

**SUBJECT: 2024/25 MONMOUTHSHIRE FARM SCHOOL TRUST FUND AND WELSH CHURCH TRUST FUND INVESTMENT AND FUND STRATEGIES**

**MEETING: Cabinet**  
**DATE: 6th March 2024**

**DIVISION/WARDS AFFECTED: All Authority**

**1. PURPOSE:**

- 1.1 To present to Cabinet for approval the 2024/25 Investment and Fund strategy for Trust Funds for which the Authority acts as sole or custodian trustee.
- 1.2 To approve the 2024/25 grant allocation to Local Authority beneficiaries of the Welsh Church Fund.

**2. RECOMMENDATIONS:**

- 2.1 That the proposed Investment and Fund Strategy for 2024/25 for the Monmouthshire Farm School Endowment Trust Fund as set by the Trust be endorsed (**Appendix 1**).
- 2.2 To note that the Monmouthshire Farm School Trust Board determined the 2024/25 grant allocation for the year in July 2023. However, this is reviewed at every meeting to ensure that the grants offered do not exceed previous years' investment return at the end of March 2024, and any under spends carried forward from the 2023/24 grant allocation, to avoid eroding the overall fund.
- 2.3 That the proposed Investment and Fund Strategy for 2024/25 for the Welsh Church Fund be approved. (**Appendix 3**).
- 2.4 To delegate responsibility for the execution and administration of treasury management decisions to the Deputy CEO (Chief Officer for Resources & Section 151 officer) who will act in accordance with the Investment and Funds Strategy.
- 2.5 To approve the 2024/25 grant allocation to Local Authority beneficiaries to the Monmouthshire Welsh Church Act Fund of £210,000 which is to be distributed in accordance with population data in the draft Local Government Settlement 2024/25.

- 2.6 To endorse the policy that Monmouthshire County Council (as the Welsh Church Fund Trustee) ensures that the constituent councils that benefit from grant distributions, ensure that grants allocated are in line with charitable objects of the fund and that this fact is advertised on their Authority's website.
- 2.7 To endorse the Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2024/25 (**Appendix 5**) as considered and approved by the Welsh Church Fund Committee in February 2024.

### **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 awarded to Arlingclose Ltd in March 2021 for 4 years with the option to extend for a further two years. All three bodies will therefore continue to receive ongoing advice and support on investments until at least the 31<sup>st</sup> March 2025 and beyond if the option to extend is exercised.
- 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.

### **Monmouthshire Farm School Endowment Trust Fund**

- 3.4 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. The Investment strategy (**Appendix 1**) was presented to and approved by the Board of The Monmouthshire Farm School Endowment Trust in July 2023.

- 3.5 In the financial year 2022/23, which is the most recent completed year end accounts, the Mon Farms Trust received income of £26,287 from its direct investments in funds and £1,077 from the Roger Edwards Educational Trust Fund. These total investment returns were more than the grants and fees allocated from the Trust. The trustees have agreed to make £25,000 available for grant distribution in 2024/25.
- 3.6 In the 2022/23 financial year, the income received from the pooled funds invested in by the Trustees directly was offset by an unrealised net capital loss of £82,846. 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 several asset classes, including 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. The bond-based products have made a loss over the last 12 months. This situation is being actively discussed with Arlingclose to optimize performance over the medium term although diversification is still seen as the best policy.
- 3.7 **Appendix 1** outlines the Annual Investment and Fund Strategy 2024/25.

### **Risk Assessment of the Monmouthshire Farm School Endowment Trust**

- 3.8 The financial assistance provided by the Monmouthshire Farm Endowment Trust supports a very wide range of students, studying at agricultural orientated 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 by way of educational grants and the key risk faced by the Monmouthshire Farm Endowment Trust is loss or reduction in the amount of monies available for distribution.
- 3.9 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 2**.

### **Welsh Church Fund**

- 3.10 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 to 5 year' business cycle without a sustained loss of capital funds. 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 2023 and these investments remain a risk balanced investment portfolio in line with the investment priorities.

- 3.11 Pooled investment funds are suited to bodies such as the Welsh Church Fund who are looking for a steady and/or higher average income streams and 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.
- 3.12 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.
- 3.13 For the financial year 2022/23, the WCF has received income of £212,453 from its external investment funds and through rental income. Therefore, the recommended distribution is £210,000 to ensure that the funds raised for charitable purposes in 2022/23 are distributed fully and thereby assist grant recipients in need of financial support without a further depletion in capital assets.
- 3.14 In the financial year 2022/23, the income received from the pooled funds was offset by an unrealised net capital loss of £472,972 (£349,688 gain in 2021/22) as a result of a continued volatility in the markets over the last few years. A movement in capital value is expected with these types of investments in normal years as well as exceptional year's such as at the height of a pandemic and these movements are not expected to impact the fund in the longer term. For this reason, Arlingclose strongly recommend continuing to spread the investments over several asset classes, equity, property, and bonds to reduce any substantial risk of losses. The trust will continue to review exit strategies from pooled funds if appropriate and in light of a rising interest rate environment where returns may be greater from other investment vehicles.
- 3.15 A revised Investment and Fund strategy for the Welsh Church Act Fund is contained in **Appendix 3**.
- 3.16 The strategy states 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.

