

# Public Document Pack



Neuadd y Sir  
Y Rhadyr  
Brynbuga  
NP15 1GA

County Hall  
Rhadyr  
Usk  
NP15 1GA

Tuesday, 16 January 2018

**Notice of meeting / Hysbysiad o gyfarfod:**

## **Monmouthshire Farm School Endowment Trust**

**Monday, 22nd January, 2018 at 11.00 am,**

### **AGENDA**

<b>Item No</b>	<b>Item</b>	<b>Pages</b>
1.	Apologies for absence	
2.	Declarations of Interest	
3.	To confirm and sign the minutes of the previous meeting of the Monmouthshire Farm School Endowment Trust	1 - 2
4.	To consider whether to exclude the press and public from the meeting during consideration of the following item of business in accordance with Section 100A of the Local Government Act 1972, as amended, on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 12 and 14 of Part 4 of Schedule 12A to the Act. (Proper Officer's view attached).	3 - 4
5.	To consider a report by the Chief Officer for Children and Young People regarding applications received against the Trust Fund for the Academic Year 2016/17	5 - 10
6.	Mon Farm School Endowment Trust Fund Annual Report	11 - 22
7.	Letter regarding Roger Edwards Trust Fund	23 - 28
8.	Date and time of the next meeting	

**Paul Matthews**

**Chief Executive / Prif Weithredwr**

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MONMOUTHSHIRE COUNTY COUNCIL  
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

County Councillors:

A. Easson  
R. Edwards  
D. Jones  
S.B. Jones  
P. Murphy  
B. Pagett  
J.D. Hayes  
D. Havard  
W. Symondson  
D. Yeowell  
K. Backhouse  
M. Feakins

## Public Information

### **Access to paper copies of agendas and reports**

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### **Welsh Language**

The Council welcomes contributions from members of the public through the medium of Welsh or English. We respectfully ask that you provide us with adequate notice to accommodate your needs.

# Aims and Values of Monmouthshire County Council

## Sustainable and Resilient Communities

### Outcomes we are working towards

#### **Nobody Is Left Behind**

- Older people are able to live their good life
- People have access to appropriate and affordable housing
- People have good access and mobility

#### **People Are Confident, Capable and Involved**

- People's lives are not affected by alcohol and drug misuse
- Families are supported
- People feel safe

#### **Our County Thrives**

- Business and enterprise
- People have access to practical and flexible learning
- People protect and enhance the environment

### Our priorities

- Schools
- Protection of vulnerable people
- Supporting Business and Job Creation
- Maintaining locally accessible services

### Our Values

- **Openness:** we aspire to be open and honest to develop trusting relationships.
- **Fairness:** we aspire to provide fair choice, opportunities and experiences and become an organisation built on mutual respect.
- **Flexibility:** we aspire to be flexible in our thinking and action to become an effective and efficient organisation.
- **Teamwork:** we aspire to work together to share our successes and failures by building on our strengths and supporting one another to achieve our goals.

# Nodau a Gwerthoedd Cyngor Sir Fynwy

## Cymunedau Cynaliadwy a Chryf

### Canlyniadau y gweithiwn i'w cyflawni

#### Neb yn cael ei adael ar ôl

- Gall pobl hŷn fyw bywyd da
- Pobl â mynediad i dai addas a fforddiadwy
- Pobl â mynediad a symudedd da

#### Pobl yn hyderus, galluog ac yn cymryd rhan

- Camddefnyddio alcohol a chyffuriau ddim yn effeithio ar fywydau pobl
- Teuluoedd yn cael eu cefnogi
- Pobl yn teimlo'n ddiogel

#### Ein sir yn ffynnu

- Busnes a menter
- Pobl â mynediad i ddysgu ymarferol a hyblyg
- Pobl yn diogelu ac yn cyfoethogi'r amgylchedd

### Ein blaenoriaethau

- Ysgolion
- Diogelu pobl agored i niwed
- Cefnogi busnes a chreu swyddi
- Cynnal gwasanaethau sy'n hygyrch yn lleol

### Ein gwerthoedd

- **Bod yn agored:** anelwn fod yn agored ac onest i ddatblygu perthnasoedd ymddiriedus
- **Tegwch:** anelwn ddarparu dewis teg, cyfleoedd a phrofiadau a dod yn sefydliad a adeiladwyd ar barch un at y llall.
- **Hyblygrwydd:** anelwn fod yn hyblyg yn ein syniadau a'n gweithredoedd i ddod yn sefydliad effeithlon ac effeithiol.
- **Gwaith tîm:** anelwn gydweithio i rannu ein llwyddiannau a'n methiannau drwy adeiladu ar ein cryfderau a chefnogi ein gilydd i gyflawni ein nodau.

