
CHARITY REORGANISATION UPDATE

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

30 March 2017

1 PURPOSE AND SUMMARY

- 1.1 This report provides an update on the progress of the ongoing reorganisation of the Council's registered and unregistered Trust Funds and Charities. The report proposes a timetable and approach for the next phase.**
- 1.2 Scottish Borders Council currently administers a number Charities, Trust Funds and Bequests for a range of purposes. Through the passage of time the out dated purpose or low value of the funds have resulted in many no longer being able to be disbursed.
- 1.3 In March 2014 3 new OSCR (Office of the Scottish Charities Regulator) registered Charitable Trusts covering Community Enhancement, Education and Welfare were established. Where appropriate a number of the existing trust funds were transferred into these Charities. The purpose and governance of these Trusts were approved by Council on 21 May 2015.
- 1.4 This left a further group of 76 Trusts registered within a separate SBC Charitable Trust, 177 unregistered Trusts, and two individual registered Trusts, namely the Thomas Howden Wildlife Trust and the Ormiston Institute. The next phase of the Charitable reorganisation now looks to amalgamate, where possible, the remaining Trusts into the 3 established charitable trusts. The ethos and any geographical restrictions of the Trusts to be amalgamated will, as with previous phases of the reorganisation, be preserved under the new arrangements.
- 1.5 Within the 177 unregistered Trusts there are currently ten Trusts (listed in Appendix 3) which another external organisation currently directly operate. It is proposed that the balance of the funds held by these ten trusts are now fully disbursed to these organisations.
- 1.6 As noted above the Thomas Howden wildlife trust is currently accounted for as a separate registered charity. The value of the Trust is however low at £4,221 and its value does not justify the costs required to comply with full OSCR registration, including the annual production of audited accounts.

2 RECOMMENDATIONS

2.1 It is recommended that the Scottish Borders Council:-

- (a) Agrees an application is submitted to OSCR to amalgamate the Thomas Howden Wildlife Trust into a restricted fund applicable to Peebles within the SBC Educational Trust.**
- (b) Agrees to disburse the funds held for the ten Trusts detailed in Appendix 3 to the organisations noted.**
- (c) Notes the next steps and timetable for the amalgamation of the remaining 167 Trusts, where possible, into the existing Welfare, Educational and Community Enhancement trusts.**

3 BACKGROUND

- 3.1 In March 2014 OSCR approved the establishment of:
SBC Community Enhancement Trust -SCO44764
SBC Welfare Trust – SCO44765, and
SBC Educational Trust – SCO44762
Following the establishment of these Trusts OSCR confirmed the de-registration of 34 individual charities following their transfer to the new trusts.
- 3.2 The new Trusts have restricted funds within them covering specific geographical areas and charitable purposes, which reflect the ethos of the original Trust. **Appendix 1** details the purpose of the 3 Trusts and the restricted funds within each as at 31/3/2016.
- 3.3 Three remaining OSCR registered trusts remain out with these new Charities. These are Ormiston Institute, Thomas Howden Wildlife Award and SBC Charitable Trust. Each of these individual trusts is required to provide fully audited accounts.
- 3.4 There are also currently 177 charitable trusts/bequests managed by the Council which are not registered with OSCR. These cover a range of geographical areas and purposes. The total value of funds held as the 31 March 2016 was £2.952m with an annual income of £0.507m for 2015/16.

4 NEXT STEPS

- 4.1 **Thomas Howden Wildlife Trust** – The trust was established to provide a prize to pupils at Peebles High School with an interest in wildlife. The trust earned £580 during 2015/16 but has not disbursed any prize money since 1996. This has resulted in reserves of £4,221 now being held. It is proposed an application is made to OSCR for the amalgamation of this trust into the SBC Educational Trust with a restricted area of Peebles.
- 4.2 **SBC Charitable Trust** – There are currently 76 various funds held within this trust. They vary in purpose, location and size from £1 to £8,961 income in 2015/16. **Appendix 2** details the trusts and their balances as at 31 March 2016. It is proposed that work is now undertaken to amalgamate where possible the individual funds into the 3 new trusts. The ethos and locality of the funds will indicate which trust they will amalgamate into, any restrictions regarding geographic locality and purpose to be applied.
- 4.3 **177 Unregistered Trusts** - The unregistered trusts managed by the Council cover a wide variety of purpose, location and size. The income for 2015/16 range from £0.23 to £54,325 and many have not disbursed for a number of years. It is proposed work is undertaken to amalgamate where possible the individual funds into the 3 new Trust. The ethos and locality of the funds will indicate which trust they will amalgamate into and any restrictions about locality and purpose which should be applied.
- 4.4 There are 10 trusts currently within the 177 unregistered Trusts where there are existing larger organisations currently providing for the purpose of the Trust including some where the annual income is currently automatically disbursed to the other organisation. It is proposed that the balances held for these trusts are disbursed to the organisations fulfilling the purposes of the Trust or receiving the annual income. **Appendix 3** details these Trusts and the proposed organisations.

- 4.5 **Consultation** - To ensure Members and relevant parties are fully involved in the consultation of the proposed changes all proposals will be presented to opening meetings during June, tying in with Area Forum dates. This will allow full discussion of the proposals before the final recommendations are taken back to Council. Any changes to those trusts registered with OSCR will require full consultation with OSCR on the recommendations.
- 4.6 The timetable and process proposed for the work for the 177 unregistered trusts and the SBC Charitable trust reorganisation is detailed below.

Steps	Time Period
Open meetings to discuss initial suggested amalgamations	June – July 2017
Consultation with OSCR and Communities	Aug – Sept 2017
Meetings to agree final recommended amalgamations	Oct – Nov 2017
Report to Council to approve amalgamations	December 2017
Submissions to OSCR for amalgamations	Jan – Feb 2018
Amalgamations completed	March 2018

- 4.7 The criteria for dispersals from the 3 new trusts will also be considered in tandem with the current internal Grant & Funding Review, to ensure that appropriate and relevant criteria is in place if and where required. The criteria will form part of the proposals being consulted on during June, to allow full discussion to take place before final recommendations are taken back to Council.
- 4.8 As part of the amalgamation of these Trusts, it is proposed to communicate with the communities of the Scottish Borders (where appropriate), to publicise, raise awareness and to maximise the opportunities that these Trusts can give to Border residents. There may also be areas where match funding can be explored or further funding leverage can be gained.

5 IMPLICATIONS

5.1 Financial

There are no financial implications resulting from this report.

5.2 Risk and Mitigations

No significant risk to the financial position of the charity funds is identified; in fact these proposals enable the funds to be used for appropriate purposes to support the community.

5.3 Equalities

The reorganisation of the trusts will allow the accessing of funds for have been prohibited due to the historic restrictions of the purpose. This will improve the equality implications.

5.4 **Acting Sustainably**

Whilst there are no economic, social or environmental effects arising from the proposals contained in this report, there should be easier access to funds by beneficiaries, which will impact upon the economic, social and environment of the Borders. The fund amalgamations should produce more sustainable funds.

5.5 **Carbon Management**

There are no significant effects on carbon emissions arising from the proposals contained in this report.

5.6 **Rural Proofing**

There are no significant effects on carbon emissions arising from the proposals contained in this report.

5.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to the Scheme of Administration or Scheme of Delegation resulting from this report.

6 CONSULTATION

- 6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Scottish Borders Council, 21 May 2015

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Capital and Investment Team also give information on other language translations as well as providing additional copies.

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