

Public Document Pack



County Hall
Rhadyr
Usk
NP15 1GA

Friday, 1 July 2022

Notice of meeting

Monmouthshire Farm School Endowment Trust

Monday, 11th July, 2022 at 2.00 pm
Remote Attendance

AGENDA

Item No	Item	Pages
1.	Election of Chair.	
2.	Appointment of Vice-Chair.	
3.	Apologies for Absence.	
4.	Declarations of Interest.	
5.	To confirm and sign the minutes of the previous meeting of the Monmouthshire Farm School Endowment Trust.	1 - 2
6.	Monmouthshire Farm School Endowment Trust Annual Report for the year ended 31st March 2022.	3 - 16
7.	The Investment & Fund Strategy for the Monmouthshire Farm Endowment Trust 2022/23.	17 - 26
8.	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).	27 - 28
9.	To consider a report by the Chief Officer for Children and Young People regarding applications received against the Trust Fund for the Academic Year 2022/23.	29 - 30
10.	Next Meeting: Monday 17th October 2022 at 11.00am.	

Paul Matthews
Chief Executive

MONMOUTHSHIRE COUNTY COUNCIL
CYNGOR SIR FYNWY

THE CONSTITUTION OF THE COMMITTEE IS AS FOLLOWS:

Trustees:

Martyn Groucutt
David Jones
Jayne McKenna
Phil Murphy
Maria Stevens
Laura Wright
Malcolm Cross
Carol Andrews
Richard Clark
Helen Morgan
Penri James
Dr. W. Symondson

Public Information

Access to paper copies of agendas and reports

A copy of this agenda and relevant reports can be made available to members of the public attending a meeting by requesting a copy from Democratic Services on 01633 644219. Please note that we must receive 24 hours notice prior to the meeting in order to provide you with a hard copy of this agenda.

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

Our purpose

Building Sustainable and Resilient Communities

Objectives we are working towards

- Giving people the best possible start in life
- A thriving and connected county
- Maximise the Potential of the natural and built environment
- Lifelong well-being
- A future focused council

Our Values

Openness. We are open and honest. People have the chance to get involved in decisions that affect them, tell us what matters and do things for themselves/their communities. If we cannot do something to help, we'll say so; if it will take a while to get the answer we'll explain why; if we can't answer immediately we'll try to connect you to the people who can help – building trust and engagement is a key foundation.

Fairness. We provide fair chances, to help people and communities thrive. If something does not seem fair, we will listen and help explain why. We will always try to treat everyone fairly and consistently. We cannot always make everyone happy, but will commit to listening and explaining why we did what we did.

Flexibility. We will continue to change and be flexible to enable delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

Teamwork. We will work with you and our partners to support and inspire everyone to get involved so we can achieve great things together. We don't see ourselves as the 'fixers' or problem-solvers, but we will make the best of the ideas, assets and resources available to make sure we do the things that most positively impact our people and places.

Kindness: We will show kindness to all those we work with putting the importance of relationships and the connections we have with one another at the heart of all interactions.

Public Document Pack Agenda Item 5

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Monmouthshire Farm School Endowment Trust
County Hall, Usk - Remote Attendance
Friday, 21st January, 2022 at 11.00 am

PRESENT: Councillor D. Havard (Vice-Chair)

County Councillors: A. Easson, R. Edwards and P. Murphy

Councillor R. Clark (Torfaen County Borough Council)
Mr. P. James (Aberystwyth University)

OFFICERS IN ATTENDANCE:

Nikki Wellington	Finance Manager
Gareth Peel	Accounting Technician Trainee
Richard Williams	Democratic Services Officer

APOLOGIES:

County Councillor D. Jones and Ms. H. Morgan

1. Declarations of Interest

None received.

2. Confirmation of Minutes

The minutes of the meeting held on 4th October 2021 were confirmed as an accurate record.

3. Monmouthshire Farm School Endowment Trust Fund Annual Report for the year ended 31st March 2021 and Independent Examination of Financial Statement Report - Monmouthshire Farm School Endowment Trust

The Finance Manager presented the final accounts for the year end 2021.

In doing so it was noted that the Finance Manager would arrange a meeting with the Roger Edwards Trust, in the summer of 2022, to discuss its involvement with the Monmouthshire Farm School Endowment Trust, going forward.

We resolved to approve the accounts.