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# Public Document Pack **Agenda Item 3**

## MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Monmouthshire Farm School Endowment Trust held on Monday, 23rd October, 2017 at 11.00 am**

**PRESENT:** County Councillors: A. Easson, R. Edwards, D. Jones (Chair), S.B. Jones, M. Feakins,

Professor J. D. Hayes and County Councillor Havard (CCBC)

### **OFFICERS IN ATTENDANCE:**

Andrew Evans	Senior Management Accountant
Holly Barnard	Accountancy Assistant
Nicola Perry	Senior Democracy Officer

### **APOLOGIES:**

K. Backhouse

#### **1. Declarations of Interest**

County Councillor A. Easson declared personal, non-prejudicial interest in respect of Item 5 as he was aware of the applicant.

#### **2. To confirm and sign the minutes of the previous meeting of the Monmouthshire Farm School Endowment Trust**

The minutes of the meeting held on 17<sup>th</sup> July 2017 were confirmed and signed by the Chair.

It was requested that membership be reviewed, and the Chair agreed that the Leader be contacted to confirm members of the trust.

#### **3. To consider whether to exclude the press and public from the meeting during consideration of the following item of business in accordance with Section 100A of the Local Government Act 1972, as amended, on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 12 and 14 of Part 4 of Schedule 12A to the Act. (Proper Officer's view attached).**

#### **4. To consider a report by the Chief Officer for Children and Young People regarding applications received against the Trust Fund for the Academic Year 2016/17**

We considered 12 applications received against the Trust Fund, presented on behalf of the Chief Officer for Children and Young People.

The Committee was briefed on the monies available to allocate.

We resolved:

- i. That awards be made to the applicants, as agreed, subject to appropriate receipts and evidence of attendance being received.

## **MONMOUTHSHIRE COUNTY COUNCIL**

### **Minutes of the meeting of Monmouthshire Farm School Endowment Trust held on Monday, 23rd October, 2017 at 11.00 am**

- ii. To note that the total amount of funding awarded to students at today's meeting was £20,446.75.

Members of the Trust commented that further efforts to publicise the Trust Fund, for example, through Communications Department, would be beneficial.

#### **5. To note the date and time of the next meeting as Monday 22nd January 2018 at 11am**

We noted the date and time of the next meeting as 22<sup>nd</sup> January 2018 at 11am.

**The meeting ended at 11.45 am**



**SCHEDULE 12A LOCAL GOVERNMENT ACT 1972  
EXEMPTION FROM DISCLOSURE OF DOCUMENTS**

**REPORT:** APPLICATIONS FOR FUNDING  
**AUTHOR:** FINANCE MANAGER CYP FINANCE  
**MEETING AND DATE OF MEETING:** MONMOUTHSHIRE FARM SCHOOL  
ENDOWEMENT TRUST  
MONDAY 22<sup>nd</sup> January 2018.

I have considered grounds for exemption of information contained in the report referred to above and make the following recommendation to the Proper Officer:-

**Exemptions applying to the report:**

Likely to reveal information relating to a particular individual (Paragraph 12).

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 14).

**Factors in favour of disclosure:**

Accountability of the Trustees for the proper disbursement of Trust Funds.

**Prejudice which would result if the information were disclosed:**

May discourage potential applicants (Applications depend on assessment of financial need).

**My view on the public interest test is as follows:**

Factors against disclosure outweigh those in favour

**Recommended decision on exemption from disclosure:**

Withhold

Date: 09/01/2018

Signed: A.J. Evans

**Andrew Evans**

Post:

**Deputy Finance Manager**

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I accept the recommendation made above.



