

**Minutes of the Finance Sub Committee held at 3.30pm on Monday 14<sup>th</sup> July in the Information Centre, Manor Cottage, London SW19 5NR.**

**Conservators Present:**

Mr D Devons (Chairman)  
Mr A Simon (Vice Chairman)  
Mrs J Evanson (arrived late)

**Officers Present:**

Mr S Lee (Chief Executive)  
Ms P Graystone (Deputy Clerk & Ranger)

**Investment Consultant Present:**

██████████ (Charlwood Leigh Ltd)

**1. Apologies**

1.1. Apologies were received from Mr D Frampton.

**2. Charlwood Leigh Ltd – Investment Fund**

2.1. ██████████ apologised that he had been unable to attend the previous Finance Sub-Committee meeting and that his paper proposing that the investment portfolio be moved onto a holding platform had raised concerns amongst the Board.

2.2. ██████████ asked ██████████ if he could explain how a holding platform operated. ██████████ advised that it was essentially an administration tool to help manage funds. Many of Charlwood Leigh's clients had moved to a holding platform as it provided a flexible and cost effective way to hold and transfer money between funds. Charlwood Leigh had negotiated very favourable terms with two providers: Skandia and Fidelity. It was ██████████ view that Skandia offered the best terms for the Conservators' portfolio of funds.

2.3. ██████████ also advised that, if the funds were moved onto a holding platform, one of the significant benefits would be the provision of a consolidated statement for tax purposes. This would be advantageous for the production of the end of year accounts and annual audit.

2.4. ██████████ asked if moving to a holding platform affected the trusteeship of the investment funds held by the Conservators. ██████████ advised that whilst Skandia would hold the investments, the Conservators were still responsible for any decisions regarding the management of the funds. In terms of safeguards, Ms Graystone was able to confirm that changes could only be made to the funds after receipt of two authorised and independent signatures, one from the Chairman and one from the Chief Executive.

2.5. ██████████ sought clarification that the move to a holding platform would enable electronic tracking and administration of the account. ██████████ was able to confirm that this was one of the major benefits. If the Conservators decided that they wished to move money between funds, then on a holding

platform no costs would be incurred. Under the current arrangements the stock would have to be sold and new stock purchased; both these transactions would be likely to incur costs.

- 2.6. [REDACTED] also confirmed that the electronic management of the portfolio would result in cost savings of [REDACTED] per annum over the current arrangements for fund management.
- 2.7. Discussion took place about the performance of the current funds and the general position of the financial markets. [REDACTED] advised that whilst Jupiter's performance had dipped, his advice was not to switch funds at this stage. There was currently some uncertainty about the stability of the financial markets and it was likely that some corrective action might take place.
- 2.8. The level of risk associated with the Conservators' current investment portfolio was discussed. [REDACTED] advised that whilst risk rating of the different funds was not an exact science, the current profile of 3 presented a prudent approach in terms of protecting the Conservators' investments. [REDACTED] agreed to provide a risk rating table that would, hopefully, help the Conservators better understand the philosophy behind the 0 to 10 risk rating profile adopted by the financial industry.
- 2.9. With regards utilising the funds to deliver capital or increased revenue, then [REDACTED] advised that either approach could be achieved, depending on the financial strategy adopted by the Conservators. If they needed to realise some of the funds for "capital/restoration" works, then it would be possible to top slice each of the funds or realise funds from the poorest performing account. If the Conservators wished to try and improve the annual yield then Charlwood Leigh could investigate a fixed rate of return from capital invested.
- 2.10. [REDACTED] confirmed that whilst multi-manager funds are more expensive than single funds, somewhere in the region of 0.5% more per annum, having several different investment funds mitigated the Conservators' position in terms of risk.

## **RECOMMENDED**

Charlwood Leigh expanded on the written presentation provided at the last Finance Sub-Committee that the Wimbledon and Putney Common Conservators move to an investment holding platform provided by Skandia. Confirmation was received that this would result in savings of charges of £[REDACTED] per annum, these savings being derived from simpler but secure administrative procedures associated with moving from paper-based to electronic systems. Additional benefits would include simplification of the tax voucher and audit trail currently required annually by the Conservators' independent auditors in compiling the end of year accounts, together with efficiencies in moving money between funds should the Conservators authorise this, following independent financial advice received.

On this basis it was recommended that the Conservators approve the proposal to move to the Skandia holding platform and instruct the Chief Executive to direct Charlwood Leigh to make the necessary changes.

### **Quarterly Budget**

- 2.11. The Chief Executive presented the quarterly budget profile for the Commons against the annual budget. Some presentational issues were discussed to improve understanding of the slightly revised budget profiling and different periods being reported.
- 2.12. A technical problem was identified in the figures shown in the Net Surplus/Deficit information. The Deputy Clerk and Ranger undertook to investigate this.
- 2.13. Looking in detail, the overall position for the first quarter expenditure was broadly in line with the anticipated position, with just over 25% of the total budgeted expenditure having been committed or expended.
- 2.14. The Chief Executive reported that further work was necessary across all budgets to provide a more accurate profile of budgeted expenditure and income across the year; however, some profiling had taken place. The insurance was an obvious example, where the quarter period showed the expenditure against the profiled budgeted sum, reflecting the one-off payment in May 2014.
- 2.15. At the REMPF, a new ride-on mower had been purchased to assist with grass cutting activities and this had resulted in the budget showing a disproportionate overspend for that budget period.
- 2.16. Under Property expenditure, there had been a number of unplanned budgeted expenditures including works at Gravel Pit Cottage, Queensmere Cottage and the maintenance sheds at the REMPF that had required immediate action.
- 2.17. Discussion also took place about additional expenditure commitments that would have an impact on unbudgeted expenditure. This included works to resolve the identified Legionella and tree management risks together with further works to ascertain the condition of properties, and plans to improve the footpaths that had previously been reported.
- 2.18. The Chief Executive advised that in gaining a better understanding of the condition of the asset, it would be possible to start to identify a proper resource base for the Commons that would form the basis of a rolling business plan.
- 2.19. The overall income position for the first quarter period was better than budgeted, but the Chief Executive reported that this was due to the legacy. The profile of this quarter budget had made allowance for the sports income to be received in the next two quarters, whilst the income for Wayleaves would not be received until January 2015.



The meeting closed at 16.45.