4. Exclusion of the Press and Public

We excluded 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 involved the likely disclosure of exempt information as defined in Paragraphs 12 and 14 of Part 4 of Schedule 12A to the Act.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Monmouthshire Farm School Endowment Trust County Hall, Usk - Remote Attendance Friday, 21st January, 2022 at 11.00 am

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 2021/22

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

The Trust resolved:

- (i) that awards be made to five applicants, as agreed, subject to appropriate receipts and evidence of attendance being received;
- (ii) that Monmouthshire County Council Finance officers liaise with some of the applicants to discuss restrictions on spending in respect of some items of equipment applied for, as well as discussing the software requirements for one of the applicants.

6. Next Meeting

The next meeting of the Monmouthshire Farm School Endowment Trust is scheduled to be held on Monday 18th July 2022 at 11.00am. However, as this meeting is likely to clash with the Royal Welsh Show, some Trustees might not be able to attend the meeting.

We resolved that the Democratic Services Officer investigates an alternative date in July 2022 for the next meeting of the Monmouthshire Farm School Endowment Trust.

The meeting ended at 11.45 am.

Monmouthshire Farm School Endowment Trust Fund

Annual report for the year ended 31 March 2022

Registered Charity Number: 525649

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2022

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Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2022

Trustees, officers and advisers

Trustees

R Edwards
Monmouthshire County Council

Professor J D Hayes
University College Wales Aberystwth
(left during year)

P Murphy
Monmouthshire County Council

P. James
University College Wales Aberystwth
(commenced during year)

A Easson
Monmouthshire County Council

Helen Morgan
Director Usk Campus – Coleg Gwent
Commenced during year

D W.H Jones
Monmouthshire County Council

D Havard
Caerphilly County Borough Council

B Thomas
Blaenau Gwent County Borough Council

M Feakins
Mounmouthshire County Council

Dr W O C Symondson
University of Wales College Cardiff

B Jones
Monmouthshire County Council
Commenced in year.

R Clark
Torfaen County Borough Council
(commenced during year)

Secretary

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Registered Office

County Hall, The Rhadyr, Usk, NP15 1GA

Independent Examiners

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

Solicitors

Matthew Phillips
Head of Legal Services
Monmouthshire County Council

Investment custodian

Monmouthshire County Council

Bankers

Barclays Bank
1-5 St David's Way
St David's Centre
Cardiff
CF10 2DP

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2022

Report of the Trustees for the year ended 31st March 2022

The Trustees present their annual report and the independently examined financial statements for the year ended 31 March 2022 of The Monmouthshire Farm School Endowment Trust Fund. The information with respect to the Trustees, officers and advisers set out on page 1 forms part of this report. The 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 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. The Trustees also have regard to the Charity Commission's guidance on public benefit.

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 facilities or amenities at Usk College which would benefit these students. The grants 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. The total grant awards were £9,182 (£14,678 in 2020/21).

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 £29,978 (£26,021 increase in 2020/21) over the financial year as a result of incoming resources (from investments) exceeding outgoing resources.

Income consists of interest on investment stock and cash held of £23,448 (£26,510 in 2020/21), and £4,649 (£0 2020/21) in respect of the annual payment from the Roger Edwards Educational Trust. Expenditure of £10,840 (£16,401 in 2020/21) primarily comprised of grants payable of £9,182 (£14,678 in 2020/21) in line with the Charity's objects. An unrealised investment gain of £12,721 (£15,912 gain in 2020/21) was made in relation to investments held.

The current strategy is to ensure that there are sufficient funds to meet the needs of beneficiaries. This income generation forms the main basis of the following year's grant allocations to ensure continuity and non-degradation of the fund's capital assets and to perpetuate the Charity as a going concern.

Investment powers, policy and performance

Under the terms of the Trust Deed, the Trustees have general powers of investment, subject to the provisions of the Trustee Act 2000. The Trustees have reviewed their investment strategy and produced an investment and fund strategy for 2020/21 which was approved by Monmouthshire County Council in its capacity as Trust administrator on 3rd March 2021. 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 the year ended 31st March 2022

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 are entitled to receive 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 Trust.

The Trust has reviewed its fund strategy and produced an investment and fund strategy for 2021/22 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 3rd March 2021.

