

Committee Education Board	Dated: 23rd July 2020
Subject Grant Report – City Educational Trust Fund (290840) & City of London Corporation Combined Education Charity (312836)	Public
Report of: David Farnsworth, The Chief Grants Officer and Director of the City Bridge Trust	For Decision
Report author: Jack Joslin, Head of Central Grants Unit	

Summary

The City of London Corporation is the sole corporate trustee of the following two small charities which operate to further education for the public benefit: the City Educational Trust Fund (290840) and the City of London Corporation Combined Education Charity (312836).

Following a review of the City Corporation's grant-making activities, the City Corporation, as trustee of each charity, has resolved that it is expedient and in the best interests of those small charities for their funds to be applied within the administrative framework of the City Corporation's new Central Grants Programme (CGP). Operating within the charitable objects of each charity, a policy has been set to guide the application of those funds under an 'Education and Employment' funding theme and this Sub-committee has been given delegated authority to make grants in accordance with the agreed eligibility criteria. Those policies remain under review.
(Appendix 1A & 1B)

The first closing date for the 'Education and Employment' theme grant applications under the Central Grants Programme for 2020 took place on 10th April 2020.

Recommendations

- To note the Central Grants Programme eligibility criteria.
- To note the budget and approve the closing of the Education and Employment Programme of the Central Grants Programme until April 2021.
- To approve the recommendation to reject all of the applications received to the April 2020 round of the Education and Employment Programme.

Main Report

Background

1. Following the corporate cross-cutting review of grant-making by the City Corporation in 2015/16, responsibility for the management of the City of London Corporation Combined Education Charity (Combined Education Charity) (312836) and the City Educational Trust Fund (290840) has been delegated to the Education Board, subject to consulting with the Community and Children's Services Committee as to any policy to be adopted for the application of each charity's funds, it being considered to be expedient and in the best interests of each charity that they be administered by the City Corporation as trustee through a centrally managed grant-making programme. The City Corporation, as trustee of each charity, in delegating the exercise of these functions also resolved that this sub-committee should be established with membership drawn from both Grand Committees and which takes grants decisions for each charity.
2. The current eligibility criteria for both charities, together with the charitable purposes of each, are provided at **Appendix 1A & 1B**.

Central Grants Assessment Process

3. The Central Grants Unit (CGU) grant assessment process draws on City Bridge Trust's expertise in the field of charitable grant-making and demonstrates good practice in the sector. Due diligence checks are undertaken by the CGU to ensure any application recommended for approval meets the proposed funding charity's objects and complies with the agreed eligibility criteria.
4. Recommendations to this Committee are based on an assessment of how well applicants have demonstrated that their application aligns with the relevant charity's criteria, the required evidence to support the application having been provided, and a satisfactory financial assessment carried out.
5. The Grant round was well advertised however the impact of the Coronavirus Pandemic meant that only 3 applications were received across both charities.
6. The deadline for applications received under the 'Education and Employment' theme of the CGP (second funding round) was 10th April 2020. All were assessed by the Central Grants Unit (CGU) overseeing the CGP in the period following the closing date. Only three applications were received but all three were deemed eligible for funding.

Education and Employment' Programme Budget

7. The tables below outlines the budget for the 'Education and Employment' programme for 2020/21 based on current income and income funds available as at 31 March 2020.

8. In July 2019 the Education Charity Sub-Committee agreed to close the subsequent round of the Education and Employment Programme as an overspend in a previous year had meant there were insufficient funds to support anymore grants within the year.
9. Both charities spend the investment income they receive each year, which is distributed in April and October. The Education Board can only approve grants on the basis of there being sufficient funds to support the costs of the projects and the administration fee charged by the CGU.
10. When the current grant programme was advertised earlier in the year it was predicted that there would be sufficient income available to support the costs of some of the applications received to the programme by the April deadline. During the assessment process it was highlighted that the deficit brought forward from 2018/19 and grants awarded in the year had to be covered by income received in 2019/20, which left a low balance in unrestricted income funds that were carried forward. As the charity cannot forecast the level of income due to be received in 2020/21 due to the impact of Coronavirus, it is unable to make grant commitments ahead of the next investment income distribution due in October. It is possible that this will not be sufficient to cover grant applications for the year. The tables below outlines the current position of both Charities.

