

**Review of Arrangements regarding the distribution of the G.M Duncan Bequest**

---

**1. SUMMARY**

- 1.1 The purpose of this Paper is to outline the current arrangements for the distribution of the G.M. Duncan bequest, and to outline proposals for the trustees of the bequest to consider for the future operation of the bequest

**2. RECOMMENDATIONS**

That the ward 1 Members:

- 2.1 Note the arrangements currently in place in relation to disbursement of the Bequest and the current status of the fund
- 2.2 Agree that the current arrangements are not the most effective use of the resources available
- 2.3 Note that there is a lack of definition about the requirements to qualify as a beneficiary and that this should be clarified
- 2.4 Consider raising the amount payable to each successful applicant while having regard to the restrictions regarding the accessing of the capital
- 2.5 Consider publicising any changes to the operation of the bequest together with the rationale in order to demonstrate that the funds are being put to best use and to publicise the clarified requirements to qualify as a beneficiary

**3. DETAIL**

**HISTORY AND CURRENT SITUATION**

- 3.1 The GM Duncan bequest was originally minuted as having been received and accepted by the Finance Committee of the Campbeltown Town council on 1 September 1958. The receipt of the residue of the estate totalling £15,000 was subsequently noted in the minute of the Finance Committee on

7<sup>th</sup> December 1959. This was to be invested in the housing account. On 4th January, 1960 the Town clerk noted that the trust did not provide for the monies to be used for anything other than for “the benefit of the poor of the burgh in the form of gifts of fuel, clothing and foodstuffs during the winter months “and that the trustees did not have the authority to spend the original capital of the fund. (i.e. the £15000

3.2 As at 31/3/2012 the balance of the bequest stands at £85,481.61, which after this year’s distribution will mean a current balance of approximately £84,500

3.3 The current practice regarding the disbursement of funds from the bequest is that applications from individuals to the fund are sought in September/October and a meeting takes place each year, (usually in November) at which the ward one Members (Who are the successor officials to the Campbeltown Town Council) either grant or refuse the applications received. Current practice is that an element of local knowledge is applied by those involved in the process, but in general, if the person applying is in receipt of benefits, then application is approved. At present the level of grant given is £10 per applicant and this amount has remained static as long as any staff currently involved can remember, which means that its substantive value has diminished considerably. Reports from long service staff and local people who were previously involved in dealing with the bequest strongly suggests that the £10 was originally a substantial gift, and was used to buy bags of coal, winter clothing or substantial amounts of food from the various retailers registered with the scheme at that time.

It is worth noting that in recent years, the number of applicants to the fund has increased significantly. The consequence of this is that in each of the last few financial years, the low interest rates currently applying to depositors has meant that the amount paid out to applicants has been marginally more than the amount the fund earned in income.

Currently only the Cooperative remains a participant in the scheme, although Tesco is being approached to re-engage with the trust

## **SUGGESTED CHANGES**

3.4 Given the original intention of the bequest was to substantively benefit the poor of the area, there is a question about whether the distribution of £10 per applicant will actually fulfil the bequests charitable purpose in the future as the real value of the award continues to diminish given the rising cost of living and the effects of inflation. It is therefore suggested that the level of award be revisited and increased to £25-£30 per household/applicant, with a corresponding restriction on the criteria required to qualify. Determining the appropriate amount and criteria will be matters for the trustees to determine. A Spreadsheet containing an outline of the effect of several options is attached as appendix 1

## Terms of the trust

### 3.5 “Poor of the Burgh”

The intended beneficiaries of the bequest are the “poor” of the historic Burgh of Campbeltown Town council, and at the time of the original bequest, G.M. Duncan would have been clear about who his intended beneficiaries would be, however this is rather more difficult to quantify now, and it may be useful to the trustees to offer some guidance as to current definitions of poverty which can be broader than simply a lack of funds.

"There are basically three current definitions of poverty in common usage: absolute poverty, relative poverty and social exclusion. Absolute poverty is defined as the lack of sufficient resources with which to keep body and soul together. Relative poverty defines income or resources in relation to the average. It is concerned with the absence of the material needs to participate fully in accepted daily life.

Social exclusion is a new term used by the Government. The Prime Minister described social exclusion as "...a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown".

The House of Commons Scottish Affairs Committee

#### **The Definition of Poverty**

*The usual definition of relative low income are households whose equivalised income before housing costs is below 60% of the median ( i.e. midpoint) income in the U.K. in the same year.*

*Income is the income from all sources for all members of the household but after deductions for income tax, National Insurance contributions, council tax, pension contributions and maintenance payments.*

*Equivalisation allows for differences in the size and composition of households, and recognises that a family of several people requires a higher income than a single person in order for both households to have a similar standard of living.*

*It is assumed that all individuals in the household benefit equally from the combined equivalised income of the household.*

*For a couple with no children the U.K. median income before housing costs in 2006-07 was £377 per week. The relative low income level was therefore £226 per week.*

**The Experience of Rural Poverty in Scotland (Scottish Government 2009)**

From the definitions above, it is clear that using the definition above, the worst cases of absolute poverty should never occur in Campbeltown, and the trustees will consequently be more likely to be concerned with applicants

experiencing gradations of “relative poverty” i.e. using equivalency to the income levels determined above.

Using the figures above, as a guide, in general, those on mean tested benefits such as jobseekers allowance (£142 per fortnight” for a single person) will be likely to fall within the definition of relative poverty.

### **Husbandry of the Fund**

Care needs to be taken to ensure that the fund is not unintentionally depleted by over wide acceptance criteria and the trustees need to be aware that most current applicants will fall within the definition of relative poverty, so that in practice, accepting “is in receipt of means tested benefits” as the eligibility criteria may increase the overall burden on the fund if the value of the gift is increased.

An alternative approach would be to select a trigger figure per person for household income below which applications will be considered, this would presumably be a figure below the benefits threshold and should for example give assistance to those on means tested benefit who are also attempting to repay crisis loans since the voucher would assist in the purchase of their food or fuel. Given the changes to the benefits system due to come into force in March with the new single credit, the single trigger figure may have a benefit in being simple to administer given that the council is likely to have somewhat less detailed access to the breakdown of individual claimants circumstances. It is estimated on the basis of last year’s applicants that restricting applications to those demonstrating a figure of a household income of just under £100 per person per week, would not have a negative outcome on the fund.

Ultimately the access criteria and income levels are matters for the trustees to determine.

### **3.6 Consent to benefit checks**

Currently, the application form used in applying for assistance from the bequest simply asks individuals about their level of household income, and while there is an element of local knowledge applied in ensuring that the applications are accurate, there is currently no verifiable method of checking the accuracy of statements made. It is suggested that a simple Data Protection fair processing statement be added to the application saying that statements made in the application may be checked against the various databases accessible to the council and that the applicant consents to this processing by completing the application. This grants the freedom to perform such checks if desired, but not the obligation to do so.

## **4. IMPLICATIONS**

- |     |                  |   |
|-----|------------------|---|
| 4.1 | <b>Policy</b>    | Consideration of the questions raised will ensure that the intentions of the original bequest continue to be honoured |
| 4.2 | <b>Financial</b> | The financial implications of the proposed review will be   |

determined by the options chosen above ,

- |     |                                     |  |
|-----|-------------------------------------|--|
| 4.3 | <b>Personnel</b>                    | None   |
| 4.4 | <b>Equalities Impact Assessment</b> | None   |
| 4.5 | <b>Legal</b>                        | Reviewing the terms of the bequest confirms the ongoing legality of its administration |

For further information, please contact Shirley MacLeod, Area Governance Manager  
tel 01369 707134