

Committees:	Date(s):
General Purposes Committee of Aldermen Policy and Resources Finance Committee	2 July 2019 4 July 2019 23 July 2019
Subject: Initiation & Implementation of Charities Review	Public
Report of: Chief Grants Officer & Director of City Bridge Trust (CGO)	For Decision

Summary

The City of London Corporation has a long history and considerable experience of working with and through charities. The City Corporation is trustee of, or has powers of nomination or appointment to, c.100 charities, including Bridge House Estates (1035628) (BHE) ('the City charities'). The City Corporation hosts and manages many of these charities whilst also funding a further c.400 charities at any one time through City's Cash and the City charities - and whether through the work of City Bridge Trust (CBT) which is funded from BHE, the Central Grants Programme (CGP), or other charities for which it is trustee, etc.

This paper seeks approval to undertake, implement and resource a review of the City charities (the Review) to allow the recommendations from previous corporate Reviews to be properly implemented to ensure full regulatorily compliance; demonstrate leadership by modelling current good practice; and achieve the most positive impact for our communities. The Review will: be mindful of latest Charity Commission guidance; and build on the success of previous corporate Reviews and the current BHE governance review, as well as the work of CBT and Central Grants Unit (CGU) co-located with the CBT Team which oversees the CGP. The Review will complement the City Corporation's Corporate Plan, Philanthropy Strategy objectives and the current Fundamental Review, and is intended to further develop the Chief Grants Officer's (CGO) Team as the corporate centre of charitable excellence.

The proposed Review will be overseen by a cross-departmental officer working group chaired by the CGO and include key representation from the Chamberlain's, Comptroller and City Solicitor's and Town Clerk's Departments. The Review will include an investigation and an implementation phase, and additional project management, financial and legal resources will be needed, working with and under the direction of in-house expertise.

Recommendations:

1. To agree that a comprehensive Charities Review should be undertaken and implemented: led by the CGO and overseen by an appropriate cross-departmental officer working group, with Members being regularly updated and their input sought at relevant committees/charity boards during the course of the Review; and
2. To agree to delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to take the decision as to the allocation of resources for the Review through a request by the CGO to the Finance Committee Contingency Fund held within City's Cash.

Main Report

Background

1. The City of London Corporation has a long history and considerable experience of working with and through charities: including governance, management, funding and the provision of benefits in kind. The City of London Corporation is trustee of, or has powers of nomination or appointment to, c.100 charities, including BHE - the 7th largest charity in the UK.
2. The City charities comprise a diverse and somewhat disparate portfolio, reflecting the City Corporation's unique constitution and history. In most cases the City Corporation undertakes this work in its general corporate capacity and thus the City's administration of and other governance support for the various charities has been principally funded from City's Cash. Around a decade ago substantive work was undertaken to rationalise a significant number of the 100's of charities associated with the City Corporation. Those outcomes were in the main very successful in reducing the number of charities and in simplifying administration of many of the remaining charities. However, subsequent work to properly implement the governance and administration changes arising, as well as other good practice, has not been as successful for want of financial resources and co-ordinated corporate oversight/expertise.
3. In 2015, the City Corporation undertook a review of its grant-making activities across its various functions (excluding BHE). The aim of the Grants Service Based Review (Grants SBR) was to increase the strategic impact of grant-making, ensure that the grants were managed more efficiently and effectively, improve the consistency and quality of the customer experience and so bring consequential reputational benefits. The Grants SBR sought to also identify internal administrative improvements required to deliver the aims of the Review, which outcomes included changes to committee structures and financial recording, and better capture and reporting of "benefits in kind". It also sought to identify where the general recommendations for better grant-making by the City Corporation had relevance for the various City charities and made associated recommendations for the various trustee/s to consider. Since then as resources permit, governance changes have been progressed on a case by case basis for individual charities. Similarly, with the earlier Charities Review, no resources were set aside for implementation of the recommendations.
4. In March 2016, the Resource Allocation (Policy & Resources) Sub-Committee and the Policy and Resources Committee received a report outlining the work arising from the Grants SBR which led to the establishment of a CGP with four themes approved by Policy & Resources Committee, each led by a Service Committee with the appropriate expertise, and which encompassed City's Cash as well as charitable funding. It was agreed that the CGU should be established, which could draw on the considerable existing charitable funding expertise of the CBT Team, and help create a centre of excellence for the City's grants administration, charitable and non-charitable.
5. In 2017, the usual 5-year strategic review was undertaken for BHE which led to a new charitable funding strategy 'Bridging Divides' being approved by the Court of Common Council for the City Corporation as trustee of the charity, which activities are delivered in the name of CBT. As part of this new strategy is

was agreed that the City Corporation should look to be the best possible trustee of BHE to support delivery of this strategy. The current BHE governance review has therefore been initialised to: ensure that this leading charity efficient and effective in its governance and management and that it can achieve the most impact for communities within Greater London; and demonstrate leadership in the sector by modelling good practice for others.