Governance of the Charity

Representative Trustees appointed by Monmouthshire County Council have a term of office equivalent to the term of a County Council (five years); the other representative Trustees have a term of office of three years and the co-opted Trustees have a term of office of five years. County Council Trustees are elected to the board of Trustees. Trustees that represent other organisations are internally appointed. 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 processes. The Roger Edwards Educational Trust has historically provided significant income to this trust to be used for the distribution of grants. This income is received after the independent examination of the accounts and therefore this is usually late in the financial year. A risk assessment policy was approved by Cabinet on 3rd March 2021.

Independent examiners

The Audit Wales are the appointed independent examiners 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 Trustees confirm 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 2022. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees 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 Trustees

Trustee:

Date:

Report of the independent examiner to the Trustees of Monmouthshire Farm School Endowment Trust Fund

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2022

I report on the accounts of Monmouthshire Farm School Endowment Trust Fund for the year ended 31 March 2022, which are set out on pages 5 to 11.

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.

Adrian Crompton
Auditor General for Wales
24 January 2022

24 Cathedral Road
Cardiff
CF11 9LJ

Statement of financial activities (Sofa) for the year ended 31st March 2022

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2022

	Notes	2022 Unrestricted Funds £	2021 Unrestricted Funds £
Income & Endowments from:			
Investment income	2	23,448	26,510
Income from Roger Edwards Educational Trust		4,649	0
Total income & Endowments		28,097	26,510
Resources Expended			
Charitable expenditure			
Costs of activities in furtherance of the Charity's objects			
Expenditure on charitable activities	3	9,182	14,678
Other expenditure	3 & 4	1,658	1,723
Total Resources expended		10,840	16,401
Gains on investment assets	5	12,721	15,912
Net Income / (Expenditure)		29,978	26,021
Net movement in funds			
Fund balances brought forward 1 April 2021		653,925	627,904
Fund balances carried forward 31 March 2022		683,903	653,925

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

Balance Sheet as at 31 March 2022

Notes 2022 2021

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2022

		Unrestricted Funds £	Unrestricted Funds £
Fixed assets			
Investments	7	643,602	630,881
		643,602	630,881
Current assets			
Debtors: amounts falling due within one year	8	7,239	0
Cash at bank and in hand		34,927	23,761
		42,166	23,761
Current Liabilities			
Creditors: amounts falling due within one year	9	1,865	716
Net current assets		40,301	23,045
Net assets		683,903	653,925
The Funds of the Charity:			
Unrestricted Funds	10	683,903	653,925
Total Charity funds		683,903	653,925

The financial were approved by the Trustees on 19th July 2021 and signed on their behalf by:

Trustee:

Date:

Notes to the financial statements for the year ended 31st March 2022

1 Principal accounting policies

Monmouthshire Farm School Endowment Trust Fund

Annual report for the year ended 31st March 2022

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 from the Roger Edwards Educational Trust is an estimate of the income to be received for the year.

Grants payable

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

Management and administration

Monmouthshire County Council administer the Trust Fund on behalf of the Trustees. 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.

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.

Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Trust about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2022

The items in the Trust's Balance Sheet at 31st March 2020 for which there is a significant risk of adjustment in the forthcoming financial year are as follows:

The revaluation of investment property and property funds

Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the valuation for pooled property funds and investment property is less reliable than usual. As the investments are held on a long-term strategy basis, the fund does not foresee any long-term negative effect in the generation of future income streams.

Transition to FRS 102

The opening fund position at the date of transition has 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

	2022	2021
	£	£
Interest on cash balances	151	181
Interest on Investments	23,297	26,329
	23,448	26,510

3 Expenditure on Charitable Activities

	2022	2021
	£	£
Grants payable	9,182	14,678
Management & administration	1,658	1,753
	10,840	16,401

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

4 Governance Costs

	2022	2021
	£	£

Net incoming resources is stated after charging:

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2022

Independent Examiner's remuneration	1,458	1,458
	1,458	1,458

No indemnity insurance for Trustees 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 Council's fidelity guarantee insurance. Insurance covers financial losses incurred as a result of fraudulent acts conducted by Authority employees but does not cover the Trustees for any wrong decisions that may have been made. Governance costs have decreased 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.

