



The North Pennines Heritage Trust

Review Visit Report

11th May, 2007

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1. Introduction

This report has been prepared by the Charity Commission ('the Commission') following a Review Visit to The North Pennines Heritage Trust on 11th May, 2007.

The Review Visit was conducted by the following Commission staff: Steve Nuwar and Chris Cassin.

The Charity was represented by: Harry James (Chair), Peter Jackson (Vice Chair), David Flush (Chief Executive Officer), Jane Ascroft (Treasurer) Peter Mitford (Trustee), Angela Green (NPMS), Chris Reid (NPH), Frank Giocco (NPA).

A Review Visit is one of the primary methods that the Commission uses to engage in dialogue with the charitable sector. The purpose is to:

- Ensure compliance with the legal framework within which the charity operates;
- Identify evidence of good practices already in place and advise on areas for improvement;
- Learn about how charities in different parts of the charitable sector operate, and what issues are currently influencing or concerning them.

A Review Visit cannot cover every aspect of a charity. It is instead based around agreed objectives, which relate either to particular issues arising from our analysis of background information on the charity, or to specific projects/interests of the Commission.

For this reason, a Review Visit should not be regarded as an audit or an inspection; nor does it provide an accreditation. Nor is the report intended to be a full record of all the issues or of the information considered or discussed.

The Commission aims to be a proportionate regulator: the report only addresses those matters which the Commission identifies as being of genuine regulatory concern or of significant regulatory interest.

In addition to any sources of information signposted in the report, we would encourage charities to take advantage of the wide range of advice and guidance available to the charitable sector from the Commission and other bodies. In particular, we would recommend the following sources of information:

- The Commission's guidance CC3 – *The Essential Trustee: what you need to know*;
- *CC60 Hallmarks of an Effective Charity*;
- Guidance from The National Hub of Expertise in Governance: *Good Governance: A Code for the Voluntary and Community Sector*¹

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As far as it is compatible with the Commission's regulatory role, the Commission intends Review Visits to be based on co-operation between the charity and the Commission. We will seek to agree Recommendations with the charity and try to ensure that any deadlines for action are reasonable. The Commission can provide further guidance if the trustees require it.

Following changes to the format of the Review Visits programme, many of our visits, as well as continuing to aim at benefiting the individual charities concerned, are also part of wider

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2. Charity Profile

2.1 Charity Details

Charity Name: The North Pennines Heritage Trust

Registration Number: 700701

Governing document: Memorandum and Articles of Association Incorporated 6th April 1988.

Objects: (1) To advance the education of the public concerning and permanently to preserve for the benefit of the public generally and especially for the inhabitants of the North Pennines in the County of Cumbria, Durham and Northumberland, lands, buildings, waterways, harbours, mines, tunnels, railways, roads, bridges, mills or other structures, railway engines, wagons, vehicles, plant machinery, agricultural, scientific or industrial architectural and general architectural interest (collectively referred to as heritage monuments) and generally to protect, preserve and maintain the character and amenities of the said heritage monuments.

2.2. Management & other structures:

Those responsible for the management and administration of the charity are the charity trustees for the purpose of section 97(1) of the Charities Act 1993 and are

referred to as 'trustees' throughout this report. The trustees are also the directors for the purposes of company law.

2.3 Background information (from charity sources):

The North Pennines Heritage Trust was originally founded in 1987 and registered as a charity in October 1988. The charity carries out conservation and restoration work, protecting and developing over 15 locations of architectural interest across Cumbria, Northumberland and County Durham. The Trust works in partnership with up to 9 Local Authorities and many regional and local organisations to deliver a high level of archaeological, historical and educational programmes.

Two visitor centres have been established over the last decade: the Historic Dilston Heritage Centre and the flagship project at the Nenthead Mines Heritage Centre. The charity has also set

up two trading subsidiaries (North Pennines Heritage Ltd and North Pennines Archaeology Ltd.) and a Community Interest Company (North Pennines Management Services).

In the financial year ended 31st March 2006, the charity's income was £691,071, of which £134,604 were unrestricted funds, and its expenditure was £569,495.

3. Objective A - To explore issues relevant to charities and trading.

Activities and Objects

The North Pennines Heritage Trust's primary aim is to advance the education of the public concerning the preservation of listed buildings and sites of historical, scientific, architectural and industrial interest and listed heritage monuments. Individual projects have been run at 15 sites spanning over 3 counties and 9 Local Authorities, including the acquisition and restoration of the Alston Arches viaduct and the conservation of Copley Chimney.

The Trust established the Nenthead Mines Visitor Centre, near Alston, Cumbria in 1997 which involved the archaeological recording, conservation, restoration and interpretation of one of the largest lead mining centres in the North Pennines. A central project at this site was the restoration of the former Rampgill Mine buildings which have been converted into workshops and administrative offices for the charity. Since then, the site has been developed as a visitor and education centre, combining tours, exhibits, attractions and interactive displays.

