

The Royal Engineers Association

(Registered under the Charities Act 1992 and a charity registered in Scotland)

Patron: HER MAJESTY THE QUEEN



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Distribution:

Chair REA
Members of the REA Finance Committee

20 September 2022

MINUTES OF THE 128th MEETING OF THE ROYAL ENGINEERS ASSOCIATION FINANCE COMMITTEE, HELD ON THURSDAY 15th SEPTEMBER 2022

PRESENT

Col (Retd) JM Ruddy	Chair
Col M Quare MBE ADC	Corps Colonel
Lt Col M Heffer RE TD	Trustee Member
Mr K Kirk	Chief Executive
WO1 (Corps SM) MD Elliott MBE	Corps Sergeant Major
Maj (Retd) I Sidebottom	Corps Treasurer and Secretary

1. Before the meeting opened, the Chair led a moment of silent reflection in honour of HRH Queen Elizabeth II, our Patron. The Chair then reminded the Committee the primary reason for the meeting was to discuss and propose the 2023 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. No new conflicts were declared.

ITEM 2 - TO CONFIRM THE MINUTES OF THE 127th MEETING

3. The Committee accepted the minutes of the 127th meeting as a true and accurate record of proceedings.

ITEM 3 - MATTERS ARISING FROM THE 127th MEETING

4. The Chair asked for an update on the boat used for the Atlantic Rowing Challenge. The Ch Exec stated it is currently uncommitted with only tentative interest shown for 2024. The Committee agreed if a Sapper team has not been signed up by March 2023 the REA should make a decision with regards renting the boat out to other teams or selling it.

Action: Ch Exec

ITEM 4 – REVIEW 2022 BUDGET INCOME & EXPENDITURE

5. The Corps Treasurer took the Committee through the latest FOO (as at 6 Sep 22) which is at enclosure 1. The Committee acknowledged the forecast was better than originally budgeted as the REA had received a number of substantial legacies.

ITEM 5 - INVESTMENT VALUATIONS

6. The Corps Treasurer provided an updated fixed assets investment valuation (enclosure 2) which included the Ebbsfleet investment property. The Committee were very satisfied with the fund performance in what remains a difficult market. BlackRock have increased the quarterly dividend payments from 2.00p to 2.05p per unit which will generate c£400k per annum for the charity. The rental yield of 5.2% from the investment property was viewed as a real success story.

ITEM 6 - CONSIDER AND PROPOSE THE BUDGET FOR 2023

7. The Corps Treasurer and Ch Exec had prepared a draft budget for discussion (enclosure 3). The proposed budget would result in a forecast surplus of c£62,601¹ and was based around a number of conditions and assumptions including:

- a. The Days' Pay Scheme revenue in 2023 remains higher than previously predicted as the Corps remains overmanned.
- b. Investment Property – the property remains occupied with rental income continuing at £2,200 per calendar month (of which the REA receives £2,045 per month).
- c. The annual grant to ABF be increased by 10% to reflect additional financial pressures.
- d. The grant to 'other charities' be increased to £5k per annum to allow the Board to provide meaningful grants to smaller charities who will be suffering in the current fiscal climate.
- e. The final payment to RBLI is reduced to £160k as 2 additional payments were made in 2022 to assist RBLI with cashflow blockages.
- f. Unit & Branch Support Grants to endure at £100k per annum.
- g. Salaries/NI to be increased to reflect the ambition to change the Operations Manager post to a full-time position and provide funds for a salary review of existing staff.
- h. A new Line serial was added (LS32) and a budget of £45k added, as previously agreed by the Board, for the REA IT development strategy (incl the App).

8. The Committee agreed the 2023 budget proposal and commend it to the Board for ratification. Clearly, the budget could be impacted by unforeseen events / activity (whether that be through poor dividend income following a market crash or additional expenditure due to an increase in benevolence demands) but the Board felt the charity remains well-placed to mitigate and outlast such events.

¹ Total income £1,567,337. Total expenditure £1,504,736.

ITEM 7 – BALLARD FUND PROPOSAL (SOUTH GEORGIA 2023)

9. The Ch Exec and Corps Col presented the case for a Ballard Fund Award of £25k in support of the South Georgia 2023 expedition. The total cost of the exped is c£182k and involves more than 130 Royal Engineers over several legs (a combined REYC (yachting) and REMEC (Mountaineering) exped). The bid was mapped against the Ballard Award criteria and was supported.

ITEM 8 – CHATHAM SPORTS PAVILION UPDATE

10. The Corps Col provided an update. Despite the appointed contractor going into administration, another contractor had been appointed, and is on site, to complete the build with no additional costs to the REA or ASCB. The completion date has slipped slightly to April 2023 (the new pavilion will be a focal point for the Sapper Games in Chatham at the beginning of July 2023). The Corps Col undertook to provide an update in time for the AGM.

Action: Corps Col

ITEM 9 – LEGACIES

11. The Ch Exec provided a precis of the generous legacies coming to the REA over the next 12 months totalling in excess of £1M.

ITEM 10 – REA BRANCH & UNIT GRANTS 2022

12. The Ch Exec provided an update on 2022 expenditure. It was felt there had generally been a drop in suitable / original submissions and perhaps a re-set was required with revised guidance and renewed advertisement of the funds available.

Action: Ch Exec

ITEM 11 - ANY OTHER BUSINESS

13. The following were covered under AOB:

- a. RE Museum Grant. The RE Museum had previously presented a Strategic Partnership proposal with an annual grant from the REA £50k (enclosure 4). The Board had asked for further detail on how the funds would be used. The REM response is at enclosure 5 and the Committee agreed the grant of £50k for 2023 which should be reflected in the budget². It was suggested the grant be an annual commitment, initially for 3 years, to allow the Museum to forecast budgets rather than live year to year. This option to be reviewed out-of-committee and followed up with the REM Director. The £25k agreed has been added to the 'Corps Activities' budget line (Line serial 17) for 2023.

Action: Corps Treasurer / Ch Exec

ITEM 12 - DATE OF NEXT MEETINGS

14. The 2023 meetings of the REA Finance Committee were agreed as follows:

- a. Thursday 6th April 2023.
- b. Thursday 7th September 2023.

21 September 2022

Secretary

² Afternote: A new budget line (Line Serial 23) has been added from 2023 by Corps Treasurer.

Minutes Approved *Kenneth Kirk*

Date 7 April 2023

PP Chair

Enclosures:

1. FOO as at 6 Sep 22.
2. Investment valuations.
3. Proposed REA budget for 2023 and projected forecast 2024-2027.
4. RE Museum Strategic Partnership Proposal.
5. RE Museum Further Information & Proposal.