

**The Henry Smith Education Charity
Registered Charity 527395**

**Civic Centre,
Hartlepool,
TS24 8AY**

Allocation of Grants - Policy and Procedure

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**Dr John Moore
Chair of The Henry Smith Education Charity**

Amendment Record

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Allocation of Grants -Part 1 -Policy

1. Policy Objective

The Charity Commission strongly recommends that charities have a clear management policy and procedures. The charity should have a structured approach to management that is appropriate for its size and complexity and note the uncertainty surrounding events and their outcomes that may have a significant impact, either enhancing or inhibiting, on any area of the charity's operations.

Henry Smith Educational Charity (HSEC) Charitable objects

The Charity has been in existence for many years – the latest scheme registered with the Charity Commissioners is dated 29 March 2004, number 527395. It was amended such that the area of benefit was extended to cover the Borough of Hartlepool as constituted on 01 April 1967. Previously Hartlepool and West Hartlepool were separate boroughs and the charity only covered Hartlepool.

The aims and objectives of the Charity are -

“To promote the education of persons under the age of 25 who are in need of financial assistance and are resident in the area of benefit”

and this policy sets out the factors to be considered.

2. What controls should be in place for the authorisation of expenditure on grants?

The Charity Commission Guidance note CC8 *‘Internal financial controls for charities’* states charities that make grants to individuals or organisations should take steps to ensure that their grant payments further their charitable purposes and that the funding is used appropriately by recipients.

The commission recommends that controls over grant making should include:

- the development of grant-making policies setting out the conditions and any restrictions applying to grants awarded. Policies may set priorities for activities or projects to be funded
- procedures for the review and approval of grant applications. Controls should include checks on the integrity of organisations or individuals to be funded and manage the risk of inappropriate payments
- ensuring that grants are made in line with the objectives and policies of the charity.
- ensuring that funding is used by the recipients for the purposes for which it was given
- establishing monitoring procedures to ensure grants have been used for the agreed purposes

The Charity Commission has issued guidance on *‘Protect your charity from fraud and cyber-crime’* and notes two issues that may affect grants -

- Grant recipients not spending grant funds on purposes intended, or keeping funds for personal use, and falsifying records to support false claims.
- falsifying receipts.

3. Financial Aspects

The Charity Commission Guidance note CC19 '*Charity reserves: building resilience*' explains:

- what the trustees' duties are towards the interests of their charity
- what is meant by the term 'reserves'
- the importance of a reserves policy
- how to develop a policy on reserves for smaller and larger charities
- how trustees must report their reserves policy in their annual report in a way that meets the requirements of the Charities Statement of Recommended Practice (SORP) (FRS 102) and the requirements of the Regulations

Essentially, the interest obtained from capital invested is regarded as unrestricted funds and can be used for charitable purposes but the capital itself is deemed restricted funds and may only be used with the express permission of the Charity Commission. Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes.

The Charities SORP requires a statement of a charity's reserves policy within its annual report. In addition, if a charity operates without a reserves policy, the regulations require this fact to be stated in the annual report.

The Henry Smith Education Charity has, over the last few years, delivered a strategy to remove legacy liabilities and thereby reduce annual expenditure through, by example, the sale / transfer of land to Hartlepool Borough Council and Headland Parish Council and a long term lease of the Friarage Field to the Boys Brigade Old Boys Rugby Football Club who are now responsible for the maintenance of the field and surrounding wall. This has relieved HSEC of ongoing insurance and maintenance costs such that, at present, all the interest from capital may be considered as unrestricted funds.

As the allocation of grants will be limited by the amount of interest received each year, it would seem that HSEC could operate on a 'no reserves' policy. However, it may be prudent to reserve say £500 to cover unexpected costs associated with the running of the Charity or to cover emergency grants late in the financial year,.

4. Appeals

The Charity Commission Guidance note CC27 '*It's your decision: charity trustees and decision making*' The guidance explains in detail how charity trustees should approach making decisions affecting their charity

These are the principles that the courts have developed for reviewing decisions made by trustees. Trustees must:

- act within their powers
- act in good faith and only in the interests of the charity
- make sure they are sufficiently informed
- take account of all relevant factors
- ignore any irrelevant factors
- manage conflicts of interest
- make decisions that are within the range of decisions that a reasonable trustee body could make

They must be able to show how they have followed these principles and this will generally be done by recording details in the minutes. The level of detail should be in proportion to the significance and potential impact of the decision. Such information will be invaluable in the case of appeals against approval or rejection of a grant application.

