

**The Situation**

London Borough of Hounslow re tendered their libraries and arts services and made an award to a contractor. As the service had previously been operated through a charitable trust it was assumed that a similar arrangement would be appropriate and the contractor’s winning bid was costed on that basis.

The contractor established a new charitable organisation – Hounslow Community Trust – to run the Libraries and Arts services. The Trust was run by a board of Trustees who appointed Remit to act as its executive to run the business of the Trust. It also entered into service contracts with the contractor to provide the service.

Remit’s primary role as executive was to conclude negotiations with the Charity Commission and achieve registered charity status and also to conclude contract negotiations between the Trust and the contractor.

**The Role of the Executive**

As executive Remit organised and assisted the chairman with running board meetings and advised the trustees on key strategic decisions, particularly concerning the charity commission and the proposed contract with the contractor. This included liaising with other professional advisers e.g. lawyers appointed by the trustees.

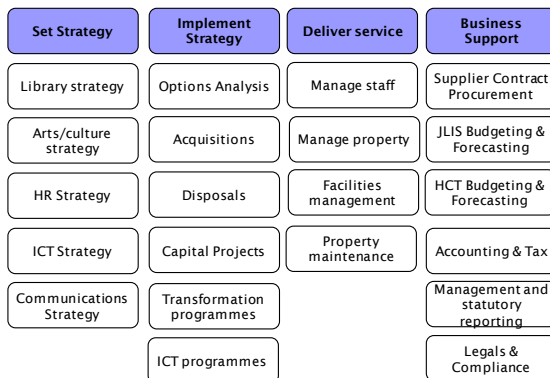


Fig 1 Remit Process Model © Remit Consulting LLP

Using Remit’s Process Model, illustrated in Fig.1, the Trustees were able to identify the key business for which they had responsibility and which were the responsibility of the contractor.

We also provided the main point of contact with the contractor, who operated the service with c350 employees who were transferred under TUPE from the Council.

**The Benefits**

The use of a charity to deliver services for the local authority had a number of key benefits:



Public sector asset management is a challenge because the high degree of regulation and limited budgets. We combine our knowledge of leading practice in the private sector with our experience and understanding of the public sector drivers to deliver excellent solutions with client’s teams.



Please do **contact us** to discuss any of the topics covered here:

Nick Booth  
 +44 20 7969 2738  
[nick.booth@remitconsulting.com](mailto:nick.booth@remitconsulting.com)  
 M: 07766 807293

[www.remitconsulting.com](http://www.remitconsulting.com)

- Savings on rates – The financial benefit was estimated at c£600,000 per annum, made up substantially of business rates relief. This fitted well with Council objectives improve efficiency of service delivery and to save money in response to more general financial constraints.
- Comprehensive Area Assessment – The Charity’s objects envisaged that it would provide additional services to the community which were not necessarily constrained by local geographical or political boundaries and so fitted well with the new CAA agenda.
- Ability to raise funds – The Charity had the potential to raise additional funds from sources not available to the Council.

### Key Features

The trustees were appointed to manage the business and strategy of the Trust. Various other options were considered as an alternative to a charity, including creating a Community Interest Company or Non Profit Distributing Organisation (NPDO).

The main advantage of a charity was that it automatically achieved mandatory tax relief on business rates. The primary disadvantage was that achieving charitable status proved difficult, particularly in demonstrating true independence of the trustees in their duty to deliver public benefit.

Given the difficulties, had business rates been less significant, then other vehicles may have been deemed more appropriate.

### Client comments

#### **John Hicks – Hounslow Community Trust (Chairman)**

*“Having established the trust and appointed the trustees it became apparent that there was substantial work required to get the trust to a point where it could trade as a charity and deliver services efficiently. Remit were quickly able to organise us so that trustees’ resource was focused on key strategic decisions. At that point we started to make real progress.”*



**Nick Booth** is a Chartered Surveyor and director of Remit Consulting, who specialises in advising property teams on how to improve their performance.

[nick.booth@remitconsulting.com](mailto:nick.booth@remitconsulting.com)  
M: 07766 807293

**Remit Consulting LLP**

43-45 Portman Square

London W1H 6HN

[www.remitconsulting.com](http://www.remitconsulting.com)

© Remit Consulting LLP 2009

This case study is provided free of charge for general information only and should not be relied upon to inform or support any specific transaction.