City Educational Trust

	Unrestricted Income Fund
Balance b/f: 01/04/19	(£41,199)
Income	£142,593
Expenditure grants including admin fee	(£87,138)
Balance c/f: 31/03/20	£14,256
Total	£14,256

11. The charity holds expendable endowment funds of £3,754,044, which are held to generate future income for the activities of the charity. The majority of these funds are held as investments within the Charities Pool.

Combined Education Charity

	Unrestricted income fund
Balance b/f 01/04/19	396,459
Income	42,758
Charitable expenditure	(58,313)
Losses on investments	(69,549)
Balance c/f 31/03/20	311,459

12. The unrestricted income fund is held within current assets (£7,235 cash held) and investments (£304,121). In previous years, the trustee has only considered the cash balances as being available for expenditure.
13. The charity also holds expendable endowment funds of £617,490, which are held to generate future income for the activities of the charity. the majority of these funds are held as investments within the Charities Pool.
14. The financial position of this charity requires further investigation to understand the historic decision to place income funds in investments. The position of this charity will be investigated as part of the Corporate Charities Review and recommendations will be reported back to the Education Board.
15. The table below outlines the applications received, the amount of grants recommended and the anticipated balance or carry forward at the end of the year for each of the charities. The balance is based on expenditure from the Unrestricted Income Fund only.

Charity	No. of Applications	Amount Requested	No. Recommended	Amount Recommended	Balance
CET	2	£47,998	2	£47,998	-£33,732
<ul style="list-style-type: none"> Geffrye Museum (£23,072) - To develop, pilot and evaluate a digital learning resource for primary schools about home life today and in the past. 					
<ul style="list-style-type: none"> Education and Employers (£24,926) - Inspiring Transitions in London: improving employability of young people through interactions with volunteers from the world of work. 					
CEC	1	£10,000	1	£10,000	-£2,765 on Liquid Funds
<ul style="list-style-type: none"> Prisoners of Conscience Appeal Fund (£10,000) - A contribution towards the re-qualification costs of 4 London-based prisoners of conscience/refugees 					

16. Members should note that if any grants were awarded under the City Educational Trust then the charity would be overspent. The Combined Education Charity would be overdrawn on cash balances held as its income funds are held in non-liquid investments and cannot be accessed until October 2020. It is therefore recommended that the Education and Employment Programme closes for the rest of the financial year to ensure that both charities can build the income required to deliver meaningful grant programmes from April 2021 onwards.
17. The Committee is requested to approve the rejection of the three applications received, detailed above. The CGU will work with the applicants to identify other funding bodies to approach to support the work that was applied for.
18. The CGU will continue to support the work of the Corporate Charities Review. A further report will be brought to the Education Board with recommendations on both of these charities.

Active Education Grants

19. The CGU has contacted all current grant holders to offer reassurance and support during the Coronavirus Pandemic. Following the best practice adopted by CBT the CGU has offered flexibility on project start and end dates and accepted changes to delivery models that adhere to the social distancing guidelines. Due to the Furlough scheme being in place it has not been possible to contact all of the funded partners. The CGU will continue to monitor all its active grant portfolio and offer support and advice where required.

Conclusion

20. This report asks Members responsible for discharging the City Corporation's grant-making functions as charity trustee of the Combined Education Charity and the City Educational Trust Fund, to recommend the three applications received for rejection in light of the diminished budget available to distribute in grants.

Appendices

Appendix 1A &1B	Eligibility Criteria – The City of London Corporation Combined Education Charity and the City Educational Trust Fund
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Background Papers

- Report and Minute of the Community and Children's Services Committee, 09 February 2018.
- Report and Minute of the Education Board, 08 March 2017.

Jack Joslin

Head of Central Grants Unit

T: 020 7332 3712

E: jack.joslin@cityoflondon.gov.uk