### **Risk Assessment of the Welsh Church Fund**

- 3.17 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 by charitable grants and the key risk faced by the Welsh Church Fund is loss or reduction in the amount of funds available.

3.18 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 deemed to be adequate and sufficiently robust to continue during the 2024/25 financial year. The risk assessment is attached for information at **Appendix 4**.

### Grant Allocation of the Welsh Church Fund

3.19 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.

3.20 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.

3.21 The fund balance held by the trust was £5,201,291 as at the 31<sup>st</sup> March 2023 (£5,681,040 at 31<sup>st</sup> March 2022). It is recommended that the grant allocation should be increased to £210,000 in 2024/25 (£200,000 in 2023/24. Investment Funds have increased their distributions as interest rates have risen alongside asset portfolios. The forecast for 2023/24 income is estimated to be around £210,000, which is slightly less than the £212,453 received in 2022/23 as the economy slowly recovers, this has enabled us to increase grant distributions from 2022/23 prudently.

3.22 This will result in the following distribution being recommended:

<b>AUTHORITY</b>	<b>POPULATION (000) **</b>	<b>PERCENTAGE SPLIT</b>	<b>BUDGET*</b>
Blaenau Gwent CBC	67,014	0.113	23,796.14
Caerphilly CBC	176,130	0.298	62,542.36
Monmouthshire CC	93,886	0.159	33,338.17
Newport CBC	161,506	0.273	57,349.49
Torfaen CBC	92,860	0.157	32,973.84
<b>TOTAL</b>	<b>591,396</b>	<b>100.0</b>	<b>£210,000</b>

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

\*\*Source: 2024/25 Draft Local Government Settlement (AEF per Capita).

## 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. EVALUATION CRITERIA**

- 5.1 There are no long-term sustainability implications arising directly from this report although it should be noted that market volatility experienced in recent years has had a slight impact in regard to investment returns achieved.
- 5.2 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 grant allocation to the constituent authorities in 2024/25 is seen to have a neutral impact on the sustainability of the fund going forward.

## **6. REASONS:**

- 6.1 To produce an annual Investment and Fund Strategy in order that the Authority fulfils its responsibilities as corporate and sole trustee in compliance with the Trustee Act 2000.
- 6.2 To approve the 2024/25 grant allocation for the Welsh Church Fund, enabling constituent Local Authorities to make qualifying grant allocations under the Welsh Church Fund Trust Scheme.

## **7. RESOURCE IMPLICATIONS:**

- 7.1 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.
- 7.2 The appointment of a dedicated treasury advisor to the Welsh Church Fund will be an ongoing annual charge against the Fund. The fee negotiated is competitive and further efficiencies are generated from the Authority dealing with one advisor for its treasury advice.

## **8. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

A Future Generations assessment, examining the implications in regard to equality, safeguarding, corporate parenting or sustainable developments, is contained in the attached **Appendix 6**.

## **9. CONSULTEES:**

Strategic Leadership Team  
Cabinet Members  
Head of Finance

### **Results of Consultation**

No adverse comments received

### **10. BACKGROUND PAPERS:**

Appendix 1 – Monmouthshire Farm School Endowment Trust – Annual Investment and Fund Strategy 2024/25  
Appendix 2 – Monmouthshire Farm School Endowment Trust – Risk Assessment Policy 2024/25  
Appendix 3 – Monmouthshire Welsh Church Fund – Investment and Fund Strategy 2024/25  
Appendix 4 – Monmouthshire Welsh Church Fund – Risk Assessment Policy 2024/25  
Appendix 5 -- Welsh Church Fund Principles, Policy Considerations and Grant Allocation Criteria for 2024/25  
Appendix 6 – Future Generations Evaluation Form

### **11. AUTHORS:**

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## The Investment & Fund Strategy for the Monmouthshire Farm Endowment Trust 2024/25

### 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 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. The UK Bank Rate reached 5.25% in December 2023 which we believe will be the peak before the MOC cut rates in the medium term to stimulate the economy. Arlingclose expect rate cuts in the third quarter of 2024 to a low of 3% by early - mid 2026, although the timing and extent of rate cuts remains highly uncertain.
- 2.2. In light of increased interest rates more substantial returns should now be available from short-term low risk instruments. This would allow for increased returns without restricting funds over the medium term. Longer term investments continue to offer higher rates when risk is at acceptable levels.
- 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 an agreement with the board of the Trust for Monmouthshire Farm School Endowment.



