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## NORTH AYRSHIRE COUNCIL

7 November 2018

### North Ayrshire Council

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**Title:** North Ayrshire Charitable Trusts

**Purpose:**

- a) To seek the Council's approval for expenditure from Irvine Town Trust by Irvine Locality Partnership which would result in the winding up of this trust;
- b) To seek the Council's approval for expenditure from the McGavin Park Trust by Kilwinning Locality Partnership which would result in the winding up of this trust; and
- c) To update the Council on the current balances of the dormant and low value charitable trusts.

**Recommendation:** That the Council:

- a) Approves the requested expenditure from Irvine Town Trust by Irvine Locality Partnership to allow it to be wound up in line with OSCR recommendations;
- b) Approves the requested expenditure from McGavin Park Trust by Kilwinning Locality Partnership to allow it to be wound up in line with OSCR recommendations; and
- c) Notes the current balances of the dormant and low value charitable trusts.

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## 1. Executive Summary

- 1.1 The Council administers a number of trusts, largely composed of bequests made many years ago. There are a number of trusts established for each town for which the Council holds funds and these are the subject of the current report.
- 1.2 The Office of the Scottish Charity Regulator (OSCR) is keen that charities fulfil their charitable purposes and External Audit has previously expressed concern about continued lack of activity in these dormant and low value trusts. If no other action is taken, the annual external audit fee and administrative charges will eventually exhaust these trusts.
- 1.3 This report seeks approval from the Council to grant allocations which would result in the winding up of the Irvine Town Trust and the McGavin Park Trust.

1.4 The report also provides an update on the current allocations and balances relating to the remaining trusts.

## **2. Background**

2.1 Each year, the Council is required to approve the level of expenditure from the trusts with the authority to approve individual disbursements delegated to the Locality Partnerships, provided that the spend is contained within the in-year budget.

2.2 The Trusts make annual disbursements to groups and individuals based on approved criteria. While the Trusts are often restricted to a defined location, all Members are responsible for ensuring that they are properly administered within the terms of the relevant trust deed criteria.

2.3 The purpose of the town trusts is to provide assistance to persons in need within the defined area of each fund, as specified by the original bequest.

2.4 Historically the Registered Charitable Trusts (RCT) were not charged an administration fees for the work carried out on their behalf by the Council. Since 2014/15 Trust Accounts have been audited by the Council's External Auditors incurring a separate audit fee, which to date has been absorbed by the Council. In accordance with recognised accounting practice the administration cost and external audit fees have been allocated to all Funds since 2018-19.

2.5 The level of grant available for disbursement is the net annual income after meeting all expenditure commitments. In previous years it has generally been recommended that only the net income is available for trustees to disburse, ensuring that capital balances are left intact. For a number of reasons this may no longer be the best option for certain trusts.

2.6 The Office of the Scottish Charity Regulator (OSCR) is keen that charities fulfil their charitable purposes and External Audit has previously expressed concern about continued lack of activity in these dormant and low value trusts. If no other action is taken, the annual external audit fee and administrative charges will eventually exhaust these trusts.

2.7 As such it may be better to exhaust the trust through a particular project with any disbursement complying with the trust purposes. Any disbursement that will result in the winding up of a registered trust must be approved by the Office of the Scottish Charity Regulator (OSCR) before the relevant Locality Partnership agrees the grant.

2.8 Officers have delegated powers to make grants from Trusts on the recommendation of Locality Partnerships. However if such grants will exhaust dormant or low value charitable trusts, Council approval will be required as this will result in the winding up of trusts, subject to OSCR approval.

2.9 There are a number of current requests, recommended by the Irvine Locality Partnership, for spend for which Council approval is sought because these allocations will result in the winding up of the Irvine Town Trust, as recommended by OSCR:

- Irvine Town Trust: £5,000 as Robertson Trust match funding for Coastwatch to employ a volunteer coordinator.
- Castlepark and Eglinton Community Association: £13,000 for the continuation of a community worker post.
- Irvine Special Events Forum: £5,000 for the Irvine town centre Christmas event. The Irvine Special Events Forum grant will be paid immediately if approved, while the remaining grants are subject to confirmation from OSCR as they will result in the winding up of the Irvine Trust.

