

SUBJECT: 2018/19 EDUCATION AND WELSH CHURCH TRUST FUNDS INVESTMENT AND FUND STRATEGIES

MEETING: Cabinet

DATE: 7th March 2018

DIVISION/WARDS AFFECTED: All Authority

1. PURPOSE:

- 1.1 The purpose of this report is to present to Cabinet for approval the 2018/19 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee for adoption and to approve the 2018/19 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.

2. RECOMMENDATIONS:

- 2.1 That the proposed Investment and Fund Strategy for 2018/19 for the Monmouthshire Farm School Endowment Trust Fund be approved.
- 2.2 That the proposed Investment and Fund Strategy for 2018/19 for the Welsh Church Fund be approved.
- 2.3 To delegate responsibility for the execution and administration of treasury management decisions to the Head of Finance (S151 officer) who will act in accordance with the Investment and Funds Strategy (appendix 2).
- 2.4 To approve the 2018/19 grant allocation to Local Authority beneficiaries to the Monmouthshire Welsh Church Act Fund of £200,000 to be distributed in accordance with population shares as per the 2010 Census.
- 2.5 To endorse the principle that 2018-19 grant allocation in respect of Monmouthshire Farms trust fund accord closely with the previous years investment return at the end of March 2017, to avoid eroding the overall fund. Total investment returns were £205,979 as per the final audited 2016-17 accounts.
- 2.6 To endorse the Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2018-19 (Appendix 6) as considered and approved by the Welsh Church Fund Committee on the 18th January 2018.

3. KEY ISSUES:

- 3.1 The Authority acts as the sole trustee for the Welsh Church Fund and the custodian with responsibility for financial arrangements for the Monmouthshire Farm School Endowment Trust Fund and is required annually to approve Investment and Fund Strategies for them. In addition, for the Welsh Church Fund the Authority is required to determine the grant allocation for the forthcoming year.
- 3.2 The contract for the position of Treasury Advisor to Monmouthshire County Council, the Welsh Church Act Fund and the Monmouthshire Farm School Endowment Trust was retendered in 2015/16. This resulted in Arlingclose being re-awarded the contract in March 2016 for 4 years with the option to extend for a further 2 years. All three bodies will therefore continue to receive ongoing advice and support on investments from 1st April 2018 until 31st March 2019 from Arlingclose.

Investment and Fund Strategy

- 3.3 In acting in its capacity as either sole trustee or custodian, the Authority is required to have Investment policies in place for the Monmouthshire Farms Endowment Trust Fund and the Welsh Church Fund in order to comply with the [Trustee Act 2000](#). The policies ensure that monies are invested in the best interests of the Trusts.

The Annual Investment and Fund strategies for the Monmouthshire Welsh Church Act Fund and Monmouthshire Farm School Endowment Trust Fund set priorities are, in the order shown, to;

- a) Maintain security of the invested capital;
 - b) Maintain sufficient liquidity to allow grants to be distributed;
 - c) Maintain an optimum yield which is commensurate with security and liquidity.
- 3.4 The Trust holds real assets within pooled funds (Collective Investment Funds) such as to maximise the average annual income stream to the Trust over a 3-5 year business cycle without a sustained loss of capital funds. This policy was adopted as the Investment Strategy for the WCF in 2013/14. Arlingclose as treasury advisors to the Welsh Church Fund have supported the Welsh Church fund in making these types of investments, and these investments were taken out between May 2013 and January 2014. The latest fund review was undertaken by Arlingclose in 2017 and these investments remain a risk balanced investment portfolio in line with the investment priorities.
- 3.5 The current view from investment market projections continues to be that UK base rates will remain relatively low although a small upward pressure has materialised due to a higher than forecasted UK inflation. The basis for the change in investment strategy in point 3.4 was still relevant for 2017/18 and will be monitored with the help of the Authority's treasury advisor on an ongoing basis to ensure returns are optimised in 2018/19, which may require a change in investment vehicles.

- 3.6 Pooled investment funds are suited to bodies such as the Welsh Church Fund and the Mon Farm School Trust Fund which are looking for a steady and/or higher average income streams and who are able to leave the principal in place for a business cycle as they do not need to access the principal over the medium term. This enables the Trust to benefit from above average good years despite lower returns in infrequent poorer years.
- 3.7 There is a risk relating to the use of these funds in that the principal amount can go down as well as up in value. Again this is suited to the Welsh Church Fund as the Trust can tolerate these movements over a longer business cycle. The movements are expected to be at least neutral over a business cycle and the earning power of these investments is not largely affected by the market value.
- 3.8 For the financial year 2016-17, the WCF has received income of £201,247 from its external investment funds. The forecast for income for the full year 2017/18 including its Government Bond and cash pooled with Monmouthshire County Council is around £190,000. Therefore, maintaining the distribution level at £200,000 will ensure that the funds raised for charitable purposes in 2016-17 are distributed fully and thereby assisting future grant recipients in need of financial support without a significant depletion in capital assets.
- 3.9 In the financial year 2016/17, the income received from the pooled funds was augmented by a paper net capital gain of £232,417 (£133,445 loss in 2015/16). As indicated in point 3.6, a movement in capital value is expected with these types of investments and not expected to impact the fund in the long term. For this reason, Arlingclose strongly recommend continuing to spread the investments over a number of assets classes, equity, property and bonds to reduce any substantial risk of losses.
- 3.10 A revised Investment and Fund strategy for the Welsh Church Act Fund is contained in Appendix 2.