- 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, to improve total returns over a 3 to 5 year' business cycle.
- 3.5. At 31<sup>st</sup> March 2023, the Monmouthshire Farm Endowment Trust had £560,755 of pooled investments and £62,819 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 Section 151 Officer at Monmouthshire County Council.
- 3.8. The types of investment vehicles that can be utilised by the Monmouthshire Farm Endowment Trust are as follows:

**Table 2: Investments**

<b>Investment</b>	
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. 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.

- 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 and the extent to which the investment objectives have been achieved.

3.12. The Trustees shall observe the following constraints in pursuing the investment objectives:

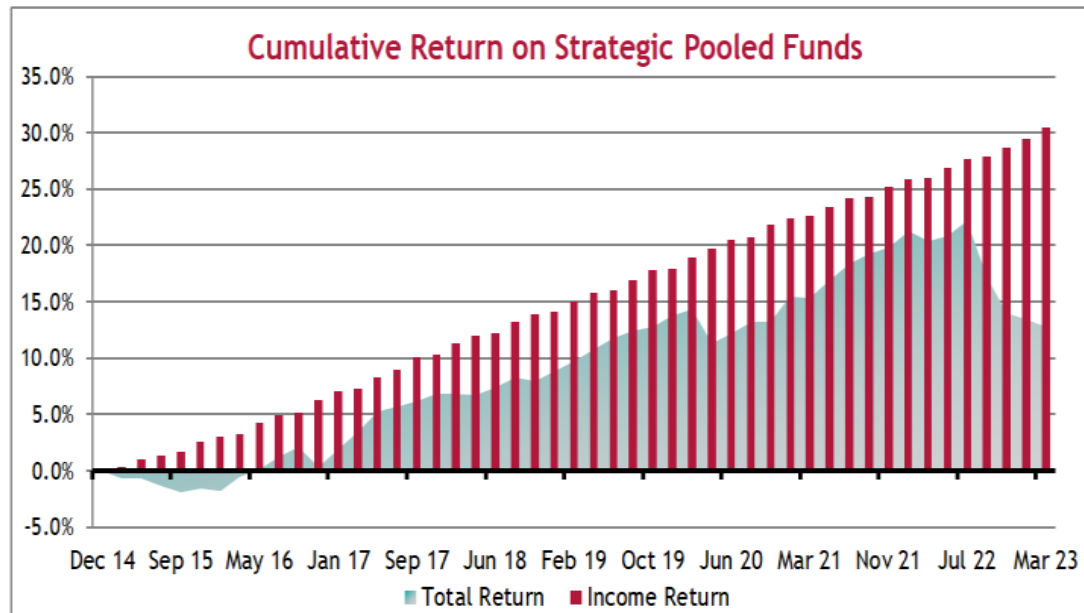
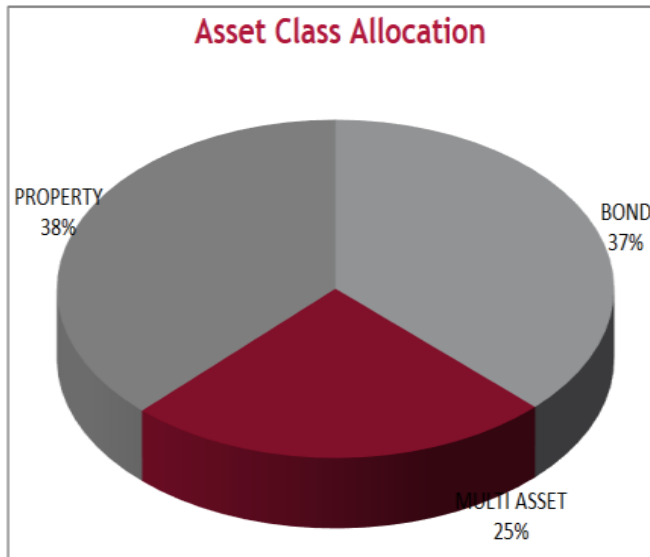
- The restrictions on investments contained within Section 15 of the scheme made by Monmouthshire County Council.
- A proportion of the funds held may be pooled with Monmouthshire County Council's overall investment portfolio, which is invested in line with the Authority's Treasury Management Strategy. 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. When investing in banks and funds, Monmouthshire County Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 3.14. There is now more than 60 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 since the date of acquisition are reported in the latest available Arlingclose report. The income return on the pooled funds at the current time are close to or below the bank returns, the overall performance of the investments will be closely monitored, any exit strategy identified will ensure that due diligence will be followed. The latest available performance data is provided below.

