

Meeting of:	Welsh Church Act Estate Committee
Date of Meeting:	Monday, 16 September 2024
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Annual Report and Accounts 2023/24
Purpose of Report:	To consider the Annual Report and Accounts as required by the Charities Act 2011 Section 162
Report Owner:	Report of the Director of Corporate Resources
Responsible Officer:	Matt Bowmer Head of Finance/ Section 151 officer
Elected Member and Officer Consultation:	Not applicable
Policy Framework:	Not applicable
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The net value of the fund as at 31st March 2024 is £6.509m which is an increase of £1.333m when compared to the previous year mostly due to revaluation of investment properties of £1.269m and increase in value of investments £39k. • During 2023/24 there was a surplus of £23k against unrestricted funds and proceeds of sale of investment properties of £2k. • The grants allocation was reduced to £41.963k in year based on the projected outturn with the unutilised cleared income rolled forward into the general unrestricted fund. • The value of investments at year end was £1.919m reflecting a transfer from short term investments of £100k and an increase in value of £39k from the value at 31st March 2023. 	

Recommendations

1. That the Draft Annual Report and Accounts 2023/24, as set out at Appendix A to this report be approved, and that the Chairman be authorised to sign the same on behalf of trustees.

Reasons for Recommendations

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

1. Background

- 1.1 The Charities (Accounts & Reports) Regulations 2008 require that the Annual Report and Accounts should be approved by the Trustees as a body in accordance with their normal administrative procedures.

2. Key Issues for Consideration

- 2.1 The Annual Report and Accounts for the year ended 31st March 2024 is set out at Appendix A to this report.
- 2.2 The Accounts reflect a restatement for 2022/23 removing the classification between restricted and unrestricted funds as following discussions with legal and External Audit it is considered that the scheme is not sufficiently prescriptive to justify this accounting treatment. This change brings the Vale of Glamorgan's Welsh Church Acts in line with those administered by other Local Authorities in Wales.
- 2.3 The main features of the report when compared to the previous year, are as follows:-

Statement of Financial Activities

- 2.4 There was an overall in year increase of £1.333m, with the equivalent position for 2022/23 being a reduction of £79k. Income received on investments was up from 2022/23 and exceeded the £40K income target. The grants allocation was reduced to £41k in year which reflected the likely take up in year.
- 2.5 There was also an in year reduction on the value of investments (£39k) and there was a transfer of £100k from short term investments, with the value of investments standing at £1.919m at year end, it should be noted that during 2021/22 the value of investments had increased to a £1.905M and dropped back to £1.878M at year end in 2022/23.

Balance Sheet

- 2.6** The value of the fund as at 31st March 2024 was £6.509m which is an increase £1.333m from the previous year. This is largely to a revaluation of investment properties that took place in year which equalled £1.269m but also due to an increase of £39k in the value of investments, £2k proceeds of sale and a transfer to reserves of £23k.
- 2.7** Subject to its approval by this Committee, the document as above will be forwarded to the Council's external auditors Wales Audit Office for independent examination prior to the Charity Commission deadline 31st January 2025.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The Trusts actions need to comply with Charity Law and its decisions are independent of the Councils obligations under the Well-Being of Future Generations Act

4. Climate Change and Nature Implications

- 4.1** Welsh Church Act Investments are invested on an ethical basis and include sustainable investment funds and investments in renewable property collectives.

5. Resources and Legal Considerations

Financial

- 5.1** As detailed in the body of the report

Employment

- 5.2** There are no direct employment implications.

Legal (Including Equalities)

- 5.3** 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.

6. Background Papers

The Vale of Glamorgan Welsh Church Act Fund

Annual Report and Financial Statements 2023/24

Registered Charity no. 506628

Welsh Church Act Fund 2023/24

Annual Report and Financial Statements 2023/24

Annual Report and Financial Statements 2023/24.....	2
Report of the Trustees for the year ended 31 March 2024.....	3
Duty to Prepare Annual Reports and Accounts	3
Reference and Administrative Information	3
Structure Governance and Management	4
Governing Document.....	4
Organisation.....	4
Related Parties	4
Risk Management	4
Objectives and Activities.....	4
Achievements and Performance.....	5
Financial Review.....	5
Plans for Future Periods.....	6
Statement of Responsibilities for the Preparation of the Annual Report	7
The trustee responsibilities.....	7
Statement of Accounting Policies	8
Basis of Preparation	8
Income Policy	8
Expenditure Policy	8
Fixed Assets.....	8
Statement of Financial Activities for the year ended 31 st March 2024	10
Balance Sheet as at 31 st March 2023	11
Cashflow Statement.....	12
Notes to the Statement of Financial Activities	13
Notes to the Balance Sheet.....	14
Report of the independent examiner to the trustees of the Vale of Glamorgan Welsh Church Act Fund	15

Report of the Trustees for the year ended 31 March 2024

Duty to Prepare Annual Reports and Accounts

The Vale of Glamorgan Council, as corporate trustee, is responsible for the preparation of the Annual Report and Accounts for the Vale of Glamorgan Welsh Church Act Fund.