The Historic Dilston Visitor Centre is situated near to the Mencap National College in Northumberland. Mencap was the original proprietor of this site, but transferred the lease to the Trust in 2002. A portion of Lottery funding was made available for restoration of the castle and chapel at this time. The Trust represents the history of Northumberland's Jacobite rebellion in 1715 with the help of 'Friends of Historic Dilston'. This group was launched on the 24th February 2007 from a number of organisations and individuals who run fund-raising events on the site.

The charity also runs an extensive education programme with a stress on

learning for young people. There are 4 qualified teachers employed at Nenthead who lead school groups during onsite visits and who also deliver outreach work by visiting schools throughout the region. Heritage Lottery funding has been made available for this project which runs for a further 3 years of its 5-year span. The educational programme is broad-ranging, based around the numerous sites and heritage centres, archives, resources, publications, projects, exhibitions and other facilities associated with the Trust.

Trading Subsidiaries

As the activities of the charity became more diverse, the trustees felt it was necessary to adapt structurally, improving flexibility and independence of certain sections and reducing the financial liability of the charity. The charity has set up two trading subsidiaries (North Pennines Heritage Ltd and North Pennines Archaeology Ltd.) and a Community Interest Company (North Pennines Management Services).

The first trading subsidiary to be established was North Pennines Archaeology Ltd. (NPA), which was established from a dormant company in 2004. The charity has concentrated on the commercial viability of this subsidiary, employing an archaeologist and conducting surveys and planning of prospective sites. Involvement in large scale projects increases the potential impact on the charity, and this risk has been reduced by concentrating on commercially viable ventures within a trading subsidiary.

North Pennines Archaeology Ltd. also runs a Summer Field School. This project aims to provide archaeology students and prospective university entrants the opportunity to gain valuable fieldwork experience. Training is offered

in areas such as geophysical surveying, topographical surveying, excavation techniques, archaeological planning, building recording and digitising. NPA is not linked directly with any university, but placements are provided.

North Pennines Heritage Ltd. is a building company that carries out all of the Trust's conservation projects and undertakes commercial construction work. The charity has also formed the North Pennines Management Services (NPMS) which is a recently registered Community Interest Company (CIC). The charity has gained experience of social enterprises, particularly within a specialist field, and developed into a champion for social businesses in Cumbria and Northumberland. Certain Board members have transferred their skills and experience into this area, and NPMS now provides advice and guidance on funding, set-up and management to a number of social businesses in the region.

The charity has clearly set out procedures and principles for trade in a written document: 'Guidelines for Trading Subsidiaries'. An operational framework is divided under sub-headings of 'Promotion of the Trust'; 'Directors'; 'Accountability'; 'Bonuses'; 'Use of the Trust's Core Services'; 'Gift Aid to the Trust'; 'Use of Trading Subsidiary Services' and 'Financial Support'. One central initiative is that all trading subsidiaries shall promote the Trust's charitable activities. This stretches to ensuring a percentage of the subsidiary's work falls within the charity's objects.

All trading subsidiaries are owned by the Trust as sole shareholder and unsecured loans have been made by the charity, as the subsidiaries have no fixed assets. Interest rates are paid on the loan balance and there is a loan agreement in place in the case of NPA. The charity are currently seeking to establish loan agreements for the other trading subsidiaries and also formalise repayment terms.

The Trust has leased buildings to the three trading subsidiaries. There is no formal lease agreement, but a notification of charge and area boundaries, a memorandum of understanding and a management fee have been set out, following legal consultation. As there are three trading subsidiaries sharing property space at the same time, it is felt impractical and onerous to chart formal arrangements. Further guidance surrounding lease agreements can be found in [CC28 Disposing of Charity Land](#).

Separately, the charity has a formal leased land agreement with Nenthead Hydro Ltd. with maintenance contracts, profit share agreements and rent charges drawn up. This is part of a wider joint-venture which generates a renewable source of electricity for the Nenthead site.

Following contact with the Charity Commission in August 2006, the Trust sought professional advice and consulted the Board's solicitor on setting up a Community Interest Company (CIC). It was judged that this was an appropriate structure to follow, as the charity wished to establish an organisation with a name separate from the charity (North Pennines Management Services) that exists to benefit the community as well as make profit for the charity. NPMS is a champion for social enterprise in the region, and can attract funding investment more effectively as a CIC than as a trading subsidiary.

CICs are recently established entities (fewer than 1000 are registered to date), that require an additional report and an audit to its own regulator. It was noted by the trustees that the registration process for CICs is very simple, provided the wording of the objects is satisfactory and 'asset-lock' is understood, and that regulation is relatively uncomplicated.

It is necessary for the charity to retain capital in the trading subsidiaries; hence a figure of at least 50% is Gift Aided to the charity. A source of funds is needed

as a contingency for covering transportation or other costs, but this is subject to Corporation Tax. It was noted that the trustees felt they had limited choice if they wanted to increase the capital and hence, the sustainability of the subsidiaries. Also, as there are 4 sets of accounts, the processes are convoluted and demanding on the charity's time and resources. It was noted that another consequence of this structure is that the members of the charity who are not directly involved could easily become confused by the trading subsidiaries existence and purpose.