The strategies state that the balance of cash not invested directly by the Trust Funds can be managed on a pooled basis by Monmouthshire County Council to maximise investment returns and to minimise exposure to investment losses. This cash balance is required primarily to ensure sufficient cash is available to distribute grants during the financial year and reimburse other authorities within Greater Gwent at the financial year-end.

- 3.11 Following recommendations from Treasury Advisors Arlingclose, The Monmouthshire Farm School Endowment Trust adopted a similar risk and investment strategy to that of the Welsh Church Fund. A report ratifying this new strategy was presented to, and approved by the Monmouthshire Farm School Endowment Trust Board in January 2017. The additional proposed investments are now in place.
- 3.12 In the financial year 2016-17, the Mon Farms Trust received income of £24,816 from its direct investments in funds and £19,701 from the Roger Edwards Educational Trust Fund. These total investment returns were above the grants allocated from the Trust and so increased the funds available for distribution in 2017/18. Unlike Welsh Church Fund a set grant allocation budget isn't proffered in respect of Mon Farms, traditionally this is left to the discretion of S.151 officer but commonly accords closely with investment returns received in previous year so as not to erode the overall fund, which as a guide would amount to circa £25,000 for 2018-19.

- 3.13 In the financial year 2016/17, the income received from the pooled funds invested in by the Trustees directly was augmented by a paper net capital gain of £5,844. As indicated in point 3.6, a movement in capital value is expected with these types of investments and not expected to impact the fund in the long term. For this reason, Arlingclose strongly recommend continuing to spread the investments over a number of assets classes, equity, property and bonds to reduce the risk of losses. It should be noted however that as the Monmouthshire Farm School Endowment Trust receives income from the Roger Edwards Trust and that this income is achieved by investing in Equity and Property based products, in order to diversify, the additional products selected for direct investment were weighted towards bond based products, with some additional property based products being purchased more recently. The bond based products have performed on a relatively flat basis over the last 12 months, creating a small capital gain. This situation is being actively discussed with Arlingclose to optimize performance over the medium term although diversification is still seen as the best policy.
- 3.14 Appendix 1 outlines the Annual Investment and Fund Strategy 2018/19.

Grant Allocation of the Welsh Church Fund

- 3.15 The Monmouthshire Welsh Church Fund was established on 1st April 1996 from the former Gwent Fund and part of the former Mid Glamorgan Fund. The Fund covers the administrative areas of Blaenau Gwent, Caerphilly, Newport, Torfaen and Monmouthshire, with Monmouthshire being designated as the lead Authority.
- 3.16 Since 1996 trustees have sought to obtain a satisfactory rate of return from the fund's investments thereby enabling grants to beneficiaries after meeting expenses, whilst maintaining the capital value of the fund in real terms.
- 3.17 The fund balance held by the trust was £5,470,678 at 31st March 2017 (£5,216,589 at 31st March 2016). It is recommended that the grant allocation be maintained at £200,000 in 2018/19 (£200,000 in 2017/18). The forecast for 2017-18 income is slightly done from the £205,979 received in 2016-17 but should still be enough to maintain current budget levels without a long term detrimental effect on capital balances.
- 3.18 . This will result in the following distribution being recommended:

AUTHORITY	POPULATION (000)**	PERCENTAGE SPLIT	BUDGET*
Blaenau Gwent CBC	68.4	12.2	24,400
Caerphilly CBC	173.1	30.8	61,600
Monmouthshire CC	88.1	15.7	31,400
Newport CBC	141.3	25.2	50,400
Torfaen CBC	90.5	16.1	32,200
TOTAL	561.4	100.0	£200,000

*The above figures do not include any brought forward unspent grant allocations

**Source: 2010 Census ONS

Risk Assessment of the Welsh Church Fund

- 3.19 The financial assistance provided by the Welsh Church Fund supports a very wide range of community activities, including voluntary and sporting organisations. Annually, monies are distributed and the key risk faced by the Welsh Church Fund is loss or reduction in the amount of monies available.
- 3.20 The risk assessment is undertaken to ensure that risks faced by the Trust are identified and mitigated through appropriate and robust controls put in place by the Authority in its position as sole and corporate Trustee. The existing risk assessment policy has been reviewed and is considered to be adequate and sufficiently robust to continue during the 2018/19 financial year. The risk assessment is attached for information at appendix 5.

Risk Assessment of the Monmouthshire Farm School Endowment Trust

- 3.21 The financial assistance provided by the Monmouthshire Farm Endowment Trust supports a very wide range of students, studying at agricultural based colleges in the UK. Applicants must live in the former Gwent area (excluding Newport) and preference is given to those under 25 years old. 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 for distribution.
- 3.22 A risk assessment is undertaken to ensure that risks faced by the Trust are identified and mitigated through appropriate and robust controls put in place by the Authority, in its position as the Trustee with responsibility for financial arrangements. The risk assessment policy is attached for information at Appendix 4.

4. OPTIONS APPRAISAL

Options available are restricted by the nature of the governing documents of the Welsh Church Act Fund and Monmouthshire Farm School Endowment Trust

5. REASONS:

- 5.1 To produce an annual Investment and Fund Strategy in order that the Authority fulfills its responsibilities as corporate and sole trustee in order to comply with the Trustee Act 2000.

5.2 To approve the 2018/19 grant allocation for the Welsh Church Fund, enabling constituent Local Authorities to make qualifying grant allocations under the Welsh Church Fund Trust Scheme.

