

REPORT FOR EDLC BOARD	
Report Title:	Finance Update/including Investment Policy
Contact Officer:	Maeve Kilcoyne
Date:	8th June 2022
Agenda Item No:	8
Report No:	EDLCT/99/22/MK

1. PURPOSE

1.1 The purpose of this report is for the Board to consider the updated investment policy attached as Appendix A and to update the Board on current banking facilities, current investments and reserves.

2. BANKING AND TERM DEPOSITS

- 2.1 Banking facilities are provided by Virgin Money and we have an outgoing limit of £1,450,000 and a business card with a limit of £2,000.
- 2.2 To maximise interest generated and fund availability where applicable funds are placed in term deposits on a rolling basis throughout the year so that favourable interest rates are awarded and funds mature frequently.

3. CURRENT INVESTMENTS

- 3.1 EDLCT currently hold two Trust Funds, the Robert Lillie Trust Fund and The William Patrick Memorial Trust Fund. The Robert Lillie Trust Fund is currently managed by Brewin Dolphin in an investment portfolio and has increased from original investment of £187,909 to £235,669 at 31 March 2022.
- 3.2 The William Patrick Memorial Trust Fund value (£100,897) currently sits in our investment bank account accruing nominal interest. It is therefore proposed that these funds are managed by Brewin Dolphin on a similar basis to the Robert Lillie Trust Fund.

4. RESERVES

4.1 A reserve policy is an essential requirement to ensure sound governance and ongoing financial stability. This policy maintains the level of reserves that EDLCT should maintain. Under the “Accounting and Reporting of Charities: Statement of Recommended Practice 2005” (SORP 2005), a charity’s reserves are categorised as follows;

Unrestricted Funds

- General Funds – to finance the day to day working capital of the business and for sudden drops in income or unexpected expenditure. They are available to the directors to apply for the general purposes of the company.
- Designated Funds – these are monies separately identified, having had prior approval from directors, to finance specific projects. If a project is not pursued under designated funds, the allocated monies can be transferred back into the general fund.

4.2 Restricted Funds. These funds are declared distinct amounts which have been established to finance specific projects. These funds cannot be used for any purpose other than that prescribed, without the prior consent of the party providing the funds.

4.3 It is recommended that the general fund level is maintained at approximately 5% of the overall income budget which at present would be at a cost of £500,000. This figure is slightly higher than one period of payroll costs.

5. RECOMMENDATIONS

5.1 It is recommended that the Board:-

- a) Approve the updated investment policy.
- b) Agree that Brewin Dolphin continue to manage the Robert Lillie Investment fund and also include the £100,897 William Patrick Memorial Trust Funds that are currently held in our reserves.
- c) Agree that Brewin Dolphin attend a future board meeting and give an update on their services and management of the Robert Lillie Investment fund.

