

MINUTES OF A MEETING OF THE FINANCE SUB-COMMITTEE
held on Thursday 2 May 2019, at 7.30 pm at District Headquarters

PRESENT: Tony Andrews (Chair and Acting Secretary); and Steve Clarke (Treasurer).

APOLOGIES: Ray Salisbury (Activity Centres Treasurer); and Mandy Sweet (DC).

1. Welcome and Chair's Opening Remarks:

The Chair noted that the meeting was inquorate; no decisions would be taken other than those for which a clear precedent had previously been set.

2. Minutes of Meeting held 7 February 2019:

It was agreed to recommend to the next quorate meeting of the Finance sub-Committee that the minutes of the last meeting be approved, subject to one observation raised by the Treasurer. Under Minute 4f (District Accounts for the Year Ended 31 December 2018) it was the Acting Secretary's understanding that the 'value' of our investment in the Lancaster Scout and Guide Shop be stated as the same figure that had been given in the previous Annual Accounts (£5,766). This was not the case; a value based on the accounts for the year ended 31 March 2018 was required. The Chair explained the difficulty he had experienced in obtaining approval from the two Guide Division Commissioners for the release of the accounts (prior to their approval by the Lancaster Scout and Guide Shop Management Board).

3. Matters Arising:

Under Minute 4a (Registered Charity Returns) the Treasurer reported that both 53rd Lancaster and 3rd Morecambe and Heysham had now filed their returns with the Charity Commission. The Treasurer would remind (again) the one Group yet to file their return (5th Lancaster).

4. Treasurer's Report:

In his report the District Treasurer identified a number of matters:

a. **Debtors - Membership Fees:** At the time of the meeting, the following Groups had not yet paid the full Membership Fees due (District Funds had been used to pay these sums to County by the due date):

(1) **34th Lancaster:** £1,482 due, with £1,315.42 paid and £166.58 outstanding.

(2) **11th Morecambe and Heysham:** £1,976 due, with £700 paid and £1,276 outstanding. There are some concerns with repeated arrears, especially in view of earlier late payment of fees (together with one amount written-off).

(3) **Slyne with Hest:** £1932 due, with £1,912.50 paid and £17.50 outstanding. As this latter figure was the District-imposed late payment fee it was agreed to recommend that this be written-off.

The Treasurer had previously been in contact with all the Groups concerned.

b. **Zellhoff Trip:** Fees were being received regularly and the current balance held is approximately £20,500. It was not known when the balance of the air fares would have to be paid.

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c. **Current Funds:** It was noted that the District funds held amounted to £69,906.90 (with £13,100.49 in the CAF Bank current account and £56,806.41 on deposit with the Skipton Building Society - instant access). In addition, the District funds designated for the Activity Centres amounted to £43,681.16 (with £28,681.16 in the CAF Bank current account and £15,000 on deposit with the Skipton Building Society - instant access). In respect of the Sharpe Bequest Fund, a total of £1000,000 was on deposit with Cambridge and Counties Bank and Hampshire Trust Bank (split equally) with a further £3,232.72 deposited with the Skipton Building Society (thus a total fund of £103,232.72). The Chair was appreciative of the Treasurer's (and Activity Centres Treasurer's) management of the appropriate investment of monies held by the Charity.

d. **District Investment Policy:** The discussion followed-on from the preliminary one held at the previous meeting of the sub-Committee when it had been agreed to investigate the option for transferring (particularly) some (or all) of the capital fund of the Sharpe Bequest from cash deposits with banks and building societies into equities. The Chair expressed his appreciation to the Treasurer for the comprehensive research he had undertaken to facilitate the discussions as to the way forward. There were a number of aspects to be considered:

(1) **Trusteeship - Powers of Investment:** As a starting point, reference was made to Policy, Organisation and Rules of The Scout Association, namely Rule 13.9a (Investments):

“Unless the powers of investment are specified in the formal Trust Instrument creating or governing any given Group, District or County, such powers of investment are governed by the Trustee Act 2000. Accordingly, The Scout Association's own particular powers of investment are specified by its Royal Charter. These particular powers of investment apply to The Scout Association itself and not to its entire member Groups, Districts or Counties.”

Thus, there is nothing preventing the Trustees from considering such investment routes.

(2) **Maurice Sharpe's Will:** The sub-Committee were reminded of the relevant clause contained within Maurice Sharpe's will:

Two-nineteenths of the residue of his estate is to be given to “the Lancaster and District Scout Council or its successors to be invested by the Council at its absolute discretion and the interest used in providing equipment for Lancaster Scout Groups it being my wish that such Groups shall have raised an equivalent amount and made the fullest use of any grant available from any sources and that this bequest must not be used for any of the direct purposes of the Lancaster and District Scout Council.”