6. RESOURCE IMPLICATIONS:

6.1 The grant allocation to beneficiaries of the Welsh Church Fund is set in the context of the fund balance being maintained over the long term. It is funded through net income generated through investment returns.

6.2 The appointment of a dedicated treasury advisor to the Welsh Church Fund will be an ongoing annual charge against the Fund. However, in light of the revised treasury strategy which attracts more treasury risk it is deemed prudent and it is anticipated will be more than outweighed by increased investment returns. The fee negotiated is considered to be competitive and further efficiencies are generated from the Authority dealing with one advisor for its treasury advice.

7. EVALUATION CRITERIA

7.1 There are no adverse Future Generation implications arising directly from this report. The Future Generations Evaluations form is attached under appendix 5.

7.2 There are no sustainability implications arising directly from this report.

7.3 The approval of the Investment and Fund Strategies do not require any specific decisions to be made which could have an adverse impact on any group or individual within the Council. The approval of the Welsh Church Fund budget for 2018-19 is seen to have a neutral impact on the sustainability of the fund going forward.

8. CONSULTEES:

Strategic Leadership Team
Cabinet Members
Head of Legal Services

Results of Consultation

No adverse comments received

9. BACKGROUND PAPERS:

Appendix 1 – Monmouthshire Farm School Endowment Trust – Annual Investment and Fund Strategy 2018/19

Appendix 2 – Monmouthshire Welsh Church Fund – Investment and Fund Strategy 2018/19

Appendix 3 – Monmouthshire Farm School Endowment Trust – Risk Assessment Policy 2018/19

Appendix 4 – Monmouthshire Welsh Church Fund – Risk Assessment Policy 2018/19

Appendix 5 – Future Generations Evaluation Form

Appendix 6 -- Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2018-19

10. AUTHOR:

Peter Davies - Head of Resources

11. CONTACT DETAILS:

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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.
- 1.3 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.

2. Interest Rate Forecast

- 2.1 Arlingclose's forecast is for the UK Bank Rate to remain flat at .05% with a chance of increasing further by 0.25% in late 2018. Risks remain slightly weighted to the upside.
- 2.2 With short term interest rates still 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 3-5 year business cycle.
- 3.5 At 31st March 2017, the Monmouthshire Farm Endowment Trust had £617,796 of investments and £87,969 of cash.
- 3.6 Investments can be taken out 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 also 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 below of high credit quality and which have a longer term Investment horizon can be made but only after consulting with the Monmouthshire Farm Endowment Trust Fund treasury advisors and the Head of Finance (S151 Officer) at Monmouthshire County Council, who represents the Trustees, to ensure the level of risk is in line with the Monmouthshire Farm Endowment Trust Fund’s other current investment options.
- 3.8 The types of investments that are permitted to be used 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 amount which can be invested directly by the Monmouthshire Farms Endowment Trust Fund [MFETF] in any one Collective Investment Fund (at the time of investment) is 45% of the total MFETF investment balance.

The amount invested should be spread across different 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 asset classes should be aimed for. Appendix A includes the model portfolio which was used as a basis for the investments which 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 which 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:

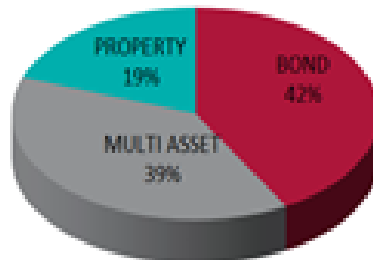
- The restrictions on investments contained within Section 15 of the scheme made by Monmouthshire County Council.
- A proportion of the funds held may be pooled with Monmouthshire County Council's overall investment portfolio, which is invested in line with the Authority's Treasury Management Strategy. 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 which move outside of the above criteria with time will be reinvested within the above criteria on maturity.

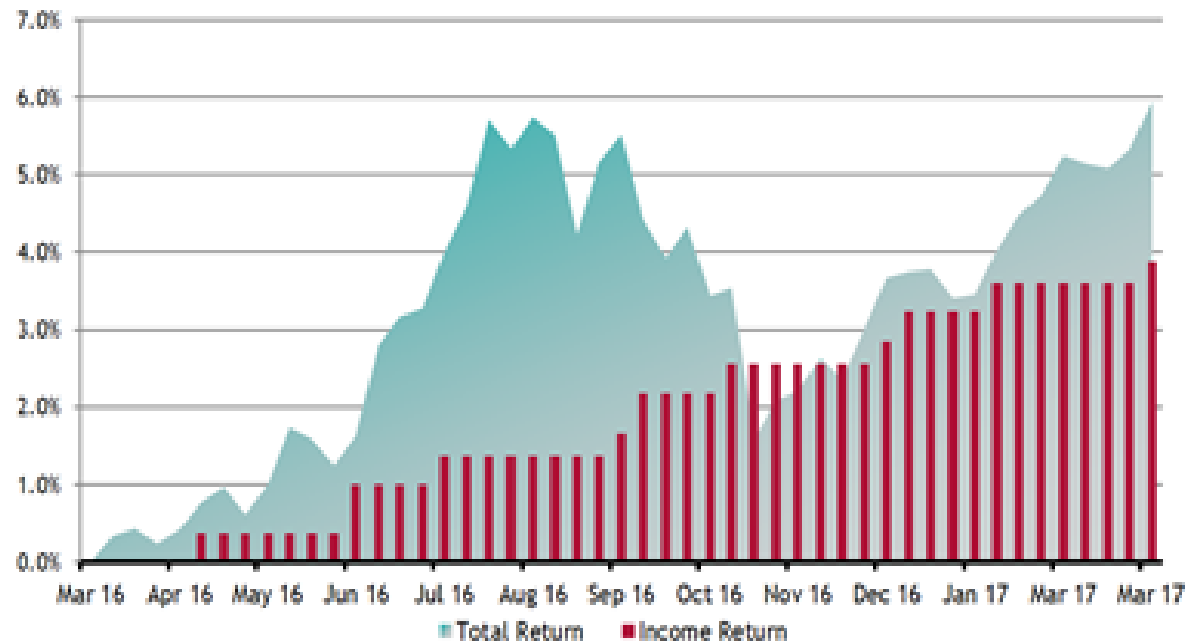
- 3.13 There are currently no ethical constraints on investment of funds and this matter will be reviewed if there are any changes in charity law or other requirements.
- 3.14 There is now more than 12 months' history to Monmouthshire Farms Trust's pooled fund holding. In capital terms, it should be 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;

