

<b>Committee:</b> Board of Governors of the City of London Freeman's School	<b>Date:</b> 23 September 2021
<b>Subject:</b> Investment of Cash Held by the Charities Associated with City of London Freeman's School	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	3, 4, 8
<b>Does this proposal require extra revenue and / or capital spending?</b>	N/A
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	Funding is detailed in the report
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	Yes
<b>Report of:</b> The Chamberlain The Bursar of the City of London Freeman's School	<b>For Decision</b>
<b>Report author:</b> Nick Basye, Chamberlain's Department	

### Summary

This report notifies Members that the draft cash balance as at 1 April 2021 was £301,231 in the charity City of London Freeman's School Bursary Fund and £15,803 in Charities Administered ICW City of London Freeman's School. This report considers whether these are sufficient cash balances to prevent the funds of the charities becoming overdrawn during the coming year, which would incur interest charges, or whether there is surplus cash available which would be better invested in the Charities Pool.

The School has estimated the levels of expenditure in 2021/22 and considers that the available cash balances are higher than what is required and recommends that the excess balances are invested in the City of London Charities Pool on 1 October 2021.

### Recommendation

The Board of Governors is requested to agree to invest in the City of London Charities Pool £164,306 of the available cash balance of City of London Freeman's School Bursary Fund and £8,415 of the available cash balance of Charities Administered ICW City of London Freeman's School on 1 October 2021.

### Main Report

1. This report asks Members if they wish to make a further investment in the Charities Pool from the available cash balance held by the charities City of London Freeman's School Bursary Fund and Charities Administered ICW City of London Freeman's School, or a disinvestment from the Charities Pool should the cash balances be deemed insufficient. The draft cash balances held as at 1 April 2021, subject to audit, were £301,231 and £15,803 respectively and the level of funds already invested in the Charities Pool at the same date were £1,166,260 and £205,514 respectively.

2. The City of London Charities Pool offers charities linked to the City of London the opportunity to obtain better returns than could generally be achieved if investments were made individually or through interest on cash balances, enabling the charities to maximise their activities for the public benefit, with a focus on maximising long-term gains. Investment income paid by the Charities Pool in 2020/21 was 5.08% compared to interest paid on cash balances of 0.75%. Charities have two opportunities each year to invest funds, namely 1 April and 1 October.
3. A summary of the accounts of the charities for the last three years are shown below.

**Charity 1:** City of London Freeman's School Bursary Fund (charity number 284769)

	<b>Draft 2020/21 £</b>	<b>2019/20 £</b>	<b>2018/19 £</b>
Income	269,068	295,121	86,105
Expenditure	(36,549)	(42,197)	(32,029)
<b>Net income/(expenditure)</b>	<b>232,519</b>	<b>252,924</b>	<b>54,076</b>
<b>Cash balance 31 March</b>	<b>301,231</b>	<b>195,152</b>	<b>82,369</b>
Purchase of Charities Pool units	(164,306)	(93,079)	(42,366)
<b>Remaining cash balance</b>	<b>136,925</b>	<b>102,073</b>	<b>40,003</b>

**Charity 2:** Charities Administered (ICW) City of London Freeman's School (charity number 312120)

	<b>Draft 2020/21 £</b>	<b>2019/20 £</b>	<b>2018/19 £</b>
Income	15,065	14,549	14,066
Expenditure	(6,808)	(7,676)	(7,681)
<b>Net income/(expenditure)</b>	<b>8,257</b>	<b>6,873</b>	<b>6,385</b>
<b>Cash balance 31 March</b>	<b>15,803</b>	<b>14,239</b>	<b>13,701</b>
Purchase of Charities Pool units	(8,415)	(6,693)	(6,335)
<b>Remaining cash balance</b>	<b>7,388</b>	<b>7,546</b>	<b>7,366</b>

4. It is recommended that sufficient cash is retained by the charities to cover a year's expenditure.
5. Annual expenditure from the CLFS Bursary Fund averaged £36,925 over the last three years, which is £264,306 below the available cash balance of £324,037. However, as advised by the School's Bursar, the recommended cash investment is

lower at £164,306 as it is anticipated that there will be higher than average expenditure in 2022/23.

6. Annual expenditure of Charities Administered (ICW) City of London Freeman's School averaged £7,388 over the last three years, which is £8,415 lower than the available cash balance. The recommended level of investment in the Charities Pool as at 1 October 2021 is therefore £8,415 from Charities Administered (ICW) City of London Freeman's School.

### **Next Review of Cash Balances**

7. The next review of the cash balance of the charities will be presented to the Board of Governors in summer 2022, which will be in time to meet the 1 October 2022 deadline for investment or dis-investment in the Charities Pool should this be required.

### **Contacts**

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