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Chairman and Committee Members
REA Finance Committee

RE Corps Funds 6/17

Date: 6th September 2011

**MINUTES OF THE 106th MEETING OF THE ROYAL ENGINEERS ASSOCIATION
FINANCE COMMITTEE HELD IN THE RAVELIN BUILDING, BROMPTON BARRACKS, AT
1000 HRS ON THURSDAY 1st SEPTEMBER 2011**

Present:

Chairman: Colonel (Retd) R M R Hunt

Member: Colonel S P F Harris
Lt Colonel R W Murfin TD DL

Secretary: Lt Colonel (Retd) J M H Townsley

Apology: Lt Colonel (Retd) J R McLennan (Attending Funeral) ←

Introduction

1. The Chairman opened the meeting and thanked those present for attending. He thanked the Regt Colonel for the use of his office and the Corps Treasurer for the briefing papers. He noted an apology from the Controller then reminded committee members that the main purpose of the meeting was to review a draft budget for the REA Council.

ITEM 1: Minutes of the Previous Meeting

2. The minutes of the meeting held on 7th April 2011 were agreed to be accurate and signed by the Chairman.

Action: Corps Treasurer



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ITEM 2: Matters Arising

3. The Deputy Controller emphasised the importance of HQ REA receiving timely and accurate Branch returns by 31 Jan 12 at the REA Management meeting on 4 Aug 11.

Action: Controller

ITEM 3: Review 2011 Budget Income & Expenditure

4. Short discussions were held on:

Income

- a. The level of Day's Pay Scheme income (£464,400) the REA is can now expect to receive from the RECCT in 2011.
- b. The level of refunds so far in 2011 from issued benevolence grants: £12,872.
- c. Donations and Legacy receipts (£41,128) so far in 2011.
- d. The expected annual dividend (£253,325) from AFCIF investments.

Expenditure

- a. Benevolence grants in general.
- b. Corps activities, which the Committee reduced from £30,000 to £25,000.
- c. Groups & Branches reduced from £22,000 to £20,000
- d. The projected increase (£2,000) against Salaries and NI, due to annual bonus awards made to REA private staff in 2011.
- e. Minor committee adjustments to the 2011 FOO resulted in a modest deficit upturn (£54,838) against the authorised budget deficit of £74,364.

**Action: Corps Treasurer
Controller**



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ITEM 4: To Consider the Draft Budget for FY 2012

5. The committee examined the draft budget for FY 2012 and agreed to or noted:

a. Income.

(1) The impact of DPS in 2012 as a result of SDSR. DPS projections beyond 2012 will also reduce when future SDSR reductions are notified.

(2) Reduce Line Serial 2, H & M Trust from £5,000 to £2,500.

(3) Reduce Line Serial 3, Membership Subscriptions from £2,750 to £2,250.

(4) Reduce Line Serial 4, Bank Interest from £3,000 to £1,500.

(5) After discussion, and despite the high income trend of recent years, the committee decided not to increase expected income from legacies.

b. Expenditure against Objectives. No changes were made to the tabled draft budget for benevolence. Based on annual expenditure trends the committee made a prudent decision to reduce LS 15 and LS 16 by £5,000 and £2,000 respectively.

c. Expenditure against Governance. The Corps Treasurer expanded on: Salaries, NI and Private Pension costs. The Regt Col requested that a pro-rata sum (£4,250) be added to 2012 salaries to cover the agreed proportional cost of the Corps charities employing WO2 Bhim (IT WO) in a private capacity when he retires in June 2012. The annual REA cost (£8,500) is reflected against salaries from 2013.

d. The Corps Treasurer concluded by drawing the committee's attention to the revised 2012 budget deficit: £149,470.

**Action: Corps Treasurer
Controller**

ITEM 5: To Review the Projected Budget 2013 – 2016

6. The committee reviewed budget projections up to and including 2016 and agreed straight line adjustments, as previously indicated against 2012, to LS 3, 15 and 16.



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7. The committee agreed to recommend the amended budget to Council.

**Action: Corps Treasurer
Controller**

ITEM 6: Armed Forces Common Investment Fund (AFCIF) - Valuation

8. The Corps Treasurer reported that the value of REA, AFCIF investments on 01 Aug 11 was £7,698,841.

9. From 5 Aug the fund was affected by serious debt concerns in America and Europe and the subsequent global downturn in world markets during Aug. The biggest fall occurred on Fri 19 Aug when AFCIF unit values dropped by 5p.

10. At COP on 31 Aug 11 the cumulative REA investment fund (less Kitchener) was down 6.4% against its valuation on 01 Aug 11, which serves to highlight the continued uncertainty in world stock markets.