5 Gains and losses on revaluation and disposal of investment assets

	Market Value 2021 £	Market Value 2022 £	Gain/(Loss) £
Charibond	235,269	224,812	(10,457)
OEIC	177,442	168,600	(8,842)
COIF	218,170	250,190	32,020
Total	630,881	643,602	12,721

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

Monmouthshire Farm School Endowment Trust Fund
Annual report for the year ended 31st March 2022

	£
Valuation at 1 April 2021	630,881
Purchase	0
Net revaluation gain	12,721
Valuation at 31 March 2022	643,602

Fixed asset investments solely consist of the quoted investments. All investments are stated at their market value at 31st March 2021. The historical cost of the investments at 31st March 2022 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 2022 are as follows:

	£	%
COIF	250,190	39%
Charibond	224,812	35%
OEIC Fund	168,600	26%

The percentage shown above is the percentage of the total portfolio market value as at 31st March 2022.

8 Debtors

	2022	2021
	£	£
Amounts falling due within one year		
Roger Edwards Educational Trust	4,649	0
Other	2,590	0
	7,239	0

9 Creditors

	2022	2021
	£	£
Amounts falling due within one year		
Accruals and deferred income	1,865	716
	1,865	716

Monmouthshire Farm School Endowment Trust Fund Annual report for the year ended 31st March 2022

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

10 Unrestricted Funds

	Balance 1 April 2021 £	Incoming resources £	Resources Expended £	Investment Gain/(Loss) £	Balance 31 March 2022 £
Permanent endowed funds	653,925	28,097	10,840	12,721	683,903

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 Trustees. Payments have been made to Monmouthshire County Council respect of management and administration expenses.

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The Investment & Fund Strategy for the Monmouthshire Farm Endowment Trust 2022/23

1. Background

- 1.1 The Trustees shall each year consider for approval an annual Investment Strategy. The Trustees may also request submission of a longer term investment strategy for approval. Any proposed in-year modification to the Investment Strategy must be approved by the Trustees.
- 1.2 This investment strategy has been prepared with the assistance of Arlingclose, the current treasury advisor to both the Monmouthshire Farm Endowment Trust and also Monmouthshire County Council.
- The Trustees have agreed to a continued relationship with a Treasury advisor to provide expert advice on the continued suitability of a variety of investment vehicles for inclusion in its portfolio. This will carry a small charge.

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Interest Rate Forecast

- 2.1 Arlingclose's forecast is for the UK Bank Rate to remain at .025% into early 2022 with a potential rise by .025% sometime in Q1 or Q2 of the 2022/23 financial year. Risks is slightly weighted to the upside.
- 2.2 With short term interest rates still relatively low, an investment strategy historically would have typically resulted in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk for investments of that duration and also an acceptable return.
- 2.3 The Monmouthshire Farm Endowment Trust, by means of this Investment strategy is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and thereby reduce the underlying risk in the investment portfolio and at the same time providing the potential for enhanced returns.

3. Annual Investment and Fund Strategy

- 3.1 The Trustees shall invest Monmouthshire Farm Endowment Trust monies in accordance with Section 15 of the Scheme made by the County Council of Monmouthshire.
- 3.2 Day to day activities required to implement this shall be delegated to the S151 Officer and the Treasury team of Monmouthshire County Council. This can include a change to investment vehicle providing it still lies within the scope of this Investment strategy and is approved by the current Treasury Management advisors.
- 3.3 In accordance with best practice, the Monmouthshire Farm Endowment Trust must consider the three objectives of security, liquidity and yield in relation to the investment of its funds when making any investment. Maintaining a high level of security of investment ensures the long term income generating capacity of the fund. The liquidity or accessibility of a portion of the investments ensures in the short term expenses of the fund can be met.
- 3.4 The Overall Fund Strategy of the Monmouthshire Farm Endowment Trust Fund is to generate investment returns which after meeting the expenses of managing the Fund, can be distributed to selected beneficiaries. The investment strategy is therefore to maximise returns commensurate with appropriate levels of security and liquidity. Investments in Collective Investment Funds are likely to result in fluctuations in principal. It is acceptable to allow this, if having taken appropriate advice; they are expected to be temporary in nature, in order to improve total returns over a 3 to 5 year' business cycle.
- 3.5 At 31st March 2021, the Monmouthshire Farm Endowment Trust had £630,881 of pooled investments and £23,761 of cash.
- 3.6 Financial investments can be taken by the Fund without specific reference to the Treasury Advisors at the time providing they are sterling denominated investments with a maximum maturity of one year and meet the "high credit quality" criteria determined by the Trustees and set out in paragraph 3.9 and are not deemed capital expenditure investments under Statute.
- 3.7 Investments which do not meet the strict definition (detailed below) of high credit quality and which have a longer-term Investment horizon, can be taken, but only after consulting with the Monmouthshire Farm Endowment Trust Fund treasury advisors and the Head of Finance (S151 Officer) at Monmouthshire County Council. These persons represent the Trustee's, to ensure the level of risk is in line with the Monmouthshire Farm Endowment Trust Fund, other current investment options.
- 3.8 The types of investment vehicles that can be utilised by the Monmouthshire Farm Endowment Trust are as follows:

