

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	1 September 2021
Report by:	Executive Director of Finance and Corporate Resources

Subject:	Governance of Charitable Trust Funds – 2020/2021 Expenditure
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ inform Committee of the payments made to beneficiaries from 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 administers a total of 64 Charitable Trust Funds. The value of these Trust Funds as at 1 April 2020 was £1.184 million. 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 Educational Trusts; and East Kilbride Information Technology Centre Trust.
- 3.2. On 25 April 2018, this Committee approved the proposal to modernise the Charitable Trust Funds. This included establishing governance arrangements as well as a formal constitution.
- 3.3. 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. OSCR approved the establishment of The South Lanarkshire Charitable Trust on 16 December 2019 and The South Lanarkshire Educational Trust on 17 December 2019.
- 3.4. The funds from the existing Trusts will now be transferred to The South Lanarkshire Charitable Trust and the South Lanarkshire Educational Trust. This will be done by applying to OSCR for their approval for a Charity Reorganisation Scheme. Officers from Finance and Legal Services have commenced work on the applications. It is anticipated that the majority of funds will transfer over the next three to four months, however this timeframe is dependent on OSCR timescales.

- 3.5. In the meantime, this paper provides an annual report on the financial position of the 3 current Trust Funds, advising of the monies distributed in 2020/2021 and the remaining balances within those Trusts Funds as at 31 March 2021 (section 4).

4. Summary of Financial Position for 2020/2021

- 4.1. The opening balance of the 3 reported Charitable Trust Funds, as at 1 April 2020 was £1.184 million.
- 4.2. **SLC Charitable Trusts:** Payments to beneficiaries from the SLC Charitable Trusts were limited during 2020/2021 as the process of transferring the balances to The South Lanarkshire Charitable Trust had commenced.
- 4.3. During 2020/2021, expenditure totalled £0.018 million. This is made up of the purchase of investments (£0.004m), the external audit fee (£0.005m) and management fee for the Loudon Bequest (£0.003m). It also includes the transfer of funds to South Lanarkshire Council for the upkeep and maintenance of cemeteries across the Council area (£0.006m) as shown in Appendix 1.
- 4.4. This expenditure was offset by income of £0.034 million from interest and dividends received from investments, and the sale proceeds from investments. 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.
- 4.5. The net surplus for SLC Charitable Trusts was therefore £0.016 million. Taking into account the carrying value of the investments sold in the year of £0.004 million, the balance of SLC Charitable Trusts increased by £0.012 million over the year.
- 4.6. **SLC Educational Trusts:** Payments to beneficiaries from the SLC Educational Trusts were limited during 2020/2021 as the process of transferring the balances to The South Lanarkshire Educational Trust had commenced.
- 4.7. During 2020/2021, expenditure totalled £0.005 million. This is made up of the external audit fee (£0.001m) and distribution of monies to one beneficiary of the trust funds (£0.004m) as shown in Appendix 1.
- 4.8. The net deficit for SLC Educational Trusts was therefore £0.005 million, which resulted in a corresponding decrease in the closing balance.
- 4.9. **East Kilbride Information Technology Centre Trust:** The trust fund received a small amount of interest on the fund balance and incurred a small audit fee.
- 4.10. **Closing Balance on the Charitable Trust Funds:** Overall the balance of the 3 funds as at 31 March 2021 had increased by £0.007 million to £1.191 million as shown in Appendix 1.

5. Employee Implications

- 5.1. None.

6. Financial Implications

- 6.1. All financial implications arising from the Trust review can be met by the Trust Funds.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

8. Other Implications

- 8.1. 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. Equality Impact Assessment and Consultation Arrangements

- 9.1. There is no requirement to carry out an impact assessment in terms of the information contained in this report.
- 9.2. 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

4 August 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ 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

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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Appendix 1

Trust Fund	2020/21 Expenditure	Details of Payments made during 2020/2021	Fund Balance as at 31/03/2021
SLC Charitable Trusts	£5,895.95	<p>During the year to 31 March 2021, £5,896 was paid over to South Lanarkshire Council for the upkeep and maintenance of cemeteries across the Council area. The details are shown below:</p> <ul style="list-style-type: none"> • Agnes Taylor Hastie (£302.65) • JS Waugh (£2,328.15) • Alexander Kay (£1,475.07) • Chancellor (£1,577.86) • J Reid Bequest (£212.22) 	£1,036,589.71
SLC Educational Trusts	£4,000.00	Elizabeth B Mitchell Trust (£4,000.00 for Duncanrig Project)	£127,427.41
East Kilbride Information Technology Centre Trust	n/a	n/a	£26,856.66
Total Expenditure	£9,895.95		£1,190,873.78