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	211,410	-17,590	87,159	7.3	-7.68%	38.06%	30.38%	5.3%	-1.09%	4.54%
M&G CHARIBOND FUND	BOND	190,470	208,660	-41,340	52,995	7.7	-16.54%	21.20%	4.66%	4.0%	-2.32%	2.53%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	139,127	-60,873	66,465	8.2	-30.44%	33.23%	2.80%	5.0%	-4.34%	3.57%
<b>GRAND TOTAL</b>			<b>559,197</b>	<b>-119,803</b>	<b>206,619</b>	<b>7.7</b>	<b>-17.64%</b>	<b>30.43%</b>	<b>12.79%</b>	<b>2.8%</b>	<b>-2.56%</b>	<b>3.50%</b>

Unrealised capital loss since purchase: -119,803 Annualised income return: 3.50%

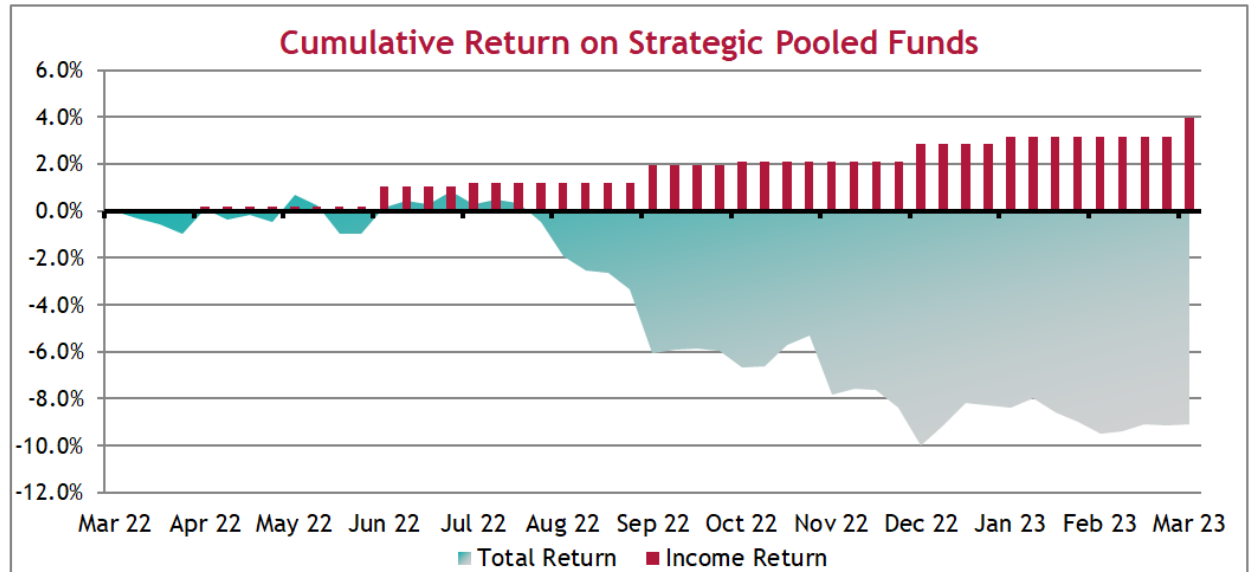
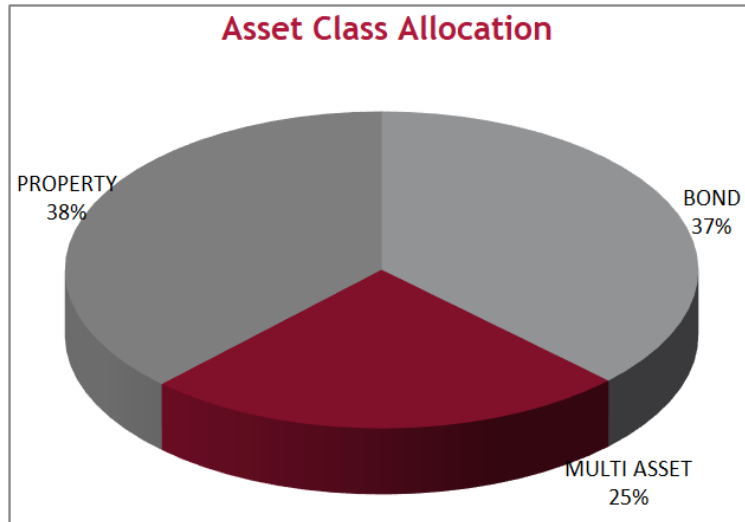


Please note the data above reflects the performance of the funds since inception as the funds were purchased on 29<sup>th</sup> January 2015. The below charts the performance of the funds during the 2022/23 financial year.

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	193,705	211,410	-39,865	10,847	1.0	-15.86%	4.32%	-11.55%	10.4%
M&G CHARIBOND FUND	BOND	190,470	208,660	-16,152	5,047	1.0	-7.18%	2.25%	-4.94%	7.5%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	377,858	139,127	-27,659	9,409	1.0	-16.58%	5.64%	-10.94%	7.9%
<b>GRAND TOTAL</b>			<b>559,197</b>	<b>-83,676</b>	<b>25,304</b>	<b>1.0</b>	<b>-13.02%</b>	<b>3.94%</b>	<b>-9.08%</b>	<b>5.7%</b>

Unrealised capital loss since purchase: -119,803

Annualised income return: 3.94%



#### **4. Training**

- 4.1. The Section 151 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 to assist with decision making within the Authority. The information and advice encompass the level of risk of investments and the variety of options available.