Allocation of Grants -Part 2 -Procedure

1. Procedure Objectives

The purpose of this procedure is to identify a process for –	section
• timescales	2
• the unrestricted funds that are available for grants	2
• what funds should be kept in reserve and for what purpose	2
• the criteria for a grant	3
• the information required on the application form	3
• a recommendation from school, college or training establishment	3
• the selection process	4
• application accepted or rejected	4
• applicant informed of decision and any conditions	4
• review any appeals against decision	4
• confirmation applicant is regularly attending education establishment	4
• feedback from applicant on benefits of grant	5
• report to trustees	5
• report to Charity Commission	5

2. Timescales and Funds

The Charity's income is primarily the interest on the capital held by Hartlepool Borough Council who are the custodian of the Charity. This is calculated at the end of each financial year and therefore should be available in April.

Likewise, the Charity's financial statement showing the income and expenditure for the previous year and the anticipated income and expenditure (excluding grants) should be available in April although it won't be approved until the next formal meeting of the Charity. The formal meeting should be able to give guidance as to whether the Charity will (a) need to have some reserves; (b) be able to give grants and, if so, the amount of money available for grants.

The Charity's aims are related to the education of young people and there is, therefore, a strong link to the academic year which starts in September but it is recognised that financial assistance could be sought at any time.

It is considered that the more significant costs to young people may be associated with the changes –

- from primary to secondary education
- from secondary to further education
- into training or apprenticeships

and these are more likely to occur just before the start of the academic year in September. However, such changes – particularly before further education or training / apprenticeships – may be dependent on examination results which are normally issued mid and late August.

A suggested timetable for the payment of grants is shown in Figure 1. Separate special meetings of the Charity may be held during July and/or August to review and process the applications.

