

ISLE OF ANGLESEY CHARITABLE TRUST	
COMMITTEE	CONTRACTS AND INVESTMENT COMMITTEE
DATE	1 NOVEMBER 2016
TITLE OF REPORT	Allocation of Funding for Large Grants
PURPOSE OF REPORT	To agree a sum to allocate for larger grants for 2017
REPORT BY	Treasurer – Isle of Anglesey Charitable Trust
ACTION	Based on the information provided by the Trust's Investment Managers, to agree a sum that will be utilised to fund large grants awarded by the Trust in 2017

1. INTRODUCTION

- 1.1. The Charitable Trust commenced awarding large grants in 2014. No formal process to invite bids was followed and each case was assessed on its own merit. The awarding of the initial grants has resulted in more organisations coming forward to request funding both for specific projects and to help with running costs.
- 1.2. As the fund has continued to grow it generates income through annual interest payments and dividends but in addition the capital value of the fund has grown over time. Members of the Trust were keen to use some of the increase in the capital value of the fund to provide funding to award larger grants on a more formal basis.
- 1.3. In early 2016, the Trust resolved to allocate a sum of £200,000 which was equivalent to 20% of the growth in the capital value in the year to fund grants in 2016.
- 1.4. Following a bidding process, 4 organisations received grant funding in 2016.
- 1.5. At its meeting on 13 September 2016, the Trust resolved to allocate funding towards larger grants and it delegated the decision on the sum to be allocated to the Investment & Contracts Committee.
- 1.6. Following this meeting of the Investment & Contracts Committee, a formal bidding process will operate whereby organisations will be invited to submit applications. It is intended that the process will be open between November 2016 and January 2017, with the decision on which organisations receive funding being made in February 2017.

2. FUNDING ALLOCATION

- 2.1. In February 2016, the Trust resolved to allocate 20% of the growth in the capital value to fund the larger grants. Given the value of the growth, this percentage provided a reasonable fund without eroding the value of the investment fund significantly.
- 2.2. It should be noted that there is always a risk that the capital value of the fund will fall and allocating too high a sum in times where the capital value of the fund is growing may have a detrimental effect on the future investment returns if the capital value of the fund begins to fall sharply.

- 2.3.** The Committee must therefore take into account the advice of the Investment Manager before deciding what the sum allocated will be, ensuring that the fund is sufficiently large to enable the Trust to help as many organisations as possible without putting at risk the future levels of income the fund will generate. The Investment Manager will be available at the meeting to provide the appropriate advice.

3. ACTION REQUIRED

- 3.1.** The Committee is requested to consider determine the sum to be allocated for large grants based on the information and advice provided by the Investment Manager.