

The Royal Engineers Association

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Patron: HER MAJESTY THE QUEEN



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Distribution:

Chairman REA
Members of the REA Finance Committee

30 August 2019

MINUTES OF THE 122nd MEETING OF THE ROYAL ENGINEERS ASSOCIATION FINANCE COMMITTEE, HELD IN THE CORPS COLONEL'S OFFICE, RAVELIN BUILDING, BROMPTON BARRACKS, AT 1030HRS ON THURSDAY 29th AUGUST 2019

PRESENT

Col (Retd) CM Davies MBE	Chairman
Col M Quare MBE ADC	Corps Colonel
Lt Col M Heffer RE TD	Trustee Member
Mr K Kirk	Controller
Maj (Retd) I Sidebottom	Corps Treasurer and Secretary

1. The Chairman opened the meeting, welcomed those attending, and reminded the Committee the main reason for the meeting was to discuss and propose the 2020 budget.

ITEM 1 - DECLARATION OF CONFLICTS OF INTEREST

2. As a standing agenda item, the Committee were given the opportunity to declare any actual or potential conflicts of interest they were aware of. None were declared and the Chairman reminded all that they could declare any unforeseen conflicts as the meeting progressed.

ITEM 2 - TO CONFIRM THE MINUTES OF THE 121st MEETING

3. The Committee accepted the minutes of the 121st meeting as a true and accurate record of proceedings before the Chairman signed a copy.

ITEM 3 - MATTERS ARISING FROM THE 121st MEETING

4. There were no matters arising from the 121st meeting which were not listed for discussion during this meeting.

ITEM 4 - REVIEW 2019 BUDGET INCOME & EXPENDITURE

5. The Corps Treasurer took the Committee through the FOO as at 12 Jul 19 (enclosure 1) and commented on / clarified the following:

- a. The grants at Line Serials 11 and 12 (ABF & SSAFA) have now been paid.
- b. Line Serial 16 (Groups & Branches) is overspent by £8,294. This expenditure is due to the increased number of Group Grants.
- c. Line Serial 21 (Salaries) includes NIC and the heading has been revised.
- d. The overspend on Fees/Subscriptions (Line Serial 27) included the annual licence for the Online Book Company plus membership fees in respect of COBSEO, Just Giving and Smee & Ford.
- e. Line Serial 30 (Computer and Office Equipment) is overspent by £4,967 due to the purchase of new workstations and a new membership card printer.

ITEM 5 - INVESTMENT VALUATIONS

6. The Corps Treasurer provided an updated investment valuation (enclosure 2) including the values from the previous meeting (April 2019) for comparison. The Committee were impressed with the fund performance in what remains a difficult market.

ITEM 6 - CONSIDER AND PROPOSE THE BUDGET FOR 2020

7. The Corps Treasurer and Controller had prepared six budget forecasts for discussion. These were based around a number of conditions and assumptions including: the level of annual REA welfare grant; a proposed realignment of funding responsibilities between Corps charities (see Item 8 below); a possible funding option to reduce the REA cash reserves by £2M (as proposed by the REA Reserve Working Group) (see Item 9 below); the impact of an 'investment shock'.

8. Following a lengthy debate, the Finance Committee agreed to generate two budgetary options for the Board of Trustees to discuss (preceded by a precis of the original six versions) prior to accepting and ratifying one of the iterations. These are at enclosure 3.

ITEM 7 - REA / SAPPERS NETWORK LIMITED (SNL) UPDATE

9. The Controller gave an update highlighting the following:

- a. Sappers Network Limited (Company No 10829849) will stop trading wef 1 Sep 19 with the intention of final deregistration on 1 Dec 19. The REA shall retain the Sappers Network brand and Mrs Fiona Louch will continue as the REA employee delivering the Sappers Network product.
- b. The REA will continue to advertise suitable job adverts via the website and social media and, where appropriate, act as the conduit between employer and candidate. This will no longer be a fee earning transaction however employers will be invited to make a donation to the REA.

ITEM 8 - REALIGNMENT OF FUNDING RESPONSIBILITIES

10. As part of the ongoing Quinquennial Review, the RECCT had identified a number of activities they currently fund which fit within the REA's Charitable Objects and could be realigned to the REA budget. These were:

Ser	Activity	Annual Cost
1	Adventurous training grants	£68k
2	Operational tour welfare grants	£10k
3	Hospital / Rehabilitation grants	£1k
4	Small war memorial grants	£1k
5	Sports scholarships ¹	£24k
6	Initial issue of Corps stable belt/TRFs/Short History of the Corps and RE T Shirts	£26k
	TOTAL	£130k

11. Following discussion to ensure appropriate governance was in place and whether these activities align with REA Objects, the Finance Committee agreed to commend to the Board of Trustees the realignment of these budgetary line serials to the REA.

ITEM 9 - REA RESERVE WORKING GROUP UPDATE

12. The Controller gave an initial brief on Royal British Legion Industries (RBLI) prior to leading a lengthy discussion around the REA's appetite for investing an amount of reserve funding in the RBLI Centenary Village (a £22M expansion of the existing site). This could meet the mandate given to the REA Reserve Working Group to reduce our cash reserves by c£2M.

13. The upcoming REA Board of Trustees (6 Sep 19) will be preceded by a tour of the RBLI site and a partnership proposal presentation. This will serve to better inform Trustees before discussing the investment proposal during the Board meeting.

ITEM 10 - REVETT / RE CPD ANNUAL GRANT - UPDATE

14. The Chairman and Committee read the report from CE CPD. Following discussion the Committee concluded the report should be resubmitted to more accurately identify the areas where the total grant (£30k per annum for 3 years) had been spent. REVETT had also requested a further £30k grant for 2020 but need to provide further detail of the requirement.

Action: Corps Treasurer

ITEM 11 - REA WELFARE GRANT UPDATE

15. The Controller took the Committee through the financial allocations made from the 2019 fund which totalled £224k (against a budget of £250k). The deadline for submissions had now passed and the Controller will be producing a publication to showcase the value added across the Sapper family by the REA welfare grants.

Action: Controller

ITEM 12 - ANY OTHER BUSINESS

16. The Controller raised the subject of grants in support of smaller charities (£3k per annum in budgetary Line Serial 14) as he had been approached by a veterans' group for funds. Following discussion it was confirmed that any potential worthy causes for grants should be researched by individuals and brought to the Board of Trustees for consideration. 'Good ideas' on the day would not be considered as due diligence checks need to be carried out in advance of a decision being made.

ITEM 13 - DATE OF NEXT MEETINGS

¹ £4k per annum for all Sappers listed on the Talented Athlete Scholarship Scheme (TASS). Six athletes for 2020 (reduced from 10 athletes in 2019).

17 . The 2020 meetings of the REA Finance Committee were agreed as follows (to be held in Chatham starting at 1030hrs):

- a. Thursday 9th April 2020.
- b. Thursday 20th August 2020.

30 August 2018

Secretary

Minutes Approved

Date

Chairman

Enclosures:

- 1. FOO as at 12 Jul 19.
- 2. Investment valuations.
- 3. Proposed REA budgetary options for 2020 and projected forecast 2021-2024.