Table 2: Investments

Investment	
Term deposits or Cash Deposits with banks and building societies	✓
Gilts, Treasury-bills or the UK Debt Management Office	✓
Collective Investment Schemes	✓
Pooled funds with Monmouthshire County Council	✓

3.9 The Trustees and its advisors select countries and financial institutions after analysis and ongoing monitoring of:

- Published credit ratings for financial institutions (counterparties):
 - Investments are classed as having high credit quality if the lowest credit rating they have with Fitch, Moody's and Standard & Poors' is A-, A3 and A- or higher.
 - And a country rating of AA+ or equivalent for non-UK sovereigns
- Credit Default Swaps (where quoted)
- Sovereign Support mechanisms
- Economic fundamentals (for example Net Debt as a percentage of GDP) and Economic trends
- Sovereign support mechanisms
- Share Prices
- Corporate developments, news, articles, markets sentiment and momentum
- Historical performance and expected future trends of Collective Investment Funds
- Subjective overlay – or, put more simply, common sense.

Any institution can be suspended or removed should any of the factors identified above give rise to concern. The Monmouthshire Farm Endowment Trust fund will not enter into any investment if it is outside the advice given by its Treasury advisors, which is updated monthly, weekly and daily according to the movements in the worldwide backdrop. This includes guidance on the maximum maturity of investments with approved counterparties.

- 3.10 New Investments made directly by the Monmouthshire Farm Endowment Trust Fund will be restricted in the following ways to ensure diversification and hence reduction of both credit risk and interest rate risk.
- A minimum of £40,000 (at the time of investment) needs to be held in investments which are sufficiently liquid such as cash or other investments less than one year so that grants can still be made if investment returns are low or to allow for the lead time for realising certain investments. The full remaining balance can be invested in Collective Investment funds to maximise returns if this is in line with the requirements of this strategy.
 - The maximum monetary amount, which can be invested directly by the Monmouthshire Farms Endowment Trust Fund [MFETF] in any one Collective Investment Fund (at the time of the Investment), is 45% of the total MFETF investment balance.
- The amounts invested are spread across different investment asset classes such as Property, Bonds and Equity to diversify and reduce overall risk. This spread should be viewed collectively with the funds invested by the Roger Edwards Educational Trust [REET] and from which the MFETF benefits (£650,000 purchase price). As the REET Investments are weighted towards Equity, it is not possible to achieve an equal split across asset classes but a level of between 20% and 45% for at least three of the asset classes should be aimed for. Appendix A includes the model portfolio, which was used as a basis for the investments that have been undertaken.
- Up to 100% of the total investment balance can be held with Monmouthshire County Council or Instruments issued by the UK Government, if required
 - Up to 100% of the total investment balance can be invested as term deposits, CDs or call accounts with banks and building societies. The maximum amount that can be invested with any one financial institution is £100,000, if of high credit quality (approx. 15% of the total MFETF investment balance) or £50,000 if approved by the Treasury advisors although not considered high credit quality.
 - The maximum duration of term deposits and CDs with banks and building societies shall be in line with the ongoing advice given by the Trust's treasury advisors, which varies with world economic factors.
- 3.11 At the end of each financial year, the Trustees shall consider the actual return on investments & the extent to which the investment objectives have been achieved.
- 3.12 The Trustees shall observe the following constraints in pursuing the investment objectives:

