

BROOKFIELD PARK SHIERS FAMILY TRUST ANNUAL REPORT 2021/22**Report of the Deputy Chief Executive (Section 151 Officer)****1. INTRODUCTION AND PURPOSE OF REPORT**

- 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 2022, 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 2022

- 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 2022 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 is £382,210 as at 31 March 2022. This is a net decrease of £9,843 since last reported at 31 August 2021 but includes the reimbursement of £19,884 to the Council for the distributions made on behalf of the Trust throughout the year. The table below gives the details for each account.

Investment	Value as at 30 Aug 21 £	Value as at 31 Mar 22 £	Increase/ (Decrease) in value £
COIF Investment Fund	242,509	255,827	13,318
COIF Deposit Account	149,544	126,383	(23,161)
Total	392,053	382,210	(9,843)

- 2.4 The value of the units held in the Investment Fund is £255,827 as at 31 March 2022, an increase of £13,318 since last reported in August 2021. Part of this increase is due to the further purchase of £6,750 in units of the Investment Fund in March 2022, bringing the total investment to £142,020.
- 2.5 The purchase of the units in the Investment Fund in March 2022 was made using the dividend payments received from the Investment Fund during the financial year, as per Members' policy. The Investment Fund receives quarterly dividend payments and these are credited to the Deposit Account. For the 2021/22 financial year a total of £6,750 has been received in dividends, equating to a return of 2.7% for the year.

2.6 Since last reported to the end of August 2021, the balance on the Deposit Account has decreased by £23,161. This is largely due to the reimbursement of £19,884 to the Council for the distributions made on behalf of the Trust throughout the year and £6,750 being used to purchase units in the Investment Fund. Offsetting these payments, were receipts of £3,416 in dividend payments from the Investment Fund and £56 interest on the Deposit Account.

3 FUNDS AVAILABLE TO SUPPORT VOLUNTARY ORGANISATIONS

3.1 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.

3.2 At 31 March 2022, the value of the original bequest in real terms is £309,640. The table below shows that the current value exceeds this and the surplus in real terms stands at £72,570.

	Investment Fund	Deposit Account	Total
	£	£	£
Total value of the Trust as at 31 March 2022	255,827	126,383	382,210
Value required to maintain the original bequest in real terms*	208,771	100,869	309,640
Surplus / (Deficit) in real terms	47,056	25,514	72,570

*Based on Mar 22 CPI

3.3 The Area Committee has previously agreed to reserve a total of £75,000, £25,000 of which was 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.

3.4 At the start of the 2021/22 financial year, there was £41,015 of the total funding remaining. During 2021/22, the remaining £385 of the funding provided to address the effects of loneliness amongst elderly residents and the consequential effect on their health was used. £19,499 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 was also distributed. This leaves a balance of £21,131 to carry forward into 2022/23.

3.5 A meeting of the sub-committee group to consider applications for the remaining funding took place on 11 May 2022 and a further £7,000 has been agreed to be distributed.

3.6 As stated above, the surplus in real terms is £72,570 as at 31 March 2022 and Members have the following options available to them:-

- resolve to make no additional distribution;

- make some or all of the £51,439 surplus on the funds after the remaining earmarked distribution of £21,131 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 increased its investment in units in the Investment Fund to £142,020 at the end of the 2021/22 financial year. 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 pandemic. During the 2021/22 financial year, the unit price was steadily increasing and increased from a low of £18.10 per unit to £20.76 per unit as at 31 December 2021. However, since January 2022, the value has been fluctuating and was £19.71 per unit as at 31 March 2022. The Bank of England increases in bank rate and forecast inflation figures will have contributed to the volatility in value since December 2021.
- 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 14 September 2021, 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.
- 4.6 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 remained low (less than 0.1%) and, although comparable to other investments currently available, it is poor in comparison to the Investment Fund. However, with the increase in Bank of England bank rate, the interest rate on this account should also start to increase during 2022/23.
- 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 CONCLUSIONS AND 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 2022;
- 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