The trustees present their report along with the accounts of the charity for the year ended 31st March 2024 as required by Section 162 of the Charities Act 2011.

Reference and Administrative Information

Name of Charity

The Vale of Glamorgan Welsh Church Act Fund

Charity Number

506628

Principal Office

Civic Offices, Holton Road, Barry, Vale of Glamorgan, CF63 4RU.

Trustees

The Vale of Glamorgan County Borough Council corporate body appointed under the Local Government (Wales) Act 1994 and The Welsh Church Act Funds (Designation and Specification) Order 1996 thereto.

Chief Executive

Rob Thomas

Independent Examiner

Audit Wales, 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ.

Bankers

Lloyds Bank, 140b Holton Road, Barry, Vale of Glamorgan CF63 4TZ.

Solicitors

Legal Services, Vale of Glamorgan County Borough Council, Civic Offices, Holton Rd., Barry, Vale of Glamorgan. CF63 4RU.

COIF (Charities Official Investment Fund)

Managed by CCLA (Churches, Charities and Local Authorities) Investment Management Ltd. Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Investment Managers

There is no contract with any advisor and no annual fees are charged advice is sought on an ad-hoc basis from the Vale of Glamorgan Council's Independent Treasury Advisors.

Structure Governance and Management

Governing Document

The current Scheme of Arrangement is dated 25th November 1975 pursuant to Section 19 of the Welsh Church Act 1914, which requires the fund which is the subject of the scheme to be expended on the charitable purposes as set out on page 5 of this report.

Organisation

The Council as corporate trustee is responsible for the administration of the fund across the geographical areas of the Vale of Glamorgan Council and the City and County of Cardiff. The Council has delegated management of the fund to a Welsh Church Act Estate Committee.

The members of the Welsh Church Act Estate Committee are Vale of Glamorgan Council Councillors and are appointed by full Council, at the Council's Annual Meeting.

The fund operates in accordance with the Vale Council constitution, which sets out how decisions are made, the scheme of officer delegation, contract standing orders, and financial regulations, and the procedures, which are to be followed to ensure that these are efficient, transparent and accountable to local people.

Related Parties

A related party transaction is one where the charity has a relationship with another party, which might inhibit it from pursuing its own separate interests. It is considered that the City and County of Cardiff and the Vale of Glamorgan County Borough Council has a related party relationship with the charity. Financial transactions with the Council are disclosed in Note 1 to the Statement of Financial Activities. There are no related party transactions with the City and County of Cardiff during 2023/24.

Risk Management

Trustees are made aware of any issues with possible detrimental effects upon the fund as they arise. The financial administration of the trust has regard to the Council's overarching risk management strategy and is conducted in accordance with the Council's Corporate Governance policies, which include inter alia Financial Procedure Rules, Standing Orders and Scheme of Delegation.

Objectives and Activities

The former Prime minister Lloyd George, under the provisions of the 1914 and 1919 Welsh Church Acts, established the Welsh Church Fund. These two acts transferred certain categories of secularised property, to a Welsh Church Fund to be administered by the County Councils. However these funds were not activated until 1942-47, when property to the value of almost £2.5 million was handed over to the County Councils.

The Welsh Church Acts state that income of the funds should be devoted to charitable or alms giving purposes and that each Council is required to prepare a scheme for the use of the fund.

The Vale of Glamorgan Welsh Church Act Fund currently operates in accordance with the Scheme dated 25 November 1975 effected by the former South Glamorgan County Council and agreed by the Secretary of State for Wales 9 February 1976.

The following is a precis of the charitable purposes to which the fund may be applied:

- Educational
- Relief in sickness
- Relief in need
- Libraries, Museums, Art Galleries, etc.
- Social and recreational
- Protection of historical building etc.
- Medical and social research treatment etc.
- Probation, etc.
- Blind persons
- Aged persons
- Places of worship and burial grounds
- Emergencies or disasters
- Other purposes not inconsistent with the Scheme or the Welsh Church Acts.

Achievements and Performance

Details of grants made from the fund during the course of the year are as shown in the Notes to the Statement of Financial Activities. There are no performance targets.