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
CCLA - COIF PROPERTY FUND	PROPERTY	86,044	95,844	-2,762	5,507	1.0	-2.80%	5.58%	2.78%	4.4%
M&G CHARIBOND FUND	BOND	158,802	205,760	5,955	7,305	1.0	2.98%	3.66%	6.64%	6.8%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	190,780	4,761	8,048	1.0	2.56%	4.33%	6.89%	3.6%
GRAND TOTAL			492,384	7,954	20,860	1.0	1.64%	4.31%	5.95%	3.9%
Annualised Returns:							1.64%	4.31%	5.95%	

Asset Class Allocation



Cumulative Return on External Funds



Please note the data above reflects the performance of the funds since inception as the funds were purchased on 26th 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 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.

The Investment & Fund Strategy for the Welsh Church Act Fund 2018/19

1. Background

- 1.2 The Cabinet shall each year consider for approval an annual Investment Strategy. The Cabinet 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 Cabinet.
- 1.2 The Welsh Church Fund Funds strategy shall be considered in conjunction with any review of the Investment Strategy.
- 1.3 Local Authorities are required by the Welsh Government's Investment Guidance to produce an Annual Investment Strategy. The Trustees of the Welsh Church Fund have elected to use this Guidance where practicable and relevant. The guidance emphasises an appropriate approach to risk management, particularly in relation to the security and liquidity of invested funds.
- 1.4 This investment strategy has been prepared with the assistance of Arlingclose, the current treasury advisor to both the Welsh Church Fund and also Monmouthshire County Council (the sole Trustee of the Welsh Church Fund).

2. Interest Rate Forecast

- 2.1 Arlingclose's forecast is for the UK Bank Rate to remain flat at .05% with a chance of increasing further by 0.25% in late 2018. Risks remain slightly weighted to the upside.
- 2.2 The economic and interest rate forecast is provided by Monmouthshire County Council's current treasury management advisor. The Authority, in its position as trustee, will reappraise its strategies from time to time in response to evolving economic, political and financial events.
- 2.3 With short term interest rates still 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.
- 2.4 The Welsh Church Fund is permitted to utilise suitable Collective Investment Schemes/Pooled Funds, which enable the Authority to diversify the assets and 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 Cabinet shall invest Welsh Church Fund monies in accordance with Section 15 of the Scheme made by the County Council of Monmouthshire under Section 19 of the Welsh Church Act 1914.
- 3.2 In accordance with best practice, the Welsh Church fund 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.
- 3.3 The Overall Fund Strategy of the Welsh Church 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 3-5 year business cycle.
- 3.4 At 31st March 2017, the Welsh Church Fund had £4.84m of investments (market value) and £212,271 of cash.
- 3.5 Investments can be taken out 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 also meet the “high credit quality” criteria determined by the Trustee and set out in paragraph 3.8 and are not deemed capital expenditure investments under Statute.
- 3.6 Investments which do not meet the strict definition below of high credit quality and which have a longer term Investment horizon can be made but only after consulting with the Fund’s treasury advisors and the Head of Finance (S151 Officer) at Monmouthshire County Council, who represents the Trustees, to ensure the level of risk is in line with the Welsh church Fund’s other current investment options.
- 3.7 The types of investments that are permitted to be used by the WCF are as follows:

Table 2: Investments

Investment	Specified
Call accounts, term deposits or Cash Deposits with banks and building societies	✓
Gilts, Treasury-bills or the UK Debt Management Office	✓
Collective Investment Schemes	✓

*

3.8 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 Welsh Church 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.

3.9 New Investments made directly by the Welsh Church 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 £350,000 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 balance can be invested in Collective Investment funds to maximise returns if this is in line with the requirements of this strategy.
- The maximum amount which can be invested in any one Collective Investment Fund (at the time of investment) is 20% of the total investment balance. The amount invested should be spread across different asset classes such as Property, Bonds and Equity.

- Up to 100% of the total investment balance can be held with Monmouthshire County Council.
- Up to 100% of the total investment balance can be invested as term deposits or call accounts with banks and building societies. The maximum amount which can be invested with any one financial institution counterparty is 10% of the total investment balance.
- The maximum duration of term deposits with banks and building societies shall be in line with the advice given by the Trust's treasury advisors which varies with world economic factors.

