



---

**REPORT TO: SPECIAL MORAY COUNCIL ON 27 JUNE 2019**

**SUBJECT: TRUST FUNDS – SUMMARY EXPENDITURE FOR 2018/19 AND ESTIMATED DISPOSABLE INCOME FOR 2019/20**

**BY: CORPORATE DIRECTOR (CORPORATE SERVICES)**

**1. REASON FOR REPORT**

- 1.1 To inform Council of the disbursements made from Trusts in 2018/19 and the estimated disposable income available for disbursement in 2019/20.
- 1.2 This report is submitted to Council in terms of Section III B (16) 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 Council is asked to:-**

- (i) **note the disbursements approved from the Trust Funds in 2018/19, as detailed in APPENDIX 1; and**
- (ii) **agree the estimated income available for disbursement in 2019/20, as detailed in APPENDIX 2.**

**3. BACKGROUND**

- 3.1 The Council administers 58 trust funds in total, acting as sole trustee for 54 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 27 trusts are unregistered with Moray Council being sole trustee for 24 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 The Moray Council on 14 November 2012 (paragraph 7 of the Minute refers) agreed to a scheme of Trust reorganisation due to an increasing number of Trusts being unable to disburse funds because the criteria for the original charitable purpose are too specific or because the Trusts have become frustrated due to social and economic changes.
- 3.6 An update on reorganisation was reported to The Moray Council on 24 June 2015 (paragraph 10 of the Minute refers) approving the proposal for setting up a new trust and the wording of the proposed Trust Deed.
- 3.7 In August 2016 OSCR awarded charitable status to the new trust: The Moray Council Charitable Trust (SC046791). Applications can now be made to OSCR to reorganise and transfer the assets of the existing qualifying Trusts into the new single charitable Trust.
- 3.8 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.
- 3.9 During 2018/19 OSCR approved the reorganisation of one trust, Captain Fleetwood Thorne, and its assets have been transferred into the new single charitable Trust and removed from the Scottish Charity Register.
- 3.10 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](http://www.moray.gov.uk/moray_standard/page_58388.html)

#### **4. DISBURSEMENTS IN 2018/19**

- 4.1 **APPENDIX 1** gives details of the disposable income and disbursements made during 2018/19 from all the Council's trust funds.
- 4.2 In total £78,803 was disbursed in the year from twelve of the trust funds. Disbursements included £46,679 from the Educational trusts (Moray & Nairn, Banffshire, Donald Manson Fund and the Milne's Institution Trust); £20,350 from the Auchernack trust for the elderly of the Forres area; £6,338 from the Boyd Anderson Trust, a trust for improvements to the public areas of

Lossiemouth. A further £3,518 in grants was made from the MacDonald Benevolent Fund for beneficiaries of Speyside, and £1,918 in other grants.

## **5. 2019/20 DISPOSABLE INCOME**

- 5.1 It was agreed by Policy and Resources on 30 August 2016 (paragraph 10 of the Minute refers) that the appropriate interest rate applied to trust balances from the Council's Loans Fund should be the two year Public Works Loan Board (PWLB) fixed loan interest rate. The interest for 2019/20 has been calculated using the two year fixed PWLB rate of 1.57% which was the rate as at 1 April 2018.
- 5.2 **APPENDIX 2** shows the estimated disposable income for each trust fund in 2019/20. The total projected funds available for disbursement in 2019/20 is £147,477 from trusts with available income over the minimum £50 level.
- 5.3 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.
- 5.4 The available income has increased since last year. This is due to the introduction of car parking charges within the Cooper Park in 2018/19, all of which is on trust grounds; therefore the full income and expenditure is given to the trust.
- 5.5 The estimated administration charge to be allocated over all trusts in 2019/20 is £16,350 (2018/19: £15,780). The allocation methods for central support service (CSS) costs were recently reviewed, allocating legal charges to individual trusts where possible.
- 5.6 **APPENDIX 2** also shows the committed expenditure to date for 2019/20 of £42,691. The trustees of the River Lossie Public Trust have agreed to construct a footway, and widen parts of the existing footway, on the north side of Boroughbriggs Road between the football ground and the Bishopmill Bridge. The public trust generates a share of the income from the Lossie Wynd and Lossie Green Car Parks, along with maintenance costs, and currently has £65,000 of capital funds. The cost of the works is estimated at £16,000 and can be funded from the average net income generated in one year.
- 5.7 The Cooper Park trust also generates income and expenditure from the car parking charges, which is all on trust land. In 2019/20 it is estimated that the trust will get a net income of £27,000 from the parking charges. The trustees have agreed to use the trust fund to maintain grass cutting and ground maintenance at the park. Depending on the level of works carried out, this is estimated to cost between £15,000 and £20,000.

5.8 The remaining committed amounts are for two applications approved this year from the MacDonald Benevolent Fund, and four from the Auchernack Trust Fund after the trustees met in May.

5.9 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. Messines Cottage is currently occupied, rent free, with the Council funding the costs of all repairs. Currently in a state of disrepair, Sulva Cottage is vacant and would require a large outlay to bring it back to liveable condition. There are recurring energy costs for the property with no funds to pay for it. Options for this property will be investigated and reported in the future. The trust is also liable to pay Council Tax on empty dwellings. Logie Cottage in Forres has recently become vacant and is awaiting approval for the sale of the property and to distribute the proceeds. Any costs incurred would need to be repaid from the proceeds, as well as recompensing the cost of refurbishment three years ago back 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 2018/19 there was £117,562 of funds available for disbursement with £78,803 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 2019/20. The total projected funds available for disbursement in 2019/20, plus carry forwards of undisbursed income from 2018/19, is £147,477 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 £42,691 from the River Lossie and Cooper Park public trusts, 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 2019/20 is shown in APPENDIX 2.**

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