The viability of the trading subsidiaries is central to the sustainability and future of the charity as a whole. NPA has been successful for some time in terms of its areas of work, its staff and expertise, its impact on the reputation of the Trust and its social benefits. NPMS is also profitable, but as it is grant-funded through a Service Level Agreement, longer-term sustainability is being evaluated by the trustees. NPHL had reported losses at the end of the last financial year and the Board was forced to issue redundancy to staff members. It was felt that profitability had to be at the heart of the subsidiaries for the charity to grow effectively. The flagship site at Nenthead does not generate a surplus profit, but this scheduled monument is central to the charity's existence and must be maintained.

The charity has experienced no problems with HMRC and has been visited on a few occasions as part of mandatory reviews. (There has been no need for any in-depth inquiries to date.) In terms of Commission guidance, the charity suggested that a number of templates may be useful for such practical things as loan agreements, with more detailed guidelines on management of trading subsidiaries. It was noted that it was very difficult for the charity to begin trading in absence of any particularly detailed guidance from the Commission.

4. Objective B – To identify good practice and innovation in operation at the charity

The general impression, reinforced at the visit, was of a charity that operates successfully and meets many of the characteristics of an effective charity. Evidence of this includes: (the list is not intended to be exhaustive.)

- The charity has gained continued support from English Heritage and Heritage Lottery funding and increased its reputation through winning awards, including the RICS North East Renaissance Award for Building Conservation.
- The charity seeks to increase the sustainability of the charity through innovative work undertaken by its trading subsidiaries. The charity has assessed markets and viable projects, concentrating on specialist fields and using expertise of trustees and staff to maximise profitability. The charity document: *Guidelines for Trading Subsidiaries* is useful in encapsulating the charity's approach in this area.
- The charity has established an effective network of partnerships, working with a large number of Local Authorities and organisations in the region, increasing the range of effectiveness and impact.
- The charity complies with a variety of external assessments and regulations, achieving high standards and reinforcing its reputation.
- The charity has a continued commitment to education and employs qualified teachers on-site to engage with schools.
- The charity has broadened its sphere of activity by establishing a Community Interest Company, centred on providing advice for social enterprises. This is also an indication of the charity's dedication to social benefits and community involvement.

Objective C – To review key aspects relating to the charity's governance

Governing Document and Legislative Awareness

The Commission's Register records the charity's governing document as the Memorandum and Articles of Association Incorporated 6th April 1988. All trustees have a copy of the governing document and the trustees keep up-to-date with legislative changes through the range of Board experience and specialist knowledge. Charity Commission information is also regularly circulated.

Trustees

There are currently 10 trustees, with Board composition allowing for a maximum of 14. Trustees are appointed and retire in accordance with provisions of the governing document. There is a range of skills and expertise on the Board, which includes chartered accountants, surveyors and industrial historians. There is consideration of any skills gap and a plan to establish an induction process for new trustees.

Recommendation: The trustees should introduce an induction process for new trustees.

The Commission recommends that this should include providing each new trustee with a copy of the governing document of the charity, copies of recently audited accounts, recent trustee minutes (where available) and a copy of the Commission's booklet, [CC3 The Essential Trustee: what you need to know](#).

Before appointing new trustees, the trustee board must make sure it is acting within the law, in accordance with the charity's governing document, and that the prospective trustee is not disqualified. Some people are disqualified by law from

acting as trustees, including anyone described in section 72(1) of the Charities Act 1993. The Commission recommends the use of self-declaration forms to address eligibility under section 72; sample documents are available on the Commission website at: [Guidance for charities/ Declarations of eligibility for newly appointed trustees](#).

Recommendation: The trustees should introduce a standard declaration of eligibility for new trustees, which confirms they are not disqualified under the provisions of s.72 of the Charities Act.

Board meetings are held every two months; the governing document's requirement is no less than 4 times annually. Trustees are given information including previous minutes, financial reports and agendas, prior to meetings.

Recommendation: The charity formalises written conflict of interest procedures for trustees.

It is acknowledged that declarations of interest are a standing item at Board meetings. However it is considered useful to formalise procedures in a written document for clarity and for the benefit of newly appointed trustees. The charity may find some Commission guidance on the matter on its website at: [Publications/A guide to conflicts of interest for charity trustees](#).

Staff and Volunteers

The charity has 12 staff members, including those employed on the heritage and educational sections. NPA employs 14 staff and NPMS a further 2. Positions are subject to open and fair recruitment and there is a detailed employee

handbook in place. In practice, the technical directors of each trading subsidiary manage day-to-day business, with a Managing Director of all the trading subsidiaries feeding back to the Chair of the Trust.

All relevant staff are CRB checked, including the qualified teaching staff, as are some trustees, despite having no sole contact with young people or vulnerable beneficiaries. The Charity Commission's plan to introduce compulsory CRB checks for new trustees was referred to. The Commission is currently undergoing a final consultation stage after which a strategy for compulsory checks in newly registered charities will be implemented.