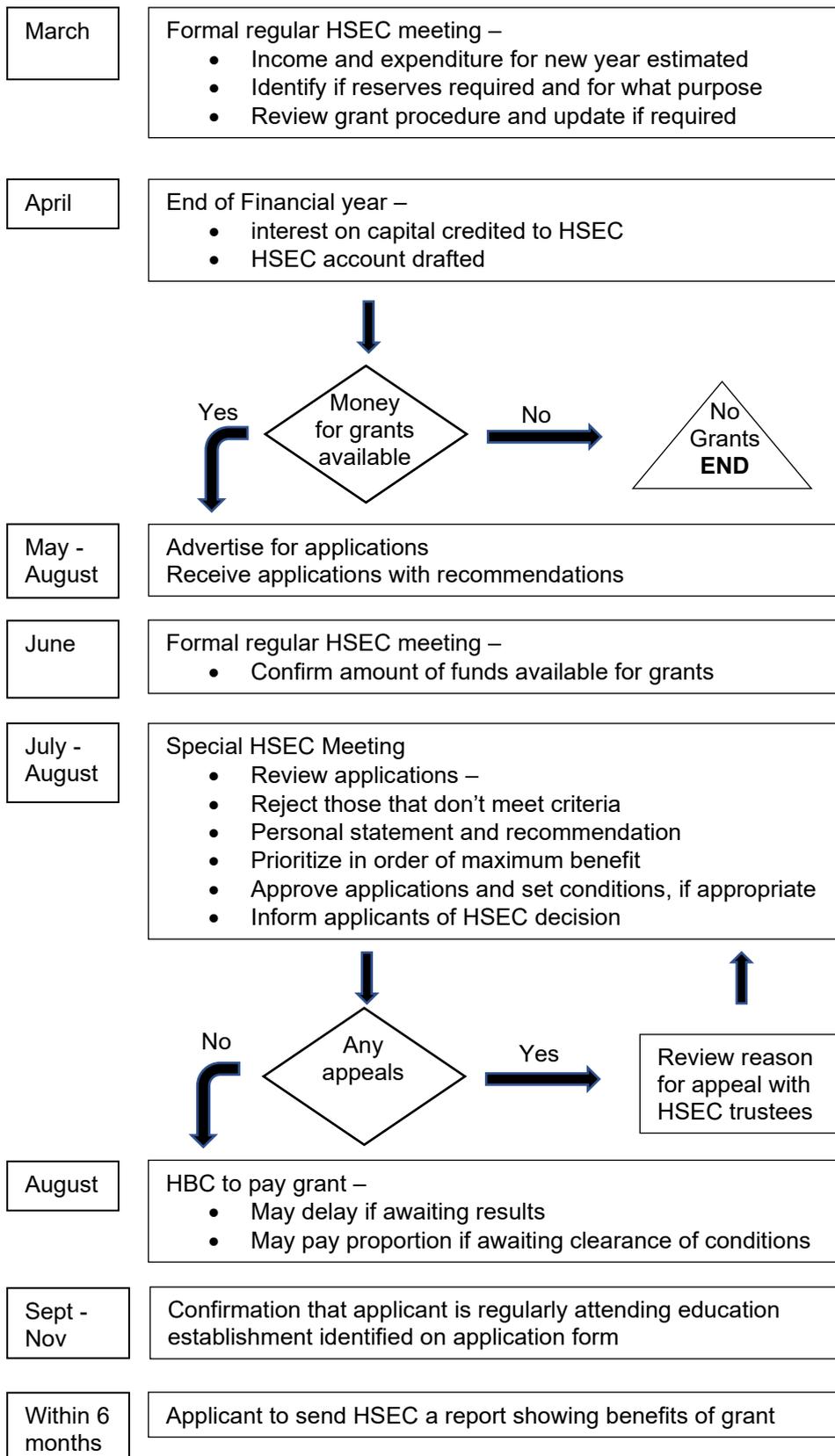


Figure 1 Suggested Timetable for Payment of Grants

3. Grant Criteria and Application Form

The aims and objectives of the Charity are listed in its Scheme Paper dated 29 March 2004, Charity number 527395, when it was amended such that the area of benefit was extended to cover the Borough of Hartlepool as constituted on 01 April 1967

The main criteria to be eligible for a grant award is to demonstrate that the grant will be used “to promote the education of persons under the age of 25 who are in need of financial assistance and are resident in the area of benefit”

As the number of grants is limited, the Charity clearly needs some information about the applicant -

- does the applicant meet the criteria
- would the approval of a grant would prove beneficial
- to distinguish between or prioritize the need for financial assistance of several applicants

The Charity would look to such information being stated on the application form. Supporting information from parents, guardians, carers, etc is welcome. The Charity seeks to receive applications for grants supported by “advocates” identified within various educational establishments across Hartlepool and submitted via these advocates. In this way, the Charity will benefit from input from those who better understand the applicants’ circumstances and ensure funds are deployed to those in most need of financial support.

The Charity may also consider applications from a group of young people to carry out a project or similar under the supervision of a named leader from the education or training establishment.

The General Data Protection Regulation (GDPR) identifies specific principles relating to processing of personal data – for example, articles 5 and 8 may be particularly relevant to the Charity.

Article 5 notes that personal data shall be

- processed lawfully, fairly and in a transparent manner in relation to the data subject
- collected for specified, explicit and legitimate purposes
- adequate, relevant and limited to what is necessary
- accurate and, where necessary, kept up to date;
- kept in a form which permits identification of data subjects for no longer than is necessary
- processed in a manner that ensures appropriate security of the personal data.

Article 8 regards consent to process information as the processing of the personal data of a child shall be lawful where the child is at least 16 years old. Where the child is below the age of 16 years, such processing shall be lawful only if and to the extent that consent is given or authorised by the holder of parental responsibility over the child. There may be further restrictions if the child is below 13 years.

An application form is available on the Henry Smith Education Charity’s website which is located on the Hartlepool Borough Council website. The HSEC website includes –

- Introductory page giving information about Henry Smith and his charity
- A link to guidance for advocates
- A link to the on-line application form which is to be downloaded, partly completed and saved by the applicant, then emailed to the advocate for completion.
- A link to this policy and procedure

Note

- the application form does not ask for household income, benefit details, etc but these may be provided by the applicant only to the advocate if considered necessary.
- supporting recommendation is to be provided through the advocate by school, college, university or training / apprenticeship provider

The flowchart – Figure 2 - indicates how the Charity envisages the application form will be processed by the applicant and advocate.