There was some debate as to whether the Trustees would be going against the intent of the will if they invested the fund in equities rather than placing monies on deposit with banks or deposit takes (as the will refers to 'interest'). The opinion of The Scout Association's Legal Department had been sought but was considered to be of minimal assistance. After considering the matter at some length the sub-Committee agreed to recommend to the Trustees that there were no significant factors which would prevent such an alternative method of investing funds.

(3) **Draft Investment Policy:** Using the information available in the publication 'Writing your charity's investment policy: a guide' (Charity Investors' Group), the Treasurer had prepared a draft District Investment Policy. The members of the sub-Committee considered this in some detail, amplifying sections as required. It was agreed to recommend to the Trustees that the draft District Investment Policy (attached as an Annex to the minutes) be accepted as a basis for future work.

e. **Implementation Timescale:** If the principles discussed by the Finance sub Committee find favour with the District Executive Committee, at their next meeting, then the next phase will be to research appropriate investment opportunities. These will need to be reviewed by the Finance sub-Committee at the next meeting (scheduled for 4 July 2019) prior to making recommendations to the Executive Committee (the earliest one being in the autumn). At that stage it would be appropriate to confirm the District's Investment Policy (which may need amendment in the light of on-going discussions and as we explore the investment opportunities more fully). In the meantime, it may be necessary to reinvest monies currently placed with the Cambridge and Counties Bank plus Hampshire Trust Bank (possibly short-term investments).

5. Activity Centres Financial Report:

In his absence the Activity Centres Treasurer had provided a written report. The CAF Bank account balance at the close of business on 26th April 2019 was £28,681. In addition, there is £15,000 deposited with the Skipton Building Society. This is immediately available. Thus, the total funds are £43,681. Last week, as part of the annual maintenance visit, the well was examined by Lancaster City Council. Proposals were made to prevent contamination. As a result, Aqua Engineering has been asked to affect the proposals. This should not be expensive. We have received two grants since the last meeting (£2,000 from The Elizabeth & Richard Wilson Charitable Fund and £5,000 from the Harris Trust. The Wilson Fund grant is for use at ACMB's discretion and the Harris Trust's is to defray the cost of installing a better hot water system at Littledale, which cost £5,495 (**Sec's Note:** this £7,000 in grants-in-aid has been used to defray the cost of the hot water system and the purchase of a new cooker - both at Littledale). Income to date (without the grants) amounts to £16,535 and normal expenditure amounts to £9,618.

6. Annual Accounts for 2018:

The Treasurer explained that currently the bulk of the documentation and records were with the Independent Examiner but that there were two matters outstanding:

a. **Annual Review:** The Chair indicate that he was under the impression that this had been completed but it was indicated that this had yet to be received by the Activity Centres Treasurer. The Chair would chase this as a matter of urgency.

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b. **Value of the Scout Council's Investment in the Lancaster Scout and Guide Shop:** The Chair reminded the Finance sub-Committee that there has been a delay in preparing the accounts for 2017-18 (for a variety of reasons). As yet they had not been received/approved by the Lancaster Scout and Guide Shop Management Committee. The District Chair was reluctant to release the figure in the light of earlier experiences. He had attempted by e-mail, with the relevant Guide Division Commissioner, to obtain agreement to make available the relevant figure. It was indicated that the Independent Examiner required sight of the Receipts and Payment Account plus Balance Sheet. The Chair would seek to obtain this as a matter of urgency.

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7. 14-15 Finance and Support Group:

In the absence of the Chair [of the 14-25 Finance and Support Group] there was no report. The Chair drew members' attention to the notes of the previous meeting of the 14-25 Finance and Support Group that had been tabled at the meeting of the District Executive Committee on 20 March 2019 (which had contained an update on Explorer Scout financial matters).

8. Start-Up Grant - Explorer Scout Unit Based in Caton:

Following earlier precedent, it was agreed to pay a Start-Up Grant of £100 to the Explorer Scout Unit based in Caton. This could not be paid until the name of the bank account (in the process of being opened) was known.

9. International Fund Grant Applications:

Following earlier precedent, it was agreed to make a payment of £100 to one member participating in an Explorer Belt Expedition in Serbia (judged to be Europe). It had been identified that there was a further application in the pipeline but the potential applicant had not submitted the application form (and had yet to respond to the request e-mail from the Chair).