Emphasis is placed on the training of staff, with specialist knowledge and experience filtered throughout the trading subsidiaries. In relation to NPHL, training is completed in association with the Construction Industry Training Board (CITB). A system for communication exists between trustees and staff, facilitated by the Managing Director. There are 6 volunteers who conduct a significant amount of work for the charity around Dilston Castle and Chapel. The Friends Group for Historic Dilston consists of over 100 members and the membership for the charity itself is over 500 in number, recorded by a formal register. There are 3 sub-committees for Nenthead, Dilston and the Executive Committee with terms of reference recorded.

External Assessment and Communication Strategy

The trustees have undergone assessment through a series of external bodies including the North West Development Agency and are subject to risk assessment and Health and Safety checks from the Mines Inspectorate. The charity is also subject to assessment from consultants of the Heritage Lottery Fund before funds are released.

It is difficult for the charity to find other organisations to benchmark with, as there are few comparisons available in particular fields. It is more common for smaller groups to compare best practice and gain advice from them. The charity has benchmarked with North East Council on Addictions (NECA), particularly in comparing practice involved with trading subsidiaries.

There is a stress on marketing and advertising the charity, with distribution of quarterly newsletters amongst members and the creation of a detailed website. Communication and promotion of the charity can be difficult due to the geographical situation of the flagship site at Nenthead. The site is relatively isolated, but the charity addresses this through efficient partnership work and by offering an informative education programme.

A central part of the charity's Future Strategy revolves around finding a new anchor project. Since the Alston Arches Viaduct restoration programme was completed in July 2006, the charity has been identifying targets for similar large-scale developments.

Charities Act 2006

The Charities Bill received Royal Assent in November 2006, becoming the Charities Act 2006. The first group of provisions came into force on 27th February 2007 when the first commencement order took effect. An implementation plan for the Act is available at:

http://www.cabinetoffice.gov.uk/third_sector/law_and_regulation/charities_act_2006/implementation.asp

The Joint Committee on the draft Charities Bill recommended that the government prepare a plain English guide to the new legislation. The government accepted this recommendation; the Cabinet Office and Charity Commission have launched a guide, ['Charities Act](#)

[2006 - what trustees need to know,](#)

available at:

http://www.cabinetoffice.gov.uk/third_sector/documents/charity_act/charities_act_interactive.pdf. It is also available in hard copy by telephoning 0845 015 0010 and quoting URN 07/Z2 and the title of the publication.

There is a series of regional events being held between 16th May and 20th June 2007 to explain the changes stemming from the Act. For more information about future regional events visit:

http://www.cabinetoffice.gov.uk/third%5Fsector/news/news_stories/070404_event.asp

Further details about the Act may be found on the Commission's website at <http://www.charitycommission.gov.uk/spr/charbill.asp> and the website of the Office of the Third Sector at http://www.cabinetoffice.gov.uk/third_sector/law_and_regulation/charities_act_2006

Finance

Following a scrutiny by the team's financial expert, the accounts were judged to be compliant with SoRP 2005, with the following exception: Paragraph 406 of SoRP requires funds or reserves in the consolidated accounts to be shown under appropriate separate headings on the balance sheet.

Connected Charities and Connected Parties

Apart from the three subsidiary companies, the charity has links with MENCAP who leases Dilston Castle and Chapel to the Trust. The charity also works with the Haltwhistle Partnership who has assisted in the Alston Arches Viaduct restoration and prior to restoration, Friends of Historic Dilston who provide public access at the site.

Financial Trends

Two major funded projects expire this year and the trustees envisage that until another major project is secured, core costs may have to be met partly from unrestricted reserves. The restricted funds are well disclosed and none is overspent. The Trust is actively pursuing a number of initiatives which are hoped to provide funding opportunities and generate income in the future.

Charity Action Plan

Charity: North Pennines Heritage Trust

Charity number: 700701

Date of Review: 11th May 2007

Legal Requirements		
<i>Requirement</i>	<i>Date for implementation</i>	<i>Comments</i>

Recommendations		
<i>Recommendation</i>	<i>Acted on / Not acted on</i>	<i>Comments</i>
The trustees should introduce an induction process for new trustees		
The trustees should consider introducing a standard declaration of eligibility for new trustees to sign, which confirms that they are not disqualified from acting as a trustee under the provisions of s.72 of the Charities Act.		
The charity formalises written conflict of interest procedures for trustees.		

To enable the Commission to record the impact it is having, and as a means of helping us to determine the extent of any further follow-up needed, we would ask that the charity's representatives provide information on the actions they have undertaken in relation to the above legal requirements/ recommendations, including any comments they might have, and return the form to the Review Visits Support Team, Charity Commission, PO Box 1199, Liverpool, L69 3UT by 12 months from issue of final report.

We certify that the information provided is correct to the best of our knowledge and belief.

Signed:

..... (Trustee)

..... (CEO or 2nd Trustee)



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Following contact with the Charity Commission in August 2006, the Trust sought professional advice and consulted the Board's solicitor on setting up a Community Interest Company (CIC). It was judged that this was an appropriate structure to follow, as the charity wished to establish an organisation with a name separate from the charity (North Pennines Management Services) that exists to benefit the community as well as make profit for the charity. NPMS is a champion for social enterprise in the region, and can attract funding investment more effectively as a CIC than as a trading subsidiary.