**Monmouthshire Farm Endowment Trust – Risk Assessment Policy 2024/25**

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 to students 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:

- 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.

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 in-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 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.

**(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 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**

**(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. Senior Council staff support and advise Cabinet on legal and financial matters.

## The Investment & Fund Strategy for the Welsh Church Act Fund 2024/25

### 1. Background

- 1.1. 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. The Cabinet before implementation must approve any proposed in-year modification to the Investment Strategy.
- 1.2. This Welsh Church Fund Funds strategy shall be considered in conjunction with any review of the Trustees 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 Monmouthshire County Council (the sole Trustee of the Welsh Church Fund).

### 2. Interest Rate Forecast

- 2.1 The UK Bank Rate reached 5.25% in December 2023 which we believe will be the peak before the MOC cut rates in the medium term to stimulate the economy. Arlingclose expect rate cuts in the third quarter of 2024 to a low of 3% by early - mid 2026, although the timing and extent of rate cuts remains highly uncertain.
- 2.2 The Welsh Church Fund, 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.
- 2.3 In light of increased interest rates more substantial returns should now be available from short-term low risk instruments. This would allow for increased returns without restricting funds over the medium term. Longer term investments continue to offer higher rates when risk is at acceptable levels.
- 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 in full.
- 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 to 5 year' business cycle.
- 3.4. At 31<sup>st</sup> March 2023, the Welsh Church Fund had £5.130m of Fixed Asset and Pooled Fund investments (market value) and £228,458 of cash.
- 3.5. Financial 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 Deputy CEO / Chief Officer for Resources (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.
- 3.6. The types of investments vehicles that are permitted to be utilised 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	✓
Pooled funds with Monmouthshire County Council	✓

3.7. Investments can be taken out by the Fund without specific consultation to the Treasury Advisors at the time providing they are sterling denominated investments with a maximum maturity of one year and that they 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.

3.8. 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 £300,000 needs to be held in investments which are of sufficient liquidity, these include cash or other investments with less than one year before maturity so that grants can still be made if investment returns are low or to allow for the lead time for realising certain investments.
- The maximum investment 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 that 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.

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

3.11. 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 that move outside of the above criteria with time will be reinvested with the above criteria on maturity.*

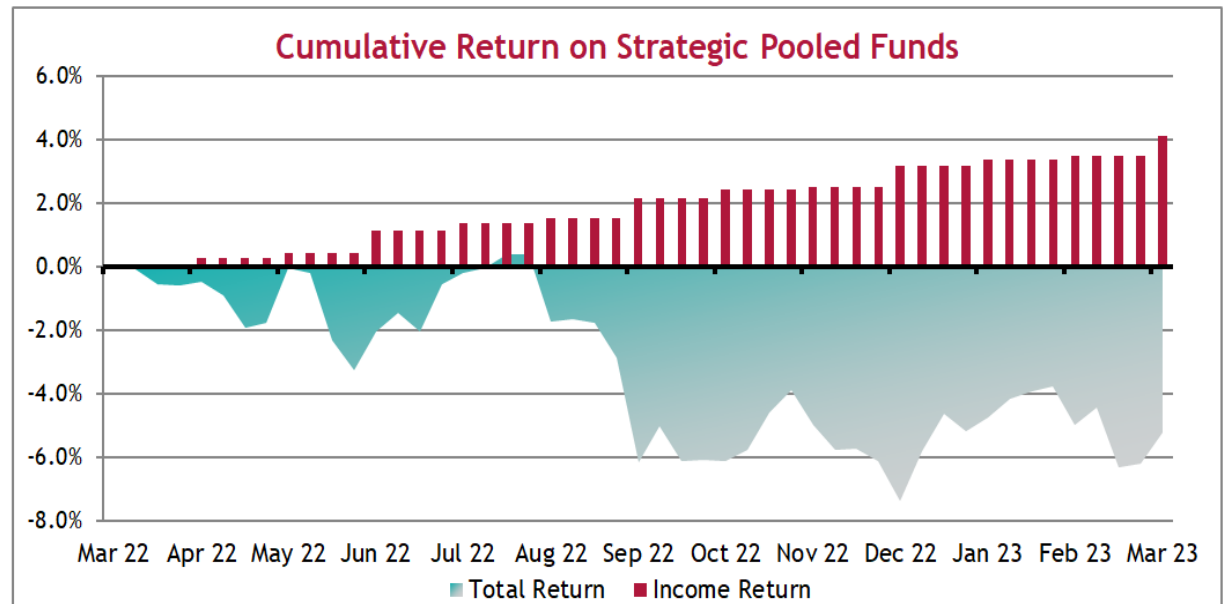
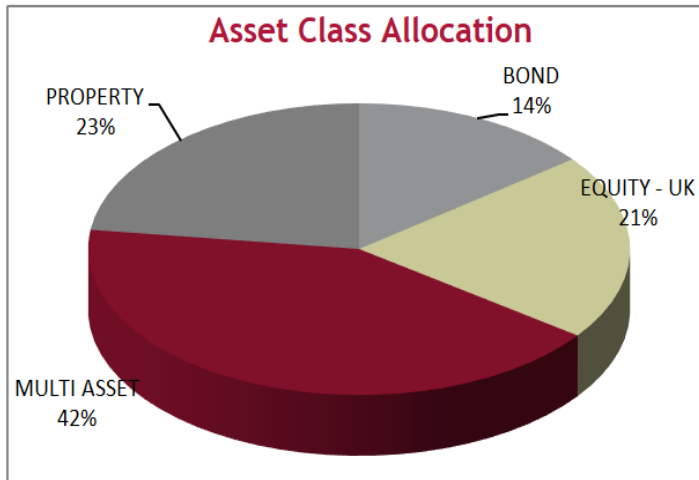
3.12. There are currently no ethical constraints on investment funds, this policy could be amended if there were changes to charity law or other requirements.