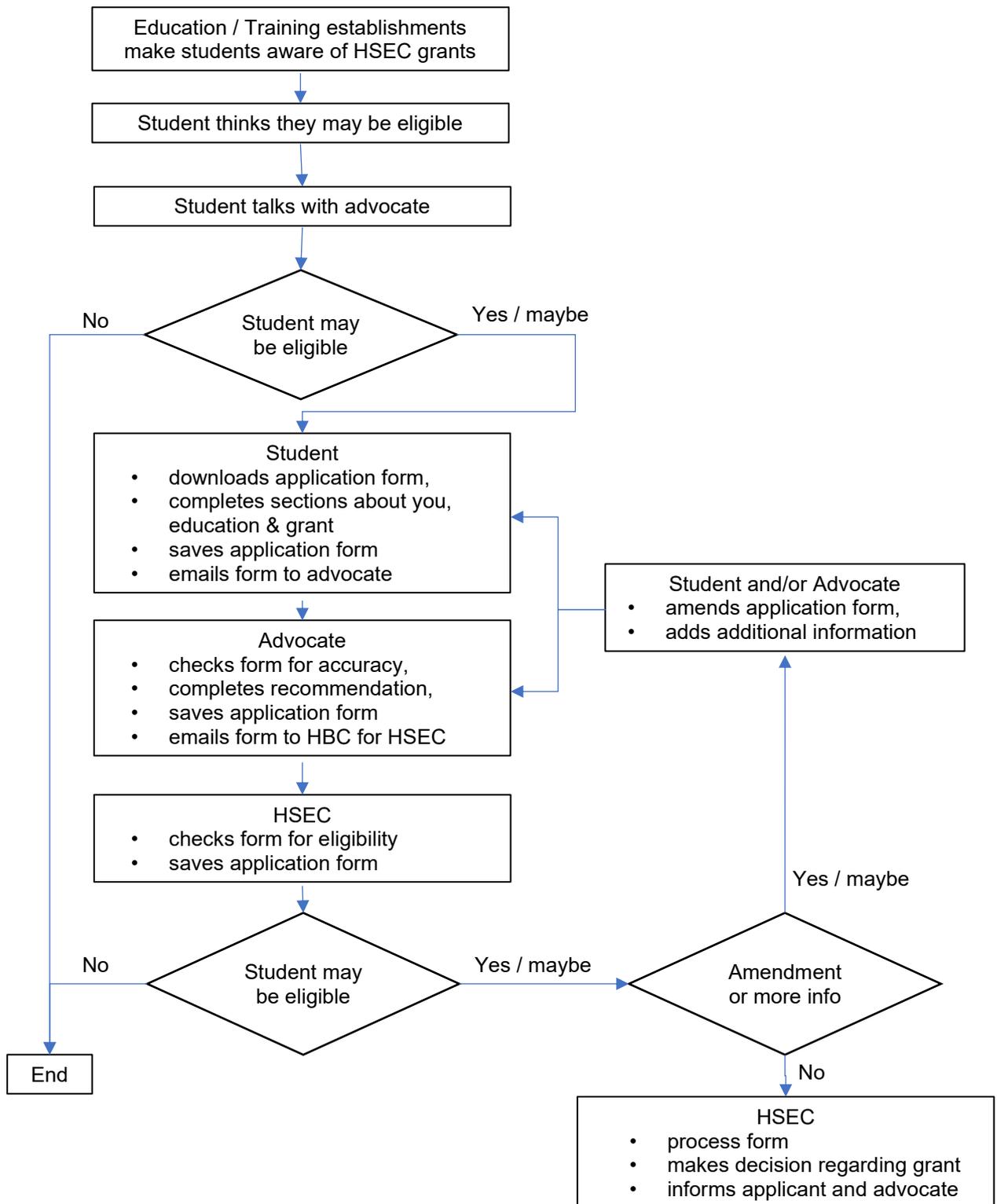


Figure 2 Application Form completion by Applicant and Advocate

4. Selection Process, Decisions and Appeals

When an application form arrives with HBC, the form will be dated and recorded. Preliminary checks will be carried out to determine its eligibility. These include –

- Age of applicant
- Residency
- Acceptable reason for applying for grant

Any applications that fail these preliminary checks will be returned to the applicant and advocate stating the reason why the application has not been accepted. Applications shall only be received via an educational advocate so that there is evidence of pre-assessment by advocates.

