



REPORT TO: CORPORATE COMMITTEE ON 29 AUGUST 2023

SUBJECT: TRUST FUNDS – SUMMARY EXPENDITURE FOR 2022/23 AND ESTIMATED DISPOSABLE INCOME FOR 2023/24

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

1. REASON FOR REPORT

- 1.1 To inform Members of the disbursements made from Trusts in 2022/23 and the estimated disposable income available for disbursement in 2023/24
- 1.2 This report is submitted to Committee in terms of Section III B (20) of the Council's Scheme of Administration relating to the Management and Investment of any funds including Common Good and Trust Funds.

2. RECOMMENDATION

2.1 The Committee is asked to:

- (i) **Note the disbursements made from each of the Trust Funds in 2022/23, shown in APPENDIX 1; and**
- (ii) **Agree the estimated income available for disbursement in 2023/24, shown in APPENDIX 2**

3. BACKGROUND

- 3.1 The Council administers 37 trust funds in total, acting as sole trustee for 33 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 8 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 28 trusts are unregistered with Moray Council being sole trustee for 25 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 Grant Thornton. 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; Azets (previously 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 (TMCCT) (SC046791) with the planned transfer of 27 individual connected charitable trusts into the new trust. The trusts being reorganised into this new single trust will be utilised, as far as possible, in a manner consistent with the original trust purposes.
- 3.7 In 2018/19 one trust was given approval to be reorganised into TMCCT and during 2020/21 a further 23 trusts were approved by OSCR for reorganisation.
- 3.8 TMCCT has been set up with nine sub categories based on location and charitable purpose, in order to keep in a manner consistent with the original trust purposes. The sub categories are:
- TMCCT Dufftown (poverty)
 - TMCCT Elgin (age related)
 - TMCCT Elgin (poverty)
 - TMCCT Elgin (recreational)
 - TMCCT Elgin & Forres
 - TMCCT Forres (age reasons)
 - TMCCT Forres (poverty)
 - TMCCT Keith (financial)
 - TMCCT Lossiemouth (poverty)

4. DISBURSEMENTS IN 2022/23

- 4.1 **APPENDIX 1** gives details of the disposable income and disbursements made during 2022/23 from each trust fund.
- 4.2 In total, £84,765 was awarded in the year from twelve of the trust funds. Disbursements included £62,792 from the Education trusts, Moray & Nairn, Banffshire, Donald Manson Fund and the Milne's Institution Trust; £9,508 from the Auchernack trust; £2,669 from the Logie Cottages Trust and £7,285 from The MacDonald Benevolent Fund. A further £2,511 was awarded from other Trusts.
- 4.3 Following the sale of 3 Logie Cottages, Forres it was agreed at a meeting of the Economic Growth, Housing and Environmental Sustainability Committee on 1st December 2020 (paragraph 22 of the Minute Refers) that the money generated from the sale be used for the attainment of pupils at Forres Academy whilst respecting the original aims of the Trust as much as practicable. As part of the plan for using the proceeds of the Trust, it was identified that there was significant interest in the provision of access to warm spaces and food after school to those in need. £2,669 was disbursed from the Trust in 2022/23 to assist with the purchase of kitchen equipment in support of providing this service.

5. 2023/24 DISPOSABLE INCOME

- 5.1 **APPENDIX 2** shows the estimated disposable income for each trust fund in 2023/24. The estimated income figure is calculated to assist Local Members' decision making when awarding funds. The figures are only there as a guide. The total projected funds available for disbursement in 2023/24 is £140,937. Of this, £1,040 is undisbursed from 2022/23. There is £20,158 of committed expenditure. £5,300 is from disbursements agreed by Council in respect of the the cost of living crisis which have been paid out in 2023/24, £11,920 from disbursements agreed to be made from the Auchernack Trust as agreed at their meeting on 1st June 2023 and £2,938 from the Moray & Nairn Educational Trust.
- 5.2 The reorganisation has reduced the number of trusts that have either nil or less than £50 disposable income, ensuring that as much income as possible from the trust funds can be passed on to beneficiaries as efficiently as possible. There are still some trusts that 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 available income to below the £50 threshold.
- 5.3 In the calculation of disburseable income for 2023/24 it is recognised that continued homeworking for many has impacted car park income which affects the River Lossie and Cooper Park trusts. Investment income earned on endowment investments could also vary depending on the markets. With this in mind, a prudent estimate for both has been projected.

5.4 The interest on balances held in the Council's bank for 2023/24 has been calculated using the two year fixed PWLB rate as at 1 April 2022 of 2.35%.

5.5 The estimated administration charge to be allocated over all trusts in 2023/24 is £18,550 (actual 2022/23 £17,617 and 2021/22 £12,914).

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 Corporate Plan, 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 maximises funds available for disbursement.

(c) **Financial implications**

In 2022/23 there was £166,153 of funds available for disbursement with £84,765 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 2023/24. The total projected funds available for disbursement in 2023/24, plus carry forwards of undisbursed income from 2022/23, is £140,937 for trusts with available income over the minimum £50 level. The carry forward from the Moray and Nairn Educational trust is 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 £20,158 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/Socio Economic Impact**

There are no equalities issues arising directly from this report.

(h) Climate Change and Biodiversity Impacts

There are no climate change and biodiversity impacts arising directly from this report.

(i) Consultations

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

7. CONCLUSION

7.1 Details of disbursements for 2022/23 for each Trust Fund are detailed in APPENDIX 1 and the estimated income available for disbursement for each Trust Fund for 2023/24 is shown in APPENDIX 2.

Author of Report: Susan Alexander, Accountant
Background Papers:
Ref: SPMAN-1293228629-936