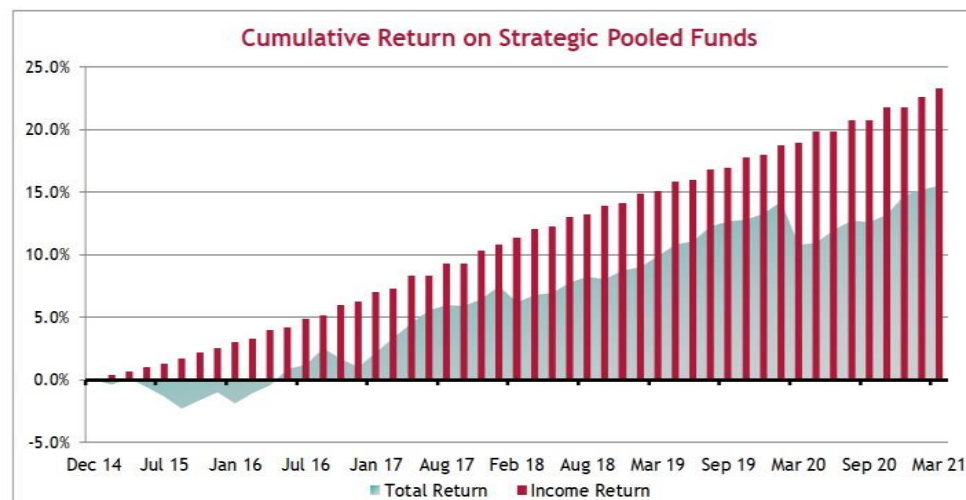
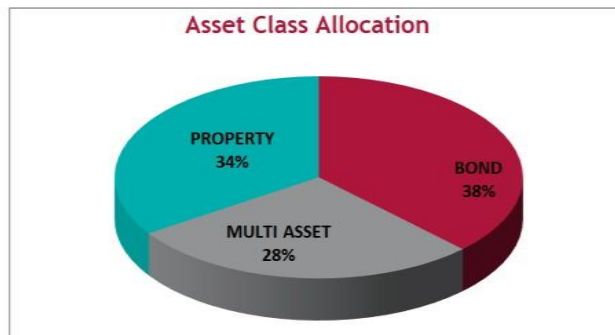
- The restrictions on investments contained within Section 15 of the scheme made by Monmouthshire County Council.
- A proportion of the funds held may be pooled with Monmouthshire County Council’s overall investment portfolio, which is invested in line with the Authority’s Treasury Management Strategy. Interest earned by the Authority and any investment losses incurred by the Authority will be apportioned proportionally between the Local Authority and Monmouthshire Farm Endowment Trust in line with the total investments held by each party.

NB: Any investments that move outside of the above criteria with time will be reinvested within the above criteria on maturity.

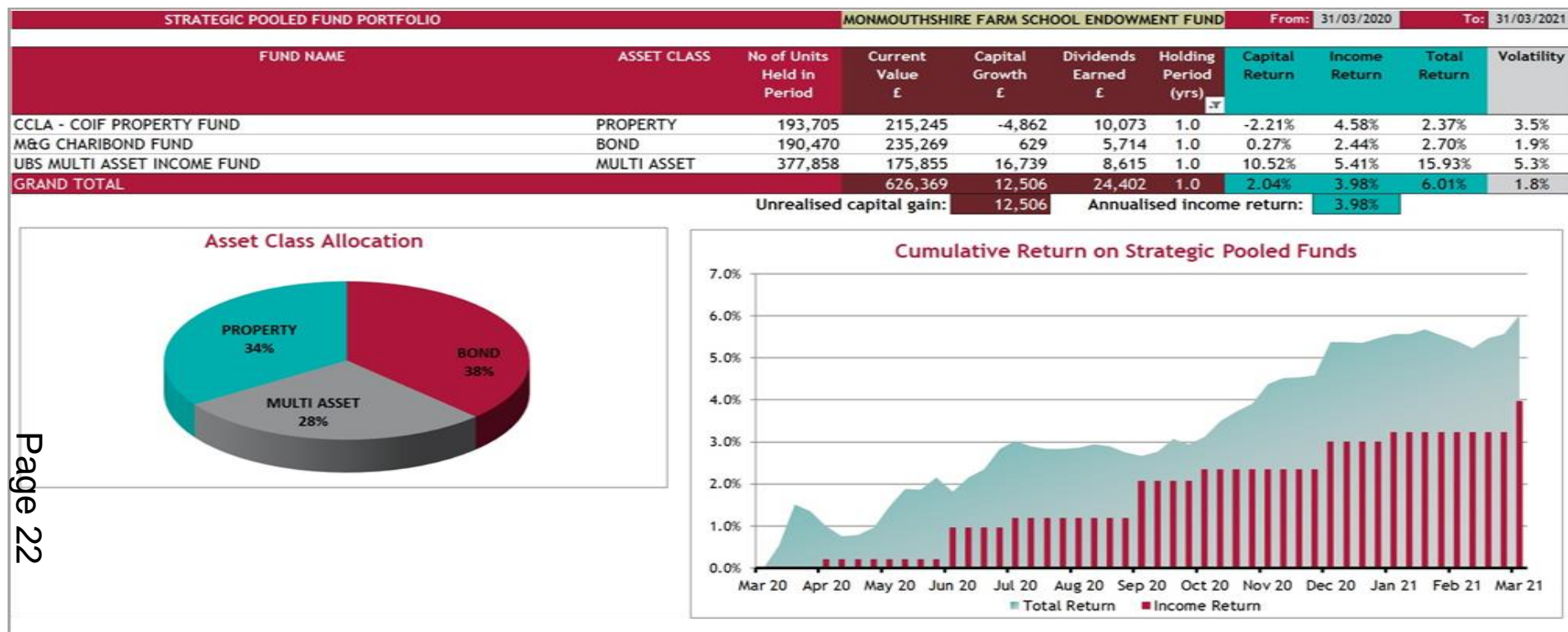
- 3.13 There are currently no ethical constraints on investment of funds and this matter will be reviewed if there are any changes in charity law or other requirements.
- 3.14 There is now more than 48 months’ history to Monmouthshire Farms Trust’s pooled fund holding. In capital terms, it should be remembered that the emphasis of the investment in the selected funds is based on a long-term strategy of a five-year rolling basis
- 3.15 The values and performance of the investments reported in the latest available Arlingclose report are as follows;

