

CHEADLE AREA COMMITTEE

Meeting 16 June 2020

Brookfield Park Shiers Family Trust Annual Report 2019/20

Report of the Corporate Director, Corporate and Support Services

1 MATTER FOR CONSIDERATION

- 1.1 This report is to inform Members of the financial standing of the Trust and for Members to formally adopt the Financial Accounts of the Brookfield Park Shiers Family Trust for year ending 31 March 2020, which can be found at appendix one.
- 1.2 Members are asked to consider the position of the Fund in real terms and to advise as to the investment strategy that they wish to follow.

2 Financial Standing of the Trust at 31 March 2020

- 2.1 The funds of the Trust are invested in Charities Official Investment Fund (COIF) accounts administered by CCLA Investment Management Ltd. There are two different types of accounts held, an Investment Fund and Deposit Account.
- 2.2 The value of the funds stands at £344,015 as at 31 March 2020, a decrease of £17,797 since 30 September 2019. The decrease is largely in connection with the unit price on the Investment Fund, which saw a dip in prices in March as a result of the COVID19 crisis. The table below gives the details for each account.

Investment	Value as at 30-Sep-19 £	Value as at 31-Mar-20 £	Increase/ (Decrease) in value £
COIF Investment Fund	198,297	181,157	(17,139)
COIF Deposit Account	163,515	162,857	(658)
Total	361,812	344,015	(17,797)

- 2.3 The Investment Fund shows the value of the units held as at 31 March 2020. The original value of the investment was £125,925, so the current value of £181,157 represents a net capital growth of £55,232.
- 2.4 The Fund receives quarterly dividend payments and these are placed in the Deposit Account. Since 30 September 2020, £3,000 has been paid in dividends on this Fund.

- 2.5 Since 30 September 2019, the balance on the Deposit Account has decreased by £658 and stands at £162,857 as at 31 March 2020. This is due to the purchase of units in the investment fund, to the value of £3,150, and distribution of £1,000, offset by dividend income from the Investment Fund of £3,000 and interest earned on the deposit account of £492.

3 Funds Available to Support Voluntary Organisations

- 3.1 Members have a policy to maintain the value of the Trust in real terms. To achieve the value of the original bequest in real terms a sum of £288,643 would be required as at 31 March 2020.

	Investment Fund £	Deposit Account £	Total £
Total value of the Trust as at 31 March 2020	181,157	162,857	344,015
Value required to maintain the original bequest in real terms*	179,071	109,572	288,643
Surplus / (Deficit) in real terms	2,086	53,285	55,371

* Based on March 2020 CPI

- 3.2 The value of the Trust as at 31 March 2020 is £55,371 in surplus in real terms, which is a decrease since last reported at 30 September 2019 when the surplus was £73,434.
- 3.3 The Area Committee has previously agreed to reserve £50,000 from the Trust to support voluntary groups for children and young people, young carers, addressing loneliness amongst children and young people, and supporting sports groups for people of all ages. Applications were invited from voluntary and community groups, and the closing date for the first round of applications was 31 January 2020; £1,000 has since been distributed.
- 3.4 In addition to this, there is £5,865 remaining of the original £25,000 reserved to address the effects of loneliness amongst elderly residents and the consequential effect on their health and Council Officers in Adult Social Care Services are continuing to in helping to initiate new requests for funding.
- 3.5 As stated above, the surplus in real terms is £55,371 as at 31 March 2020, which is slightly more (£506) than the remaining balances of the sums set aside for the causes as set out above. Members have the following options available to them:-
- resolve to make no additional distribution; or,
 - amend their policy of maintaining the value of the Trust in real terms and resolve to make a distribution in excess of the surplus on the Fund.

4 Investment Strategy

- 4.1 In accordance with the instructions of this Committee, the Trust is currently invested in funds administered by CCLA Investment Management Ltd. The COIF Investment Fund is an equity-based fund, similar to a unit trust, and the COIF Deposit Account is a cash-based account similar to a building society account.
- 4.2 The Trust has £125,925 invested in units in the Investment Fund. The investment has a variable net asset value, which means that the value is dependent on the value of the units.
- 4.3 The impact of the COVID19 pandemic on global markets is reflected in the dip in the value of the Investment Fund at the end of March. However, the unit price has somewhat recovered since then from a low of £14.20 per unit in March 2020 to £16.63 per unit at the time of writing this report.
- 4.4 There is a balance between maintaining the original asset value and maximising dividend income receivable. For several years now, the Investment Fund dividend has been consistently outperforming the interest earned on the Deposit Account.
- 4.5 At the meeting of the Committee on 5 November 2020, Members reiterated their proposal that the dividends received be reinvested in the Investment Fund and requested that this be done two or three times per year.
- 4.6 Unlike the Investment Fund, the Deposit Account has a fixed net asset value, ie the original amount invested is maintained albeit the relatively poor levels of interest earned compared to the dividend payments received from the Investment Fund means that the original sums invested are not maintained in real terms. The interest being earned on this account is 0.5% since September 2019 which is comparable to other investments currently available.
- 4.7 Members are reminded that as Trustees they have ultimate responsibility for directing the affairs of the Charity and to ensure that it is solvent, well-run, and delivering the charitable outcomes for the public benefit for which it has been set up. Trustees have a duty to manage the Charity's resources responsibly, which includes taking special care when investing. If Members are looking to change their investment strategy then they may wish to seek independent financial advice on the matter. This can be arranged but it must be noted that any costs incurred will be against the Charity funds.

5 Recommendations

- 5.1 Members are requested to
- Note the content of this report;
 - Formally adopt the Financial Accounts of the Brookfield Park Shiers Family Trust for year ending 31 March 2020;
 - Decide upon the policy that they wish to adopt in respect of distribution of the Trust; and,
 - Advise as to the investment policy that they wish to follow.

Background Papers

None

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