3.11 At the end of each financial year, Audit Committee consider the actual return on investments & the extent to which the investment objectives have been achieved.

3.12 The Cabinet 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 under section 19 of the Welsh Church Act 1914.
- 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 Welsh Church Act Fund in line with the total investments held by each party.

NB: Any investments which move outside of the above criteria with time will be reinvested with 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 Performances of the externally managed pooled funds of the Welsh Church Fund for the 12 months to March 2017 are set out below. These investment funds are to be reviewed in 2018 in ensure that they are fulfilling the criteria of income generation and capital sustainability.

3.15 The dividend income earned from this portfolio, shown by the maroon bars, was £199,327 for the 12 months till March 2017.

EXTERNAL FUND PORTFOLIO

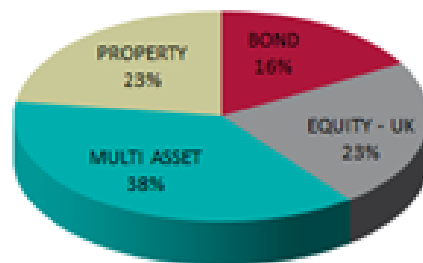
MONMOUTHSHIRE WELSH CHURCH FUND

From: 31/03/2016

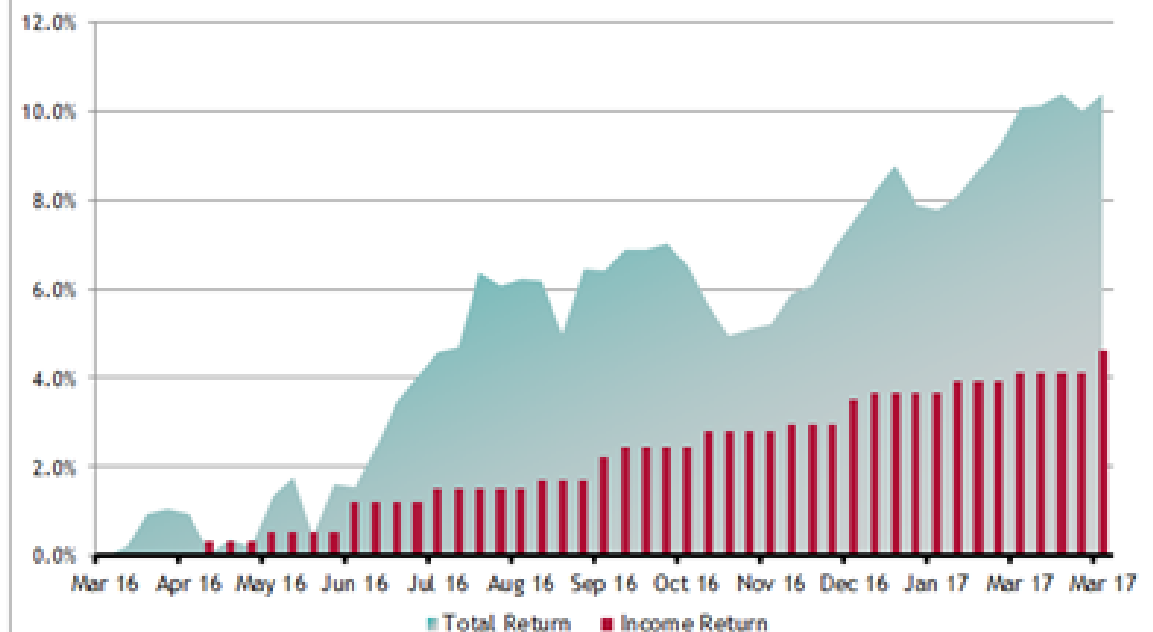
To: 31/03/2017

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
CCLA - COIF INVESTMENT FUND	MULTI ASSET	67,524	938,182	123,569	31,784	1.0	15.17%	3.90%	19.07%	8.5%
CCLA - COIF PROPERTY FUND	PROPERTY	889,400	990,703	-28,550	56,922	1.0	-2.80%	5.58%	2.78%	4.4%
M&G CHARIBOND FUND	BOND	558,982	724,273	20,962	25,713	1.0	2.98%	3.66%	6.64%	6.8%
M&G CHARIFUND	EQUITY - UK	34,796	542,528	50,124	24,792	1.0	10.18%	5.03%	15.21%	10.5%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	981,740	451,011	44,669	30,136	1.0	10.99%	7.42%	18.41%	13.2%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	1,407,494	710,644	17,734	29,980	1.0	2.56%	4.33%	6.89%	3.6%
GRAND TOTAL			4,357,341	228,509	199,327	1.0	5.53%	4.83%	10.36%	4.2%
Annualised Returns:							5.53%	4.83%	10.37%	

Asset Class Allocation



Cumulative Return on External Funds



4. The Welsh Church Fund's Bank Account

4.1 The Welsh Church Fund holds cash with Barclays Bank. At the current time, it meets the minimum credit criteria.

5. Training

5.1 The Authority, acting as Trustee to the Welsh Church Fund, will ensure that suitable awareness training is provided to members of the Audit Committee and Cabinet to enable them to discharge their scrutiny function together with such wider training as may be required from time to time.

6. Investment Consultants/ Treasury Advisors

6.1 The Welsh Church Fund use Arlingclose as their Treasury Management Consultants to provide information, advice and training relating to investments. Information relating to 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 2018/19

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 4 categories:

- 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.

(e) 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 which 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.

