

Committee: Education Charity Sub-Committee	Dated: 12 th December 2016
Subject: Development of Policy to Guide Application of charitable funds – City Educational Trust Fund, Combined Education Charity	Public
Report of: Chief Grants Officer	For Decision
Report author: Scott Nixon, Central Grants Unit	

Summary

Following the recent cross-cutting service based review of grant-making by the City Corporation, the 'Education and Employment' funding theme, which forms part of the new Central Grants Programme (CGP), opened to applications on 15th August 2016.

The two charities providing funding through this theme are the City Educational Trust Fund (290840) and The City of London Corporation Combined Education Charity (312836).

It was agreed by Members of Community and Children's Services Committee and Education Board that the existing eligibility criteria for both charities would remain in place until March 2017, but that the criteria would be reviewed by the Education Charity Sub-Committee for recommendation to the Education Board for approval. It was also agreed that the revised policy to guide the application of funds for each charity be implemented for the 2017/2018 funding cycle. It was recognised that there was the possibility for alignment of the activities of the charities with the City of London Corporation's Education Strategy 2016-2019. This paper provides background to inform Members' discussion noting that decisions must be taken in the best interests of each charity.

Recommendations

It is recommended to Members that they:

1. Consider the charitable objects of the City Educational Trust Fund (290840) and The City of London Corporation Combined Education Charity (312836), and the funds available for distribution in each case;
2. Consider the evidence of need within each charity's beneficiary class and make recommendations to the Education Board, which are in the best interests of each charity, as to the policy criteria which should be adopted for each charity to guide the effective application of charity funds;
3. To instruct officers to prepare a revised policy and application criteria for each charity for recommendation to the Education Board.

Main Report

Background

1. On 19 May 2016, the Policy and Resources Committee agreed that the Education Board be appointed as the Grand Committee responsible for managing the City Educational Trust Fund (290840) and The City of London Corporation Combined Education Charity (312836) ("Combined Education Charity") The City Corporation is the sole corporate trustee of each charity and administers each charity in accordance with its usual procedures, which involve delegating the exercise of those trustee functions to various committees (and sub-committees) of the Court of Common Council.
2. Those trustee obligations remain with the City Corporation and individual elected Members of the Court sitting as members of the Committees and sub-committees with responsibility for each charity are not themselves trustees. However, by virtue of their membership of the relevant Committee or sub-committee Members have a duty to support the City Corporation in the exercise of its duties as trustee by faithfully acting in accordance with the terms of reference of the relevant Committee and the City Corporation's corporate governance framework, and thereby in managing each charity's affairs on the City Corporation's behalf to support the City Corporation's compliance with its trustee duties.
3. At the July 2016 Education Board Members agreed that the existing eligibility criteria for the Combined Education Charity and City Educational Trust Fund would remain in place until March 2017. The Education Board also agreed that Education Charity Sub-Committee review the funding criteria and to consider how it may be possible to align the activities of each charity with the City Corporation's Education Strategy which has been adopted by the Common Council. It was also agreed that any revised policy and criteria should be implemented before the 2017/2018 funding cycle.
4. The charitable objects, or purposes, of each charity are set out at **Appendix 1** and each charity operates to further education for the public benefit. There is some overlap in the purposes of each of the charities to which this report relates, and in the persons who may benefit from each charity. The City Corporation as trustee of each charity must be able to demonstrate that it is carrying out the charity's purposes for the public benefit, whether the general public or a sufficient section of the public. A charity's trustee, in this case the City Corporation (acting by this sub-committee), must ensure that decisions are taken in the best interest of each charity, and they must exercise independent judgement in doing so. A charity's trustee has an obligation to keep the charity's activities and expenditure under review and should regularly consider whether there are more effective ways of furthering their charity's objects.
5. Each charity has relatively small sums available for distribution, and holds some income in unrestricted funds which are available for distribution (which may reduce subject to grant decisions arising elsewhere on your agenda

today and which include the deduction of management fees, as referred to in paragraph 6): City Educational Trust Fund:- 2016/17 – £82,053, 2017/18 (estimated) £82,000. Combined Education Charity: - 2016/17– £25,168; 2017/18 (estimated) –£25,000.

