

## 8.2.8 Investment Policy

Name of charity: St Andrew's United Reformed Church Upper Hanover Street Sheffield Trust  
Charity Number 237839

### Introduction

St Andrew's URC was established in 1853 and its Trust Deed is dated 1st March, 1861. The assets at the end of 2014 were the land and buildings of the church and hall, which with the Tennis Club are valued at £5.4 million, none of which are permanently endowed. The Manse is vested in the Yorkshire Congregational Union, but were it to be sold, we would only retain 75% of its value of the Manse (equivalent to £209,000); it is currently let on a 12 month contract.

In addition, investments comprised M & G Charifunds<sup>1</sup> (12%), COIF (formerly the Charities Official Investment Fund and now CCLA<sup>2</sup>, the Church of England Investment Fund, 41%), the Capital Fund (24%) and the Accumulating Youth and Education Fund (12%), in all amounting to £206,000. Cash amounts to 11% at HSBC, so investments account for the major component of our accessible resources. Until the formation of the Management Team in 2013, these were managed by a Finance Committee, but at present the Treasurer and the Management Team do so. Recent major refurbishment has required some investments to be cashed. The Capital Fund, established in June, 1966, was originally meant as a vehicle for gifts, covenants or legacies and the capital was expected to accumulate and only the interest be used. As little use has been made of this device, after agreement from the Charity Commission, it was decided in January, 2015 to close it and transfer the funds to the general funds, more particularly a Refurbishment Fund. The transfer process has been protracted.

Liquidity has recently been a problem as major refurbishment and repairs have required the encashment of some investments. In the absence of further major undertakings, this should not need to be repeated, nevertheless one objective of our policy is to allow short-term availability of investments to pay bills. This has to be balanced to encourage long term growth to maximise reserves.

Our governing document (clause 12) gives powers over matters relating to the building to the Trustees, all other matters are vested in the Elders, who delegated financial matters to the Management Team. The only other restrictions on our assets relate to the sale of the church building.

Decisions about investments have been delegated to the fund managers of the Investment Trusts. This was a decision made and practiced by the former Finance Committee and continued by the Management Team. These are M & G Investments' Charifund which "focuses on providing a high and growing income for charities, while protecting capital from the effects of inflation". The stated investment objectives of CCLA (the Church of England Investment Fund) are that "the Fund, consisting principally of equities but including other asset classes, is well diversified and aims to be suitable for up to 100% of a Charity's long-term capital, providing a return that is even-handed between present and future beneficiaries. It is believed that over the longer-term this approach should help to protect both capital and income from the effects of inflation." These fund objectives are consistent with St Andrew's objectives. Review of the fund performances indicate that they track other indices, the CCLA does somewhat better than M & G.

### Investment objectives (as defined in CC14<sup>3</sup>)

Our motives in making investments are to maximise our funds so that we have adequate reserves in case there is a need for major emergency expenditure or for future development. However some funds need to be short term investments to accommodate the need for access to cover short term fluctuations in income and expenditure.

In the past the objective was for long term maintenance of reserves and growth, but as the congregation is ageing and there are minimum numbers of new members, the possibility arises that in the intermediate future the current structure of the church may not continue. In the past decade efforts have been made to increase community involvement and recent refurbishment has led to a reduction in reserves. Our reserves policy is to maintain reserves to cover a year's expenditure and they comfortably encompass that. So although the basic objectives remain, there is a greater willingness to realise some investments to pay for significant further refurbishment, modifications or upgrading, so that the facilities are of a good standard.

The aims of making investments are to balance the short-term availability to pay bills with longer term growth to maximise the remaining reserves. They are to make longer term growth as high as possible subject to ready accessibility to funds.

### **Risk**

Our attitude to risk is one of medium risk. CCLA funds are almost all restricted to Europe and America and it has an ethical investment policy. M & G funds are mostly UK based and seek a 10 year target over about 100 companies, mostly in the cheaper middle tier. Both are concerned to counter the effects of inflation. Our cash is deposited with HSBC which has a very high credit rating.

### **Liquidity requirements**

We do not have an income target. Our assets are land and the church and Manse buildings, both insured, and equities in managed diversified funds. Our principal objective is to maintain our reserves and appropriate governance is assured through the management of those large funds. There has been recently and there will likely be a short term need to draw down funds for additional work, as described, and there is a need to have an appropriate ability to liquidate a relevant portion of our investment portfolio if and when necessary, but respect our reserves policy.

### **Time horizon**

The longer term horizon of the church will be discussed shortly by the Trustees and an approach formulated. The impact of this will be reflected in the investment policy.

### **Ethical investment**

We do not ourselves have an ethical investment policy, but rely on that of the managed fund organisations. CCLA have a clear policy, but M & G do not.

### **Management, reporting and monitoring**

Regular reports from the managed funds are received by the Treasurer. Independent review of fund performances are available and accessible and are reviewed by the Treasurer<sup>1, 2</sup>.

### **Approval and review**

This investment policy was approved on..... and will be reviewed annually.

Signed

Date

1. <http://www.mandg.co.uk/charities/funds/char/gb0005494629/overview/>

2. <https://www.ccla.co.uk>

3. <https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14>