Fund values at COP on 31 Aug 11 were:

REA (AFCIF) FUND VALUES

a.	'A' Fund	£28,077
b.	'B' Fund	£1,086,367
c.	General Fund	<u>£6,094,312</u>
d.	Total value	£7,208,756
e.	Kitchener 'S' Fund	£363,066

11. The committee took note. The Corps Treasurer would provide an updated valuation for the forthcoming REA Council meeting.

Action: Corps Treasurer

ITEM 7: Any Other Business

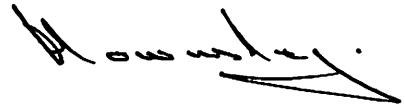
12. No other business was discussed.

ITEM 8: Date of Next Meeting

13. The venue and provisional dates for meetings in 2012 are:

- a. RHQ RE at 1000 hrs on Thursday 12th April.
- b. RHQ RE at 1000 hrs on Thursday 30th August.

Action: Corps Treasurer



Lt Col (Retd) J Townsley
Corps Treasurer
6th September 2011

Col (Retd) R M R Hunt
Chairman REAFC
April 2012

Enclosure:

Draft budget 2012 – 2016.



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THE ROYAL ENGINEERS ASSOCIATION

ACTUALS 2010, DRAFT BUDGET 2012 AND ANNUAL FORECAST UP TO 2016

Serial	Activity	Budget 2007	Actuals 2007	Budget 2008	Actuals 2008	Budget 2009	Actuals 2009	Budget 2010	Actuals 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016
Resources Arising															
Income from:															
1	50% of Days Pay Scheme	390,000	397,622	408,000	398,862	415,000	413,238	415,500	449,576	450,500	455,000	459,550	464,146	468,787	473,475
2	H & M Trust	2,500	7,500	2,500	5,000	5,000	5,000	5,000	2,500	5,000	2,500	2,500	2,500	2,500	2,500
3	Membership Subscriptions	3,250	2,001	3,000	2,127	2,750	2,558	2,750	1,978	2,750	2,250	2,250	2,250	2,250	2,250
4	Interest Bank/Cafcash/Cashpool	1,500	16,921	2,500	34,805	20,000	4,598	7,000	1,594	3,000	1,500	1,750	2,000	2,250	2,500
5	Refunds from issued grants	5,000	12,463	7,500	9,197	7,500	22,840	10,000	14,525	10,000	10,000	10,000	10,000	10,000	10,000
6	Donations & Legacies	20,000	824,991	40,000	172,682	40,000	107,233	40,000	208,963	40,000	40,000	40,000	40,000	40,000	40,000
7	Investment Income	154,000	206,368	178,000	233,884	235,000	231,591	235,000	252,169	253,325	267,800	271,817	275,894	280,033	284,233
	Lottery Grant (NMA)		10,000												
	Sub Total	576,250	1,477,866	641,500	856,557	725,250	787,058	715,250	931,305	764,575	779,050	787,867	796,790	805,820	814,958
	Balancing Income	68,852	(671,021)	97,968	(116,764)	59,675	(42,565)	114,369	(175,637)	74,364	149,470	132,207	94,565	102,244	110,255
	Total Income	645,102	806,845	739,468	739,793	784,925	744,493	829,619	755,668	838,939	928,520	920,074	891,354	908,063	925,213
Resources Expended through:															
Benevolence:															
8	Grants	350,000	427,644	420,000	426,984	430,500	401,374	441,263	397,870	452,294	463,601	475,191	487,071	499,248	511,729
9	Weekly Allowance	85,000	87,587	90,000	87,114	111,000	103,513	111,000	103,611	111,000	111,000	111,000	111,000	111,000	111,000
10	Special Christmas Grants	25,000	32,607	30,000	31,957	30,000	32,615	32,000	30,566	32,000	32,000	32,000	32,000	32,000	32,000
11	ABF	30,000	30,000	30,000	35,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
12	SSAFA	5,000	5,000	5,000	5,000	5,000	5,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
13	Combat Stress				7,500	2,500	2,844	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
14	Other Charities	1,000	75,250	1,000	2,000	3,000	2,500	3,000	1,000	3,000	3,000	3,000	3,000	3,000	3,000
	Sub Total	496,000	658,088	576,000	595,555	612,000	577,846	632,263	578,047	643,294	654,601	666,191	678,071	690,248	702,729
Esprit de Corps:															
15	Corps Activities	22,000	23,653	30,000	16,183	30,000	20,935	30,000	19,064	30,000	100,000	70,000	25,000	25,000	25,000
16	Groups & Branches	18,000	12,169	18,000	13,331	22,000	18,802	22,000	15,794	22,000	20,000	20,000	20,000	20,000	20,000
17	Annual Dinner	3,647	3,334	3,829	3,914	4,021	3,958	4,222	3,294	4,433	4,655	4,887	5,132	5,388	5,658
18	Recruiting	5,000	3,681	5,000	2,171	5,000	2,860	5,000	3,856	5,000	5,000	5,000	5,000	5,000	5,000
19a	Line Wasted Out	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19b	Branch Pennants	0	2,300	0	0	0	0	0	0	0	0	0	0	0	0
20	Line Wasted Out														
	Sub Total	48,647	45,137	56,829	35,599	61,021	46,555	61,222	42,008	61,433	129,655	99,887	55,132	55,388	55,658

