

# Finance and Resources Committee

10.00am, Thursday, 17 March 2016

## Charitable Trusts Reserves Policy

Item number	7.9
Report number	
Executive/routine	
Wards	

### Executive summary

---

The purpose of this report is for Committee to approve the City of Edinburgh Charitable Trusts reserves policy and to address a significant finding from the 2014/15 Audit Scotland ISA260 Report.

### Links

---

Coalition pledges	<a href="#">P31</a> , <a href="#">P42</a>
Council outcomes	<a href="#">CO6</a> , <a href="#">C10</a>
Single Outcome Agreement	<a href="#">SO2</a> , <a href="#">SO3</a>

## Charitable Trusts Reserves Policy

### Recommendations

---

- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 Approve the reserves policy for the Council's Charitable Trusts.

### Background

---

- 2.1 The Committee's remit includes the review of all matters relating to external audit of the Charitable Trusts.
- 2.2 In the 2014/15 CEC Charities ISA260 Report prepared by Audit Scotland, one area raised as an issue to address was the need for the Finance and Resources Committee to agree a reserves policy for each Charitable Trust. This was reported to Committee at the 24 September 2015 meeting.
- 2.3 The Charitable Trusts currently have no explicit reserves policy, but as a general principle the "Capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year. Trustees are permitted to use "Capital" balances should they require, however this is discouraged and approval from Committee is required. The main funding sources for the Charitable Trusts consist of UK government bond and overseas bond interest, as well as dividends from equities held. There is also a small amount of UK bank interest received.
- 2.4 The purpose of this report is therefore to provide a recommended reserves policy for each of the Charitable Trusts administered by the City of Edinburgh Council.

### Main report

---

#### Reserves Policy

- 3.1 The Charitable Trusts should follow the reserves policy explicitly outlined below, with the prevailing general principle being that the "Capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year. If Trustees require using "Capital" balances, Finance and Resources Committee approval would be required on a case by case basis.

The purpose of the relevant Trusts and their specific reserve policy is set out in the attached appendix.

## Measures of success

---

4.1 The Charitable Trusts manage their reserves effectively.

## Financial impact

---

5.1 There is no direct financial impact of the report's contents but the Charitable Trusts' Unrestricted Funds were valued at £1.235 million, the Endowment Funds at £1.959 million and the Revaluation Reserve at £11.378 million as at 31 March 2015. The income in the 2014/15 financial year was £64,000. This includes income for the Surplus Fire Fund which was transferred during the 2014/15 financial year to Edinburgh Voluntary Organisations' Trust.

## Risk, policy, compliance and governance impact

---

6.1 The Committee acts as Trustee for the Charitable Trusts.

## Equalities impact

---

7.1 No full ERIA is required.

## Sustainability impact

---

8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

## Consultation and engagement

---

9.1 No consultation and engagement required.

## Background reading/external references

---

[Audit Scotland ISA 260 - 24 September 2015 Finance and Resources Committee](#)

[Boyd Anderson Funds - 14 January 2016 Finance and Resources Committee](#)

## Hugh Dunn

Acting Executive Director of Resources

Contact: Catrina Montgomery, Senior Accountant

## Links

---

<b>Coalition pledges</b>	P31 – Maintain our city’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure. P42 – Continue to support and invest in our sporting infrastructure.
<b>Council outcomes</b>	CO6 – Our children’s and young people’s outcomes are not undermined by poverty and inequality. C10 – Improved health and reduced inequalities.
<b>Single Outcome Agreement</b>	SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential
<b>Appendices</b>	Appendix 1 - Purpose and specific reserve policy of the relevant Trusts

**Jean F. Watson**

The annual income for Jean F. Watson averages around £25,000. This income can be used to purchase additional artwork, preserve existing artwork or to pay for any expenses of administering the Trust. Any unused income in the year remains within the Trusts bank account.

**George Boyd Anderson**

No reserves policy is required for this Trust as the existing funds have been agreed to be disbursed as per the report to Finance and Resources Committee on 14 January 2016.

**Nelson Halls Trust**

The annual income for Nelson Halls averages around £5,000. This income should be used in full to cover costs incurred by the City of Edinburgh Council for the maintenance of the Halls.

**Edinburgh Education Trust**

The annual income for the Edinburgh Education Trust averages around £20,000.

This income is used for the advancement of education, academic and physical, formal and informal, to include the giving of bursaries and prizes as well as assistance for residents who find themselves in a state of financial hardship within the City of Edinburgh District or to pay for any expenses of administering the Trust. Any unused income in the year remains within the Trusts bank account.

**Usher Hall Conservation Trust**

The annual income for the Usher Hall Conservation Trust averages around £250. This income is used to cover costs incurred by the City of Edinburgh Council for the maintenance of the Usher Hall. However, the remaining cash at bank for the Trust, around £70,000, can also be used, following Committee approval, on fabric enhancements at the Usher Hall. The current understanding is that this is likely to be used in relation to the grand piano in 2016/17.

**Lauriston Castle Trust**

The annual income for the Lauriston Castle Trust averages around £1,000. This income is used in full to cover costs incurred by the City of Edinburgh Council for the maintenance of the Castle.

**Royal Scots (Royal Regiment) Monument Trust**

The annual income for the Royal Scots Trust averages around £800. This income is used in full to cover costs incurred by the City of Edinburgh Council for the maintenance of the Monument.