

Birmingham City Council
Trusts and Charities Committee

13 November 2023



Subject: Overview and Update on Accounts for Birmingham Municipal Charity

Commissioner Review

Cleared without comment.

Birmingham City Council

Trust and Charities Committee

13th November 2023



Subject: Overview and Update on Accounts for Birmingham Municipal Charity

Report of: Director Group & Capital Finance

Report author: Alison Jarrett

Does the report contain confidential or exempt information? Yes No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:

1 Executive Summary

To present to Committee the draft statement of financial activities for Birmingham Municipal Charity (BMC) for the year ended 31 March 2022 and to discuss and approve an update to the process for access to support.

2 Recommendations

That Committee:

- 2.1 Acting on behalf of the Council as Trustee is recommended to note the draft statement of financial activities as set out within Appendix 1 of this report for the year ended 31 March 2022 and the year ended 31 March 2023.
- 2.2 To give authority to the Chair of the Committee to approve the final set of accounts, subject to no material changes, and approve submission of confirmed statement to Charities Commission.
- 2.3 Acting on behalf of the Sole Corporate Trustee authorises Council Officers to submit all appropriate and necessary documentation to the Charity Commission in respect of recommendation 2.2.
- 2.4 Notes the current process for access to support from the Charity and consider any proposed updates and changes to this.
- 2.5 Authorises the Director of Legal Services (or delegate) to prepare, execute and complete all necessary documentation to give effect to the above decisions.

3 Background

- 3.1 The Birmingham Municipal Charity was established by a Trust deed dated 9 June 2011 by Birmingham City Council and is a charitable trust.
- 3.2 The charitable objects of the Birmingham Municipal Charity are “to fund general charitable activity for the benefit of the citizens of the Birmingham.”
- 3.3 As referred to above, it is a requirement for all trusts that are registered with the Charity Commission to compile and submit annual audited accounts to the Commission ten months after the end of the financial year. The Charity Commission’s threshold for allowing Trustees to obtain an Independent Examination rather than a full audit is an annual income of £25,000 provided that if its gross income is more than £250,000, its gross assets (fixed assets plus current assets) are £3.26 million or less.
- 3.4 No independent examination was required for BMC for the year ended 31 March 2022 as the total annual income for the financial year was £22,551. The draft outturn for 31 March 2023 similarly does not meet the criteria for independent examination however as the council’s annual accounts for 2021/22 and 2022/23 are not yet closed, the accounts for the Charity cannot yet be closed. Once the Charity’s accounts are confirmed they will be submitted to the Charity Commission.
- 3.5 The Charity and its application process does not have a presence on the Council’s own website. Applications received in recent years are generally by word of mouth.
- 3.6 Once an enquiry is made an application form is sent to the organisation or individual to complete, help can be made available to do this. The returned application is then scrutinised, the applicant or their care representative is asked for supporting information and a summary of the request presented to the Trusts and Charities Committee, or a BMC sub-Committee, for decision. There are a number of audit checks and evidential requirements built into the process.
- 3.7 Funds are normally paid via a BCC link, perhaps a social worker or school, or on submission of paid receipts and bank evidence of payment. Once funds are paid/used the applicants are required to report on the outcome of the support and the benefit to the applicant and/or citizens of Birmingham.
- 3.8 The BMC Application conditions and terms of funding are provided at appendix 2 and the Committee is asked to consider whether any material updates are required to the scheme conditions and how, acting on behalf of the Sole Corporate Trustee, the Committee wishes to manage the access routes to the Charity.

4 Options considered and Recommended Proposal

- 4.1 It is a Charity Commission requirement to compile annual accounts and statements of financial activity. Should the accounts meet the threshold for

independent examination or audit then those services would be commissioned from outside of the Council. The council as Trustee wishes to comply with this requirement.

- 4.2 There is no set format or requirement for the terms and conditions of the Charity and the Committee is able to consider whether an update is required. There are some Charity Commission exclusions however and options to include items such as, for example, political support would be turned down by officers on these grounds.
- 4.3 The Committee is recommended to note the BMC draft statements of financial activity and, subject to no material adjustment arising from the BCC audit of accounts, delegate authority to the Chair to approve and sign the final BMC financial statements, subject to no material changes and request that officers submit the statements to the Charities Commission.

5 Legal Implications

- 5.1 The City Council acts as Sole Trustee for a number of charitable and non-charitable trusts and has delegated the management of these Trusts to the Trusts and Charities Committee, which includes approving the Accounts for any relevant charitable trust. Charitable trusts are regulated by the Charity Commission.
- 5.2 Charity Trustees must also comply with Charities Act 2011, Trustee Act 2000, other relevant legislation and guidance issued by the Charity Commission. The assets of a charity must be used in accordance with charitable law, failing which this will give rise to a breach of trust. Legal sanction can follow from either the beneficiaries of the charitable trust and/or Charity Commission. Decisions made by the charity must be expedient in the interests of the charity at all times.
- 5.3 The Committee has empowered officers within the Council to discharge certain functions on its behalf as Council Trustee.