Financial Review

Fund value

The net value of the fund at year end was £6.509m an increase of £1.333m on the previous year of which £1.269m was due to a revaluation of land assets held as investment properties in the Trust's account and an increase in the value of the Trust's investments with CCLA of £39k, the proceeds of sale from a small parcel of land received in year £2k and a further increase of £23k was due to a surplus on the unrestricted funds held by the Trust.

Classification Change

During the year a review has been undertaken in consultation with the Council's External Auditors and legal team and has determined that

Investment Policy

The trustees have complied with their investment powers as in the approved Scheme and under the Trustee Act 2000. As resolved by Trustees the Investments have been transferred from Evelyn Partners managed on a discretionary basis to a COIF (Charities Official Investment Fund) managed by CCLA (Churches, Charities and Local Authorities) Investment Management Ltd. The purpose of this transfer is to maximise investment income increasing the capacity of the Trust to make grants and to ensure that the investment fees paid by the Trust are minimised. The investment objectives of the Trust are to maximise income within a low risk to capital strategy.

Policy on Reserves

The Trust's general reserve stood at £143k to £167k during 2023/24, this sum equates to 3.71% of the value of the Investment Properties and is held both to fund unforeseen costs on maintaining the Investment Properties and used to allow for fluctuations in investment income to ensure consistent provision of grant funding as part of the Trust's charitable purposes.

Plans for Future Periods

The Trust will continue to draw on the cleared income from its Investments and Investment Properties to award grants in accordance with the scheme of the Welsh Church Act Trust.

Trustees will regularly review the Investments and Investment Properties held by the Trust for these purposes.

Statement of Responsibilities for the Preparation of the Annual Report

The trustee responsibilities

The charity's trustees are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, Charities Act 1993 and the Charity (Accounts and Reports) Regulations 2008. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees at their meeting on 16th September 2024 and the Chairperson, duly authorised to sign the same on their behalf.

Signed:

Date

Chairperson
Vale of Glamorgan Welsh Church Act Estate Committee

Statement of Accounting Policies

Accounting Policies are the principles, bases, conventions and rules by which transactions are recognised, measured and presented in the accounts to show a true and fair view in accordance with the financial reporting standard (FRS) 18.

Basis of Preparation

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Income Policy

Investment income is recognised as it becomes receivable.

Expenditure Policy

Grants are recognised in the accounts when a commitment has been made.

Fixed Assets

Investment Properties

Investment Properties are recorded in the accounts at current market value as required by the above-mentioned regulations. Valuations are carried out by an external valuer, (being a member of the The Royal Institution of Chartered Surveyors (RICS)) in accordance with the RICS Valuation Standards. Any difference in value arising out of the periodic revaluations is charged / credited to the Revaluation Reserve except where the individual assets have not previously been revalued upwards, in which case any charges will be expensed in the year to which they relate. A valuation was carried out by Avison Young, during the financial year 2023/24. In accordance with FRS102, Accounting for Investment Properties, depreciation is not provided on the land and buildings as these are held as investment properties.

Other Investments

Other Investments are recorded in the accounts at current market value as required by the above-mentioned regulations. Any difference in value on the previous year is charged /credited to the Revaluation Reserve except where the individual assets have not

Welsh Church Act Fund 2023/24

previously been revalued upwards, in which case any charges will be expensed in the year to which they relate.

Fund Structure

The funds of the trust are restricted in their application to the charitable purposes set out in the “scheme for the administration of the trust” made by the former South Glamorgan County Council.

Statement of Financial Activities for the year ended 31st March 2024

Restated 2022/23 Total Fund		Notes Page 14	2023/24 Total Fund
£000's			£'000
	Income and endowments from:		
19	Investment Properties		12
38	Investments	1	56
57	Total		68
	Expenditure on:		
0	Raising Funds – Investment Management Costs		(8)
(2)	Raising Funds – Property Repairs and Maintenance		0
(33)	Charitable activities – Grant Making	3	(35)
(3)	Governance Costs		(2)
(38)	Total		(45)
(98)	Net gains/(losses) on investments		39
(79)	Net income/(expenditure)		62
0	Transfers between funds		0
0	Other recognised gains/(losses):		0
0	Gains/(losses) on revaluation of fixed assets		1,269
0	Proceeds on disposal of investment properties		2
(79)	Net movement in funds		1,333
	Reconciliation of funds:		
5,255	Total funds brought forward		5,176
5,176	Total funds carried forward		6,509

