

BROOKFIELD PARK SHIERS FAMILY TRUST**Report of the Deputy Chief Executive (Section 151 Officer)****1. Introduction**

- 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 2021, which can be found at appendix one.
- 1.2 The report also provides an update to inform Members of the financial standing of the Trust as at 31 August 2021, indicate the amount of money available for distribution to organisations and provide commentary on the relevant performance of investment funds.
- 1.3 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 2021

- 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 financial accounts of the Brookfield Park Shiers Family Trust for year ending 31 March 2021 including the Independent Examiners Report carried out by the Council's Internal Audit Team, can be found at appendix one.
- 2.3 The value of the funds was £372,336 as at 31 March 2021, an increase of £3,617 since last reported at 30 September 2020. The table below gives the details of each account.

Investment	Value as at 30 Sep 20 £	Value as at 31 Mar 21 £	Increase/ (Decrease) in value £
COIF Investment Fund	207,961	226,134	18,173
COIF Deposit Account	160,758	146,202	(14,556)
Total	368,719	372,336	3,617

- 2.4 The value of the units held in the Investment Fund was £226,134 as at 31 March 2021. The amount invested at the start of the financial year was £125,925 and a further purchase of £9,435 in units was made in March 2021, making the total investment £135,270. The purchase of units in March 2021 was made using the dividend payments received from the Investment Fund since the last purchase of

units in October 2019. The current value of £226,134 represents a net capital growth of £90,864.

2.5 The Investment Fund receives quarterly dividend payments and these are placed in the Deposit Account. From 1 October 2020 to 31 March 2021, a total of £3,148 was received in dividends, equating to a return of 3% for the year.

2.6 In the six months following 30 September 2020, the balance on the Deposit Account increased by £3,158 (£3,148 in dividend payments from the Investment Fund and £10 interest on the Deposit Account). During March 2021, a reimbursement of £13,850 was made to the Council for the distributions made on behalf of the Trust and £9,345 was used to purchase units in the Investment Fund leaving the Deposit Account with a balance of £146,202.

3. Financial Standing of the Trust as at 31 August 2021

3.1 Since the end of the last financial year, the value of the Funds has increased by a further £19,717 and now stand at £392,053, as shown in the table below.

Investment	Value as at 31 Mar 21 £	Value as at 31 Aug 21 £	Increase/ (Decrease) in value £
COIF Investment Fund	226,134	242,509	16,375
COIF Deposit Account	146,202	149,544	3,342
Total	372,336	392,053	19,717

3.2 The Investment Fund shows capital growth of £16,375 in value of the units held as at 31 August 2021, which now stand at £242,509. A total of £3,334 has been received in dividends in the financial year to 31 August 2021 and these have been paid into the Deposit Account.

3.3 The balance on the Deposit Account now stands at £149,544. The increase of £3,342 is largely made up of dividend payments from the Investment Fund (see para 3.2), with remainder being the interest earned on the Deposit Account.

4. Funds Available to Support Voluntary Organisations

4.1 The original bequest was £191,100 and Members have a policy to maintain the value of the Trust in real terms before considering any distribution.

4.2 At 31 August 2021, the value of the original bequest in real terms is £296,085. The table below shows that the current value exceeds this and the surplus in real terms now stands at £95,967.

	Investment Fund £	Deposit Account £	Total £
Total value of the Trust as at 31 August 2021	242,509	149,544	392,053
Value required to maintain the original bequest in real terms*	193,178	102,908	296,086
Surplus / (Deficit) in real terms	49,331	46,636	95,967

*Based on Jul 21 CPI

- 4.3 The Area Committee has previously agreed to reserve a total of £75,000, £25,000 to address the effects of loneliness amongst elderly residents and the consequential effect on their health and £50,000 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.
- 4.4 At the start of the 2020/21 financial year, there was £54,865 of the total funding remaining. During 2020/21, a total of £13,850 was distributed leaving £41,015 available for distribution this year (£385 of the funding provided to address the effects of loneliness amongst elderly residents and the consequential effect on their health and £40,630 of the funding 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).
- 4.5 A meeting of the sub-committee group is in the process of being arranged to consider applications for the remaining funding.
- 4.6 As stated above, the surplus in real terms is £95,967 as at 31 August 2021 and Members have the following options available to them:-
- resolve to make no additional distribution;
 - make some or all of the £54,952 surplus on the funds after the remaining earmarked distribution of £41,015 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.

5. Investment Strategy

- 5.1 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.
- 5.2 The Trust increased its investment in units in the Investment Fund to £135,270 at the end of the 2020/21 financial year. The investment has a variable net asset value, which means that the value is dependent on the value of the units.
- 5.3 The value of the Investment Fund has recovered since the downturn experienced at the onset of the COVID19 lockdown period. During the financial year 2020/21, the unit price increased from a low of £14.34 per unit to £17.89 per unit as at 31 March

2021. The unit price has been steadily increasing since the start of the 2021/22 financial year and is now £20.01 per unit.

- 5.4 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.
- 5.5 At the meeting of the Committee on 10 November 2020, Members reiterated their proposal that the dividends received be reinvested in the Investment Fund and requested that this be done as appropriated during each financial year.
- 5.6 Unlike the Investment Fund, the Deposit Account has a fixed net asset value, i.e. the original amount invested is maintained. The interest being earned on this account has reduced to 0.1% this year and, although comparable to other investments currently available, it is poor in comparison to the Investment Fund.
- 5.7 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.

6. Recommendations

- 6.1 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 2021;
 - 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