Serial	Activity	Budget 2007	Actuals 2007	Budget 2008	Actuals 2008	Budget 2009	Actuals 2009	Budget 2010	Actuals 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016
	Administration														
21	Salaries/ National Insurance	60,000	62,756	63,000	70,441	67,500	81,023	82,000	90,095	88,000	96,250	105,000	108,150	111,395	114,736
22	Pensions	5,253	5,872	5,750	6,884	6,500	7,518	7,500	7,509	7,700	8,700	8,918	9,140	9,369	9,603
23	Printing & Stationery	1,500	998	1,500	25	1,500	1,079	1,500	1,228	1,500	1,500	1,500	1,500	1,500	1,500
24	Postage & Telephone	4,140	3,880	4,244	4,272	4,350	5,072	4,458	4,201	5,500	5,638	5,778	5,923	6,071	6,223
25	Line Wasted Out	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Audit Fees	10,000	10,287	10,500	5,875	6,200	5,985	6,110	6,322	6,500	6,720	6,888	7,060	7,237	7,418
27	Solicitors/Professional Fees	1,000	762	1,000	0	1,000	152	1,000	795	1,000	1,000	1,000	1,000	1,000	1,000
28	Travel & Subsistence Expenses	6,000	8,863	7,000	10,308	10,000	8,482	10,250	8,407	10,506	10,769	11,038	11,314	11,597	11,887
29	AGM	3,312	2,102	3,395	2,426	3,480	2,501	3,567	4,172	3,656	3,747	3,841	3,937	4,035	4,136
30	Computer and Office equipment	2,000	1,729	2,000	918	2,000	462	12,000	5,357	2,000	2,000	2,000	2,000	2,000	2,000
31	Computer Trg	250	0	250	113	250	0	250	0	250	250	250	250	250	250
32	Insurance	5,000	3,211	5,000	3,283	5,125	3,512	3,500	3,924	3,600	3,690	3,782	3,877	3,974	4,073
33	Sundry Expense	1,000	3,072	2,000	4,094	3,000	3,751	3,000	3,459	3,000	3,000	3,000	3,000	3,000	3,000
34	Automated Membership Card Sys	1,000	88	1,000	0	1,000	555	1,000	144	1,000	1,000	1,000	1,000	1,000	1,000
	Sub Total	100,455	103,620	106,638	108,639	111,904	120,092	136,135	135,613	134,212	144,264	153,995	158,151	162,427	166,826
	Total Resources Expended	645,102	806,845	739,468	739,793	784,925	744,493	829,619	755,668	838,939	928,520	920,074	891,354	908,063	925,213
	Proving Balances:														
	Resources Arising	576,250	1,477,866	641,500	856,557	725,250	787,058	715,250	931,305	764,575	779,050	787,867	796,790	805,820	814,958
	Total Resources Expended	645,102	806,845	739,468	739,793	784,925	744,493	829,619	755,668	838,939	928,520	920,074	891,354	908,063	925,213
	Balancing Income Required	(68,852)	671,021	(97,968)	116,764	(59,675)	42,565	(114,369)	175,637	(74,364)	(149,470)	(132,207)	(94,565)	(102,244)	(110,255)
	Legacies Received		802,568		160,505		93,393		165,227						
Notes:															
1	DPS income is based on the average of 3 monthly Payroll giving payments received in 2011 x 12 minus expected impact of known SDRS Losses in 2012.														
2	Budget projections, less DPS income, beyond 2012 are based on direction from REA Finance Committee.														
3	The £100k allocation at LS 15 in 2012 is represented by grants to: £25k Annual, £35k Centenary Celebration, £10k Widows Lunch, £30k Museum Transformation Project.														
4	The £70k allocation at LS 15 in 2013 is represented by: £25k Annual and £45k Museum Transformation Project.														
5	Salary increase in 2012 represents 6 month pro-rata payment towards WO2 Bhim and 12 months pro-rata payment is subsequent years.														