6. In the past the City Corporation has met the costs of administering the charities from its own funds. Following the cross-cutting review of grant-making the City Corporation has resolved that the costs of administering these charities should be met by each charity. This is a permissible expenditure, but a responsible trustee should look to adopt an administrative and management framework which is efficient and effective to support maximum expenditure of funds to further the charity's aims, rather than on unnecessary administration. Therefore, the policy and criteria to be adopted going forward should, noting the small sums of money available for distribution, factor in these considerations. It is also noted that the City Corporation has resolved to keep the management charges under review as the new Central Grants Programme beds in. These have been agreed up to a threshold of 12 % of income available for distribution from each charity.
7. A financial overview of both charities is included in **Appendix 2**. This includes details on the;
 - Current financial position of both charities, including a 5 year overview of the investment income generated.
 - Applications that were approved by the Combined Education Charity in 2015-2016;
 - Grants approved between 2014-2016 by the Finance Committee or Finance Grants Sub-Committee which utilised funding from the City Educational Trust Fund;
8. The current eligibility criteria for both charities are provided at **Appendix 3 & 4**. These criteria are no longer considered to provide the most effective framework to guide the application of each charity's limited funds. In particular, experience of distribution under those criteria has demonstrated that distribution of small grants is resource intensive, the programmes have not been particularly cohesive, and therefore it has been difficult to assess the impact of each charity's activities.
9. The City Corporation has a long history of undertaking various and diverse educational functions and activities, and the two charities (or in the case of the Combined Education Charity, their predecessor funds) were established under the administration of the City Corporation consistent with the organisation's general interest in promoting and supporting education at all ages.
10. The City Corporation has taken active steps in recent years to analyse and assess its work in education and to identify how it can do more to address educational need and to enhance educational provision and opportunities. It has recently agreed an Education Strategy 2016 – 2019 which is provided at **Appendix 5** and was agreed by the Court of Common Council following

research and consultation with stakeholders. The Education Strategy's three strategic objectives are listed below.

- Strategic Objective 1 - We will ensure that the City Corporation's outstanding cultural and historical resources enrich the creative experience of London's learners.
- Strategic Objective 2 - We will ensure that all existing education providers are deemed 'outstanding' within three years and that there is continued development of excellent further, adult and higher education opportunities. Any new school, academy or other providers will be expected to be judged 'outstanding' within three years of joining the City Corporation's education portfolio.
- Strategic Objective 3 - We will ensure that young Londoners in the City's schools and beyond have access to the information, advice and experiences that will help them into fulfilling careers.

Proposals

11. Members have already recognised that there is a possibility for alignment of the activities of the charities with the City of London Corporation's Education Strategy 2016-2019 going forward to leverage more impact from the charities' funds and to reduce costs of charity administration. In setting the policy to guide the application of each charity's funds the City Corporation as trustee will need to take its decisions in the best interests of each charity.
12. Having regard to the small sums available for distribution from each charity, officers would recommend that the City Corporation as trustee in each case adopts a common policy which would reduce the costs of administration. Officers would also recommend that Members consider either adopting a very light –touch grants assessment process for small grants up to £5000; or alternatively that larger grants of around £25,000 are awarded from each charity with suitable due diligence (and the number of sub-committee meetings adjusted accordingly), thereby reducing the costs of administration.
13. Officers have identified areas of commonality in the charitable purposes of the two charities, which educational aims, it is recommended, could be furthered by aligning an educational grants programme with the City Corporation's historic and cultural offer. Specifically, funding could be provided in a complementary (and more integrated/structured way) to access that provision or to enhance learning and teaching associated with that provision; and could also focus on enhancing teaching in, and stimulating participation in, STEM subjects, for example. It is suggested that the programmes are opened to both maintained and academy primary schools in Greater London in the case of the City Educational Trust Fund and, in the case of the Combined Education Charity, maintained and academy secondary schools in Greater London. Grants could be provided to fund equipment and materials, as well as travel and teaching costs.

Conclusion

14. Members are invited to discuss the proposals and instruct officers to work up criteria to inform the new policy to guide grant-making from each charity to recommend to the Education Board for approval, noting that the Community and Children's Services Committee may also wish to comment prior thereto, as provided under their Terms of Reference.
15. Any policy must not be unduly restrictive and must benefit a sufficient part of a charity's beneficiary class to ensure the charity's activities are furthering the charity's objects/purposes for the public benefit. The policy and procedures developed should also support the efficient and effective operation of the relevant charity so the charity's funds are applied to achieve the charity's purposes.

Background Papers

- (a) Policy and Resources Committee (Item 10), 17 March 2016.
- (b) Court of Common Council (Item 22, referred from the Education Board), 21 April 2016.
- (c) Education Board (Item 8), 12 May 2016.
- (d) Community and Children's Services Committee (Item 9), 13 May 2016.
- (e) Community and Children's Services Committee (Item 9), 8 July 2016.
- (f) Education Board (Item 10), 21 July 2016.

Appendices

Appendix 1: Objects of the Combined Education Charity and the City Educational Trust Fund

Appendix 2: Financial Overview

Appendix 3: Current Combined Education Charity, eligibility criteria

Appendix 4: Current City Educational Trust Fund, eligibility criteria

Appendix 5: Education Strategy 2016-2019