(e) 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 which 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

(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.

Welsh Church Fund – Risk Assessment Policy 2018/19

The financial assistance provided by the Welsh Church Fund supports a very wide range of community activities, including voluntary and sporting organisations. Annually, monies are distributed and the key risk faced by the Welsh Church Fund is a loss or reduction in the amount of monies available.

An assessment of the risks faced by the Welsh Church Fund has been undertaken and steps taken to:

- avoid risks through alternative strategies
- transfer risks to others
- 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 4 categories:

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

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 specified by the Scheme made by the County Council of Monmouthshire under section 19 of the Welsh Church Act 1914.

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

The Cabinet is accountable to the Councils within the Greater Gwent area.

(b) There are conflicts of interest?

Members of the Cabinet are elected every 4 years and are required to conduct themselves in-line with the Code of Conduct.

Members are required to declare any interests related to the activities of the Cabinet and may not vote. These matters are recorded.

Members allowance and expense payments are not charged to the Welsh Church Fund.

(c) Funds are used inappropriately?

The Charitable purposes for which funds can be used is contained within the Scheme made by Monmouthshire County Council, which is also implemented by the other constituent authorities within the Monmouthshire Welsh Church Fund Scheme. The Trust is currently putting in place set criteria to assist constituent authorities in making grant distributions and to ensure that there is transparency in decision making and due process. The Trust will look to agree with constituent authorities in future that grant distributions have been made in accordance with the scheme in place and the set criteria being developed.

The investment and fund strategy prescribes a risk minimisation approach, with funds only placed with institutions meeting specified criteria.

(d) Key staff leaving 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 Cabinet on legal & financial matters.

(e) Inadequate information is provided to the Cabinet?

Annually, the Cabinet considers the level of reserves and anticipated investment income before determining the level of grants to be made available to the constituent Councils.

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

2. Operational Risks

(a) Unsuitable staff support and advise the Cabinet?

Monmouthshire County Council has a comprehensive recruitment process which 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 the 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 County Council of Monmouthshire provides for financial assistance to be made available for a wide range of community activities.

The Authority's Audit Committee considers annual reports on the financial performance of the Fund.

The Constituent Councils also consider annually the level of funding available for community activities.

(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 minimisation strategy has been adopted which limits the investment of funds to individual institutions meeting specified criteria.

The proposed Investment and Fund Strategy for 2018/19 for the Welsh Church Fund includes scope for investment in pooled investment funds (Collective investment funds).

(e) Unsatisfactory returns on investment are achieved?

The fund strategy requires monies be invested in financial instruments which produce interest payments and where there is no long-term depreciation in the capital value of the investment.

The proposed Investment and Fund Strategy for 2018/19 allows for the increased use of pooled investment funds. This does increase the risk that the principal amounts held can go down as well as up in value. This is suited to the Welsh Church Fund as the Trust can tolerate these movements over a business cycle. The movements are expected to be neutral over a business cycle and the earning power of these investments is not largely affected by the market value.

The overall aim is to obtain a satisfactory rate of return enabling the Cabinet to distribute an amount based on the actual return on investments achieved during the preceding twelve month period plus any accumulated capital receipts, after meeting the expenses incurred in managing the fund.

Annually, the Cabinet considers the actual return on investments and the extent to which the investment objectives have been achieved. Benchmark information is available from the Authority's Treasury Management Advisors for jointly invested funds with the Council.

3. Financial Risks

(a) Budgetary control is inadequate?

Annually, the Cabinet considers the level of reserves and anticipated investment income before determining the level of grants to be made available to the constituent Councils.

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

(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 which 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

(a) Failure to comply with legislation / regulations?

The activities of the Fund are specified within the Scheme made by the County Council of Monmouthshire.

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 the Cabinet on legal and financial matters.

Ensure that the Welsh Church Fund is administered in line with section 3(8) of the Charities Act 1993.



monmouthshire
sir fynwy

Future Generations Evaluation (includes Equalities and Sustainability Impact Assessments)

<p>Name of the Officer completing the evaluation Peter Davies Phone no: 01633 644294 E-mail: peterdavies@monmouthshire.gov.uk</p>	<p>Please give a brief description of the aims of the proposal To assess the 2018-19 Budget, Investment & Risk Management Strategies of the Welsh Church Fund and Mon Farm Education Trust</p>
<p>Name of Service Finance</p>	<p>Date Future Generations Evaluation form completed 07th March 2018</p>



1. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.




Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>Grants are awarded to help with infrastructure projects on cultural and community assets that help sustain jobs in the community for skilled tradesmen and stimulate educational well being</p>	<p>No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs</p>
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>Environmental schemes can benefit from funding awards to assist in drainage, water course management and flood alleviation works</p>	<p>No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs</p>

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A healthier Wales</p> <p>People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>Grants assist in providing facilities for groups / individuals that help residents participate in sporting / recreational clubs that have a positive mental impact both physically and in the environment that the clubs operate within.</p>	<p>No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs</p>
<p>A Wales of cohesive communities</p> <p>Communities are attractive, viable, safe and well connected</p>	<p>Community groups and individuals can apply for funding for projects that enhance their local community facilities and environment</p>	<p>No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs</p>
<p>A globally responsible Wales</p> <p>Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>Restrictions are imposed in regard to the nature and purpose that grants can be made to ensure that funding enhances or doesn't have any negative impact upon activities carried out in Monmouthshire that affect the global environment</p>	<p>No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs</p>
<p>A Wales of vibrant culture and thriving Welsh language</p> <p>Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>	<p>Assists applicant organisations / individuals to promote recreational participation and organization of sports clubs and associations. Applicants can use the funds provided to enhance the heritage and culture of Monmouthshire through community projects and groups</p>	<p>No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs</p>

