

Committee:	Dated:
Community and Children's Services	28/09/2020
Subject: City of London Corporation Combined Relief of Poverty Charity (CRPC) (1073660) – Administration & Management	Public
Report of: Chief Grants Officer (CGO) and Director of City Bridge Trust	For Decision
Report author: Simon Cribbens, Assistant Director – Commissioning and Partnerships	

Summary

The City of London Corporation is the trustee of the City of London Corporation Combined Relief of Poverty Charity (1073660). This report presents various matters for consideration that are intended to support the better administration and management of the charity, consistent with the City Corporation's duties as trustee to keep such matters under review to ensure that the charity is operating most effectively. Specifically, decisions are sought on the charity's reserves policy and funding strategy.

Recommendations:

Members are asked, collectively acting for the City of London Corporation as trustee of the City of London Corporation Combined Relief of Poverty Charity (Charity Reg. No. 1073660) – the CRPC – and in the best interests of the charity and its beneficiaries to:

- 1) approve the revised reserves policy at **Appendix B**
- 2) approve the revised more strategic approach to funding and charitable activities for the charity, including the proposed expenditure of up to £300,000 of income funds over 2020/21 to 2025/26 (subject to ongoing review) as set out in the report
- 3) subject to Recommendations 1 and 2 being agreed, to delegate authority to the Director of Community and Children's Services, in consultation with the Chairman and Deputy Chairman, to develop and set the framework for implementation of the charity's new funding strategy.

Main Report

Background

1. The City of London Corporation's CRPC is the principal relief of need and/or poverty charity for which the City Corporation is corporate trustee acting by the Common Council. The administration and management of the charity has been delegated to the Community and Children's Services Committee.

2. The objectives of the charity are for the public benefit:

"The relief of those in need by reason of poverty, old age, ill health, accident or infirmity who are either the widow, widower or child of a Freeman of the City of London or who reside in the City of London or the London Boroughs by the provision of grants, items and services or such other support as the trustee determines."

3. In October 2018, the charity's modest funds were more than doubled following the decision to accept the transfer to the CRPC on a restricted basis, the assets of the Corporation of London Benevolent Association (COLBA), another historic relief of need charity associated with the City Corporation's elected Members. The funds are to be used for the general purposes of the CRPC, subject to the restriction that where there are competing applications of equal merit, preference must be given to those beneficiaries residing in London who are previous or current elected Members, their dependents or connected persons; and otherwise when residing outside London preference should be given to the widows, widowers or children of previous and current elected Members; and further that, in applying the funds for these restricted purposes, the historic connection to the Association is recognised. This report seeks to implement a framework to support these commitments.

4. In the current financial year, the very modest assets of the Signor Favale's Marriage Portion Charity have also been transferred to the CRPC on an unrestricted basis. However, the funds were transferred to the CRPC subject to a wish that Signor Favale's name be retained in some way in making future grant awards, and this was accepted by your Committee.

5. When the charity's strategic funding objectives were last reviewed as part of the City Corporation's Grants Service Based Review in 2015/16, it was considered to be in the best interests of the charity to include it within the City Corporation's Central Grants Programme (CGP) and for the charity's funds to be applied under the Stronger Communities Theme, which supports projects or services delivered for the benefit of communities or beneficiaries within the City of London and its housing estates across London.

6. The Department of Community and Children's Services (DCCS) is responsible for leading on the charity's administration and management. As the charity falls within the CGP, the Central Grants Unit (CGU) within the Town Clerk's Department provides support in grants assessment and due diligence, and in implementing good practice. Financial assessments are led by the Chamberlain's Department (Head of Charity and Social Investment Finance). Decisions are taken in consultation with an advisory officer panel.

7. There is a separate report on your agenda providing an update on the CGP, and the recent activities of the CRPC as part of the CGP. It also proposed

changes to the criteria for the Stronger Communities Programme which are relevant to this report.

