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**REPORT TO: MORAY COUNCIL ON 10 AUGUST 2022**

**SUBJECT: TRUST FUNDS – SUMMARY EXPENDITURE FOR 2021/22 AND  
ESTIMATED DISPOSABLE INCOME FOR 2022/23**

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

**1. REASON FOR REPORT**

1.1 To inform Members of the disbursements made from Trusts in 2021/22 and the estimated disposable income available for disbursement in 2022/23

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) consider and note the disbursements made from each of the Trust Funds in 2021/22, shown in APPENDIX 1; and**

**(ii) agree the estimated income available for disbursement in 2022/23, 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 The 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 the 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

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; 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 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 2021/22**

- 4.1 **APPENDIX 1** gives details of the disposable income and disbursements made during 2021/22 from each trust fund.
- 4.2 In total, £73,244 was awarded in the year from twelve of the trust funds. Disbursements included £51,654 from the Education trusts, Moray and Nairn, Banffshire, Donald Manson Fund and the Milne's Institution Trust; £18,011

from the Auchernack trust; £1,000 from the Boyd Anderson Trust. A further £2,579 was awarded from other Trusts.

- 4.3 Any undisbursed income is held in the reserves of the trust to be included in the following year's income disbursement calculation.

## **5. 2022/23 DISPOSABLE INCOME**

- 5.1 **APPENDIX 2** shows the estimated disposable income for each trust fund in 2022/23. 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 2022/23 is £166,153. Of this, £11,765 is undisbursed from 2021/22 with £9,087 of that balance being committed expenditure. The Education trust approved amounts were not spent in the year, mainly due to events being cancelled and will be reallocated along with the 2021/22 funds. Where applications have been approved in principle during 2021/22 and are awaiting further information before disbursing funds, these are showing as committed expenditure.
- 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 2022/23 it is recognised that, due to the ongoing after effects of Covid-19, including continued homeworking for many, car park income has been impacted which will affect 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 2022/23 has been calculated using the two year fixed Public Works Loan Board rate as at 1 April 2022 of 2.35%.
- 5.5 The estimated administration charge to be allocated over all trusts in 2022/23 is £16,125 (actual 2021/22 £12,914 and 2020/21 £19,379). The higher charge in 2020/21 reflects additional work done on the reorganisation.

## **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 2021/22 there was £149,963 of funds available for disbursement with £73,244 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 2022/23. The total projected funds available for disbursement in 2022/23, plus carry forwards of undisbursed income from 2021/22, is £166,153 for trusts with available income over the minimum £50 level. The carry forwards from Milne's Institution, Banffshire and Moray and Nairn Educational trusts 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 £9,087 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 or 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 2021/22 for each Trust Fund are detailed in APPENDIX 1 and the estimated income available for disbursement for each Trust Fund for 2022/23 is shown in APPENDIX 2.**

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Background Papers:	Held in Accountancy
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