

Edinburgh Bakers' Widows' Fund Bill

Explanatory notes

Introduction

1. These Explanatory Notes have been prepared by Shepherd and Wedderburn LLP (Solicitors) on behalf of the promoters, the Trustees of the Widows' Scheme of the Incorporation of Bakers of the City of Edinburgh ("the Trustees"), in order to assist the reader of the Edinburgh Bakers' Widows' Fund Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by the Parliament.

2. The Notes should be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation, none is given.

3. The following other accompanying documents are published separately by the Parliament:

- statements on legislative competence by the Presiding Officer and the promoter (SP Bill 10–LC);
- a Promoter's Memorandum (SP Bill 10–PM);
- a Promoter's Statement (SP Bill 10–PS).

4. The Promoter's Statement includes information about where these documents and other documents that are relevant to the Bill (but are not accompanying documents) can be inspected or purchased.

The Bill

5. The overall objective of the Bill is to transfer the property and assets of the Widows' Fund for the Incorporation of Bakers within the City of Edinburgh ("the Fund") to a new charitable trust constituted by Deed of

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Trust. The Bill also allows the Trustees to deal fairly with the interests of the Fund's potential beneficiaries before the property and assets of the Fund are transferred to the charitable trust and the Fund is dissolved.

Summary of and background to the Bill

6. The Incorporation of Bakers of the City of Edinburgh (“the Incorporation”) is one of the ancient trade incorporations or guilds that were set up in medieval times to regulate trade in many of the cities in northern Europe. It was granted a Seal of Cause on 20 March 1522, to replace an earlier Seal lost “in time of trouble”. Under the terms of the Seal of Cause, members of the Incorporation controlled admission to the craft of baking and the supply of bread within the City of Edinburgh, until the Burgh Trading Act 1846 (9 & 10 Vct. C 17) abolished the exclusive trading privileges of the Incorporations.

7. The Incorporation established a scheme on 5 October 1803 to provide a fund for annuities to the widows, and in certain circumstances to the children, of members of the Incorporation. Monies were raised from the Incorporation and members of the Incorporation also made personal contributions to the scheme. The operation of the scheme was then authorised and regulated by an Act of Parliament from 1813 entitled “an Act for Providing a Fund for Annuities for Widows of Members of the Incorporation of Bakers of the City of Edinburgh” (“the 1813 Act”). The name of the scheme as set out by the 1813 Act is the Widows’ Fund for the Incorporation of Bakers within the City of Edinburgh. The 1813 Act also authorised the appointment of Trustees from members of the Incorporation to administer the Fund.

8. The Incorporation has struggled to attract new members and there have been no new contributors to the Fund for many years. The last annuity paid by the Fund was in 1997 and there are currently only two wives of contributing members to the Fund who could qualify in future for annuities. These two individuals are potential beneficiaries of the Fund. Having taken actuarial advice and consulted with these wives, the Trustees have set aside funds to be paid to these persons before the dissolution of the Fund. These payments would be in lieu of annuities that they might have otherwise received in the future from the Fund, as widows, if the Fund was not dissolved.

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9. Net of the capital set aside, the Fund has an investment value as at 5 January 2017 of around £355,000 producing around £6,300 gross annual income. The Trustees consider that these funds could be put to more effective use and that in its current guise the Fund is no longer fit for purpose and should be dissolved.

10. The Trustees wish to use the monies in the Fund in a responsible manner for charitable purposes which tie in with the Laws and Regulations of the Incorporation to the benefit of the public. The Trustees have created a new charitable trust as a repository for the Fund's net assets: The Incorporation of Bakers of Edinburgh Charitable Trust (Registered Scottish Charity Number SC047164). The purposes of the charitable trust are broadly as follows: the encouragement and support of training and education in baking trade-related careers, the provision of training opportunities in baking, encouraging discussions on baking and baking standards and the promotion of an appreciation of local baking and the history of baking.

11. The purpose of this Bill is to:

- allow the Trustees to make capital payments to the wives of contributing members in lieu of future annuity payments that they might otherwise have been paid under the 1813 Act should they be widowed;
- transfer the remaining property, rights, interests and liabilities of the Fund to The Incorporation of Bakers of Edinburgh Charitable Trust (Registered Scottish Charity Number SC047164); and
- dissolve the Fund and repeal the 1813 Act.

Commentary on sections

Section 1

12. Section 1(1) gives authority to the Trustees to make a payment of capital to each person who was a wife of a contributing member of the Fund on 13 November 2015. As part of the consultation process, the wives of contributing members were notified of the Trustees' intention to make such payments and to dissolve the widows' annuity fund, by letter dated 13 November 2015. These capital payments are based on an actuarial calculation of these persons' interests in the Fund in lieu of future annuities that they might otherwise have received from the Fund as widows.

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13. Section 1(2) provides that these persons, having accepted the capital payments, will no longer be entitled to receive annuity payments should they be widowed.

14. Section 1(3) sets out the timeframe for the payments authorised by section 1(1). They are to be made within a one-month period starting the day after Royal Assent.

Section 2

15. Section 2(1) provides for the transfer of the property, rights, interests and liabilities of the Fund to the new charitable trust.

16. Section 2(2) provides that the property to be transferred is net of the monies paid from the Fund under section 1(1). This section comes into force immediately after the end of the period during which payments authorised by section 1(1) are to be made.

Section 3

17. Section 3 provides that the Fund is dissolved and that the 1813 Act is repealed. This will happen immediately after the end of the period during which the payments authorised by section 1(1) are made and the net Fund assets are subsequently transferred to the new charity.

Section 5

18. Section 5 provides for the commencement of the Act and each section, as explained more fully above, so that each action happens in the appropriate sequence: the Trustees are given power to make payments during the period beginning on the day after Royal Assent and ending a month later; the remaining Fund assets are then transferred to the charity one day after that period has ended; and the Fund is dissolved and the 1813 Act repealed the day after that.

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