STRATEGIC POOLED FUND PORTFOLIO				MONMOUTHSHIRE FARM SCHOOL ENDOWMENT FUND				From:	31/12/2014		To:	31/03/2021	
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	Capital Return annualised	Income Return annualised	
CCLA - COIF PROPERTY FUND	PROPERTY	193,705	215,245	-13,755	65,464	5.3	-6.01%	28.59%	22.58%	3.1%	-1.17%	4.89%	
M&G CHARIBOND FUND	BOND	190,470	235,269	-14,731	43,471	5.7	-5.89%	17.39%	11.50%	2.9%	-1.06%	2.85%	
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	175,855	-24,145	49,008	6.2	-12.07%	24.50%	12.43%	5.9%	-2.06%	3.61%	
GRAND TOTAL			626,369	-52,631	157,943	5.7	-7.75%	23.26%	15.51%	2.3%	-1.41%	3.73%	

Unrealised capital loss: -52,631 Annualised income return: 3.73%



Please note the data above reflects the performance of the funds since inception as the funds were purchased on 29th January 2015.



4. Training

4.1 The Head of Finance (S151 Officer) will ensure all staff are suitable trained to assist with this process and will organise awareness training to Trustees, Cabinet and Audit Committee where appropriate.

5. Investment Consultants/ Treasury Advisors

5.1 The Monmouthshire Farm Endowment Trustees use Arlingclose as their Treasury Management Consultants to provide information, advice and training relating to investments. Information relating to the investments is provided from publicly available data and is summarised in order to assist with decision making within the Authority. The information and advice covers the level of risk of investment and the variety of options available. .

Monmouthshire Farm Endowment Trust – Risk Assessment Policy 2022/23

The financial assistance provided by the Monmouthshire Farm Endowment Trust is to support the advancement of education in agriculture and related subjects at college. Annually, monies are distributed and the key risk faced by the Monmouthshire Farm Endowment Trust is loss or reduction in the amount of monies available.

An assessment of the risks faced by the Monmouthshire Farm Endowment Trust has been undertaken and steps taken to:

- avoid risks through alternative strategies
- limit and reduce risks by improving controls
- insure against specified risks

On an annual basis, the risk assessment will be reviewed and updated to include any new risks identified.

The risks identified have been encompassed within four categories:

- Page 23
- governance & management
 - operational risks
 - financial risks
 - compliance risk

Monmouthshire County Council as custodian and administrator of the Monmouthshire Farm Endowment Trust manage the fund on the Trustees behalf through the Cabinet and make all risk and investment decisions in a unified risk policy as advised by the Authority's investment and risk advisors.