- 3.13. A commitment was made by the Trustee's in September 2022 to investigate how responsibly the Trustee invests its cash balances, and to develop a sustainable investment policy that is compatible with the Declaration of a Climate Emergency and the Well Being of Future Generations Act. It is noted that the current framework and data sources available to enable a robust assessment of investments are still immature. Alongside this, many of the investment funds or bodies are multifaceted which makes current evaluation increasingly difficult. The Trustee will continue through 2024/25 to engage with its advisors Arlingclose to evaluate its existing investments and assess whether a more sophisticated ESG policy can be applied.
- 3.14. As a consequence, any funds invested directly with or held by the Trustee during 2024/25 will be subject to their ESG policy as outlined below.
- 3.15. **ESG policy:** Environmental, Social and Governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Trust's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, Monmouthshire County Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 3.16. Performances of the externally managed pooled funds of the Welsh Church Fund for the 12 months to March 2023 are set out below. These investment funds will be reviewed in 2024/25 to ensure that they are fulfilling the criteria of income generation and capital sustainability, especially in light of a higher interest rate environment.
- 3.17. The dividend income earned from this portfolio, shown by the maroon bars, was £191,949 for the 12 months until March 2023.



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	1,263,629	-49,212	36,787	1.0	-3.75%	2.80%	-0.95%	12.2%
CCLA - COIF PROPERTY FUND	PROPERTY	889,400	970,692	-183,039	49,806	1.0	-15.86%	4.32%	-11.55%	10.4%
M&G CHARIBOND FUND	BOND	558,982	612,365	-47,402	14,813	1.0	-7.18%	2.25%	-4.94%	7.5%
M&G CHARIFUND	EQUITY - UK	34,796	516,083	-33,592	29,055	1.0	-6.11%	5.29%	-0.83%	12.2%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	816,916	359,688	-20,260	26,441	1.0	-5.33%	6.96%	1.63%	14.6%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	1,407,494	518,239	-103,029	35,047	1.0	-16.58%	5.64%	-10.94%	7.9%
<b>GRAND TOTAL</b>			<b>4,240,696</b>	<b>-436,532</b>	<b>191,949</b>	<b>1.0</b>	<b>-9.33%</b>	<b>4.10%</b>	<b>-5.23%</b>	<b>7.3%</b>