CICs are recently established entities (fewer than 1000 are registered to date), that require an additional report and an audit to its own regulator. It was noted by the trustees that the registration process for CICs is very simple, provided the wording of the objects is satisfactory and 'asset-lock' is understood, and that regulation is relatively uncomplicated.

It is necessary for the charity to retain capital in the trading subsidiaries; hence a figure of at least 50% is Gift Aided to the charity. A source of funds is needed

as a contingency for covering transportation or other costs, but this is subject to Corporation Tax. It was noted that the trustees felt they had limited choice if they wanted to increase the capital and hence, the sustainability of the subsidiaries. Also, as there are 4 sets of accounts, the processes are convoluted and demanding on the charity's time and resources. It was noted that another consequence of this structure is that the members of the charity who are not directly involved could easily become confused by the trading subsidiaries existence and purpose.

The viability of the trading subsidiaries is central to the sustainability and future of the charity as a whole. NPA has been successful for some time in terms of its areas of work, its staff and expertise, its impact on the reputation of the Trust and its social benefits. NPMS is also profitable, but as it is grant-funded through a Service Level Agreement, longer-term sustainability is being evaluated by the trustees. NPHL had reported losses at the end of the last financial year and the Board was forced to issue redundancy to staff members. It was felt that profitability had to be at the heart of the subsidiaries for the charity to grow effectively. The flagship site at Nenthead does not generate a surplus profit, but this scheduled monument is central to the charity's existence and must be maintained.

The charity has experienced no problems with HMRC and has been visited on a few occasions as part of mandatory reviews. (There has been no need for any in-depth inquiries to date.) In terms of Commission guidance, the charity suggested that a number of templates may be useful for such practical things as loan agreements, with more detailed guidelines on management of trading subsidiaries. It was noted that it was very difficult for the charity to begin trading in absence of any particularly detailed guidance from the Commission.

4. Objective B – To identify good practice and innovation in operation at the charity

The general impression, reinforced at the visit, was of a charity that operates successfully and meets many of the characteristics of an effective charity. Evidence of this includes: (the list is not intended to be exhaustive.)

- The charity has gained continued support from English Heritage and Heritage Lottery funding and increased its reputation through winning awards, including the RICS North East Renaissance Award for Building Conservation.
- The charity seeks to increase the sustainability of the charity through innovative work undertaken by its trading subsidiaries. The charity has assessed markets and viable projects, concentrating on specialist fields and using expertise of trustees and staff to maximise profitability. The charity document: *Guidelines for Trading Subsidiaries* is useful in encapsulating the charity's approach in this area.
- The charity has established an effective network of partnerships, working with a large number of Local Authorities and organisations in the region, increasing the range of effectiveness and impact.
- The charity complies with a variety of external assessments and regulations, achieving high standards and reinforcing its reputation.
- The charity has a continued commitment to education and employs qualified teachers on-site to engage with schools.
- The charity has broadened its sphere of activity by establishing a Community Interest Company, centred on providing advice for social enterprises. This is also an indication of the charity's dedication to social benefits and community involvement.

Objective C – To review key aspects relating to the charity’s governance

Governing Document and Legislative Awareness

The Commission’s Register records the charity’s governing document as the Memorandum and Articles of Association Incorporated 6th April 1988. All trustees have a copy of the governing document and the trustees keep up-to-date with legislative changes through the range of Board experience and specialist knowledge. Charity Commission information is also regularly circulated.

Trustees

There are currently 10 trustees, with Board composition allowing for a maximum of 14. Trustees are appointed and retire in accordance with provisions of the governing document. There is a range of skills and expertise on the Board, which includes chartered accountants, surveyors and industrial historians. There is consideration of any skills gap and a plan to establish an induction process for new trustees.

Recommendation: The trustees should introduce an induction process for new trustees.

The Commission recommends that this should include providing each new trustee with a copy of the governing document of the charity, copies of recently audited accounts, recent trustee minutes (where available) and a copy of the Commission’s booklet, [CC3 The Essential Trustee: what you need to know](#).

Before appointing new trustees, the trustee board must make sure it is acting within the law, in accordance with the charity’s governing document, and that the prospective trustee is not disqualified. Some people are disqualified by law from

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Recommendation: The trustees should introduce a standard declaration of eligibility for new trustees, which confirms they are not disqualified under the provisions of s.72 of the Charities Act.

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Recommendation: The charity formalises written conflict of interest procedures for trustees.

It is acknowledged that declarations of interest are a standing item at Board meetings. However it is considered useful to formalise procedures in a written document for clarity and for the benefit of newly appointed trustees. The charity may find some Commission guidance on the matter on its website at: [Publications/A guide to conflicts of interest for charity trustees](#).

