



REPORT TO: MORAY COUNCIL EMERGENCY CABINET ON 1 JULY 2020

SUBJECT: TRUST FUNDS – SUMMARY EXPENDITURE FOR 2019/20 AND ESTIMATED DISPOSABLE INCOME FOR 2020/21

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT & FINANCE)

1. REASON FOR REPORT

- 1.1 To inform Members of the disbursements made from Trusts in 2019/20 and the estimated disposable income available for disbursement in 2020/21.
- 1.2 This report is submitted to the Emergency Cabinet following a decision of Moray Council on 17 June 2020 to convene a meeting of the Emergency Cabinet as and when required until a new simplified Committee structure commences on 2 September 2020, due to the COVID-19 pandemic.

2. RECOMMENDATION

2.1 The Cabinet is asked to:

- (i) **note the disbursements made from the Trust Funds in 2019/20, as detailed in APPENDIX 1;**
- (ii) **agree the estimated income available for disbursement in 2020/21, as detailed in APPENDIX 2.**

3. BACKGROUND

- 3.1 The Council administers 60 trust funds in total, acting as sole trustee for 56 trusts and as one of several trustees for the other four trust funds. The trust funds represent legacies bestowed by various individuals and organisations for the benefit of the community or organisations within Moray.
- 3.2 Moray Council acts as sole trustee for 30 Connected Charity trust funds which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). The Council are one of several trustees for one other OSCR registered trust fund. The remaining 29 trusts are unregistered with Moray Council being sole trustee for 26 of these and one of several trustees for the other three.

- 3.3 Since 2013/14, the Registered Charitable Trusts require to be audited by an external auditor who is appointed by the Accounts Commission, currently Audit Scotland. This only applies to any Charitable Trust for whom the Council is the sole trustee. Any Charitable Trust for whom the Council is not the sole trustee requires to be examined by an Independent Examiner; Scott-Moncrieff has been appointed as Independent Examiner for the Auchernack Trust.
- 3.4 Policy and Resources Committee on 2 September 2008 (paragraph 11 of the Minute refers) agreed to only disburse grants from trusts where the disposable income is greater than £50 and to carry forward undistributed funds each year until the disposable income reaches £50. Policy and Resources Committee on 8 October 2013 (paragraph 8 of the Minute refers) agreed that the whole annual income of the trust will be made available for disbursement in accordance with the trust deed (prior to this one third of the income was reinvested) although the policy not to disburse any Trust Fund with disposable income under £50 remains.
- 3.5 Reports to The Moray Council on 14 November 2012 (paragraph 7 of the Minute refers) and 24 June 2015 (paragraph 10 of the Minute refers) agreed to a scheme of Trust reorganisation, and approved the proposal for setting up a new trust along with the wording of the proposed Trust Deed.
- 3.6 In August 2016 OSCR awarded charitable status to the new trust: The Moray Council Charitable Trust (SC046791). An update on reorganisation was reported to Policy and Resources on 24 October 2017 (paragraph 13 of the Minute refers) giving details of the ongoing work in relation to the trust reorganisation and the planned transfer of 27 individual connected charitable trusts into the new trust.
- 3.7 Following on from the success of the Captain Fleetwood Thorne transfer, the following trusts have had their applications for reorganisation into The Moray Council Charitable Trust drafted during lockdown and are ready for signature:-
- Robert Anderson Trust;
 - Ritchie Charity Fund;
 - Miss Fletcher Bequest;
 - John Martin Charity Fund;
 - Jessie Younie Bequest;
 - Miss Eliza Jane Grant Fund;
 - Dr William Geddes Charity Fund;
 - Baillie Alexander Smith Coal Bequest/Dick Coal Fund;
 - Braco Mortification; and
 - Auchray Mortification.
- 3.8 Once signed, the applications will be sent to OSCR for approval. The application process for the remaining trusts will continue.
- 3.9 Details of each individual trust funds purpose and ward location are shown on the Council's website at http://www.moray.gov.uk/moray_standard/page_58388.html

4. DISBURSEMENTS IN 2019/20

- 4.1 **APPENDIX 1** gives details of the disposable income and disbursements made during 2019/20 from each trust fund.
- 4.2 In total, £74,216 was awarded in the year from twelve of the trust funds. Disbursements included £50,612 from the Education trusts; Moray & Nairn, Banffshire, Donald Manson Fund and the Milne's Institution Trust; £17,865 from the Auchernack trust; £2,187 from the William Lawtie Trust for the recreational and leisure benefits of people of Cullen and Lintmill. A further £2,241 was awarded from the MacDonald Benevolent Fund for beneficiaries of Speyside, and £1,761 of other grants.