Proper Officer

N.S. WELLINGTON

Date: 9-1-18

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By virtue of paragraph(s) 12, 14 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**Monmouthshire Farm School Endowment  
Trust Fund**

**Annual report  
for the year ended 31 March 2017**

-Registered Charity Number: 525649

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for year ended 31st March 2017**

**Contents**

Trustees, officers and advisors	1
Report of the Trustee	2
Independent examiners report	4
Statement of financial activities	5
Balance sheet	6
Notes to the financial statements	7

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for year ended 31st March 2017**

**Trustees, officers and advisors**

**Trustees**

D L Edwards  
Monmouthshire County Council

D Yeowell  
Torfaen County Borough Council

R Edwards  
Monmouthshire County Council

Professor J D Hayes  
University College Wales Aberystwth

R J W Greenland  
Monmouthshire County Council

K Backhouse  
Director Usk Campus – Coleg Gwent

S B Jones  
Monmouthshire County Council

D Havard  
Caerphilly County Borough Council

A Easson  
Monmouthshire County Council

D.W.H Jones  
Monmouthshire County Council

R Pagett  
Blaenau Gwent County Borough Council

Dr W O C Symondson  
University of Wales College Cardiff

**Secretary**

P Matthews – Acting Monitoring Officer, Monmouthshire County Council

**Registered Office**

County Hall, The Rhadyr, Usk, NP15 1GA

**Auditors**

Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ

**Solicitors**

R Tranter, Head of Legal Services, Monmouthshire County Council

**Investment custodian**

Monmouthshire County Council

**Bankers**

Barclays Bank, Leicester, Leicestershire LE87 2BB

## **Monmouthshire Farm School Endowment Trust Fund Annual report for year ended 31st March 2017**

### **Report of the Trustee for the year ended 31st March 2017**

The Trustee presents its annual report and the audited financial statements for the year ended 31 March 2017 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustee, officers and advisors set out on page 1 forms part of this report. The accounts (financial statements) have been prepared in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic (FRS 102) and Charity Act 2011. The financial statements comply with the Charity's trust deed.

#### **Status and administration**

The Charity is governed by the 1959 Principal Scheme as amended by the Altering Scheme of 1971, although the governing body may rightly claim a history stretching back to 1894. The Fund is registered with the Charity Commission under charity number 525649.

#### **Objects**

The primary object of the Charity, as stated in its governing document, is to make awards to students in need of assistance to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects. The governing body can use its discretion to apply any unawarded income to provide funding towards the cost of their facilities or amenities at Usk College which would benefit these students. The grant awarded have allowed the beneficiaries to pursue land based courses to enhance career opportunities. The area of benefit is clearly defined, household income is a consideration when making the award. Grants were awarded to 12 people and the total awards were £26,209.

#### **Review of activities and future developments**

The statement of financial activities for the year is set out on page 5 of the financial statements. A summary of the financial results and the work of the Charity are set out below.

The Fund has increased in value by £20,372 (£2,499 increase in 2015/16) over the financial year as a result of outgoing resources being outweighed by incoming resources.

Income is comprised of interest on investment stock and cash held of £24,816 (£23,314 in 2015/16), and £19,701 (£32,479 in 2015/16) in respect of the annual payment from the Roger Edwards Educational Trust Fund. Expenditure of £29,989 (£30,127 in 2015/16) primarily comprised of grants payable of £26,209 (£27,651 in 2015/16) in line with the Charity's objects. Unrealised investment gain of £5,844 (£23,167 loss in 2015/16) were made in relation to investments held.

The current strategy is to ensure that there are sufficient funds to meet the needs of beneficiaries.

#### **Investment powers, policy and performance**

Under the terms of the Trust Deed, the Trustee have general powers of investment, subject to the provisions of the Trustee Act 2000. The Trustee has reviewed its investment strategy and produced an investment and fund strategy for 2014/15 which was approved by Monmouthshire County Council in its capacity as Trust administrator on 2<sup>nd</sup> March 16. Investments are strategically placed in low-risk investments. Investment performance is reviewed periodically in light of prevailing economic changes.

#### **Grant making policy**

Grants are made in pursuance of the Charity's objectives in assisting students in need to attend Usk Agricultural College, or at the discretion of the governing body, any other college, institution or university to pursue courses of study in agricultural subjects.

#### **Changes in fixed assets**

The movements in fixed asset investments during the year are set out in note 7 to the financial statements.



## **Monmouthshire Farm School Endowment Trust Fund Annual report for year ended 31st March 2017**

### **Reserves**

The Fund consists primarily of the sale proceeds of the Former Monmouthshire Farm School by the governing body of the school to Monmouthshire County Council. The fund receives an annual payment from The Roger Edwards Educational Trust (Charity Number 525638) equivalent to two thirds of the annual investment and rental income accrued to the Foundation.

