

Association of Jersey Charities – future grants policies

As part of a wide ranging discussion at the Annual General Meeting on 26th September 2019, the committee will be asking members for their views on the direction the Association should take in respect of its continuing grants programme.

This discussion will take place on the assumption that the proposal to award the Channel Islands Lottery distribution contract to Grantscape is approved by the States Assembly and that the Association will have no future role in the distribution of the Lottery profits.

As a reminder, although the Lottery profits were the most significant source of income for the Association, it also has other funds, the major part of which were donated to it some years ago and from which it will be maintaining a grants programme for the foreseeable future, albeit at a reduced level. Members will also be aware that the Association has allowed its reserves from non-lottery sources to accumulate over the years to protect it in the event Lottery funding was withdrawn or reduced.

In order to give some structure to the debate, the attached schedule sets out what the sum of money under discussion is – namely **£1,654,130** - and what the main options are for its distribution. All the other figures on the schedule are there for the purposes of reconciliation with the last annual accounts as adjusted for significant subsequent events.

The Association funded the June quarter grants from its reserves. It has also requested an interim award from the States of £500,000 and the release of a restricted reserve of £125,000. The intention is that the £625,000 will be sufficient to cover grant applications in September and December 2019. Applications for 2019 may be made in the usual way and will be assessed against existing criteria. Any changes agreed at the AGM will be implemented in 2020.

Turning to the numbers, there are really only 2 options to consider:

- (i) continue as is until the money runs out or;**
- (ii) extend the life of the grants programme by limiting the amount for distribution each year.**

The Committee has no strong feelings about which is the “right” option as it is for the membership to express their views and the officers to implement the agreed policy.

There is very limited discretion about using the funds available for anything other than grants. Certainly, the anonymous donation precludes it. An element of the free reserves could be used for a specific project if there was majority support among the membership. That said, the Association’s ongoing running costs will have to be met from the same pot.

An explanation of the figures will be provided at the meeting and the Committee welcomes all views on the subject. We will however need to reach a consensus on the night.

Members are reminded that although the Association will not be the Lottery distributor, Lottery funds will be available to all of them via Grantscape and we would expect members to treat that organisation as the primary source of grant funding in future, with the Association as a back up.

	Not distributable yet	Amount distributable now - subject to discussion with members						Designated and not under discussion					
	Unamortised private donation	Amortised private donation	Private small grants fund	Income and gains on private donation	Other free reserves	Lottery	Total distributable	Designated development	Total unrestricted reserves	2018 lottery	Restricted non-members	Private doantion training	Total
Balance 31/3/19	1,072,500	780,000	92,500	395,627	654,522	79,981	2,002,630	150,000	2,152,630		125,000	102,180	3,452,310
Transfer requested									0	125,000	(125,000)		0
Allocation requested									0	500,000			500,000
June grants					(266,019)	(79,981)	(346,000)		(346,000)				(346,000)
Sept and Dec grants									0	(625,000)			(625,000)
One year ruuning costs					(100,000)		(100,000)		(100,000)				(100,000)
Annual transfer	(97,500)	97,500					97,500		97,500				0
Balance for discussion	975,000	877,500	92,500	395,627	288,503	0	1,654,130	150,000	1,804,130	0	0	102,180	2,881,310

Options for consideration by members:

Grant policy

Option 1	Allocate the £1,654,130 on a first come, first served basis	Pros:	Current members will get priority access due to period of eligibility Grants programme can be maintained at current level during set up by Grantscape
		Cons:	Difficult for AJC to predict cash flow and manage withdrawals from investment portfolio Funds will run out in about 2 years at current levels Risk that AJC becomes "first choice" for applications due to familiarity with process

Option 2	Specify a maximum allocation per annum to extend the life of the grants programme		Pros:	AJC can manage its cash and investments effectively Members will have access to grants on top of lottery grants for a longer period	
	For example:	2 years			800,000 p.a. maximum
		3 years			550,000 p.a. maximum
		5 years			330,000 p.a. maximum
		Cons:	Potentially fewer grant options (reduced maximum and no 3 year funding) Reduced frequency of application dates		

Frequency of application dates	
If option 1 selected	March, June, September, December
If option 2 selected Pay out over 2 years	March, September
Pay out over 3 or more years	March

Maximum grant			
If option 1 selected:	Currently £50,000	Retain or reduce?	£30,000 or lower?
If option 2 selected	Pay out over 2 years	Current maximum just about sustainable	
	Pay out over 3 or more years	Current maximum not sustainable	

Other matters

Members could decide to focus the AJC's grants programme on particular sectors (e.g. exclude organisations with designated lottery allocations) or on particular categories (e.g. only small or medium)

While the sums provided from the private donation (meaning the capital sum and any net gains and income) may only be used for grant making - members could decide to allocate a sum from the "other free reserves" for a project which would benefit all or most of them. That decision could be taken in the future.