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All relevant staff are CRB checked, including the qualified teaching staff, as are some trustees, despite having no sole contact with young people or vulnerable beneficiaries. The Charity Commission's plan to introduce compulsory CRB checks for new trustees was referred to. The Commission is currently undergoing a final consultation stage after which a strategy for compulsory checks in newly registered charities will be implemented.

Emphasis is placed on the training of staff, with specialist knowledge and experience filtered throughout the trading subsidiaries. In relation to NPHL, training is completed in association with the Construction Industry Training Board (CITB). A system for communication exists between trustees and staff, facilitated by the Managing Director. There are 6 volunteers who conduct a significant amount of work for the charity around Dilston Castle and Chapel. The Friends Group for Historic Dilston consists of over 100 members and the membership for the charity itself is over 500 in number, recorded by a formal register. There are 3 sub-committees for Nenthead, Dilston and the Executive Committee with terms of reference recorded.

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The trustees have undergone assessment through a series of external bodies including the North West Development Agency and are subject to risk assessment and Health and Safety checks from the Mines Inspectorate. The charity is also subject to assessment from consultants of the Heritage Lottery Fund before funds are released.

It is difficult for the charity to find other organisations to benchmark with, as there are few comparisons available in particular fields. It is more common for smaller groups to compare best practice and gain advice from them. The charity has benchmarked with North East Council on Addictions (NECA), particularly in comparing practice involved with trading subsidiaries.

There is a stress on marketing and advertising the charity, with distribution of quarterly newsletters amongst members and the creation of a detailed website. Communication and promotion of the charity can be difficult due to the geographical situation of the flagship site at Nenthead. The site is relatively isolated, but the charity addresses this through efficient partnership work and by offering an informative education programme.

A central part of the charity's Future Strategy revolves around finding a new anchor project. Since the Alston Arches Viaduct restoration programme was completed in July 2006, the charity has been identifying targets for similar large-scale developments.

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Finance

Following a scrutiny by the team's financial expert, the accounts were judged to be compliant with SoRP 2005, with the following exception: Paragraph 406 of SoRP requires funds or reserves in the consolidated accounts to be shown under appropriate separate headings on the balance sheet.

Connected Charities and Connected Parties

Apart from the three subsidiary companies, the charity has links with MENCAP who leases Dilston Castle and Chapel to the Trust. The charity also works with the Haltwhistle Partnership who has assisted in the Alston Arches Viaduct restoration and prior to restoration, Friends of Historic Dilston who provide public access at the site.

Financial Trends

Two major funded projects expire this year and the trustees envisage that until another major project is secured, core costs may have to be met partly from unrestricted reserves. The restricted funds are well disclosed and none is overspent. The Trust is actively pursuing a number of initiatives which are hoped to provide funding opportunities and generate income in the future.

Charity Action Plan

Charity: North Pennines Heritage Trust

Charity number: 700701

Date of Review: 11th May 2007

Legal Requirements		
<i>Requirement</i>	<i>Date for implementation</i>	<i>Comments</i>

Recommendations		
<i>Recommendation</i>	<i>Acted on / Not acted on</i>	<i>Comments</i>
The trustees should introduce an induction process for new trustees		
The trustees should consider introducing a standard declaration of eligibility for new trustees to sign, which confirms that they are not disqualified from acting as a trustee under the provisions of s.72 of the Charities Act.		
The charity formalises written conflict of interest procedures for trustees.		

To enable the Commission to record the impact it is having, and as a means of helping us to determine the extent of any further follow-up needed, we would ask that the charity's representatives provide information on the actions they have undertaken in relation to the above legal requirements/ recommendations, including any comments they might have, and return the form to the Review Visits Support Team, Charity Commission, PO Box 1199, Liverpool, L69 3UT by 12 months from issue of final report.

We certify that the information provided is correct to the best of our knowledge and belief.

Signed:

..... (Trustee)

..... (CEO or 2nd Trustee)



The North Pennines Heritage Trust

Review Visit Report

11th May, 2007

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This report was compiled on the basis of information provided to Commission staff before, during and after the visit to the charity on the date shown. Whilst the Commission has taken care to ensure the accuracy of the report and that it adequately reflects the charity’s activities, we cannot guarantee the accuracy of the information received upon which this report is based.

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1. Introduction

This report has been prepared by the Charity Commission ('the Commission') following a Review Visit to The North Pennines Heritage Trust on 11th May, 2007.

The Review Visit was conducted by the following Commission staff: Steve Nuwar and Chris Cassin.

The Charity was represented by: Harry James (Chair), Peter Jackson (Vice Chair), David Flush (Chief Executive Officer), Jane Ascroft (Treasurer) Peter Mitford (Trustee), Angela Green (NPMS), Chris Reid (NPH), Frank Giocco (NPA).

A Review Visit is one of the primary methods that the Commission uses to engage in dialogue with the charitable sector. The purpose is to:

- Ensure compliance with the legal framework within which the charity operates;
- Identify evidence of good practices already in place and advise on areas for improvement;
- Learn about how charities in different parts of the charitable sector operate, and what issues are currently influencing or concerning them.