8. The CRPC's funds are invested in the City of London Charities Pool (Charity Reg. No. 1021138). The investment policy is to provide a real increase in annual income in the long term, while preserving the value of the capital base.
9. The CRPC has struggled to attract applications and expend funds under the Stronger Communities Programme, and significant income has accumulated. There was no expenditure on charitable activity for the year ending 31 March 2020. However, the onset of COVID-19 led officers to seek the trustee's approval to make a direct grant in support of the local response to the pandemic. Two grants totalling £16,000 were awarded to Age UK City of London in April and July this year, to support the delivery of the Square Mile Food Bank.
10. Accumulated income and the transfer of assets from other charities has left the balance of unrestricted funds at around £86,000 to date. This is higher than is required or desirable when considering the charities' Statement of Recommended Practice (SORP) which the trustee is required to follow.

Current Position

11. A charity trustee has a duty to keep their charity's administration and governance under review, and take relevant steps to ensure that their charity is operating effectively to achieve the charity's intended objectives. This will include regularly reviewing the charity's governing documents, governance arrangements, policies and activities, and so on.
12. Following the transfer of funds to the CRPC from COLBA and the Signor Favale's Marriage Portion Charity, and having regard to the restrictions and wishes attached to those funds, and the difficulties in attracting applications and in distributing funds to date, it is necessary to review the funding strategy for the charity. In so doing it is also be timely to consider the appropriate level of income reserves the charity should hold, and to set a reserves policy which is compliant with the SORP.
13. The current funding policy of the CRPC falls under the Stronger Communities criteria at **Appendix A**, and in summary provides that: "grants will be awarded to projects or services that are being delivered for the benefit of the communities or beneficiaries within the City of London and/or City of London Managed Housing Estates".
14. The CRPC's specific criteria has been removed from the Stronger Communities publicly available policy so that it can work more strategically to provide funding for the relief of poverty. However, it will still operate under the above geographical requirements.

15. As noted at paragraph 7 of this report, your Committee is also separately being asked to consider changes to the overarching Stronger Communities criteria. The principal changes to the existing criteria are:

- a) Small Grants will be assessed on a rolling basis, with decisions within eight weeks of submission.
- b) Main Grants will be assessed on a rolling basis, with decisions within 12 weeks of submission.
- c) The CRPC will work strategically as part of the Stronger Communities Programme to respond to arising need in line with its charitable objectives.
- d) The criteria for the Stronger Communities Fund has been made more geographically specific.

16. The current reserves policy of the charity is to:

“maintain the endowment funds of the charity in investments in the Charities Pool administered by the City of London Corporation and use the investment income together with other funds, in accordance with the objective of the charity. The trustee also has the discretion to distribute the expendable endowment, in addition to the unrestricted fund and restricted fund as grants, should they deem this is appropriate.”

17. SORP requirements state that the trustee’s annual report should include:

- a statement of the policy on reserves
- the level of reserves held, and why they are held
- the amount and purpose of (material) designated funds.

Proposals

Application of Funds/Funding Policy

18. Officers from the DCCS, in consultation with the Chamberlain’s and Comptroller and City Solicitor’s departments, and the CGU, have considered options for the charity’s future administration and funding activities. The recommendations in this report have been informed by the work underway through the corporate charities review. The recommendations support a more strategic approach in applying the charity’s funds to create greatest impact, while also ensuring that the cost of administration remains proportionate to the funds available for expenditure.

19. It is recommended that the Committee, acting for the City Corporation as trustee in the best interest of this charity, resolves that, in setting a new funding strategy and policy for the charity:

- a) the revised Stronger Communities criteria (as noted at paragraphs 7 and 15 above) should be adopted
- b) additional criteria are adopted for the charity as set out in paragraphs c) to i) below