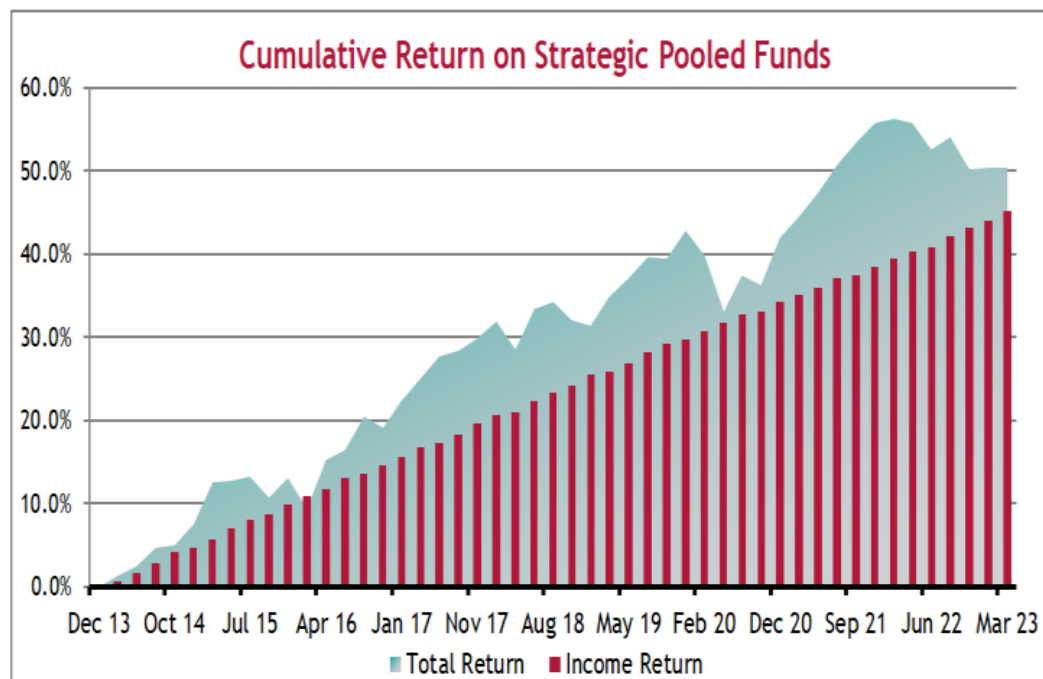
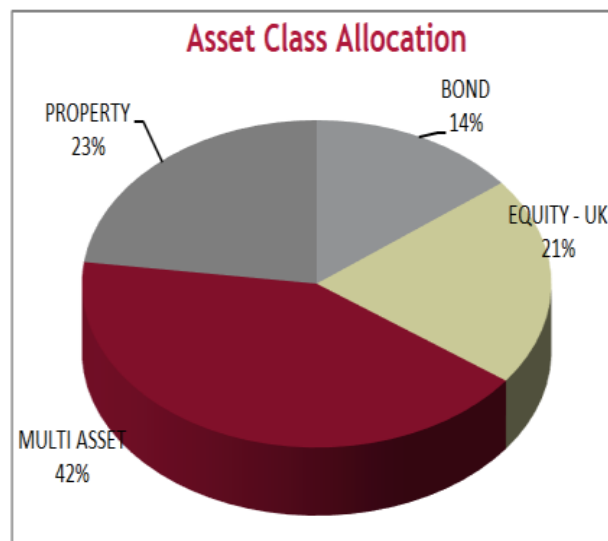
Unrealised capital gain since purchase: 177,888      Annualised income return: 4.10%



3.18. The values and performance of the investments from the date of investment is reported in the latest available Arlingclose report, are as follows:

STRATEGIC POOLED FUND PORTFOLIO				MONMOUTHSHIRE WELSH CHURCH FUND				From: 31/12/2013	To: 31/03/2023			
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 INVESTMENT FUND	MULTI ASSET	67,524	1,263,629	482,967	315,338	9.2	61.87%	40.39%	102.26%	8.7%	5.35%	3.74%
CCLA - COIF PROPERTY FUND	PROPERTY	889,400	970,692	135,634	504,201	9.2	16.24%	60.38%	76.62%	5.0%	1.64%	5.24%
M&G CHARIBOND FUND	BOND	558,982	612,365	-72,947	206,320	9.2	-10.64%	30.11%	19.46%	3.6%	-1.21%	2.89%
M&G CHARIFUND	EQUITY - UK	34,796	516,083	15,314	236,699	9.2	3.06%	47.27%	50.33%	10.6%	0.33%	4.28%
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	816,916	359,688	-140,312	274,668	8.4	-28.06%	54.93%	26.87%	9.8%	-3.86%	5.37%
UBS MULTI ASSET INCOME FUND	MULTI ASSET	1,407,494	518,239	-209,154	278,684	9.2	-28.75%	38.31%	9.56%	5.6%	-3.60%	3.57%
<b>GRAND TOTAL</b>			<b>4,240,696</b>	<b>211,502</b>	<b>1,815,911</b>	<b>9.1</b>	<b>5.25%</b>	<b>45.07%</b>	<b>50.32%</b>	<b>4.9%</b>	<b>0.13%</b>	<b>4.13%</b>

Unrealised capital gain since purchase: 177,888      Annualised income return: 4.13%



## **Welsh Church Fund's Bank Account**

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

### **4. Training**

4.1. The Authority, acting as Trustee to the Welsh Church Fund, will ensure that suitable awareness training is provided to members of the Governance & 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.

### **5. Investment Consultants/ Treasury Advisors**

5.1. 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 encapsulate the level of risk of investment and the variety of options available.

## Welsh Church Fund – Risk Assessment Policy 2024/25

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 four 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 has 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 ensure that grant distributions have been made in accordance with the scheme in place and within the set criteria 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 are taken into consideration in the following year's grant awards to the constituent Councils.