Balance Sheet as at 31st March 2023

Restated 2022/23 Total Fund £000's		Notes Page 16&17	2023/24 Total Fund £000's
	Fixed assets		
3,231	Investment Properties	1.1	4,499
1,780	Investments	1.2/3	1,919
5,011	Total fixed assets		6,418
	Current assets		
10	Debtors	2	14
84	Debtors Cash owed by Vale of Glamorgan Council		118
100	Investments		2
194	Total current assets		134
	Current liabilities		
(29)	Creditors: amounts falling due within one year	4	(43)
(29)	Total current liabilities		(43)
5,176	Net current assets or liabilities		6,509
5,176	Total assets less current liabilities		6,509
	The funds of the charity:		
1,004	Unrestricted funds		1,005
143	General Unrestricted Reserve Fund		167
4,029	Revaluation Reserve		5,337
5,176	Total charity funds		6,509

Approved by the trustees at their meeting on 16th September 2024 and the Chairperson, duly authorised to sign the same on their behalf.

Signed :

Date :

Chairperson Vale of Glamorgan Welsh Church Act Estate Committee

Cashflow Statement

		2022/23	2023/24
	Notes	Prior Year Funds	Total Funds
		£'000	£'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		32	33
Cash flows from investing activities			
Dividends interest and rents from investments		(51)	(65)
Proceeds from the sale of investments		0	(2)
Purchase of investments		0	0
Net cash provided by (used in) investing activities		(51)	(67)
Net cash provided by (used in) financing activities		0	0
Change in cash and cash equivalents in the reporting period		(19)	(34)
Cash and cash equivalents at the beginning of the reporting period		(65)	(84)
Cash and cash equivalents at the end of the reporting period		(84)	(118)

Notes to the Statement of Financial Activities

1. Investment Income

	2022/23 £	2023/24 £
Investment Income from Investments held with Tilney	36,074	50,790
Interest Received from Vale of Glamorgan Council	2,238	4,819
Total	38,312	55,609

2. Related Party Transactions

	2022/23 £	2023/24 £
Interest Received from Vale of Glamorgan Council	2,238	4,819
Total	2,238	4,819

The interest shown above is part of Income from Investments in the Statement of Financial Activities.

3. Grants Paid

During 2023/24 the Fund awarded total grants amounting to £35k towards the charitable purposes to which the fund may be applied, as detailed below.

Organisation	Scheme	Amount £
Penarth Methodist Church	Community Centre Repairs	4,000.00
Forget-Me-Not Chorus	Community Taster Sessions	1,150.00
Croes y Parc Chapel	Repairs to Boundary Wall	5,000.00
Penllyn Church	Installation of LED Lighting	5,000.00
St Peters Church	Urgent Quinquennial Repairs	5,000.00
St Philip Evans Catholic Church	Installation of CCTV System	1,978.80
Cardiff Lions RFC LGBT	Essential Bus Transport Services	1,833.75
St Catherines Church	Refurbishment of Church Hall	3,000.00
Parish Church of St Nicholas	Repairs to Lychgate	10,000.00
Croes y Parc Chapel	Repairs to Boundary Wall	10,000.00
Total Grants Paid as per SOFA		46,962.55
Grant withdrawal and Correction		11,710.00
Amended Total Grants as per SOFA		35,252.55

4. Trustees Remuneration/Benefits

No remuneration or benefits was paid to Trustees during 2022/23 or 2023/24.

Notes to the Balance Sheet

1. Fixed Asset Investments

1.1. Investment Properties

	Land £'000	Freehold Properties £'000	Totals £'000
Balance as at 1st April 2023	3,231	0	3,231
Disposals	-1	0	-1
Additions	0	0	0
Net profit/(loss) on revaluation	1,269	0	1,269
Balance as at 31 st March 2024	4,499	0	4,499

1.2. Investments

	2022/23 £'000	2023/24 £'000
Balance as at 1st April	1,878	1,780
Additions at cost	0	0
Reclassification from short term	0	100
Disposals at carrying value	0	0
Unrealised gains/ (losses) in year	(98)	39
Balance as at 31 st March	1,780	1,919

100% of the Trust's Investments are held in COIF Charities Investment Fund with CCLA.

2. Debtors – amounts receivable within one year

Debtors at 31st March 2024 amounted to £13,568 outstanding from CCLA for income on investments in year.

3. Investments

The short term Investment of £100k was transferred into the long term COIF Charities Investment Fund with CCLA during the 2023/24 financial year.

4. Creditors - amounts payable within one year

Creditor	31/03/23 £'000	31/03/24 £'000
Independent examiners fee	4	4
Legal Expenses	0	0
Grants unpaid at 31 st March	25	39
Total	29	43

Welsh Church Act Fund 2023/24

**Report of the independent examiner to the trustees of the Vale of Glamorgan
Welsh Church Act Fund**