

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	7 September 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Governance of Charitable Trust Funds – 2021/2022 Position
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ inform Committee of the current status of the Trust Fund modernisation as well as the financial status of the Charitable Trust Funds administered by the Council

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the contents of this report are noted.

3. Background

- 3.1. South Lanarkshire Council continues to administer a number Charitable Trust Funds. For the purposes of reporting to the Office of the Scottish Charity Regulator (OSCR), South Lanarkshire Council group the individual trusts funds into 3: South Lanarkshire Council Charitable Trusts; South Lanarkshire Council Educational Trusts; and East Kilbride Information Technology Centre Trust.
- 3.2. On 25 April 2018, the Finance and Corporate Resources Committee approved the proposal to modernise the Charitable Trust Funds. This included establishing governance arrangements as well as a formal constitution.
- 3.3. The process of modernisation is ongoing and until that exercise is complete and all funds transferred to the Modernised Trusts, the current Trust Funds administered by the Council will continue to be reported to this Committee.
- 3.4. This paper will provide an update on the modernisation process (section 4) and an annual report on the financial position of the 3 current Trust Funds as at 31 March 2022 (section 5).

4. The Modernisation of the Trusts

- 4.1. The Council's Legal Services have been working with OSCR to formally adopt Trust Deeds and continue to work with them to achieve the modernisation of the Trusts. To date, OSCR have approved the re-organisation of 6 funds relating to the Leadhills area, 11 Hamilton area funds, 17 Clydesdale area funds and 18 Educational funds.
- 4.2. The application for the re-organisation of one Cambuslang and Rutherglen area fund was submitted to OSCR on 5 August 2022 and work is ongoing on drafting the

applications to OSCR for the re-organisation of the Rutherglen Mortified Money fund and 7 East Kilbride Area funds.

- 4.3. As previously agreed, the 2 new Trusts (the South Lanarkshire Charitable Trust and the Education Trust) each have an appointed set of Trustees. The Trustees of the New Trusts are noted below.

Trustees of the South Lanarkshire Charitable Trust	Trustees of the South Lanarkshire Educational Trust
Councillor Gladys Ferguson-Miller	Councillor Gladys Ferguson-Miller
Councillor Mark Horsham	Councillor Mark Horsham
Councillor Ross Lambie	Councillor Ross Lambie
Councillor Catherine McClymont	Councillor Catherine McClymont
Councillor Lesley McDonald	Councillor Lesley McDonald
Paul Manning	Paul Manning
	Tony McDaid

- 4.4. Once the current Trusts are re-organised into the new Trusts, the Trustees detailed in section 4.3 will be responsible for the new Trusts.

5. Summary of Financial Position for 2021/2022

- 5.1. The opening balance of the 3 reported Charitable Trust Funds, as at 1 April 2021 totalled £1.191 million. Each Trust is taken in turn, showing a summary of the activity during 2021/2022 and the balance at the end of the year.
- 5.2. **South Lanarkshire Council Charitable Trusts:** No payments were made to beneficiaries from the South Lanarkshire Council Charitable Trusts during 2021/2022 as the process of transferring the balances to The South Lanarkshire Charitable Trust had commenced.
- 5.3. The balance at the start of the year was £1,036,589.71 and this reduced by £30,182.64 to £1,006,407.07 at the end of the year. The reduction was due to a transfer of funds to The South Lanarkshire Charitable Trust (£45,236.45), investment, audit and administration costs (£17,660.11) offset by income from interest, dividends and the sale of investments (£32,713.92).
- 5.4. Funds of the Loudon Bequest are managed by Barclays Wealth in the Barclay's Charity Fund. Income earned on this investment is reinvested in the fund.
- 5.5. **South Lanarkshire Council Educational Trusts:** No payments were made to beneficiaries from the South Lanarkshire Council Educational Trusts during 2021/2022 as the process of transferring the balances to The South Lanarkshire Charitable Trust had commenced.
- 5.6. The balance at the start of the year was £127,427.41 and this was reduced by £852.93 to £126,574.48 by the year-end. This reduction was due to the external audit fee and administration costs (£910.72), offset in part by interest earned (£57.79).
- 5.7. **East Kilbride Information Technology Centre Trust:** The balance on the Trust has reduced by £179.76 from £26,856.66 at the start of the year to £26,676.90 at the end. This reflects a small amount of interest (£12.19) which was offset by the audit fee and administration costs (£191.95).

- 5.8. **Closing Balance on the Charitable Trust Funds:** Overall the balance of the 3 funds as at 31 March 2022 was £1.160 million, a decrease of £0.031 million on the previous year position. The Accounts of the current Trusts were approved for Audit by the Risk and Audit Scrutiny Committee on 22 June 2022. The Audit is ongoing.
- 5.9. The remaining funds of the current Trusts will be transferred to the 2 new Trusts as soon as approval is received from OSCR. This is anticipated by the end of the calendar year at the latest.
- 6. Employee Implications**
- 6.1. None
- 7. Financial Implications**
- 7.1. All financial implications arising from the Trust review can be met by the Trust Funds.
- 8. Climate Change, Sustainability and Environmental Implications**
- 8.1. There are no direct climate change, sustainability and natural environment implications arising from this report.
- 9. Other Implications**
- 9.1. There is a risk that the funds of the Trusts are not used for the purpose that they were intended. To mitigate this risk, the governance arrangements approved by Finance and Corporate Resources Committee and to be put in place formally via OSCR, will ensure appropriate distribution of funds. In addition, OSCR also receive an annual report on the Trusts and their purpose.
- 9.2. There are no implications for sustainability in terms of the information contained within this report.
- 10. Equality Impact Assessment and Consultation Arrangements**
- 10.1. There is no requirement to carry out an impact assessment in terms of the information contained in this report.
- 10.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director of Finance and Corporate Resources

16 August 2022

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Finance and Corporate Resources Committee, 25 April 2018
- ◆ Finance and Corporate Resources Committee, 19 September 2018
- ◆ Finance and Corporate Resources Committee, 7 August 2019
- ◆ Finance and Corporate Resources Committee, 19 August 2020
- ◆ Finance and Corporate Resources Committee, 1 September 2021

List of Background Papers

◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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