The Trust has reviewed its fund strategy and produced an investment and fund strategy for 2014-15 which states that it is the Trust's policy to maintain funds at approximately the current level and utilise the annual income received to fund its charitable expenditure. This was approved by Cabinet on the 4<sup>th</sup> March 2015.

### **Governance of the Charity**

Representative Trustees appointed by Monmouthshire County Council have a term of office equivalent to the term of a County Council (four years); the other representative Trustees have a term of office of three years and the co-operative Trustees have a term of office of five years. The Trustees are listed on page 1.

### **Risk management**

Monmouthshire County Council as appointed administrator of the Trust Fund periodically review the major risks to which the Charity is exposed as part of the Authority's overall risk management and financial control processes. The Roger Edwards Educational Trust provide significant income to this trust and forms the majority of income that can be used for grants. This income is received after the audited accounts have been agreed and therefore this is usually late in the financial year. A risk assessment policy was approved by Cabinet on 2<sup>nd</sup> March 2016.

### **Auditors**

The Wales Audit Office are the appointed auditors to the Charity.

### **Trustees responsibilities**

The Trustees are required by charity law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and of the net incoming/outgoing resources of the Charity as at the end of the financial year.

The Trustee confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 2017. The Trustee also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustee are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **By order of the Trustee**

Trustee:

Date:

**Monmouthshire Farm School Endowment Trust Fund  
Annual report for year ended 31st March 2017**

**Report of the independent examiner to the trustee of  
Monmouthshire Farm Endowment Trust Fund**

I report on the accounts of Monmouthshire Farm School Endowment Trust Fund for the year ended 31<sup>st</sup> March 2017, which are set out on pages 5 to 10.

**Responsibilities and basis of report**

As the charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 (the Act). You are satisfied that the accounts are not required to be audited by charity law and have chosen instead to have an independent examination.

I report in respect of my examination of your charity's accounts as carried out under section 145 of the Act; In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

**Independent examiner's statement**

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept as required by section 130 of the Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the applicable requirements concerning the form and content set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Ann-Marie Harkin  
On behalf of the Auditor General for Wales  
Date:

24 Cathedral Road  
Cardiff CF11 9LJ

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for year ended 31st March 2017**

**Statement of financial activities (Sofa) for the year ended 31st March 2017**

	Notes	2017 Unrestricted Funds £	2016 Unrestricted Funds £
<b>Income &amp; Endowments from:</b>			
Investment income	2	24,816	23,314
Other incoming resources (REET)		19,701	32,479
<b>Total income &amp; Endowments</b>		<b>44,517</b>	<b>55,793</b>
<b>Resources Expended</b>			
<b>Charitable expenditure</b>			
Costs of activities in furtherance of the Charity's objects			
Expenditure on charitable activities	3	26,209	27,651
Other expenditure	3 & 4	3,780	2,476
<b>Total Resources expended</b>		<b>29,989</b>	<b>30,127</b>
Gains/(losses) on investment assets	5	5,844	(23,167)
<b>Net Income / Expenditure</b>		<b>20,372</b>	<b>2,499</b>
<b>Net movement in funds</b>			
Fund balances brought forward 1 April 2016		<b>704,932</b>	702,433
<b>Fund balances carried forward 31 March 2017</b>		<b>725,304</b>	704,932

All incoming resources and resources expended are derived from continuing activities. There are no recognised gains or losses other than those disclosed above.

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for year ended 31st March 2017**

**Balance Sheet as at 31 March 2017**

	Notes	2017 Unrestricted Funds £	2016 Unrestricted Funds £
<b>Fixed assets</b>			
Investments	7	<b>617,796</b>	611,952
		<b>617,796</b>	611,952
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	<b>25,305</b>	35,393
Cash at bank and in hand		<b>87,969</b>	59,687
		<b>113,274</b>	95,080
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	9	<b>5,766</b>	2,100
<b>Net current assets</b>		<b>107,508</b>	92,980
<b>Net assets</b>		<b>725,304</b>	704,932
<b>The Funds of the Charity:</b>			
Unrestricted Funds	10	<b>725,304</b>	704,932
<b>Total Charity funds</b>		<b>725,304</b>	704,932

The accounts were approved by the Trustee on 17<sup>th</sup> July 2017 and signed on their behalf by:

Trustee:

Date:

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for year ended 31st March 2017**

**Notes to the financial statements for the year ended 31<sup>st</sup> March 2017**

**1 Principal accounting policies**

**Basis of accounting**

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic (FRS 102) and Charity Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102. The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

**Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Incoming Resources**

All income received is accounted for on a receivable basis and has been classified under the appropriate categories. The income received from the Roger Edwards Educational Trust is an estimation of income based on historical data, the actual income relating to 2016-17 has not been received at the time of this report, and therefore any adjustment will be made in the accounts for 2017-18.

