

No.

## WELSH CHURCH ACT ESTATE COMMITTEE

Minutes of a Remote Meeting held on 31<sup>st</sup> January, 2023.

The Committee agenda is available [here](#).

The recording of the meeting is available [here](#).

Present: Councillor M.R. Wilson (Chair); Councillor P. Drake (Vice-Chair);  
Councillors C.E.A. Champion, J.E. Charles, H.C. Hamilton and M.J. Hooper.

### 668 ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chair read the following statement: “May I remind everyone present that the meeting will be live streamed as well as recorded via the internet and this recording archived for future viewing”.

### 669 MINUTES –

RESOLVED – T H A T the minutes of the meeting held on 10<sup>th</sup> October, 2022 be approved as a correct record.

### 670 DECLARATIONS OF INTEREST –

No declarations of interest were received.

### 671 INVESTMENT UPDATE (DCR) –

The Welsh Church Act Trust currently held £1.773m (£1.878m as at 31<sup>st</sup> March, 2022) in Investments which were managed on a discretionary basis by Evelyn Partners (formerly Tilney).

The Charity Commission had extensive guidance on Trustees’ duty of care for investments including a responsibility to review Investments and Investment Management arrangements. At the meeting in October 2022 the Committee agreed to contact both Evelyn Partners to assess suitability and gather further information about managing the current complex investment market and any potential transfer.

Link had carried out some statistical review and circulated questionnaires for completion to a long list of Investment Funds that met the broad criteria of a Collective Fund that would be suitable for a Charitable Investment of less than £2m. The outcome of this review identified CCLA as the most suitable performer in this analysis.

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In the context of the current uncertain economic circumstances, the timing of this move was quite crucial and advice would need to be sought on the timing of any proposed withdrawal from Evelyn Partners and the timing of any entry to the CCLA investment.

The representatives from Evelyn Partners, namely David Reed and Richard Stones, gave a presentation to Committee regarding their management of funds for the Welsh Church Act Estate currently invested through the company, including an introduction to Evelyn Partners, an illustration of general market movements and performance of the portfolio held.

In response to Committee's queries and comments the Evelyn Partners representatives provided the following information:

- Evelyn Partners recognised that the ethical focus of the fund is a crucial aspect, but also that these constraints would sometimes cause some underperformance of the investment.
- The portfolio was exposed to indices in the FTSE100, therefore, although companies such as those involved in the sale of oil and gas had not been selected for investment, absolute zero exposure to such businesses could not be guaranteed through investment links. However, every effort would be made to keep this exposure as minimal as possible.
- Trustees could be optimistic that the worst effects of inflation had now passed and that the investment could start to achieve the income levels that were not possible previously.
- Ethical mandates fell on a scale according to the extent that potential investments were screened out. Some clients required higher levels of constraint than this fund, and Evelyn Partners could work with Trustees to establish where on the scale investments should be positioned.
- Other ethical investors did invest in oil and gas, with the aim of encouraging those companies to invest in positive change, such as green energy schemes.
- Evelyn Partners currently aimed to invest cautiously in a volatile market.
- Portfolios held with Evelyn Partners were ranked from 1 – 7, 1 being the safest and 7 seeing the most risk taken. This portfolio was currently ranked at 3, which was deemed cautious.
- Trustees could choose to move to a more cautious approach although this may negatively affect returns and income, and the fund may not benefit from any recovery in the markets. Conversely, there was also the option to take more risk in anticipation of higher returns.
- There was also an option to move from receipt of an income, to receipt of a standing order from the portfolio.

The Operational Manager for Accountancy added that while the investment may have generated less in income than others, those compared against may lend themselves more capital growth and may have taken greater levels of risk.

Committee subsequently reiterated the need to be aware of risks and be cautious as Trustees of the fund. The Chair expressed an interest in achieving a diversified portfolio, which included a variety of investment tools, and also in recovering losses in the fund. Councillors Champion and Hooper expressed a preference for

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minimising exposure to less ethical investment. Evelyn Partners subsequently agreed to provide full information regarding their ethical framework to Members.

As part of the same agenda item, a presentation was given by representatives from Churches, Charities and Local Authorities (CCLA), namely Antonia Cavalier and Daisy Mannifield, regarding what the company could offer as an alternative manager of the investment, including an overview of the organisation, their charities ethical investment fund, and their service offered.