5. 2020/21 DISPOSABLE INCOME

- 5.1 **APPENDIX 2** shows the estimated disposable income for each trust fund in 2020/21. The total projected funds available for disbursement in 2020/21 is £134,297 from trusts with available income over the minimum £50 level.
- 5.2 There are still a high number of trusts that either have nil, or less than £50, disposable income this year. Most of these trusts have loans pool balances invested in the Council's Loans Fund, and they earn annual interest on this balance, however a share of administration costs is also allocated to these trusts and this then reduces the income available to below the £50 threshold. It is the intention that reorganisation will reduce the administrative burden of the trust portfolio and ensure that as much income as possible from the trust funds is passed on to beneficiaries as efficiently as possible.
- 5.3 The disposable income calculated for 2020/21 uses estimated income and expenditure figures. It is recognised that due to Covid-19 some income may not be achieved in full; in particular, car park income for the River Lossie Trust and Cooper Park Trust and some rental income. The investment income earned on endowment investments could also vary depending on the markets.
- 5.4 The interest on balances held in the Council's bank for 2020/21 has been calculated using a two year fixed PWLB rate as at 1 April 2020 of 2.10%.
- 5.5 The estimated administration charge to be allocated over all trusts in 2020/21 is £16,750 (2019/20 actual £16,354).
- 5.6 As can be seen in **APPENDIX 2** there are a number of projects which have already been approved by Trustees for 2020/21.
- 5.7 The funding of grass cutting costs at Cooper Park was due to be funded in full by the Cooper Park Trust in 2020/21, through the net income generated from car parking charges. This is no longer required due to the Grounds Maintenance budget for grass cutting being reinstated.
- 5.8 Whilst car park income has decreased this year to date due to Covid-19 restrictions, there are still costs being incurred, for which the Trust car parks will be allocated a share. The projected income figures have assumed a certain level of income will be generated once restrictions are eased. This will continue to be monitored and trustees updated on the latest projections.

- 5.9 The trustees for Cooper Park Trust have approved a contribution of £8,000 for the Cooper Park Bowling Club, as a contribution towards a replacement roof of the Clubs building.
- 5.10 The remaining committed amounts are for one application approved this year from the MacDonald Benevolent Fund for £234, and three from the Auchernack Trust Fund, totalling £2,975.
- 5.11 The risk of trust properties incurring expenses without making any income to compensate is identified in paragraph 6(d) below. One trust that falls into this category is Ladyhill Cottages, a public trust made up of two Category C listed cottages, Sulva and Messines Cottage, in Elgin. The trust consists of the pair of single storey cottages, sitting each side of the steps up to Ladyhill. Tenancies have come to an end and both properties are now empty, now reverting to the trust to determine what course of action to take next. Logie Cottage in Forres was advertised for sale and is currently at the conveyancing stage. Once the sale is completed, expenses will be deducted from the proceeds, along with the cost of refurbishment that was done three years ago, to be repaid to Housing.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Although there is no direct link to the Moray 2026, the reorganisation of the Trusts will result in efficiencies within the Trust funds.

(b) Policy and Legal

The Council's adoption of the policy of disbursing the whole annual income will enable more funds to be available for disbursement.

(c) Financial implications

In 2019/20 there was £146,747 of funds available for disbursement with £74,216 disbursed in the year from twelve of the trust funds, as identified in **APPENDIX 1**.

APPENDIX 2 shows the estimated disposable income for each trust fund in 2020/21. The total projected funds available for disbursement in 2020/21, plus carry forwards of undisbursed income from 2019/20, is £134,297 being the trusts with available income over the minimum £50 level. The carry forwards from the Banffshire and Moray and Nairn Educational trust are permitted through the deeds of the trust, allowing a carry forward of any unspent funds into the following year.

The amount committed to date is £13,154 from the Cooper Park Trust, the Auchernack Trust and the MacDonald Benevolent Fund, as shown in **APPENDIX 2**.

(d) Risk Implications

There is a risk of overspends exceeding disposable income if any unforeseen emergency major repairs are required for properties owned

by Trust Funds. Close monitoring of costs and the condition of properties will be undertaken by officers in order to mitigate this risk.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

The condition of all Trust Fund properties will be monitored in order to keep reactive repairs to a minimum.

(g) Equalities

There are no equalities issues arising directly from this report.

(h) Consultations

Local Members are consulted on discretionary disbursements particular to their ward.

7 CONCLUSION

7.1 Details of disbursements for 2019/20 for each Trust Fund are detailed in APPENDIX 1 and the estimated income available for disbursement for each Trust Fund for 2020/21 is shown in APPENDIX 2.

Author of Report: Susan Souter, Accountant
Background Papers: Held in Accountancy
Ref: