

Halcrow Foundation

HF/4 - Financial Management and Disbursement Policy

This Financial Management and Disbursement Policy includes details on how much to withdraw from overall Halcrow Foundation funds to make available for causes it supports in the following year.

The long-term aim is to maximise the funds available for distribution whilst maintaining the value of the investment funds in real terms.

The overall funds for the Foundation comprise investment funds and cash in hand, being funds in various bank accounts held on short-term notice. The trustees will review the value of the overall funds at the end of December and the end of June each year.

Management of investment funds

The value of the investment funds will be measured against a target value calculated by multiplying the original investment by the cumulative change in the CPI index between the date of the original investment and the review date.

- If the comparison shows a shortfall in investment funds of less than £100,000, then no immediate action is required unless the trustees determine otherwise.
- If there is a shortfall in investment funds of between £100,000 and £250,000, then there will be implemented a recovery plan over a maximum of three years whereby a portion of cash in hand will be reinvested to restore the value of the fund in real terms.
- If the shortfall in investment funds exceeds £250,000, then the trustees will review the disbursement policy in its entirety.

Annual budgeting and review

Based on the December review each year the trustees will determine an amount consistent with this disbursement policy to make available at short-term notice for disbursement to projects and to cover governance costs in the following year. In setting an annual budget the trustees, whilst seeking to maximise funds available for disbursement, will aim to satisfy the following three criteria:

- In order to satisfy the long-term aim of maintaining the value of the investment funds in real terms, the projected value of investment funds each year shall not be less than the original amount inflated in accordance with CPI;
- In order to prudently manage the Foundation's business, the total committed funds payable to projects in any financial year shall not exceed the funds available at short-term notice less an allowance for governance costs as determined by the trustees;

- In order to avoid overcommitting the Foundation's investment funds, the total committed funds (previously committed outstanding amounts plus planned to be committed in the budget year) shall not exceed 15% of total assets at the start of the budget year; and

The trustees, to the extent possible, will also seek to ensure that a reasonable amount is kept available for new projects in future years by reviewing projected project payments in future years in comparison with planned project expenditure in the budget year.

The amount made available will be reviewed in June of each year taking into account the review of investment funds and may be adjusted if circumstances require.

Document History

Document no HF/4

Date	Issue	By	Approved date
20/04/2018	HF/4 v1.0	Trustee meeting	20 April 2018