6 Financial Implications

- 6.1 The draft statements of financial activity for Birmingham Municipal Charity are presented at appendix 1. The Charity holds a balance in excess of £760,00 (subject to any fees arising during finalisation of accounts). Should there be any material adjustments to the draft figures as a result of Birmingham City Council audit work then the accounts will be re-presented to Committee for approval.
- 6.2 There is no direct impact on the council's general fund arising from the content and decisions within this report.

7 Appendices

- 7.1 Appendix 1 Draft Statements of Financial Activity for the year ended 31 March 2022 and 31 March 2023.
- 7.2 Appendix 2 BMC Application Form

APPENDIX 1

Birmingham Municipal Charity

DRAFT Statement of Financial Activities for the Year Ended 31 March 2022 & 31 March 2023

| | Funds 31 March '22 £ | Draft 31 March '23 |
|---|----------------------------|-----------------------|
| Incoming Resources | | |
| Bank & Investment Interest | 22,551 | 11,408 |
| Donation | | 727 |
| Total Incoming Resources | 22,551 | 12,135 |
| Resources Expended | | |
| Grants payable in furtherance of the Charity's objectives | 6,118 | |
| Administration Fees | - | - |
| Governance Costs | | |
| Independent Examination Fees | Tbc | Tbc |
| Total Resources Expended | 6,118 | 0 |
| Net Incoming Resources | 16,433 | 12,135 |
| Other Realised and Unrealised Losses | - | - |
| Total gains/(losses) on investments | | |
| Net Movement in Funds | <u>16,433</u> | <u>12,135</u> |
| Reconciliation of Funds | | |
| Balance of Fund Brought Forward at 1 April 2021 | 734,218 | 750,651 |
| Balance of Fund Carried Forward at 31 March 2022 | 750,651 | 762,786 |

Balance Sheet as at 31 March 2022

| | Funds 31 March '22 £ | Provisional 2023 |
|-----------------------------|----------------------------|---------------------|
| Current Assets | | |
| Debtors | | |
| CCLA – COIF Investment Fund | 640,205 | 640,205 |
| Cash at Hand/Bank | 110,445 | 122,580 |
| Total Net Assets | 750,651 | 762,786 |
| Represented by: | | |
| Funds | 750,651 | 762,786 |

Birmingham Municipal Charity Grant Application Form

Name of Applicant:

Name of Organisation:

Project Name:

Address:

Post Code:

Tel: No.: Fax No.: N/A

Email Address

Charity No (if applicable):

Details of Applicant

Please provide brief background details of your organisation (if there is insufficient space available details then can be provided on a separate sheet of paper)

WHAT IS THE APPLICANT APPLYING FOR

HOW WILL THE ITEM (S) REQUESTED ASSIST IN THE USER'S CONDITION/SITUATION?

(Please give as much detail as possible in support of your application; you may continue on the back of this Form)

1. Project Details

Provide Details of request for funding including costs and confirmation and details of other contributions to support the project (If insufficient space please provide details on a separate sheet of paper)

2. Public Benefit

How will the funds provided benefit the citizens of Birmingham? (If insufficient space please provide details on a separate sheet of paper).

3. Have you previously applied for Grant Funding?

Have you applied for grant funding to the Birmingham Municipal Charity or any other Birmingham City Department in the last 2 years and if so, what was the final outcome? (If insufficient space please provide details on a separate sheet of paper).

4. Other Sources of funding

In respect of this request for grant funding, have you applied or sought funding from any organisation other than Birmingham Municipal Charity? (If insufficient space please provide details on a separate sheet of paper)

5. Please provide a copy of your organisations latest audited accounts.

PLEASE ENSURE EVERY SECTION OF THIS FORM IS COMPLETED ACCURATELY AS ANY OMISSIONS MAY DELAY THE APPLICATION PROCESS BY THE FORM BEING RETURNED.

Please Return Completed Form to:

**Grants Secretary
Birmingham Municipal Charity
Corporate Resources Directorate
10 Woodcock Street
Finance (WS)
PO Box 16306
Birmingham
B2 2XR**

Enquiries: 0121 675 0482

Please feel free to add any additional information that you feel is relevant to the applicant on a separate sheet of paper.

Funding Criteria

The trusts objectives are of a general charitable nature for the benefit of the citizens of Birmingham.

- 1. Grants to be awarded to recipients or beneficiaries who reside within the boundary of the City of Birmingham up to the value of £10,000.**
- 2. Evidence of tangible “public benefit” to be demonstrated in the Application Form.**
- 3. Grant Applications will be presented to Trusts and Charities Committee for Approval.**
- 4. Funding letter to be forwarded to successful applicants.**
- 5. Applicants to sign offer of funding agreement.**
- 6. A narrative report to be submitted once the grant provided has been defrayed, confirming the use of funds and public benefit.**
- 7. Grants awarded to be defrayed in the financial year or within 6 months of approval of funding, unless agreed otherwise.**
- 8. Spend is for the benefit of the citizens of Birmingham.**
- 9. Documentary evidence of spend must be provided.**

NOTES (Internal Purposes Only)

Assessment – AJ – 01/04/22

See separate document

| Criteria | Commentary | Further info |
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