

Meeting of:	Welsh Church Act Estate Committee
Date of Meeting:	Tuesday, 13 October 2026
Relevant Scrutiny Committee:	Resources Scrutiny Committee
Item which the Chair has decided is urgent (Part I) (If yes, why)	No
Urgent Decision Procedure Used (15.14 of the Constitution) (If yes, why)	Not applicable
Item Type	Part I
Report Title:	Investment Update
Portfolio Holder:	Executive Leader and Cabinet Member for Performance and Resources
Strategic Leadership Team:	Head of Finance/Section 151 Officer
Lead Officer:	Mat Bowmer Head of Finance

1.0 What is this report about?

1.1 The value of investments currently stands at £1.817m and investment income totalled £57k in 2025/26 with income of £58k forecast for 2026/27 a return of 3.21%. As a benchmark if this sum had been invested with the Council's treasury management in 2025/26 returns would have been £72k at 4.1% there would also have been no capital loss on the invested sum. The returns are therefore quite disappointing when compared with the Council's very low risk simplistic portfolio of investments.

1.2 Following an investment update by CCLA in September 2024 a need to further consider the Ethical nature of the investment was flagged. This was further considered in 2025 and a determination to continue the ethical approach was made.

1.3 Guidance, which came into force on 1 August 2023, is an update to the CC14 Charity Commission Guidance, Investing Charity Money.

1.1 Arlingclose Ltd the Council's Treasury Management Advisers have been contacted for an outline proposal setting out the options for Trustees to consider and this will be outlined at Committee.

2.0 What are the Recommendations?

	Recommendations – What and How?	Reason for Recommendation – Why?
2.1	That the guidance and options outlined in this paper are considered by Trustees and broad principles for a revised Investment Management Policy be considered.	To consider the Investment Management Position in the context of the Charity Commission Guidance on Investing Charity Money and the appropriate next steps for the Committee's Investment Strategy.

3.0 What is the background to this report?

3.1 The Welsh Church Act Estate Committee has delegated authority to manage the Trust's affairs in accordance with "The Scheme" the Welsh Church Act Estate as vested in the Council.

3.2 The WCA Trust currently hold around £1.813m of investments which are held in an Ethical Collective Investment Fund by CCLA an update on the balance of this sum will be provided in Committee.

3.3 Several legal requirements are set out for Trustees to consider when managing investments in the document The Charities and Investment Matters a Guide for Trustees which can be accessed on the Charity Commission Website. The document sets out that: - Trustees have overall responsibility for the investment of a charity's funds. This means that Trustees have a crucial role to play in making strategic decisions about how to use a charity's assets to achieve its aims. However, Trustees may choose to delegate day to day decisions about investments to a third party; and If Trustees can demonstrate that they have considered the relevant issues, taken advice where appropriate and reached a reasonable decision, they are unlikely to be criticised for their decisions, or for adopting a particular policy.

3.4 The document also notes that Trustees must "review Investments (and their investment manager) from time to time, changing them if necessary".

3.5 At the meeting of 10th October 2023 Trustees resolved that a move to Collective Investment Fund model should be considered. Following presentations at Committee on 31st January 2023 a move to an Ethical Investment Model was approved by Committee.

3.6 Following an investment update by CCLA in September 2024 a need to further consider the Ethical nature of the investment was flagged.

3.7 At the meeting in September 2025 it was concluded that the Trust would like to continue with an ethical stance and further guidance should be sought.

3.8 The Council has retendered its Treasury Management Contract and have now asked Arlingclose Ltd to outline the potential options for an investment strategy for the Committee.

4.0 What issues are there to be considered?

4.1 Trustees are asked to consider the update provided in Committee regarding the Investment position in the context of their obligations as Trustees outlined above.

4.2 The Charity Commission website also sets out specific considerations in respect of Ethical Investments. New Guidance, which came into force on 1 August 2023, is an update to the CC14 Charity Commission Guidance, *Investing Charity Money*, and is intended to be clearer, shorter and easier to use and some of this guidance is reproduced below.

4.3 Within the options available to each charity, charity trustees must **always**:

- Comply with the legal duties and requirements set out in the CC14 Guidance.
- Make decisions in the best interests of their charity; and
- Keep their investment approach under regular review.
- The new Guidance sets out the **key duties applicable to charity trustees** when making financial investments, and a useful list of **some example approaches** that trustees can take when doing so.

4.4 Aiming only for the best financial return you can achieve, within the level of risk that you have decided is acceptable for your charity.

4.5 Avoiding investments that conflict with your charity's purposes. For example, a health charity may decide to avoid investment in companies that mainly produce alcohol, tobacco, or highly processed food, or an environmental charity might decide to avoid investment in fossil fuels.