The following paragraphs list the risks identified & the steps taken to mitigate or eliminate the risk.

1. Governance & Management

(a) The fund lacks direction?

The activities of the Fund are governed by the guidance in Section 4 of the Charity Act 2000.

The Cabinet has a clear purpose to maximise the return on its investments and this is contained within the investment policy.

(b) There are conflicts of interest?

Cabinet members are elected in accordance with the electoral cycle and are required to conduct themselves in-line with the Authority's Code of Conduct.

Members are required to declare any interests related to the activities of the Trust and may not vote on these decisions. These matters are recorded in the official minutes.

Members allowance and expense payments are not charged to the Monmouthshire Farm Endowment Fund.

(c) Funds are used inappropriately?

The purpose for which funds can be used is contained within the objectives of the trust.

(d) Key staff, leave the Council's employment?

The actions of Officers of the Council are determined by Delegated Powers.

A number of senior Council staff support and advise the Trustees on legal & financial matters.

Inadequate information is provided to the Trustees?

Annually, the Trustees consider the level of reserves and anticipated investment income before determining the level of grants to be made available.

Variances between the anticipated & actual investment income will be reflected in the following year's grants.

2. Operational Risks

(a) Unsuitable staff support and advise Cabinet?

Monmouthshire County Council has a comprehensive recruitment process that is supported by a wide range of personnel policies.

The training & development needs of officers are identified through the Employee Review process.

A number of senior Council staff support and advise Cabinet on financial and legal matters.

(b) Systems & procedures are not secure?

Systems & procedures are documented & document retention policies are in place. IT systems have data back-up arrangements & disaster recovery plans. Periodic audits identify internal control improvement requirements. Insurance provides a means to recover from specified losses.

(c) Stakeholders are not satisfied with the operation of the Fund?

The Scheme made by the Trustees provides for the advancement of education in agriculture and related subjects at college.

The Trustees consider annual reports on the financial performance of the Trust.

The Trustees consider annually the level of funding available for grants.

(d) The assets of the Fund are at risk?

In accordance with the investment policy, a number of constraints are placed upon the way in which monies are used.

A risk minimization strategy has been adopted which limits the investment of funds to individual institutions meeting specified criteria.

Unsatisfactory returns on investment are achieved?

The reserves policy requires monies be invested in financial instruments which produce interest payments and there is no appreciation in the capital value of the investment.

The overall aim is to obtain a satisfactory rate of return enabling Trustees to distribute an amount based on the forecast return on investments during the current year, after meeting the expenses incurred in managing the fund.

Annually, the Trustees consider the actual return on investments and the extent to which the investment objectives have been achieved.

3. Financial Risks

(a) Budgetary control is inadequate?

Annually, the Trustees consider the level of reserves and anticipated investment income before determining the level of grants to be made.

Variance between the anticipated and actual investment income will be reflected in the following year's grants.

(b) Financial administration is unsatisfactory?

Monmouthshire County Council personnel policies and procedures ensure Officers are appropriately qualified for the roles undertaken.

Internal control arrangements ensure there is division of duties amongst Officers. Periodic audits review the internal control arrangements.

(c) Financial losses arise due to speculative investment?

The investment policy prescribes a risk minimisation approach that can limit the investment of funds to institutions meeting specified criteria.

(d) Financial losses arise from fraud or error?

The internal control arrangements are based upon segregation of duties. Periodic audits review the internal control arrangements. Insurance provides a means to recover from specified losses.

4. Compliance Risk

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(a) Failure to comply with legislation / regulations?

The activities of the Fund are specified within objects of the Trust. The nature and format of financial reporting is specified by the Charity Commission and an external audit of the accounts is mandatory. A number of senior Council staff support and advise Cabinet on legal and financial matters.

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

REPORT: APPLICATIONS FOR FUNDING

AUTHOR: SUPPORT SERVICES MANAGER - CYP

**MEETING AND DATE
OF MEETING:** MONMOUTHSHIRE FARM SCHOOL
ENDOWEMENT TRUST
MONDAY 11th JULY 2022

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: 27th June 2022

Signed: Sophie Evans – submitted electronically

Post: Deputy Finance Manager

I accept the recommendation made above.

Nikki Wellington – Submitted electronically
Proper Officer

Date: 27th June 2022

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

Document is Restricted

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