
NORTH AYRSHIRE COUNCIL

13 February 2019

North Ayrshire Council

Title: North Ayrshire Charitable Trusts

Purpose:

- a) To seek the Council's approval for expenditure from Kilwinning Town Charitable Trust by Kilwinning Locality Partnership;
- b) To update the Council on the current balances of the dormant and low value charitable trusts; and
- c) To seek the Council's permission to allow Locality Partnerships to continue to spend balances from the dormant and low value charitable trusts which may result in the winding up of trusts, subject to OSCR approval.

Recommendation: That the Council:

- a) Approves the requested expenditure from Kilwinning Town Charitable Trust;
- b) Notes the current balances of the dormant and low value charitable trusts; and
- c) Grants permission to allow Locality Partnerships to continue to spend balances from the dormant and low value charitable trusts which may result in the winding up of trusts, subject to OSCR approval.

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. This report seeks approval for expenditure from The Kilwinning Town Charitable Trust and seeks permission for Locality Partnerships to spend balances from dormant and low values trusts which may result in the winding up of these trusts.
- 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 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 is a current request, recommended by the Kilwinning Locality Partnership, for spend for which Council approval is sought:

Kilwinning Town Charitable Trust: Up to £40,000 from the Kilwinning Town Charitable Trust as match funding for sportscotland, Scottish Football Association, Scottish Landfill Trust and Scottish Football Partnership grants for Kilwinning Community Sports Club to replace a 3G pitch (estimated cost c. £175,000). A total of £130,000 has been secured from external partners. The funding Kilwinning Community Sport Club have secured is broken down as follows:

- Sports Scotland: £40,000 (or 22% of cost if this is under £40,000);
- Scottish Landfill Trust: £40,000; and
- Scottish FA Cashback £40,000.

2.10 Elected members and Council officers are currently working across all localities to identify 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 (17th June, 2015).

2.11 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.

Trusts	Balance at 31/3/18	Spend to 31/12/18	Current Balance	Proposed Expenditure	Remaining Balance
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	£3,000.00	£6,842.59	-	£6,842.59
Irvine*	£23,068.25	£23,000.00	£68.25	-	£68.25
McGavin Park*	£2,331.68	£2,330.00	£1.68	-	£1.68
North Ayrshire Museum	£24,993.33	-	£24,993.33	-	£24,993.33
War Memorial Fund	£486.13	-	£486.13	-	£486.13

* OSCR is currently reviewing the wind-up of these Trusts

2.12 In addition there are a number of low value trusts which may require to be wound up:

Trusts	Balance at 31/3/18	Spend to 31/12/18	Current Balance	Proposed Expenditure	Remaining Balance
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	£47,094.80	£129,592.40	**Up to £40,000.00	£44,592.40
Largs	£8,173.84	-	£8,173.84	-	£8,173.84

** See para 2.9.

3. Proposals

It is proposed that the Council:

- 3.1 Approves the requested expenditure from the Kilwinning Town Charitable Trust (up to the value of £40,000);
- 3.2 Notes the current balances of the dormant and low value charitable trusts; and
- 3.3 Grants permission to Locality Partnerships to continue to spend balances from the dormant and low value charitable trusts which may result in the winding up of trusts, subject to OSCR approval.

4. Implications/Socio-economic Duty

Financial:	Approval of the budgets outlined in paragraphs 2.8 and 2.9 will allow each Locality Partnership to disburse individual grants up to the value of the approved levels.
Human Resources:	There are no HR implications relating directly to this report.
Legal:	All expenditure from trusts must be for the trust purposes and winding up of trusts will require the approval of OSCR.
Equality/Socio-economic Duty:	There are no equality implications relating directly to this report. The investment will enhance opportunities for activity, volunteering, participation and employment in an SIMD area.
Children and Young People:	There are no implications relating directly to children and young people in this report.
Environmental & Sustainability:	There are no environmental implications relating directly to this report.
Key Priorities:	The proposals contained within the report support the North Ayrshire Council Plan 2015-2020 priorities: <ul style="list-style-type: none">• Priority 1 Growing our economy, increasing employment and regenerating towns• Priority 2 Working together to build stronger communities• Priority 3: Ensuring people have the right skills for learning, life and work.• Priority 4: Supporting people to stay safe, healthy and active.
Community Benefits:	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

N/A