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A more equal Wales</p> <p>People can fulfil their potential no matter what their background or circumstances</p>	<p>Grants are generally only given to organisations / individuals can prove a basis of need due to their own personal circumstances or collective need for improvement to cultural or environmental infrastructure or help further community participation</p>	<p>No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs</p>

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p>Long-term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>Schemes of a capital nature tend to draw more substantial awards which will ensure longevity of assets and project outcomes. The application process also ensures that those applicants that demonstrate a need for short term financing also have due consideration when funding is allocated</p>	<p>The trusts award allocation principles are reviewed and if required amended annually to ensure funding is matched to those that require support.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The Trusts assist applicants in achieving their objectives by providing part or full funding for implementation of their project goals.</p>	<p>Not Applicable to the Trusts</p>

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
 <p data-bbox="114 331 286 363">Involvement</p> <p data-bbox="91 373 170 400">views</p> <p data-bbox="309 217 488 363">Involving those with an interest and seeking their views</p>	<p data-bbox="517 217 1317 373">The Committee seek to ensure that those directly involved with the applicants and decision makers are informed of all the necessary information to make informed beneficial decisions</p>	<p data-bbox="1346 209 2107 312">The Trust report is distributed to interested parties for consultation and amendment before final confirmation at Cabinet</p>
 <p data-bbox="114 563 286 595">Prevention</p> <p data-bbox="91 604 434 632">occurring or getting worse</p> <p data-bbox="309 446 488 593">Putting resources into preventing problems occurring or getting worse</p>	<p data-bbox="517 448 1317 604">Funding is provided for preventative as well as remedial schemes in regard to infrastructure and community assets and supporting community groups with social and cultural activities</p>	<p data-bbox="1346 448 2096 552">The trusts have developed investment strategy policies in order to facilitate greater income returns in order to distribute to qualifying applicants</p>
 <p data-bbox="114 790 286 821">Integration</p> <p data-bbox="91 831 293 895">environment and trying to benefit all three</p> <p data-bbox="309 673 488 820">Positively impacting on people, economy and environment and trying to benefit all three</p>	<p data-bbox="517 675 1317 871">Positive impacts are made on all successful applicants to the Trusts as funding is provided for economic, cultural, environmental and educational needs as demonstrated by the applicants on their application forms</p>	<p data-bbox="1346 667 2107 770">The trusts award allocation principles are reviewed and if required amended annually to ensure funding is matched to those that require support.</p>

3. Are your proposals going to affect any people or groups of people with protected characteristics? Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Positive impact as most community groups who apply support the elderly. Also, educational grants awarded to young people applying to the Trusts	None identified	
Disability	Positive impact as grants awarded to groups and individuals that either support the disabled or have a disability	None identified	
Gender reassignment		No restrictions on applicants	
Marriage or civil partnership		No restrictions on applicants	
Race		No restrictions on applicants	
Religion or Belief	Positive impact as Religious organisations are supported	None identified	
Sex		No restrictions on applicants	
Sexual Orientation		No restrictions on applicants	
Welsh Language		No restrictions on applicants	

4. Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities? For more information please see the guidance note <http://hub/corporatedocs/Democratic%20Services/Equality%20impact%20assessment%20and%20safeguarding.docx> and for more on Monmouthshire's Corporate Parenting Strategy see <http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx>

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Grants are awarded to organisations that assist children in need either through their health or social deprivation. Awards are also made to community children's groups that assist in their integration in social patterns	No negative impact	
Corporate Parenting	Not applicable to the Trust		

5. What evidence and data has informed the development of your proposal?

The Arlingclose Ltd Monmouthshire County Council Investment Strategy Review 2017;
The Arlingclose Ltd Monmouthshire Mon Farm Education Investment Strategy Review 2017;
The ONS Survey 2010 and
The Welsh Church Act Fund Audited Accounts 2016-17.

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

The proposals that support the distribution of charitable grants from the trusts are positive in that they support individuals, community and environmental groups in their pursuit of enhancing the culture, environment and personal wellbeing of people covered by their demographic remits. The application of the Investment and Risk Strategies are designed to provide the maximum amount of investment returns to provide funds to support those applicants to the fund without substantially diminishing the Capital value of the Trust Funds.

7. Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible	Progress
N/A			

8. Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	The application of the Trust fund policies are reported in the financial statements of those trusts at each financial year-end.
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WELSH CHURCH FUND PRINCIPLES, POLICY CONSIDERATIONS AND GRANT ALLOCATION CRITERIA – 2018-19 FUNDING YEAR

Basic Principles of the Welsh Church Fund Trust

The basic principle is that the charity needs to be independent of the local authority. This means that decisions about the administration of the charity need to be taken solely in the interests of the charity to further its charitable purposes, and for no other purpose.

