

MINUTES OF A MEETING OF THE FINANCE SUB-COMMITTEE
held on Thursday 29 August 2019, at 7.30 pm at District Headquarters

PRESENT: Tony Andrews (Chair and Acting Secretary); Steve Clarke (Treasurer); and Ray Salisbury (Activity Centres Treasurer).

APOLOGIES: Mandy Sweet (DC).

1. Welcome and Chair's Opening Remarks:

The Chair welcomed those present and noted that the meeting was quorate.

2. Minutes of Meeting held 4 July 2019:

The minutes of the meeting held on 4 July 2019 were agreed as an accurate record of that meeting.

3. Matters Arising:

There were no matters arising that would not be covered within the agenda of the meeting.

4. Treasurer's Report:

The District Treasurer referred to his circulated report:

a. **Sharpe Bequest:** The Treasurer had provided an update:

(1) **Income Account:** After crediting the Cambridge and Counties Bank interest due on mature on 10th September 2019, and assuming that the outstanding grant is claimed, the income account will be reduced to zero.

(2) **Capital Account:** This will stand at £104,632.20, made up as follows:

(a) **Hampshire Trust Bank:** £40,000 as a one-year deposit to 9 August 2020 (interest 1.75% fixed) plus £44,000 on a 60-day notice deposit (interest 1.35% variable).

(b) **Cambridge and Counties Bank:** The balance of the Sharpe Bequest (£20,632.20) plus £30,288.92 allocable to the general unrestricted account will be deposited (on maturity) with the Skipton Building Society - pending a decision on equity investment, unless a decision is made to invest funds in the near future.

b. **Debtors - Membership Fees:** Following-on from his report to the previous meeting of the sub-Committee, the Treasurer reported as follows:

(1) **34th Lancaster:** The outstanding sum, of £147.08, has now been paid.

(2) **11th Morecambe and Heysham:** £352.50 is still outstanding; payment has been requested by 30 September 2019. There had been no acknowledgement of the Treasurer's correspondence by either the GSL or Group Treasurer. The sub-Committee Chair would discuss matters with the DC.

c. **Debtors - Lancaster Scout and Guide Shop:**

(1) **Monthly Contributions:** Monthly contributions up to July 2019 have been received - only that for August 2019 remained outstanding.

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(2) **Surplus for the Year Ending 31 March 2018:** A payment of £1,955 had been received in respect of the surplus made by the 'Scout Shop' for the year ended 31 March 2018. The District Chair pointed-out that formally this should not have been paid as to date there had been no meeting of the Lancaster Scout and Guide Shop Management Committee to approve the accounts for that year.

d. **Debtors - World Scout Jamboree:** Since his report to the previous meeting, £991.60 (fund raising) has been deposited together with a donation of £40.00. The shortfall in fund raising/parental contribution was thus £46.56. It was agreed not to follow this matter through. Assuming there is no further income, the 24th World Scout Jamboree will have cost the District £6,610, compared with about £3,000 accruing to the fund over the four-year period up to August 2019 (the levy of £700 plus £50 interest per annum). The District Chair reminded members of earlier discussions when it was acknowledged that, with the nomination of five young people to travel to the USA, this would be expensive Jamboree and we also acknowledged that the fund was in a fairly health position at that time (with monies available after the previous Jamborees).

5. Zellhoff Accounts:

The Treasurer reported that he had received (from the organiser) a statement of receipts and payments for the recent visit to Zellhof and that he had compared entries with his own (banking) records. Sub-Committee members were appreciative of the information that has been (promptly) supplied. As such it was agreed that it would not be necessary for the invoices to be submitted to the Treasurer for further examination (although the ADC (Events) would be asked to retain all the relevant paperwork should the Independent Examiner ask to see them during his work after the end of the financial year). At the present time the balance of funds amounted to £5,119 (including £1,400 of this sum to be paid for known, outstanding expenses). In response to requests from the organiser:

a. It was agreed to make a refund of £250 to each of the six participating leaders (this also had the support of the DC). SC

b. It was agreed to support - in principle - the proposal for a reunion weekend (to be held at Bibby's Farm):

(1) That prior to payment of the £880 deposit for the weekend, the organiser be asked to submit a budget for the event. SC

(2) That once the budget had been submitted, the Treasurer (in conjunction with the DC if necessary) would satisfy himself of its validity. SC

(3) The organiser be reminded that expenditure should not be excessive (so as to exhaust the balance of funds). SC

c. Any surplus would be retained within District Funds SC

6. Treasurer's Report - Investments:

Members of the sub-Committee expressed their appreciation for the significant research that the Treasurer had undertaken and for his specialist input to the evening's discussions. The wide-ranging discussions enabled members to make the following **RECOMMENDATIONS** to the next meeting of the Executive Committee:

a. That the District actively invests the deposited Sharpe Bequest funds in equities.

b. That the attached Investment Policy Statement be approved (or amended if necessary).

c. That an Investment sub-Committee [of the Finance sub-Committee] be formed.

d. That the Executive Committee determine the membership of the Investment sub-Committee (in line with the details contained within the Investment Policy Statement).

e. That no investment action be taken until after the outcome of BREXIT is known (and has stabilised).

f. That initially either £60,000 or £50,000 be invested (opinions varied - District Executive to agree a figure).

