



REPORT TO: MORAY COUNCIL ON 30 JUNE 2021

SUBJECT: TRUST FUNDS – SUMMARY EXPENDITURE FOR 2020/21 AND ESTIMATED DISPOSABLE INCOME FOR 2021/22

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

1. REASON FOR REPORT

1.1 To inform Council of the disbursements made from Trusts in 2020/21 and the estimated disposable income available for disbursement in 2021/22.

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 Committee is asked to:

(i) note that OSCR approved the reorganisation of 23 Trusts in the year and that these have now been removed from the Scottish Charity Register;

(ii) note the disbursements made from each of the Trust Funds in 2020/21, shown in APPENDIX 1;

(iii) agree the estimated income available for disbursement in 2021/22, shown in APPENDIX 2; and

(iv) approve the use of Covid-19 ear-marked reserves to make up any shortfall of car parking income during 2021/22.

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 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 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. 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. Their assets have been transferred into the new trust and they have now been removed from the Scottish Charity Register:
 - Lord Braco Mortification for Benefit of Poor
 - General Alves Fund for Poor
 - Ritchie Charity Fund for Poor
 - John Martin Charity Fund
 - Dr William Geddes Charity Fund
 - Hospital Master for Auchray (Cumine of Auchray)
 - Mrs Jessie Younie Legacy
 - Miss Fletcher Bequest
 - Robina Fletcher Bequest
 - John & Robina Pringle of Elgin Benevolent Fund
 - Margaret Brander Fund
 - Miss Eliza Jane Grant Fund

- Keith Nursing Trust Fund
- Rev John Archibald Dunbar – Dunbar Bequest
- Provost of Forres Poor
- Robert Anderson Trust
- Jonathan Anderson Trust for Relief of Poor
- James Dick & Taylor Mortifications for Poor of Forres
- Baillie Alexander Smith Coal Bequest
- Dick Coal Fund
- Alexander Ferrier Legacy
- John Munro Trust for Public Baths

3.8 The reorganisation process for the remaining trusts will continue.

3.9 The Moray Council Charitable Trust is now well established and 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.

4. DISBURSEMENTS IN 2020/21

4.1 **APPENDIX 1** gives details of the disposable income and disbursements made during 2020/21 from each trust fund.

4.2 In total, £64,082 was awarded in the year from twelve of the trust funds. Disbursements included £47,991 from the Education trusts; Moray & Nairn, Banffshire, Donald Manson Fund and the Milne's Institution Trust; £8,000 from the Cooper Park Public Trust, £3,800 from the Auchernack trust; £2,370 from the MacDonald Benevolent Fund. A further £1,921 was awarded from other Trusts.

5. 2021/22 DISPOSABLE INCOME

5.1 **APPENDIX 2** shows the estimated disposable income for each trust fund in 2021/22. 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 2021/22 is £149,963.

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 income available to below the £50 threshold.

5.3 In the calculation of disburseable income for 2021/22 it has been assumed that the full amount of rental income due in 2021/22 and car park income will be received. It is recognised, however, that due to Covid-19 some income may not be achieved in full. The Council is carrying ear-marked reserves to fund costs and lost income associated with the pandemic and it is recommended that if income falls below normal levels that it is made up using some of the earmarked reserves. 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 2021/22 has been calculated using the 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 2021/22 is £16,905 (2020/21 actual £21,019). The higher charge in 2020/21 reflects the additional work done on the reorganisation and is expected to be lower this year.
- 5.6 As is shown in **APPENDIX 2** there are a number of projects with undisbursed income which has been carried forward. The Auchernack Trustees had approved applications in principle during 2020/21 and were awaiting further information before disbursing funds. One of these applications has been processed in 2021/22 and is showing as committed. 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.
- 5.7 The risk of trust properties incurring expenses without generating 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 for both properties have come to an end and are now empty. Funding has been secured for the improvement of Sulva Cottage. The trust will then look at rental opportunities with all income going towards future refurbishment of Messines. Logie Cottage in Forres was sold and disposed of during 2020/21.

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 2020/21 there was £134,297 of funds available for disbursement with £64,082 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 2021/22. The total projected funds available for disbursement in 2021/22, plus carry forwards of undisbursed income from 2020/21, is £149,963 for the trusts with available income over the minimum £50 level. The carry forwards from Auchernack Trust, 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 £4,000 from the Auchernack Trust, 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 2020/21 for each Trust Fund are detailed in APPENDIX 1 and the estimated income available for disbursement for each Trust Fund for 2021/22 is shown in APPENDIX 2.

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