4.6 Avoiding investments that could reduce support for your charity or harm its reputation, particularly amongst its supporters or beneficiaries. For example, a charity may decide to avoid investment in fossil fuels where the trustees can show that this would be in its best interests by avoiding damage to its reputation or fundraising. Investments in this category are sometimes described as bringing an "indirect" conflict with a charity's purposes.

4.7 Avoiding or making investments in companies because of their practices on environmental, social and governance (ESG) factors. These could include the climate, human rights, sustainability, community impact and board accountability. Taking this approach could be in your charity's best interests if it could protect or enhance the financial value of your investments or returns over time, or because it will support delivery of your charity's purposes more directly.

4.8 Using your shareholder vote, or other opportunities that come with your investment, to influence practice at companies that your charity is invested in. As with the example above, taking this approach could be in your charity's best interests because it could protect or

enhance the financial value of your investments or returns over time, or because it will support delivery of your charity's purposes more directly.

4.9 The new guidance considers the *Butler-Sloss* case and offers a **more permissive approach towards the inclusion of “non-financial factors”** being included in financial investments.

4.10 The new Guidance no longer uses the terms “ethical investment” or “responsible investment”, following feedback in its consultation that these terms were not particularly clear or inclusive. Instead, it refers simply to two types of investment:

- 1. **“financial investments”**, which are made primarily to **obtain financial returns for the charity**, but can consider non-financial factors such as sustainability and impact characteristics; and
- 2. **“social investments”**, which are made primarily to **directly achieve the charity's purposes**, while ideally also making a financial return.

4.11 It makes it clear that **all charities which invest are expected to have a written investment policy** and sets out guidelines for charity trustees to use when setting that policy, encouraging them to think about returns, risk, time horizon and liquidity.

4.12 Finally, the Guidance requires trustees to **take professional advice when making and reviewing investments** (which can include advice from one of the charity trustees, if they are suitably qualified), and offers direction on **how to delegate their investment duties to an investment manager**.

4.13 Having reviewed the guidance, it is considered the investments of the Trust are currently placed used a mixed approach in the context of the use of the Ethical Investment Fund and the use of the opportunities afforded CCLA through the shareholder vote to influence the practices of some companies included in the fund.

4.14 Some alternative options would be to consider investments on a discretionary approach although it is considered that options will be limited in the context of the size of the fund and investment management fees may be disproportionately high.

4.15 Another option would be to utilise a sustainable deposit account although this will provide cash return but not capital growth to the fund.

4.16 Arlingclose Ltd the Council's Treasury Management Advisers have been contacted for an outline proposal setting out the options for Trustees to consider and this will be outlined at Committee.

4.17 The performance of the Investment Fund in recent years is outlined below for consideration by Trustees the first year of the CCLA COIF Investment was 2024/25.

4.18 It should be noted that CCLA is targeted at sustainable income levels and long term capital growth. It states that the fund is managed with a long-term objective of achieving returns of inflation (CPI) plus 5% before fees, while maintaining a stable and growing income stream for

charity investors through a diversified portfolio of equities, property, infrastructure, fixed income and alternative assets.

Year	Investment Sum (£000's)	Investment Income in Year (£)	% Return
2023/24	1,919	£50,790	2.65%
2024/25	1,837	£54,458	2.96%
2025/26	1,670	£56,750	3.40%
2026/27 ytd	1,817	£58,237	3.21%

5.0 How has evidence been used to inform the report, including the views of others?

5.1 The report sets out investment performance over a number of years it also considers guidance put in place to support Trustees in navigating Investment Considerations.

6.0 What are the next steps if the recommendations are approved?

6.1 Subject to discussion in Committee to be informed by verbal update.

7.0 How does this report support Vale 2030 and Reshaping?

7.1 Trustees are required to monitor the financial position of the Trust and ensure the charitable purposes are achieved through its activities i.e. the award of grants.

8.0 How does this demonstrate the Five Ways of Working?

8.1 The Trust's actions need to comply with Charity Law, and its decisions are independent of the Council's obligations under the Well-Being of Future Generations Act.

Resources

9.0 Finance

9.1 As detailed in the body of the report.

10.0 Workforce

10.1 There are no direct employment implications

11.0 Legal and Equalities

11.1 **Does an Equalities Impact Assessment need to be completed? If not, why?** An Equalities Impact Assessment has not been completed because the scope of this report is limited to presenting factual financial data. It does not propose, amend, or implement any policies, services, or operational changes that could directly or indirectly affect individuals or groups with protected characteristics under the Equality Act 2010.

11.2 This report is submitted in accordance with the statutory requirements of the Charities Acts' 1993 and 2011 and the Charities (Accounts and Reports) Regulations 2008.

12.0 Key Contacts

12.1 Who are the primary officers to contact with any comments and/or queries on the report?

Lead Officer: Matt Bowmer Head of Finance/Section 151 Officer mbowmer@valeofglamorgan.gov.uk	Liz Whitaker
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Appendix

Background Documents