- c) the funds are applied more strategically under the Stronger Community Programme rather than by inviting applications for small grants through regular open grant rounds
- d) there be no maximum limit applied to the value of a grant, subject to funds being available for distribution, and that the minimum grant awarded should be £2,500 to ensure that the cost of administration remains proportionate
- e) at least once each year, if not more frequently in response to public need or to facilitate the expenditure of available funds, the Department will –
 - hold discovery sessions to target key partner organisations to co-produce proposals in response to relevant issues
 - develop target projects/outcomes for specific projects developed by the DCCS, with applications sought on a closed or open basis, as appropriate
- f) having regard to the restrictions and conditions imposed in accepting the transfer of funds from the COLBA (as noted at paragraph 3 above), in addition to including information in the application and policy documentation relating to the charity, a standing item be included on the Community and Children’s Services Committee’s non-public agenda to provide an opportunity for the Committee’s Members to identify suitable applicants who can then be put in touch with officers (to be minuted). This would not prevent any applicant approaching officers directly under the grants policy. It is recommended that any such award is described as being a ‘Corporation of London Benevolent Association Grant’
- g) having regard to the wishes expressed and agreed to by the CRPC in transferring the funds from Signor Favale’s Marriage Portion Charity, that at least one grant made each year is described as “the Signor Favale Grant”
- h) the Community and Children’s Services Committee be given delegated authority to consider and award grants up to £10,000 in accordance with the charity’s funding policy, with decisions for grants over £10,000 and up to £20,000 being delegated to the Director of Community and Children’s Services in consultation with the Chairman and Deputy Chairman; and any decision over £20,000 being referred to the Committee
- i) a robust process of assessment and due diligence would remain in place in accordance with agreed City Corporation processes, to ensure that funds are awarded appropriately.

Reserves Policy

20. A charity will hold identified income in reserve in accordance with an agreed policy to support the charity’s financial resilience, protecting it against unexpected drops in income and ensuring that it is able to meet any

unexpected costs and expenses. The reserves policy adopted by a charity should be suitable to its aims, needs and objectives and the risks it faces.

21. The Chamberlain has undertaken an analysis for the CRPC and, to align to SORP good practice and support the charity being more active in pursuing its objectives, have recommended that the level of unrestricted funds be reduced from around £86,000 as at 31 March 2020 to around £10,000 by March 2025. The proposed level of reserves would be sufficient to cover anticipated administration and management costs for a 12-month period (subject to the funding policy adopted), and the approach is in line with generally acceptable reserves policies.
22. As Members will be aware, charities should not be ‘sitting on reserves’ but actively managing their unrestricted income funds to ensure that they are being properly applied to further the charity’s purposes. Adopting a five-year approach, subject to annual review, would also ensure that the charity can respond to any unexpected impacts on its income and expenditure over the five-year period. It should also be noted that, while the CRPC suffered some impact on the value of its investments towards the end of the last financial year (31 March 2020), it has now recovered to pre-February 2020 levels.
23. To increase the impact of the charity in supporting its beneficiaries, and should Members agree that it is in the interests of the charity to adopt a more strategic approach to funding activities, it is proposed that a total of around £300,000 of income be made available over a five-year period for expenditure on charitable activities. The charity’s income is expected to be around £35,000 per year.
24. A projected expenditure of around £300,000 over five years, from 2020 to 2025 (which includes around £16,000 already given to Age UK), would provide £256,000 for grants distribution, with the remainder meeting the costs of administration and management (including finance support, audit and grants management, and so on). Should this approach be adopted, this would involve expenditure of restricted (COLBA) funds, but a retention of around £169,000 to meet any applications that meet the COLBA conditions. By seeking to actively apply more of the charity’s income funds in a more impactful way, officers hope that this will enable the support of larger projects over longer periods to achieve maximum impact for beneficiaries.
25. The following table provides a summary of the changes to the charity’s fund balances should this approach be adopted by the trustee.

Amounts held	Unrestricted fund	Restricted fund	Endowment fund total	Total
	£	£	£	£
As at 31/03/2020	86,295	301,891	88,770	476,956
As at 31/03/2025	10,064	169,208	109,070	288,342

Conclusion

26. A charity trustee has an obligation to take relevant steps for their charity's good governance and administration, including keeping funding and reserves policies under review. The matters presented here for consideration by Members acting collectively for the City Corporation as trustee of the CRPC, support that outcome so that the charity achieves maximum impact for its beneficiaries from its available funds.

Appendices

- Appendix A – Stronger Communities: Criteria for funding
- Appendix B – Draft Reserves Policy

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