

Committee: Board of Governors of the City of London School	Date: 9 June 2021
Subject: The charging of administration costs and external audit fees to the CLS Bursary and Awards Fund charity from 2021/22 and updates to the reserves policy of the charity to reflect this change	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and / or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Decision
Report author: Nick Basye, Senior Accountant (Chamberlain's Department)	

Summary

This report sets out that the City Corporation, as trustee of CLS Bursary and Awards Fund, has chosen to exercise its right to be reimbursed for legitimate and reasonable costs and expenses properly incurred while undertaking its duties on behalf of the charity from 2021/22. These charges comprise the costs of administering the charity (2021/22 estimate: £5,528) and external audit fees (2021/22 estimate: £2,500).

This report also proposes that the reserves policy of the charity is revised to provide for these costs going forwards.

Recommendations

1. Members note that, following a change in policy approved by the Finance Committee, the City of London Corporation will begin recovering the external audit fees and administration costs incurred from those charities, including the School's charity, from 2021/22 onwards; and
2. Members revise the reserves policy of the School's charity to provide for these costs going forwards.

Main Report

Costs incurred by the City Corporation as trustee of the charity

1. Following a report to Finance Committee which was approved on 16 February 2021, starting from financial year 2021/22, the City Corporation, as Trustee, will change its policy so that Sundry Trust and Open Spaces charities, including the charity associated with the School, should bear the legitimate and reasonable costs and expenses incurred by the City Corporation in administering each charity as trustee. This will result in the costs of administration and the external audit fees being recharged to the CLS Bursary and Awards Fund charity. The initial estimates of the amounts are as set out below and will be subject to annual review:

Charity Name	Charity registration Number	Estimated costs 2021/22 £		
		Chamberlain's Department administration cost	External audit fee	Total
CLS Bursary and Awards Fund	276654	5,528	2,500	8,028

Proposed amendments to the reserves policy of the charity

2. Linked to the above, it is proposed that the reserves policy of the charity will be revised for the 2021/22 financial year to ensure full compliance with the Charities Statement of Recommended Practice (SORP). The revised policy should reflect the costs expected to be reimbursed by the City Corporation as trustee and it is recommended that it is amended as follows (with additions shown in bold):

“The reserves policy is to maintain the restricted and 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 objectives of the charities. The Trustee also has the discretion to distribute the expendable endowment, in addition to the to the unrestricted fund and restricted fund, as bursaries, prizes and other forms of financial assistance should they deem this is appropriate. **The free reserves of the charity are held to cover working capital needs. The trustee believes that an amount of £8,028 should be held at present, representing 12 months of administration and external audit fees, which will be subject to annual review.**”

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