called the Cecilia Charity for the Blind. By the mid-1990s Cecilia was running short of interested people to act as trustees and the chairman of Gardner's agreed that they would take on responsibility for Cecilia as well. Since that time the two charities have been run in parallel. Incidentally, Cecilia is even older than Gardner's; it has its roots in the Phoenix Home for Blind Women that was founded in St John's Wood in London, in the 1860s.

PETER: So how have you been able to add value?

JOHN: Since we are not a fund-raising charity (although we do accept donations when offered!), we have to be extremely aware of our cost ratio and investment income. Changes that we introduce are therefore usually aimed at controlling cost increases and ensuring that our investment portfolio is managed effectively. With the support and encouragement of the chairman the sort of things we have been doing over the last few years have included:

- **Consolidation of banking arrangements.** Both Gardner's and Cecilia previously banked with different high-street banks. Moving to one bank that actively sought charity accounts and modifying the account structures reduced bank charges and increased the basis for receiving deposit interest. We still have more to do in this area. Most of our payments are small value and only a small proportion is repetitive, but we do need to move towards electronic payments as a matter of course, which is not currently the case. Also, because some cash in practice needs to remain with our investment manager, we need to give a little more thought to optimising cash across the two locations and automating the production of a consolidated cash report.
- **Investment management.** Until only a couple of years ago the Gardner's and Cecilia investment portfolios were managed by different investment managers with quite different strategies, notwithstanding their similarity in size and objectives; the performance of each would be reported on only once a year. There is now a single investment manager who reports on the performance of both funds semi-annually; the portfolios also now have very similar investment objectives and guidelines. We have changed the investment performance benchmarks and are considering making further changes next year.
- **Accounting and auditing.** Until recently Cecilia's management accounts provided less information than Gardner's, so that's something we tightened up. We have also made a conscious decision to start having the accounts for both charities audited to a higher level than strictly required.

PETER: Has governance been an important issue for you?

JOHN: As a result of an incident a couple of years ago, the trustees reviewed all their audit, risk and control procedures. The results were

very positive, but it did come to light that it was increasingly difficult to comply with the strict terms of the original Gardner's Trust document, even though the Charity Commissioners have agreed some amendments over the years. It would have been possible to get by with some minor changes, but after taking legal advice we decided to go for a more radical approach. As a result the respective trustees of Gardner's and Cecilia have effectively agreed to merge the charities with effect from the first quarter of 2009. This has required the agreement of the Charity Commissioners to a formal scheme, which will also update the charity objectives. If all goes according to plan it should be another century or so before the trustees need to make any more changes on a similar scale. At the same time we will be introducing a corporate trustee (by chance we are able to use a reconstituted Cecilia, which for historic reasons was originally set up as a company), which should benefit continuity and decision-making.

PETER: Presumably this major change will provide cost-saving opportunities, but will it do any more?

JOHN: We very much hope so. For example, we will be able to make larger single grants without the complication of encouraging applications to both charities; we will also be able to increase modestly the size of pensions that Gardner's has historically granted to a small number of particularly vulnerable blind people. Perhaps most importantly, however, is that by the end of next year all aspects of the combined charity – administration, accounting, cash management, investment management, and so on – should be exactly where we want them. From that point we will be quite happy to look at taking on the administration of other small charities that do not have the economies of scale to be able to run cost-effectively. This is something that is being actively encouraged by the Charity Commissioners. Only a few years ago Gardner's was asked to take on the Joanna Rashdale Charity for Blind Women, set up in 1801.

PETER: Has the fact that you are a treasurer been helpful?

JOHN: Somebody without a treasury background could certainly have achieved much of what we have done, but it is noticeable that the auditors, investment managers and bankers tend to change gear when they know they are negotiating or dealing with someone with treasury skills; at the least you get the benefit of professional courtesy. To be honest, though, I think that is more to do with my fairly no-nonsense approach to business and charitable work. In most cases it is possible to see quite easily what needs to be done and you just need the energy and enthusiasm to get it done. Even taking into account the time needed to prepare for the quarterly meetings and to attend a few extraneous meetings with advisers, the total time commitment is not major as long as it is clear who has to implement trustee decisions and that professional advisers are properly instructed – which, on reflection, may be an underestimated area of treasury skill.

Gardner's Trust is administered by Smithfield Accountants. If you would like to know any more about its activities, please contact John Hawkins at johnh@foresight-trustees.co.uk or Angela Stewart at angela@smithfield-accountants.co.uk

From time to time the ACT is approached by charities to see if volunteers are available, usually for financially oriented positions. If you would be interested in hearing about such vacancies, please advise Peter Matza (pmatza@treasurers.org), who maintains an informal register for this purpose.