**Grants payable**

Grants payable are accounted for in full as liabilities of the Charity when approved by the Trustee and accepted by the beneficiaries.

**Management and administration**

Monmouthshire County Council administer the Trust Fund on behalf of the Trustee. Management and administration costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of support service recharges and overhead apportionments. The basis of the apportionment is a fixed fee agreed with the trustees of £200 per year.

**Debtors/ Creditors**

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**Irrecoverable VAT**

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

**Recognition of liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

**Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity. Investment income and gains are allocated to the appropriate fund.

## Monmouthshire Farm School Endowment Trust Fund Annual report for year ended 31st March 2017

### Investments

Investments are included at market value at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

### Transition to FRS 102

The opening fund position at the date of transition have not been restated and no subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 April 2016.

### Cash flow statement

The charity has taken exemption from preparing a cash flow under Charities SORP FRS 102 Update Bulletin 1.

## 2 Investment income

	2017	2016
	£	£
Interest on cash balances	0	615
Interest on Investments	24,816	22,699
	<b>24,816</b>	<b>23,314</b>

## 3 Expenditure on Charitable Activities

	2017	2016
	£	£
Grants payable	26,209	27,651
Management & administration	3,780	2,476
	<b>29,989</b>	<b>30,127</b>

Grants payable comprise numerous payments to individual students in respect of part-time courses attended. It is not possible to provide further details due to restrictions of confidentiality.

## 4 Governance Costs

	2017	2016
	£	£
Net incoming resources is stated after charging:		
Auditor's remuneration	2,560	1,701
	<b>2,560</b>	<b>1,701</b>

No indemnity insurance for Trustee's liability has been purchased by the Charity. Though no specific indemnity insurance has been purchased by the Charity, the Fund is covered by Monmouthshire County Councils' fidelity guarantee insurance. Insurance covers financial losses incurred as a result of fraudulent acts conducted by Authority employees but does not cover the Trustee for any wrong decisions that may have been made. Governance costs have increased during the year as a result of the Public Audit Wales Act and in particular the duty placed on the Wales Audit Office to ensure full cost recovery in its audit fees. The audit fee is included in the management and administration spend as per note 3.

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for year ended 31st March 2017**

**5 Gains and losses on revaluation and disposal of investment assets**

	Market Value 2016 £	Additions (Disposals) £	Market Value 2017 £	Gain/(Loss) £
Charibond	199,805	0	205,761	5,956
OEIC	184,541	0	192,858	8,317
COIF	227,606	0	219,177	(8,429)
<b>Total</b>	<b>611,952</b>	<b>0</b>	<b>617,796</b>	<b>5,844</b>

**6 Taxation**

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Charity falls with Monmouthshire County Council regulations for VAT, and therefore any liability is accounted for within Monmouthshire County Council.

**7 Fixed asset investments**

	Total £
Valuation at 1 April 2016	<b>611,952</b>
Net revaluation (loss) / gain	<b>5,844</b>
<b>Valuation at 31 March 2016</b>	<b>617,796</b>

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2017. The historical cost of the investments at 31st March 2017 was £639,000. All of the Charity's investments are quoted in the UK. The details of these are disclosed in the table below, being Charibond, COIF and OEIC Fund.

Investments with a market value greater than 5% of the total portfolio market value at 31st March 2017 are as follows:

	£	%
COIF	219,177	35
Charibond	205,760	33
OEIC Fund	192,859	32

The percentage shown above is the percentage of the total portfolio market value as at 31<sup>st</sup> March 2017.

**Monmouthshire Farm School Endowment Trust Fund**  
**Annual report for year ended 31st March 2017**

**8 Debtors**

	2017	2016
	£	£
<b>Amounts falling due within one year</b>		
Receivable from The Roger Edwards Educational Trust Fund	<b>25,000</b>	32,000
Accrued Interest Receivable	<b>0</b>	2,330
HM Revenue and Customs	<b>305</b>	1,063
	<b>25,305</b>	35,393

The majority of the debt relates to the payment from the Roger Edwards Educational Trust. This is an estimate of the income based on historical payments.