- g. That the Investment sub-Committee be authorised to determine whether to invest the sum agreed in sub-paragraph f. above on one occasion or over a period of months.
- h. That there are no investments in single company shares.
- i. That the CAF Investment Account be used as the vehicle for investments (see second attachment).
- j. That all investments should be in collective funds, as far as possible in Common Investment Funds or Charity Authorised Investment Funds.
- k. That the Investment sub-Committee reports regularly to the Finance sub-Committee and that the Trustees will be consulted when significant changes are proposed to the investment portfolio (or other such matters).

7. Activity Centres Management Board Treasurer's Report:

The Activity Centres Treasurer reported that CAF Bank account balance at the close of business on 28 July 2019 was £30,369.58. In addition, there is £15,000 deposited with the Skipton Building Society (which is immediately available). Thus, the total funds are £45,369.58. Normal income to date amounts to £29,998.39 and normal expenditure amounts to £19,965.78. Littledale has received payments from Ripley Academy amounting to £6,336.00. A sizeable payment is now due from Epic Outdoors (last year = £7,335.20). So far this year total capital expenditure is £10,065.89, all of it at Littledale. Non-normal income received to date amounts to £9,122.92 (this includes the mast rent (£7,122.92) and a donation from the E & R Wilson Charitable Trust (£2,000)). Non-normal expenditure is £540.00 (a payment to Scout Association Trust Corporation).

8. 14-15 Finance and Support Group:

In the absence of the Chair [of the 14-25 Finance and Support Group] there was no report.

9. Scout Group Accounts:

The sub-Committee Chair reported that, to date, seven Scout Groups had returned their Annual Statement of Receipts and Payments (for the year ended 31 March 2019 - or another date) - circulating a summary in tabulated form. The Chair would discuss matters with the DC.

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10. Any Other Business:

Two items of Any Other Business were identified:

- a. **Budget for 2020:** In preparation of the budget for 2020, the Chair undertook to discuss with the DC the submission which would be required (ideally by early October 2019) from her.
- b. **Lancaster Scout and Guide Shop Accounts for Year to 31 March 2019:** The Chair undertook to hasten the completion of the accounts for the year to 31 March 2019 (if necessary, only the 'Scout Shop' Element).

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11. **Date of Next Meeting:** The date of the next meeting of the sub-Committee had previously been agreed as Thursday 31 October 2019 (at the District Headquarters, commencing at 7.30 pm).

All

SECOND DRAFT

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 all 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 Investment sub-Committee of the Finance sub-Committee. The membership of the Investment sub-Committee to be the Chair of the Finance sub-Committee, the District Treasurer, one further Trustee (nominated by the District Executive Committee) plus two other people (also nominated by the District Executive). The Investment sub-Committee is to act 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 in the longer term.

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 ideal would be to hold investments that are considered to be ethical. However, with such a possible wide-ranging distribution of funds (as undertaken by a variety of fund managers) it would probably be impossible for the Investment sub-Committee to be certain that the ideal is met.

6. **Management:** With day-today oversight by the Finance sub-Committee, the Investment sub-Committee will take the necessary actions to manage the investment of the Scout Council's money and monitor these investments on a regular basis. When necessary the Finance sub-Committee will make any recommendations to the District Executive Committee to approve (or otherwise) recommendations to vary current working practices. The value of the Sharpe Bequest Fund and balances of the other funds are to be reported to each meeting of the District Executive Committee.

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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INFORMATION TAKEN FROM CAF BANK WEBSITE

We're a small charity - why should we invest?

There are several reasons you might want to invest your charity's money:

- to generate a sustainable, reliable income to support your charity.
- to protect your funds against the impact of inflation.
- to manage your longer-term reserves in accordance with Charity Commission guidance.

What are investment funds?

- A way to pool your money with others and invest in a wider range of investments than you could easily achieve alone. The Fund is managed on your behalf by a Fund Manager. Types of investment fund include CIFs, Unit Trusts, OEICs, Investment Trusts and ETFs. Different funds will invest in different types and mixtures of assets.

About CAF

We have over 30 years' experience helping charities to manage their investments and make the most of their funds. And because we're a charity too, we understand the way you work, the challenges you face and the vital role that good governance plays in your success.

Invest where charities invest, with CAF.

The CAF Investment Account Platform - *built exclusively for charities:*

With the new platform you can:

- manage all your investments through one secure, digital platform.
- keep track of investment performance and monitor transactions.
- generate reports easily and quickly.
- access over 1,200 funds, including the largest range of charity-specific funds, as well as UK and international equities.
- use dual authorisation to ensure all transactions have a clear audit trail.

CAF Fund Solutions

We have developed a number of charity funds developed with leading investment professionals. These fall under the categories of Fixed Interest, UK Equities, Global Equities, Mixed Investments and Target Absolute Returns.

We have also developed a tracker solution, the CAF UK Equitrack Fund, and offer a Socially Responsible Portfolio.

A One-Stop Shop for Charity-Specific Funds

The CAF Investment Account is a secure, digital account that helps charities manage the widest range of charity-specific funds online. You can also access more than 1,200 funds, plus companies listed on the London Stock Exchange and other markets around the world.

What are my investment options?

Whatever your charity's size, and however much you have to invest (there is no minimum), the award-winning CAF Investment Account is designed to make investing your money easy, time-efficient and cost-effective.

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