There are also a number of duties the trustee must consider when making this type of decision. If these duties are met, then the trustee can be confident that the decision about how to apply the charity's income is reasonable and defensible. Therefore, again, the trustee must act only in the charity's best interest and meet the duties to:

- 1. Act within the powers conferred upon them and the established rules and procedures for dealing with issues of the kind under consideration.**
- 2. Adequately inform themselves in order to make the decision in question, where necessary making further enquiries and where appropriate considering legal or other professional advice.**
- 3. Consider any factors which they should take into account.**
- 4. Not take into consideration any factors which are not relevant.**
- 5. Act in good faith (and this includes managing conflicts of interest).**
- 6. Make a decision within the range of decisions which a reasonable body of trustees could have made.**

The decision and the reasoning must also be clearly recorded in the charity's minutes.

Policy Considerations for Charity Trustee

- 1. Make sure the trustee is clear about the objects of the charity as set out in its governing document as these dictate how any such asset may be used, in accordance with charity law.**

- 2. Make sure that the Welsh Church Fund's assets, for which the council is the trustee, are managed independently in accordance with their charitable purpose and any restrictions in the governing document.**
- 3. Recognise that the charity trustees have a duty to be prudent and to act solely in the best interests of the charity.**
- 4. Ensure that there are in place clear procedural guidelines for the officers and Councillors' about their roles, responsibilities and decision making in the administration of the charitable fund.**
- 5. Ensure we have a clear process for identifying and managing any conflicts of interest that arise where the local authority is the trustee of a charity.**

Allocation Criteria for the Welsh Church Fund Working Group

Groups and individuals that benefit from grant allocations

Churches and Religious Groups tend to be given higher awards as it is the Welsh Church Fund.

Church Parish's

Community Groups and Charities

Sports and Recreation Clubs

Environmental Groups

Individuals that have an identified and proven need of financial assistance

Other deemed charitable causes by the Working Group Committee

Allocation Policy and Principles

Awards are only given on the existence of a proven financial need as identified by a sponsoring Councillor in the first instance and the Welsh Church Fund Working Group Committee in the main instance.

Existing policy of no allocations to Community or Town Councils

Existing policy of no allocations to Private Business's or other Public Bodies

Policy of not supporting day to day running expenses except in exceptional circumstances as clubs / organisations should be self supporting and not rely on WCF money for their continued existence.

Existing policy of only Churches are allowed to re-apply every year to be maintained, though, these applications will only be considered for applications of a different and distinct purpose.

Existing policy of restricted or no allocations for day trips or trips that will not benefit the County by an individual's subsequent personal actions

The trust currently has a policy of dropping an application if deferred for further information at the first meeting, if then subsequently that information is not received by the next meeting date. This policy will continue. Emphasis on sponsoring Councillor to ensure sufficient evidence is presented along with application.

Any assistance to schools or educational establishments that come under the general umbrella of MCC will ONLY be assessed in light of the merit and purpose of the application and in consideration and conjunction with any future Children and Young People's policy in relation to School Welfare and Support groups

Confirm the Policy that the trust will only pay future awards by BACS payments in line with current MCC payment guidelines and to save the Trust from excessive and unnecessary administrative charges.

Confirm the Policy that applications will only be accepted on the current application form as currently posted on the MCC Website (The Welsh Church Fund: Monmouthshire County Council) as this contain all the currently required information.

Confirm the Policy that the Councillor signing the application ensures that the application qualifies for funding under the Charitable Purposes of the Trust as posted on the MCC website.

Confirm the Policy that when a Councillor signs an application to the Welsh Church Fund that they are fully aware of the purpose to the application and ensure that they have seen any supporting evidence or documentation required to support the application (i.e. Accounts, Bank Statements, letters of representation etc) and ensure that it is submitted with the application in order that the Working Group Committee can make an informed and timely decision at the first meeting.

Confirm the Principle of restricted awards or no grant allocations to organisations that receive direct financial support from MCC or any other Local Authority for Administrative expenses.

Support the principle that applicants should show effort and willing in raising funds themselves as well as expecting grant aid from the Welsh Church Fund.

Principle that there is a defined financial pot that has to be shared equally between deserving applicants and throughout the financial year. Any remaining funds at the financial year end will be carried forward to the next financial year.

Continuation of the policy that the budget for the next financial year is recommended by the Section 151 Officer of Monmouthshire County Council as they are in the best possible position to assess future financial performance and financial assets available for distribution in light of the Charity's policy to maintain the level of investments at a level that provides sufficient annual income to fund the Charity's charitable expenditure.

For the financial year 2017/18 that there is no maximum grant award imposed on all non individual applications and that a maximum award of £500 is imposed upon applicants by individual applicants. This limit will be reviewed annually once a decision has been made on the grant distribution for the next financial year by the Trustee.

The Working Group Committee has the right to set a Policy / Principle that is binding at any Committee meeting in the future if it is regarded to be in the best interest of the Trust even if a precedent may have been set by a past decision.

The Working Group Committee will set out the Principles and Policies for each financial year at the last meeting of the previous financial year.

NO appeal procedure will be allowed against grant application decisions made by the Working Group Committee. If a sponsoring Councillor would like to resubmit an application for review on a decision that has been made by the Working Group Committee, then new material evidence that was not available at the previous meeting must be presented.

A conflicts of interest procedure has been ratified. Councilor's that are associated with any application are asked too:

- a) declare their interest,**
- b) may remain in the room and remain silent**
- c) be allowed to present the case or relevant points if requested by the chair for clarification purposes only**
- d) be part of any application re-consideration process only at the request of the chair for clarification purposes**

The Working Group Committee has the overall right to dismiss any application they feel is inappropriate for funding even though it may qualify under the Charitable Purposes to which the fund maybe applied, as they feel it would not be in the best interests of the Charity.