10. Group Accounts (Annual Letter):

The sub-Committee members reviewed and agreed (as there was essentially no change from the previous year) the letter to be sent to Group Executive Committees and GSLs. There were no changes proposed to the associated documents (available from the District's website).

11. Sharpe Bequest Application Process 2019:

The sub-Committee members reviewed and agreed the documentation (as there was essentially no change from the previous year). It was noted that consideration should be given to applications, if they arise, where for various reasons a Group/Unit was not in a position to raise 50% of the money (Maurice Sharpe's Will was a wish rather than an instruction).

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12. **Trustee Governance Document - sub-Committee Review:** The members of the sub-Committee reviewed the Trustee Governance Document for the Finance sub-Committee, adding the RAG Status for 2018-19 and providing comments as necessary. In relation to:

a. **9. Group Accounts:** There is still a problem that a not insignificant number of Groups do not comply with the instruction contained in POR (and as set-out in the Chair's annual letter to Scout Groups).

b. **10. Financial Planning for District Events:** Not wishing to amend the RAG Status from last year (G), it was felt that there is a need for better budget planning for some (smaller) District Events. In reaching this conclusion, members reviewed the Financial Planning document and felt that the guidance given was still appropriate but that some members of the District Team may need some additional guidance when preparing event budgets. The procedure for generated surpluses [for such District Events] was discussed (and agreed) at the last meeting of the District Executive on 20 March 2019.

13. Any Other Business:

No items of Any Other Business were identified.

10. Date of Next Meeting: The date of the next meeting of the sub-Committee had previously been agreed as Thursday 4 July 2019 (at the District Headquarters, commencing at 7.30 pm).

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INVESTMENT POLICY STATEMENT

1. Introduction:

a. **Background:** At present the Charity's total cash funds are approximately £200,000, half of which is an endowment fund known as the Sharpe Bequest and half is available to meet all future financial commitments.

b. **General Background and Financial Objectives:** It is the intent of Trustees to invest the capital of the Sharpe Bequest by an appropriate means in order to increase the income available for distribution to Groups [rather than place it on deposit with a bank or building society]. For other District funds not immediately required, consideration will be given to the use of short-term deposits (with banks and building societies) recognising that instant access (of some or all of the funds) may be required.

c. **Investment Powers:** The Charity has powers to invest, in accordance with Policy, Organisation and Rules of The Scout Association (Rule 13.9a). It is the considered view of the Finance sub-Committee that the word "interest" instead of "income" in the will of Mr Sharpe does not prohibit the placing of Sharpe Bequest funds into investments other than deposits with banks or building societies. Charity Commission guidance (CC14) states: "Most unincorporated charities have a 'general power of investment'. This allows trustees to invest the charity's funds in any asset that is specifically intended to maintain and increase its value and/or produce a financial return. When using this power, trustees must comply with [prescribed] duties of care."

d. **Governance:** The day-to-day management of the invested funds is delegated to the Chairman of the Finance sub-Committee and the District Treasurer for the time being plus one other named Trustee as agreed by the District Executive Committee (and in accordance with the direction [for investment] as agreed by the District Executive Committee).

2. Investment Objectives: The agreed objectives for the investments are:

a. **Sharpe Bequest:** To generate sufficient income to provide grants to Groups and Units for capital equipment, while increasing the capital value of the fund in line with inflation as measured by the Consumer Price Index.

b. **Other Funds:** To put funds not immediately required on short term or instant access deposit and the balance on current account with a bank (currently CAF Bank).

3. **Risk:** It is the considered view of the Charity's Trustees that investments should be by such methods that entail no more than **medium risk**.

4. Liquidity Requirements and Time Horizon: The following are the liquidity requirements:

a. **Sharpe Bequest:** This is regarded as a long-term investment in view of the terms of the original bequest.

b. **Other Funds:** To be available at short notice.

5. **Ethical Investment:** The Trustees ask that due regard should be paid to considering social, environmental and ethical criteria when managing the investment portfolio. They would not wish to hold

any investments that knowingly could be to the detriment of Scouting, although they should be mindful that the prime purpose of the investment is a financial one.

6. **Management:** In conjunction with the Finance sub-Committee, the three designated persons will take the necessary actions to make the agreed investments of the Scout Council's money and monitor the investments on a regular basis. When necessary the Finance sub-Committee will make any recommendations to the District Executive Committee for the investment of funds. The value of the Sharpe Bequest Fund and balances of the other funds are to be reported to each Executive District Committee meeting.

7. **Approval and Review:** This Investment Policy was approved by the District Executive Committee (Board of Trustees) at its meeting on <date> and will be reviewed annually.

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