

Committee	Date
Finance and Estates Sub Committee of the Board of Governors of the City of London School for Girls	16 September 2020
Subject: COVID-19 – impact on investment income in the School’s Bursary Fund charity	Public
Report of: The Chamberlain	For Information
Report author: Nick Basye, Senior Accountant (Chamberlain’s Department)	

Summary

At the Board of Governors meeting on 8 June 2020 a Member asked whether, due to the ongoing pandemic, there was a risk that income from investments in the City of London’s Charities Pool may decline. This report advises that there is not anticipated to be a material impact on the overall income to the charity due to the Coronavirus (COVID-19) pandemic.

Main Report

Is there a risk that income from investments in the Charities Pool may decline and what impact would this have on the performance of the charity?

1. The draft accounts of the School’s Bursary Fund charity (presented elsewhere on the agenda today) show that 14.7% and 16.1% of the charity’s income was derived from investments in the City of London Charities Pool in 2019/20 and 2018/19 respectively, as set out in the table below:

	2019/20		2018/19	
	£	% of total	£	% of total
Income and endowments from:				
Voluntary income	902,211	85.0%	776,896	83.7%
Investment income	155,820	14.7%	149,586	16.1%
Interest	2,426	0.2%	2,068	0.2%
Other	500	0.1%	-	-
Total income	1,060,957	100.0%	928,550	100.0%

2. The City of London’s fund manager is anticipating that investment income from the Charities Pool will reduce in 2020/21, currently estimated at a reduction of 24%, as a result of the economic impacts of the COVID-19 pandemic, in particular as many corporations are not anticipated to pay dividends to shareholders in the short-term. This level of reduction in investment income would see income reduce by £37,000 in 2020/21, which is not anticipated to have a material impact on overall income of circa £950,000 per annum or the financial viability of the charity.

3. The draft charity accounts for 2019/20 show that a loss of £755,689 was incurred on investments held by the charity in the Charities Pool, reducing the value of investments from £4,060,137 as at 31 March 2019 to £3,304,448 as at 31 March 2020. This loss represents the fall in value of shares on the UK Stock Market during the year to 31 March 2020, which is largely attributed to the ongoing pandemic but it should be noted that this is a notional loss, which would materialise only if the funds were disinvested from the Charities Pool and there was no recovery of the value of the investments. The City's investment consultant is not advising the City's charities to disinvest funds at this time as it anticipates that the value of investments will recover, along with the UK economy, over the coming months and years.
4. The Treasury section within Chamberlain's Department will calculate a mid-year valuation to 30 September 2020 on investments held by the City's charities in the Charities Pool. This update will be provided to Members when available.

Contact:

Steven Reynolds

Group Accountant, Chamberlain's Department

T: 020 7332 1382

E: steven.reynolds@cityoflondon.gov.uk