**9 Creditors**

	2017	2016
	£	£
<b>Amounts falling due within one year</b>		
Accruals and deferred income	<b>5,766</b>	2,100
	<b>5,766</b>	2,100

The amounts owed relate to audit fees and payments to Monmouthshire County Council to administer the trust.

**10 Unrestricted Funds**

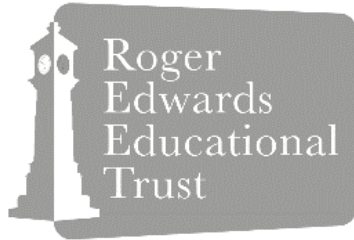
	Balance 1 April 2016	Incoming resources	Resources Expended	Investment Gain/(Loss)	Balance 31 March 2017
	£	£	£	£	£
Permanent endowed funds	704,932	44,517	(29,989)	5,844	<b>725,304</b>

**11 Related party transactions**

No remuneration directly or indirectly out of the funds of the Charity was paid or payable for the year to any trustee. Payments have been made to Monmouthshire County Council respect of management and administration expenses.



# Agenda Item 7



Chairman: Christopher Cowburn BSc MBA MRICS

Coshla,

Monmouth Road,

Usk,

Monmouthshire NP15 1SE

Tel. 01291-673049 or 07913-258081

e-mail [chris.cowburn@live.com](mailto:chris.cowburn@live.com)

Registered Charity Number 525638

The Chairman of the Trustees  
The Monmouthshire Farm School Endowment Trust  
c/o Andrew Evans  
CYP Finance  
Monmouthshire County Council  
Innovation House  
Caldicot  
Monmouthshire  
NP26 9AN

Dear Sir

The Roger Edwards Educational Trust (REET) and The Monmouthshire Farm School  
Endowment Trust Fund (MFSET)

In 2010 the Charity Commission set up a Scheme under which REET, formerly the Usk Grammar School Foundation and administered by Monmouthshire County Council, was formed as a separate entity under the control of local Trustees in Usk. Under the Scheme two thirds of REET's net income would continue be paid to MFSET, broadly reflecting the historical situation in which the Monmouthshire Farm School at the Rhadyr, Usk and Usk Church in Wales Primary School had been the only educational institutions in the Usk Grammar School Foundation's area of benefit since the closure of Usk Grammar School itself.

Since that date, MFSET's accounts (covering the period from 1 April 2009 to 31 March 2017) show MFSET's total income, net of expenses, as £389,420. Of this, £319,968 (82%) has been recorded in the accounts as income arising from REET. During this period, MFSET has made grants of £227,650 – underspending its total available income by £161,770 (41.5%) and its income receivable from REET alone by £92,318 (nearly 28%). This strongly suggests that MFSET does not need its current level of income and that it may have continuing difficulty in using up its accumulated reserves. Charity Commission guidance states, "If a charity has more resources than it needs to fulfil all of its purposes then the trustees must consider whether the purposes of the charity should be amended to enable the charity to operate more effectively." (CC19)

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I enclose a schedule setting out the financial history of both charities since the year ended 31 March 2010. (One minor complicating factor is that MFSET's accounts include an annual estimate of amounts receivable from REET, which is corrected the following year; however, the cumulative difference between MFSET's estimates and the actual amounts received to 31 March 2017 is trivial (a little over £5,000); this therefore does not undermine the suggestion that MFSET no longer appears to need its current level of income from REET.)

Since 2010 a number of things have occurred which lead the trustees of REET to conclude that the present arrangements should now be changed. I list those factors below, but not necessarily in order of importance.

