

BROOKFIELD PARK SHIERS FAMILY TRUST 2020/21 MID-YEAR UPDATE**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 as at 30 September 2020, indicate the amount of money available for distribution to organisations and provide commentary on the relevant performance of investment funds.
- 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 30 September 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 £368,719 as at 30 September 2020, an increase of £24,705 since 31 March 2020. The table below gives the details for each account.

| Investment | Value as at 31-Mar-20 £ | Value as at 30-Sep-20 £ | Increase/ (Decrease) in value £ |
|--|--|--|--|
| COIF Investment Fund | 181,157 | 207,961 | 26,804 |
| COIF Deposit Account | 162,857 | 166,238 | 3,381 |
| Less amounts owing to the Council | | (5,480) | (5,480) |
| Adjusted COIF Deposit Account balance | 162,857 | 160,758 | (2,099) |
| Total | 344,015 | 368,719 | 24,705 |

- 2.3 The Investment Fund shows the value of the units held as at 30 September 2020, which have recovered since the downturn experienced at the onset of the COVID19 lockdown period. The original value of the investment was £125,925, so the current value of £207,961 represents a net capital growth of £82,036.
- 2.4 The Fund receives quarterly dividend payments and these are placed in the Deposit Account. As at 30 September 2020, £3,197 has been paid in dividends on this Fund, equating to a return of 3.2% for the year.
- 2.5 Since 1 April 2020, the balance on the Deposit Account has increased by £3,381 to £166,238, before taking into account the distribution of £5,480 owed to the Council. The dividend payments on the Investment Fund are paid into the Deposit Account

and the remaining £184 represents the interest earned on the deposit account, equating to a return of 0.2% for the year.

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 30 September 2020.

| | Investment Fund | Deposit Account | Total |
|--|------------------------|------------------------|---------------|
| | £ | £ | £ |
| Total value of the Trust as at 30 September 2020 | 207,961 | 160,758 | 368,719 |
| Value required to maintain the original bequest in real terms* | 180,060 | 110,178 | 290,238 |
| Surplus / (Deficit) in real terms | 27,901 | 50,580 | 78,481 |

* Based on September 2020 CPI

3.2 The value of the Trust as at 30 September 2020 is £78,481 in surplus in real terms, which is an increase since last reported at 31 March 2020 when the surplus was £55,371.

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. Last year, applications were invited from voluntary and community groups and £1,000 has since been distributed. This leaves £49,000 of funding available for distribution and the Committee's sub-group is currently considering some new applications.

3.4 Since 1 April 2020, £5,840 has been distributed from the £25,000 reserved to address the effects of loneliness amongst elderly residents and the consequential effect on their health. There remains £385 of this funding available for distribution.

3.5 As stated above, the surplus in real terms is £78,481 as at 30 September 2020 and Members have the following options available to them:-

- resolve to make no additional distribution;
- make some or all of the £29,096 surplus on the funds after the remaining earmarked distribution of £49,385 has been taken into account, available for 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 value of the Investment Fund has recovered since the downturn experienced at the onset of the COVID19 lockdown period. Unit price has increased from £14.95 per unit as at 31 March 2020 to £17.16 per unit as at 30 September 2020.
- 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 11 June 2019, 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. Current working at home arrangements have made it difficult to undertake these transactions so far this year but Officers are currently in dialogue with CCLA about managing funds in the accounts.
- 4.6 Unlike the Investment Fund, the Deposit Account has a fixed net asset value, ie the original amount invested is maintained. The interest being earned on this account is 0.2% to date this year and, although comparable to other investments currently available, it is poor in comparison to the Investment Fund.
- 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;
- 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

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Paula McDonald on telephone number Tel: 0161-474-4708 or alternatively email paula.mcdonald@stockport.gov.uk