2.10 There is a current request, recommended by the Kilwinning Locality Partnership, for spend for which Council approval is sought because this allocation will result in the winding up of the McGavin Trust, as recommended by OSCR:

- McGavin Park Trust Fund: £2,330 as match funding for the CIF application approved by Cabinet in September 2018.

2.11 Elected members and Council officers are currently working in localities to identify further community projects which could benefit from the funds, based on the Council's previous instruction which agreed to capital spend from the dormant and low value trusts (17<sup>th</sup> June, 2015).

2.12 Those trusts identified as dormant at 31 March 2018 are listed on the following table. Expenditure opportunities have already been identified in relation to the Douglas Sellers and Beith & Gateside Trusts during 2018/19:

<b>Trusts</b>	<b>Balance at 31/3/18</b>	<b>Spend to 2/10/18</b>	<b>Current Balance</b>	<b>Proposed Expenditure</b>	<b>Remaining Balance</b>
Anderson Park	£808.14	-	£808.14	-	£808.14
Douglas Sellers	£1,818.95	£402.80	£1,416.15	-	£1,416.15
Beith & Gateside	£9,848.59	£3,0006	£6,842.59	-	£6,842.59
Irvine	£23,068.25	-	£23,068.25	£23,000.00	£68.25
McGavin Park	£2,331.68	-	£2,331.68	£2,330.00	£1.68
North Ayrshire Museum	£24,993.33	-	£24,993.33	-	£24,993.33
War Memorial Fund	£486.13	-	£486.13	-	£486.13

2.13 In addition, for information, there are a number of trusts which may require to be wound up in due course, depending on future spend:

<b>Trusts</b>	<b>Balance at 31/3/18</b>	<b>Spend to 2/10/18</b>	<b>Current Balance</b>	<b>Proposed Expenditure</b>	<b>Remaining Balance</b>
Dalry	£5,764.37	£1,835.00	£3,929.37	-	£3,929.37
Kilbirnie	£5,016.07	-	£5,016.07	-	£5,016.07
Kilwinning	£131,687.20	£2,094.80	£129,592.40	£45,000.00	£84,592.40
Largs	£8,173.84	-	£8,173.84	-	£8,173.84

Current allocations include the following:

- Kilwinning Town Trust: £30,000 for Kilwinning Bowling Club, to pursue capital improvements to the club to extend activities;
- Kilwinning Town Trust: £15,000 as match funding for the CIF application approved by Cabinet in September 2018.

### **3. Proposals**

3.1 It is proposed that the Council:

- a) Approves the requested expenditure from Irvine Town Trust by Irvine Locality Partnership to allow it to be wound up in line with OSCR recommendations;
- b) Approves the requested expenditure from McGavin Park charitable trust by Kilwinning Locality Partnership to allow it to be wound up in line with OSCR recommendations; and
- c) Notes the current balances of the dormant and low value charitable trusts.

#### 4. Implications

<b>Financial:</b>	Approval of the budgets outlined in paragraphs 2.9 and 2.10 will allow each Locality Partnership to disburse individual grants up to the value of the approved levels.
<b>Human Resources:</b>	There are no HR implications relating directly to this report.
<b>Legal:</b>	All expenditure from trusts must be for the trust purposes and winding up of trusts will require the approval of OSCR.
<b>Equality:</b>	There are no equality implications relating directly to this report.
<b>Children and Young People:</b>	
<b>Environmental &amp; Sustainability:</b>	There are no environmental implications relating directly to this report.
<b>Key Priorities:</b>	The proposals contained within the report support the North Ayrshire Council Plan 2015-2020 priorities: <ul style="list-style-type: none"><li>• Priority 1 Growing our economy, increasing employment and regenerating towns</li><li>• Priority 2 Working together to build stronger communities</li><li>• Priority 3: Ensuring people have the right skills for learning, life and work.</li><li>• Priority 4: Supporting people to stay safe, healthy and active.</li></ul>
<b>Community Benefits:</b>	Grants will be disbursed to people or groups within the community who meet the necessary criteria.

#### 5. Consultation

5.1 Locality Partnership members are involved and consulted on an ongoing basis in relation to disbursement of funds.



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For further information please contact **Audrey Sutton, Head of Service (Connected Communities)** on **01294 324414**.

#### Background Papers

None.