**2. Operational Risks**

**(a) Unsuitable staff support and advise the 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 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 2024/25 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 2024/25 allows for the continued 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 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**

#### **(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 the Charities Act 2011.



## WELSH CHURCH FUND PRINCIPLES, POLICY CONSIDERATIONS AND GRANT ALLOCATION CRITERIA – 2024-25 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
- Existing policy of no allocations to other Public Bodies

- Existing policy of not supporting the 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 being allowed to re-apply every year to be maintained, though, those applications will only be considered where the application is for 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 a Policy that no undergraduates will be supported as they all have access to funding from Student Finance Wales.
- Confirm the Policy that the trust will continue to only pay grant 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 will 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 2024/25 that there is no maximum grant award as available funding allows, 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. Councillor'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 may be applied, as they feel it would not be in the best interests of the Charity.



# Integrated Impact Assessment document

(incorporating Equalities, Future Generations, Welsh Language and Socio Economic Duty)

<p><b>Name of the Officer</b> D Jarrett</p> <p><b>Phone no: 4657</b></p> <p><b>E-mail: davejarrett@monmouthshire.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>To assess the 2024/25 Investment &amp; Risk Management Strategies of the Welsh Church Fund and Mon Farm Education Trust</p>
<p><b>Name of Service</b> Finance</p>	<p><b>Date Future Generations Evaluation</b> 6th March 2024</p>

1. **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	

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Marriage or civil partnership	No impact	No restrictions on applicants	
Pregnancy or maternity	No impact	No restrictions on applicants	
Race	No impact	No restrictions on applicants	
Religion or Belief	Encouraging religion through education at the point of delivery through the provision of enhanced facilities	No restrictions on applicants	
Sex	No impact	No restrictions on applicants	
Sexual Orientation	No Impact	No restrictions on applicants	

## **2. The Socio-economic Duty and Social Justice**

**The Socio-economic Duty requires public bodies to have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions This duty aligns with our commitment as an authority to Social Justice.**

	<b>Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage</b>	<b>Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>

<b>Socio-economic Duty and Social Justice</b>	N/A	No Negative impact	
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### 3. Policy making and the Welsh language.

How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
<b>Policy Making</b> Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language no less favourably	N/A	No Negative impact	
<b>Operational</b> Recruitment & Training of workforce	N/A	No Negative impact	
<b>Service delivery</b> Use of Welsh language in service delivery Promoting use of the language	N/A	No Negative impact	





**4. 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. There's no need to put something in every box if it is not relevant!


Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A prosperous Wales</b> Efficient use of resources, skilled,	Grants are awarded to help with infrastructure projects on cultural and community assets that	No negative impacts as grants given to assist in providing positive impacts on actions / schemes /



<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
educated people, generates wealth, provides jobs	help sustain jobs in the community for skilled tradesmen and stimulate educational well being	training in regard to applicants needs
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Environmental schemes can benefit from funding awards to assist in drainage, water course management and flood alleviation works	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	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.	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	Community groups and individuals can apply for funding for projects that enhance their local community facilities and environment	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	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	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	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	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	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	No negative impacts as grants given to assist in providing positive impacts on actions / schemes / training in regard to applicants needs

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <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>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>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>The Trust report is distributed to interested parties for consultation and amendment before final confirmation at Cabinet</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>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>The trusts have developed investment strategy policies in order to facilitate greater income returns in order to distribute to qualifying applicants</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>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>The trusts award allocation principles are reviewed and if required amended annually to ensure funding is matched to those that require support.</p>

**6. Council has agreed the need to consider the impact its decisions has on the following important responsibilities: Corporate Parenting and Safeguarding. Are your proposals going to affect any of these responsibilities?**

	<b>Describe any positive impacts your proposal has</b>	<b>Describe any negative impacts your proposal has</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
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 Group's that assist in their integration in social patterns	No negative impact	
Corporate Parenting	Not applicable to the Trust		

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

<p>The Arlingclose Ltd Monmouthshire County Council Investment Strategy Review 2023.          The Arlingclose Ltd Monmouthshire Mon Farm Education Investment Strategy Review 2023.          The Draft Provisional Settlement from Welsh Government 2024/25.          The Welsh Church Act Fund Audited Accounts 2022-23 and          The Monmouthshire Farms School Endowment Trust Fund Accounts 2022-23.</p>
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**8. 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.

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

<b>What are you going to do</b>	<b>When are you going to do it?</b>	<b>Who is responsible</b>
Distribute Grants	Throughout the financial Year 2024-25	Welsh Church Fund Committee

**10. VERSION CONTROL: The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision-making process. It is important to keep a record of this process to demonstrate how you have considered and built in equality and future generations considerations wherever possible.**

<b>Version No.</b>	<b>Decision making stage</b>	<b>Date considered</b>	<b>Brief description of any amendments made following consideration</b>
1	Cabinet	06th March 2024	