A Review Visit cannot cover every aspect of a charity. It is instead based around agreed objectives, which relate either to particular issues arising from our analysis of background information on the charity, or to specific projects/interests of the Commission.

For this reason, a Review Visit should not be regarded as an audit or an inspection; nor does it provide an accreditation. Nor is the report intended to be a full record of all the issues or of the information considered or discussed.

The Commission aims to be a proportionate regulator: the report only addresses those matters which the Commission identifies as being of genuine regulatory concern or of significant regulatory interest.

In addition to any sources of information signposted in the report, we would encourage charities to take advantage of the wide range of advice and guidance available to the charitable sector from the Commission and other bodies. In particular, we would recommend the following sources of information:

- The Commission's guidance CC3 – *The Essential Trustee: what you need to know*;
- *CC60 Hallmarks of an Effective Charity*;
- Guidance from The National Hub of Expertise in Governance: *Good Governance: A Code for the Voluntary and Community Sector*¹

All of these publications signpost to further sources of information.

As far as it is compatible with the Commission's regulatory role, the Commission intends Review Visits to be based on co-operation between the charity and the Commission. We will seek to agree Recommendations with the charity and try to ensure that any deadlines for action are reasonable. The Commission can provide further guidance if the trustees require it.

Following changes to the format of the Review Visits programme, many of our visits, as well as continuing to aim at benefiting the individual charities concerned, are also part of wider

¹ Published by the NCVO on behalf of the Hub and available on the Governance Hub website www.governancehub.org.uk

projects. In the case of this Review Visit, we are collating information in order to undertake an analysis of charities with subsidiary trading companies, to inform the Commission's knowledge of such charities and with a view to feeding into the production of practical summary guidance on charities and trading, to complement the recently published [CC35 *Trustees, Trading and Tax*](#), which has been developed in conjunction with HMRC.

2. Charity Profile

2.1 Charity Details

Charity Name: The North Pennines Heritage Trust

Registration Number: 700701

Governing document: Memorandum and Articles of Association Incorporated 6th April 1988.

Objects: (1) To advance the education of the public concerning and permanently to preserve for the benefit of the public generally and especially for the inhabitants of the North Pennines in the County of Cumbria, Durham and Northumberland, lands, buildings, waterways, harbours, mines, tunnels, railways, roads, bridges, mills or other structures, railway engines, wagons, vehicles, plant machinery, agricultural, scientific or industrial architectural and general architectural interest (collectively referred to as heritage monuments) and generally to protect, preserve and maintain the character and amenities of the said heritage monuments.

2.2. Management & other structures:

Those responsible for the management and administration of the charity are the charity trustees for the purpose of section 97(1) of the Charities Act 1993 and are

referred to as 'trustees' throughout this report. The trustees are also the directors for the purposes of company law.

2.3 Background information (from charity sources):

The North Pennines Heritage Trust was originally founded in 1987 and registered as a charity in October 1988. The charity carries out conservation and restoration work, protecting and developing over 15 locations of architectural interest across Cumbria, Northumberland and County Durham. The Trust works in partnership with up to 9 Local Authorities and many regional and local organisations to deliver a high level of archaeological, historical and educational programmes.

Two visitor centres have been established over the last decade: the Historic Dilston Heritage Centre and the flagship project at the Nenthead Mines Heritage Centre. The charity has also set

up two trading subsidiaries (North Pennines Heritage Ltd and North Pennines Archaeology Ltd.) and a Community Interest Company (North Pennines Management Services).

In the financial year ended 31st March 2006, the charity's income was £691,071, of which £134,604 were unrestricted funds, and its expenditure was £569,495.

3. Objective A - To explore issues relevant to charities and trading.

Activities and Objects

The North Pennines Heritage Trust's primary aim is to advance the education of the public concerning the preservation of listed buildings and sites of historical, scientific, architectural and industrial interest and listed heritage monuments. Individual projects have been run at 15 sites spanning over 3 counties and 9 Local Authorities, including the acquisition and restoration of the Alston Arches viaduct and the conservation of Copley Chimney.

The Trust established the Nenthead Mines Visitor Centre, near Alston, Cumbria in 1997 which involved the archaeological recording, conservation, restoration and interpretation of one of the largest lead mining centres in the North Pennines. A central project at this site was the restoration of the former Rampgill Mine buildings which have been converted into workshops and administrative offices for the charity. Since then, the site has been developed as a visitor and education centre, combining tours, exhibits, attractions and interactive displays.

The Historic Dilston Visitor Centre is situated near to the Mencap National College in Northumberland. Mencap was the original proprietor of this site, but transferred the lease to the Trust in 2002. A portion of Lottery funding was made available for restoration of the castle and chapel at this time. The Trust represents the history of Northumberland's Jacobite rebellion in 1715 with the help of 'Friends of Historic Dilston'. This group was launched on the 24th February 2007 from a number of organisations and individuals who run fund-raising events on the site.