6. In 2018, the Philanthropy Strategy was agreed by the City Corporation both for itself, and in its capacity as the corporate trustee of BHE. This further commits the City Corporation to modelling good practice.
7. A restructure of Officer roles was also completed in 2018 which led to additional strategic capacity and expertise in delivery of charitable and philanthropic work by the City Corporation. The CGO role was extended to undertake a 'Head of Profession' function across all of the City Corporation's charitable activities, which complements the Chamberlain's Head of Charity & Social Investment Finance role, the Director of Philanthropy role, the Head of the CGU role and the Corporate Charity Business Manager - all of whom report to the CGO (whether directly or indirectly). This breadth of expertise has also been recently augmented by a new senior communications post to support the philanthropic work of the City Corporation, including as trustee of BHE.
8. The external operating environment for charities in the UK is one of heightened scrutiny and reduced public trust. The sector's regulator, The Charity Commission, has therefore launched a Revitalising Trust programme. This programme is targeting charities in England and Wales that are dormant, ineffective or inactive.

The Proposed Review

9. Progress has been made in making more of the City Corporation's charitable and philanthropic activity. However, there is much more work to be done to achieve the full impact and better communicate that impact - commensurate with the experience and scale of the City of London Corporation's activity in this area.
10. The external and internal context for the Review is propitious. The Review will be mindful of latest Charity Commission guidance, alongside the Charity Governance Code (issued in July 2017); and will include an investigation and an implementation phase focused on modern regulatory compliance and opportunities to increase the efficiency & effectiveness of the various City charities' governance and management within the context of the corporate Fundamental Review.
11. The potential outcomes of the Review, subject to the agreement of the relevant Committees and trustees, will be:
 - a. A charities portfolio that has been fully reviewed to ensure regulatory compliance;
 - b. A charities portfolio that is drawing on good practice at governance and managerial levels;
 - c. A charities portfolio which has been rationalised to ensure exceedingly small, dormant or inactive charities are closed down or merged;

- d. A charities portfolio which is efficient in its management and governance, making the most of any potential operational economies of scale;
 - e. A charities portfolio which is effective in delivery: making the most of strategic connections; quantifying and communicating its impact;
 - f. Implementation of systems which adequately support the on-going effective administration of the charities, individually and collectively (including maintaining a central database of cross-departmental records and historic data).
12. The Review will be led by the CGO drawing heavily on the expertise of the above-mentioned posts. To achieve the objectives, additional project management, financial and legal resources will be needed, working with and under the direction of the in-house expertise.
13. There is no current budgetary provision to support this Review, therefore it is proposed that if the Review is agreed, a request is made by the CGO to the Finance Committee Contingency Fund held within City's Cash to resource the Review, given the in-year timing of the request. This request will be informed by the Chamberlain's, Comptroller and City Solicitor's and Town Clerk's Departments' input. It is anticipated that following the Review, informed recommendations can then be presented to Members in respect of any on-going resourcing implications for the strategic oversight, administration and governance of the City's charities over the longer-term.

Review oversight

- 14. This work will be led by the CGO and overseen on a day to day basis by the Corporate Charity Business Manager who directly reports to the CGO. The work will involve a cross-departmental officer working group chaired by the CGO, including key representation from the Chamberlain's, Comptroller and City Solicitor's and Town Clerk's Departments. This working group will work closely with relevant officers and will seek the input of Members and trustee boards throughout the Review through appropriate discussion and consultation.
- 15. The Review will ultimately be accountable to the Policy and Resources Committee, but it is suggested that emergent findings are reported to and considered by the Finance Grants Oversight and Performance Sub-Committee (which following the Grants SBR now has oversight of general corporate grants activities and the CGP) prior to Policy and Resources.

Conclusion

- 16. Reflecting the City Corporation's historic and continuing involvement in supporting charitable and philanthropic activity for the benefit of the community, and the increasing regulatory scrutiny, it is considered timely that the City Corporation should undertake a further review of the City's charities to ensure their effectiveness and to embed appropriate centralised oversight and best-practice within the City Corporation. The CGO is well-placed to lead on this work in consultation with Members and relevant officers.

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