The personal statements on the application form will initially be taken at face value but may be looked at more or less favourably in light of the supporting recommendations.

HSEC will then review the applications and may seek further information from the recommending bodies before placing the applications in a priority order. The guidance for advocates notes that priority will be given to young people about to enter college, university or training / apprenticeship. After that, priority should be given to those likely to gain the most benefit from some financial assistance. The HSEC eligibility form – section 5, Figure 3 – will be used to check eligibility and it will be noted that the form is largely anonymised.

Early in each financial year, HSEC should have a good indication of the amount of money available for grants. It should also have an indication of the quantity and quality of the applications. Unfortunately, there is no exact formulae for deciding who gets what – HSEC must have the flexibility to do what seems correct at the time. Grants could vary from £10 for minor items of stationery or art materials for a primary school pupil up to £200 or so for tools or instruments for an apprentice. What is essential, however, is that any decisions must be fully recorded and be available to members of an appeals panel.

All grants will come with the conditions –

- the money is only to be used for the purpose listed on the application form
- the applicant must be offered and take up a place on the proposed course of study
- the applicant must regularly attend the education or training establishment
- the applicant must provide feedback on the benefits of the grant

otherwise HSEC may refuse to award the grant or seek full or partial reimbursement.

Applicants and advocates must be informed of HSEC's decision – together with any conditions - on their application as soon as practical. If the application is rejected or an appeal dismissed, the applicant must be informed of the reason.

Grants are also to be paid as soon as possible but the payment may be delayed if the grant is conditional – for example, on achieving certain grades in examinations. *Note – grants can only be paid to either the applicant's or the parent / guardian's sterling bank account - cheques or cash cannot be issued.*

5. Reporting

Having given out grants, it is important to obtain and to give feedback on the benefits of the financial assistance. There are three levels of reporting -

- feedback from applicant on benefits of grant
- report to trustees
- report to Charity Commission

Hopefully, the applicant has had a significant benefit from the award and HSEC would wish the applicant to share their experience so that others can see that it was worthwhile filling in the application form. Their feedback should take the form of a short written report outlining the benefits and noting any changes that could improve the process in future.

Having authorised the spending of money on grants to promote the education of young people, HSEC needs to show that the grants have helped them to achieve more than they might have done without the financial assistance. Accepting that HSEC can only provide limited financial aid to a small number of applicants each year, a written report is required to show how the money has been spent and what it was spent on. Because of GDPR concerns, the report needs to be anonymised so that applicants cannot be identified. The form described in Figure 3 will form the basis of such reports and it is noted that the names in lines 1 & 9 will not be made available to anyone outside of HSEC.

A short statement may be required in the annual report to the Charity Commission noting what has been spent, how many people have benefited, and what forms those benefits have taken.

Finally, HSEC should regularly review the process and carry a SWOT analysis to identify **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats and improve the process if found desirable to do so.

Henry Smith Education Charity

Grant Applications – Eligibility Summary

*This form is intended to provide a summary for HSEC in prioritizing grant applications. Lines 1 & 9 must **NOT** be used when preparing an annual report.*

No	Description	Options or Details					Eligible ✓/x
1	Applicant Name						
2	Address	TS24	TS25	TS26	TS27	Other	
3	Age	Infant	Junior	Secondary	Tertiary	Training	
4	Regular attendance	Good	Sometimes	Poor			
5	Purpose of Grant						
6	Ambition						
7	Number in house	Adults		Children			
8	House employment status	On benefit	Unemployed	Part time	Full time	Not known	
9	Advocate Name					None	
10	Advocate Address						
11	Advocate recommendation	Good	Indifferent	Poor	None		
12							
13							
14							
15	HSEC assess priority	High	Medium	Low			
16	Reason for priority rating						
17	HSEC recommendation	Award	£	Defer (time)		Reject	
18	Reason for recommendation						
19	Conditions to approval						
20	Meeting attendees (initials)						
21	Appeal raised	Yes	No				
22	Appeal grounds						
23	Appeal decision						
24	Meeting attendees (initials)						
25	Approved by					Date	

Continue on a separate page if more information considered necessary

Form Issue 1, Nov 2022

Figure 3 HSEC Eligibility Summary