The charity also runs an extensive education programme with a stress on

learning for young people. There are 4 qualified teachers employed at Nenthead who lead school groups during onsite visits and who also deliver outreach work by visiting schools throughout the region. Heritage Lottery funding has been made available for this project which runs for a further 3 years of its 5-year span. The educational programme is broad-ranging, based around the numerous sites and heritage centres, archives, resources, publications, projects, exhibitions and other facilities associated with the Trust.

Trading Subsidiaries

As the activities of the charity became more diverse, the trustees felt it was necessary to adapt structurally, improving flexibility and independence of certain sections and reducing the financial liability of the charity. The charity has set up two trading subsidiaries (North Pennines Heritage Ltd and North Pennines Archaeology Ltd.) and a Community Interest Company (North Pennines Management Services).

The first trading subsidiary to be established was North Pennines Archaeology Ltd. (NPA), which was established from a dormant company in 2004. The charity has concentrated on the commercial viability of this subsidiary, employing an archaeologist and conducting surveys and planning of prospective sites. Involvement in large scale projects increases the potential impact on the charity, and this risk has been reduced by concentrating on commercially viable ventures within a trading subsidiary.

North Pennines Archaeology Ltd. also runs a Summer Field School. This project aims to provide archaeology students and prospective university entrants the opportunity to gain valuable fieldwork experience. Training is offered

in areas such as geophysical surveying, topographical surveying, excavation techniques, archaeological planning, building recording and digitising. NPA is not linked directly with any university, but placements are provided.

North Pennines Heritage Ltd. is a building company that carries out all of the Trust's conservation projects and undertakes commercial construction work. The charity has also formed the North Pennines Management Services (NPMS) which is a recently registered Community Interest Company (CIC). The charity has gained experience of social enterprises, particularly within a specialist field, and developed into a champion for social businesses in Cumbria and Northumberland. Certain Board members have transferred their skills and experience into this area, and NPMS now provides advice and guidance on funding, set-up and management to a number of social businesses in the region.

The charity has clearly set out procedures and principles for trade in a written document: 'Guidelines for Trading Subsidiaries'. An operational framework is divided under sub-headings of 'Promotion of the Trust'; 'Directors'; 'Accountability'; 'Bonuses'; 'Use of the Trust's Core Services'; 'Gift Aid to the Trust'; 'Use of Trading Subsidiary Services' and 'Financial Support'. One central initiative is that all trading subsidiaries shall promote the Trust's charitable activities. This stretches to ensuring a percentage of the subsidiary's work falls within the charity's objects.

All trading subsidiaries are owned by the Trust as sole shareholder and unsecured loans have been made by the charity, as the subsidiaries have no fixed assets. Interest rates are paid on the loan balance and there is a loan agreement in place in the case of NPA. The charity are currently seeking to establish loan agreements for the other trading subsidiaries and also formalise repayment terms.

The Trust has leased buildings to the three trading subsidiaries. There is no formal lease agreement, but a notification of charge and area boundaries, a memorandum of understanding and a management fee have been set out, following legal consultation. As there are three trading subsidiaries sharing property space at the same time, it is felt impractical and onerous to chart formal arrangements. Further guidance surrounding lease agreements can be found in [CC28 Disposing of Charity Land](#).

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Following a scrutiny by the team's financial expert, the accounts were judged to be compliant with SoRP 2005, with the following exception: Paragraph 406 of SoRP requires funds or reserves in the consolidated accounts to be shown under appropriate separate headings on the balance sheet.

Connected Charities and Connected Parties

Apart from the three subsidiary companies, the charity has links with MENCAP who leases Dilston Castle and Chapel to the Trust. The charity also works with the Haltwhistle Partnership who has assisted in the Alston Arches Viaduct restoration and prior to restoration, Friends of Historic Dilston who provide public access at the site.

Financial Trends

Two major funded projects expire this year and the trustees envisage that until another major project is secured, core costs may have to be met partly from unrestricted reserves. The restricted funds are well disclosed and none is overspent. The Trust is actively pursuing a number of initiatives which are hoped to provide funding opportunities and generate income in the future.

Charity Action Plan

Charity: North Pennines Heritage Trust

Charity number: 700701

Date of Review: 11th May 2007

Legal Requirements		
<i>Requirement</i>	<i>Date for implementation</i>	<i>Comments</i>

Recommendations		
<i>Recommendation</i>	<i>Acted on / Not acted on</i>	<i>Comments</i>
The trustees should introduce an induction process for new trustees		
The trustees should consider introducing a standard declaration of eligibility for new trustees to sign, which confirms that they are not disqualified from acting as a trustee under the provisions of s.72 of the Charities Act.		
The charity formalises written conflict of interest procedures for trustees.		

To enable the Commission to record the impact it is having, and as a means of helping us to determine the extent of any further follow-up needed, we would ask that the charity's representatives provide information on the actions they have undertaken in relation to the above legal requirements/ recommendations, including any comments they might have, and return the form to the Review Visits Support Team, Charity Commission, PO Box 1199, Liverpool, L69 3UT by 12 months from issue of final report.

We certify that the information provided is correct to the best of our knowledge and belief.

Signed:

..... (Trustee)

..... (CEO or 2nd Trustee)