1. REET has invested the large financial endowment transferred to the Trustees at its inception proactively in a spread of equity and property-based investments managed by the Charities Official Investment Fund. These have grown in value by over £300,000 (31%) to 31 March 2017 and have produced income representing a yield of around 5% on the original sums invested. MFSET, which historically had a much more cautious investment strategy (and which has only in the past few years moved its investments from low-yielding cash deposits to fixed interest funds), has therefore benefited disproportionately under the current income-splitting arrangement from REET's more proactive stewardship. However, much of the income transferred from REET remains unused.
2. To the extent that MFSET's own income has now been enhanced by its change in investment strategy, this may well further increase the gap between its income and grant-making expenditure and so exacerbate MFSET's existing problem of underspending its income.
3. We have noted several instances in the minutes of MFSET Trustees' meetings where concerns have been expressed about the lack of uptake for MFSET's grants and various actions suggested to publicise them. We also noted in the minutes of the meeting on 17 July 2017 that Trustees had approved the investment of £50,000 cash reserves. This in turn supports the impression that MFSET has been accumulating cash that it has been unable to spend on its charitable objects – an accumulation for which no clear need in the form of a reserves policy has been identified.
4. Monmouthshire County Council (MCC) relinquished its tenancy of the Old Grammar School in Usk in mid-2015. Despite the loss of MCC rental income from this asset, REET has been able to find alternative tenants. However, there has been a major impact on our expenses, both from taking over the

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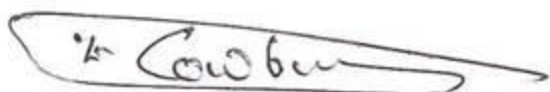
costs of running and maintaining this listed building and from the professional fees associated with an ongoing dispute since 2015 over MCC's responsibility for dilapidations incurred during their long tenancy.

5. REET's profile in Usk has risen, and as a result REET is receiving more applications for grants than before. It is perhaps arguable that this situation should have been anticipated before the historical split of income between the two charities was perpetuated in REET's Scheme; however, with the benefit of 7 years' hindsight, it now seems clear that MFSET no longer needs its current level of contribution from REET, while REET itself is facing increasing demands for grants in its own area of benefit. Between 2011 and 2017, REET has made £177,337 in grants, and over £64,000 of these were funded by a once-off refund from MCC in respect of grants made *ultra vires* during its administration of the predecessor charity.
6. REET's trustees have therefore been forced to scale back on grants at a time of growing demand. Our average annual grant expenditure since inception has been just over £22,000; our budget for 2017/18 is currently £14,000, and in several recent cases we have reduced grants to individuals compared with what we would have offered in the past, or what we would have wished to offer currently, because of this constraint.

REET's Trustees now consider that the current arrangements between the two Trusts are no longer appropriate to the needs of either party and need to be reviewed. I therefore request a meeting between representatives of the two Trusts to see whether it will be possible to reach agreement on a new arrangement which can then be submitted to the Charity Commission for approval. If you are prepared to meet us, we suggest that 3 or 4 Trustees from each Trust should attend. I note that MFSET's Trustees are due to meet in any case on Monday 22 January 2018; for our part, representatives of REET would be happy to meet you on that date.

I hope that you will agree to a meeting, and that a new arrangement can be reached so that the two trusts can continue to work together.

Yours sincerely

A handwritten signature in black ink, enclosed in a hand-drawn oval. The signature appears to read "C E Cowburn".

C E Cowburn

Chairman

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MFSET: Historical analysis of income and grant expenditure, 2010-2017.

Year ended:	Income (incl REET income receivable) (Note 1)	Other expenditure (Note 1)	MFSET net income before grants	Grants payable (Note 1)	MFSET Unused net income	MFSET Income receivable from REET (Note 1 & 2)	Memo: Actual amounts paid by REET (Note 3)
31 March 2010	119,635	1,704	117,931	21,628	96,303	113,598	113,598
31 March 2011	22,194	1,707	20,487	17,980	2,507	15,490	14,083
31 March 2012	21,643	1,723	19,920	12,022	7,898	12,593	26,618
31 March 2013	39,472	1,723	37,749	38,768	-1,019	32,618	41,161
31 March 2014	61,333	2,288	59,045	39,192	19,853	56,161	36,328
31 March 2015	42,491	2,257	40,234	44,200	-3,966	37,328	36,479
31 March 2016	55,793	2,476	53,317	27,651	25,666	32,479	26,702
31 March 2017	44,517	3,780	40,737	26,209	14,528	19,701	19,903
Total	407,078	17,658	389,420	227,650	161,770	319,968	314,872

Note 1 Source: MFSET annual reports as lodged with the Charity Commission

Note 2 MFSET estimates REET income receivable and adjusts a year in arrear (See notes to MFSET accounts). Cumulative difference £5,096.

Note 3 Source: REET annual reports as lodged with the Charity Commission

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