In response to Committee's comments and queries, the representatives from CCLA provided the following information:

- CCLA had achieved growth in recent years despite a lack of growth in the FTSE100 due to their global approach, and minimal investment within the UK.
- Opportunities for investment could be restricted by the percentage of their income derived from less ethical sources.
- There were minimum standards for investment which businesses had to meet, with robust checks on compliance.
- CCLA was based in London with satellite offices elsewhere in the UK.
- Staff travelled nationwide to meet with clients.
- CCLA had a large number of small investors and looked after the interests of all, regardless of size.
- A portfolio at the size of the current Welsh Church Act Estate investment with CCLA, would include a Client Relationship Manager assigned to the Trustees.

The Chair subsequently outlined options available to Committee, these being:

- (1) To keep the investment with Evelyn Partners to avoid confirming the losses incurred by removing the funds.
- (2) To remove funds from Evelyn Partners and reinvest them with CCLA, with the aim of seeing higher returns and lower charges.
- (3) To move funds across from Evelyn Partners to CCLA in stages, rather than in one transaction of the full amount.

The Operational Manager for Accountancy advised that a staggered transfer (Option 3) was possible, but that such smaller investments incurred fees at a higher proportion.

Councillor Hooper stated that the decision related to confidence and trust. Committee needed to trust Evelyn Partners to recoup losses incurred if they kept investment with them. Councillor Hooper stated that CCLA in his view had answered the critical questions posed by Committee well, and proposed that Trustees crystallise the losses made and move all funds to CCLA.

Councillor Charles proposed that Trustees opt to keep the investment with Evelyn Partners and monitor how the portfolio performed.

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Councillor Hamilton also advised that his preference was that the investment remained with Evelyn Partners, given the uncertainty in the markets and the costs attached to drip-feeding funds to CCLA.

Councillor Champion seconded Councillor Hooper's proposal, adding that CCLA's global approach was impressive.

In response to a query from Councillor Drake, the Operational Manager for Accountancy advised that there was the option to defer a decision if Trustees so wished, and that if the decision was made to keep the investment with Evelyn Partners, this could be reviewed at any point.

Councillor Hooper reiterated there being costs associated with keeping the investment with Evelyn Partners, and added that CCLA's focus on investing from the 'bottom-up', and on issues such as mental health in the workplace, was commendable. He considered that that CCLA appeared more progressive than Evelyn Partners, who had been afforded the opportunity to address such matters, but had not.

Having fully considered the matter and being put to the vote Committee subsequently:

RESOLVED –

(1) T H A T the Investments currently managed by Evelyn Partners for the Welsh Church Act Estate be withdrawn and be reinvested with CCLA.

(2) T H A T delegated authority be granted to the Monitoring Officer / Head of Legal and Democratic Services, in consultation with the Head of Finance, in order to prepare, complete and execute the required legal documentation in respect of Resolution (1) above.

(3) T H A T the Operational Manager for Accountancy be requested to contact CCLA for further information regarding mental health aspects in the workplace, access to their webinar and seminar information, and to invite them to attend a meeting of the Committee in 6 months' time.

#### Reasons for decisions

(1) Having regard to Trustees' obligations to regularly review the Investments of the Vale of Glamorgan Welsh Church Act Estate, and with the aim of seeking higher returns on investments and lower fees incurred.

(2) To provide delegated authority in order for the necessary documentation to be implemented.

(3) To further inform Committee on CCLA's work and to be updated by them on the transfer of investments and performance up to that point.

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672 ANNUAL REPORT AND ACCOUNTS 2021/22 AND INDEPENDENT EXAMINATION (DCR) –

The report was presented by the Operational Manager for Accountancy, and advised Committee of the following:

The Independent Examination of the Welsh Church Act Accounts was now complete.

There had been one minor narrative change to the accounts brought in October 2022.

Following approval by Committee the Welsh Church Accounts would be signed by Audit Wales and submitted to the Charity Commission.

The net value of the fund as at 31<sup>st</sup> March, 2022 was £5.255m which was an increase of £21k when compared to the previous year.

During 2021/22 there was a surplus of £4k against unrestricted funds.

The grants allocation was £46k in year and £41k was allocated in year with £5k carried forward for allocation in 2022/23.

The value of investments at year end was £1.878m.

The Operational Manager advised that the draft accounts presented to Committee in October 2022 were approved by the external auditor, with no major changes necessary.

Councillor Hooper proposed the accounts be accepted and the Chair be authorised to sign these as approved.

Having fully considered the matter, Committee subsequently:

RESOLVED – T H A T the Annual Report and Accounts 2021/22 as set out in Appendix A to the report be approved and that the Chair be authorised to sign the same on behalf of the Trustees.

Reason for decision

In accordance with the requirements of the Charities Act 2011 and the Charities (Accounts & Reports) Regulations 2008.