

Committee	Date:
The City Bridge Trust Committee	13 May 2015
Subject: Strategic Initiative: East End Community Foundation	Public
Report of: Chief Grants Officer	For Decision

Summary

This paper requests funding for the East End Community Foundation to develop local giving networks in the boroughs of Hackney, Newham and Tower Hamlets, in order to complement the London's Giving work you are already funding within London Funders.

Recommendation

Members are asked to:

- Approve funding of £172,500 over 3 years (£57,000, £57,500, £58,000) to East End Community Foundation, as a Strategic Initiative to develop Hackney, Newham and Tower Hamlets Giving.

Main Report

Background

1. You may recall that you are a founding funder of Islington Giving, a coalition of 6 funders, hosted by the Cripplegate Foundation, working together to tackle poverty and inequality in the LB Islington.
2. During the past three years, Islington Giving has raised over £3m, attracted over 1,000 volunteers and supported over 40 local organisations working to benefit Islington's disadvantaged communities.
3. In February 2014, you approved your latest grant to Islington Giving which included an element to take the learning from this initiative to encourage more local giving networks ("place-based giving") in other London boroughs under the banner of London's Giving. Hosted by London Funders, the scoping and feasibility of this is being undertaken by former Chief Grants Officer, Clare Thomas, and Deborah Xavier, former Chief Executive of the Brokerage Citylink.
4. London's Giving launched at an event in February 2015 attended by over 60 people from a range of funders, local authorities, corporates interested in place-based giving and collaboration. London Funders has provided a web

portal for it on its website <http://londonfunders.org.uk/londons-giving-transforming-and-energising-local-giving>.

5. East End Community Foundation (EECF) is the product of the merger of two grant-making foundations, the Isle of Dogs Community Foundation and St Katherine and Shadwell Trust. It incorporated in June 2012 and became operational from 1st October 2012.
6. In partnership with Hackney Council for Voluntary Service, EECF has developed Hackney Giving for which it also provides the grant-making capability. The proposal before you today is to enable EECF to build on this and to develop place-based giving in the boroughs of Newham and Tower Hamlets, as well as grow Hackney Giving, through the creation of the post of Development Co-ordinator, in order to complement your London's Giving initiative.

Current Position

7. Inspired by Islington Giving, the key aim of Hackney, Newham and Tower Hamlets Giving is to support community-based projects working to tackle disadvantage in their respective boroughs. These local giving platforms have been designed by EECF to provide a simple, effective and co-ordinated way for people and businesses in these boroughs to give something back to the local community. EECF's vision is to combine the donations of residents, local employers, businesses and philanthropists to achieve greater impact for local voluntary organisations.

Hackney Giving

8. Of the three boroughs concerned, place-based giving is most developed in Hackney. Hackney Giving launched in February 2014, in partnership with the local authority and Hackney Council for Voluntary Services. Its corporate donors include UBS, Linklaters, State Street and Societe Generale. So far, it has raised over £100,000 through corporate donations and live giving events (the latter run by the Funding Network which has established the City Funding Network as part of your 'City Philanthropy – a wealth of Opportunity' initiative). These funds have been used to support 24 Hackney-based charities through an open grants programme focused on employment and training and another on wellbeing and inclusion.
9. Part of the role of the Development Co-ordinator would be to build on the success of Hackney Giving to date and grow the donor base.

Newham Giving

10. Although Newham Giving has launched (in April 2014), it is on a much smaller scale compared with Hackney. It has raised just over £50,000 through contributions from The Royal Docks Trust, Berwin Leighton Paisner, Canary Wharf Group and Clifford Chance which EECF distributed through an open grants programme to 9 community projects running summer activities for vulnerable young people.

- 11 A lot of work is needed to build stronger relationships with the business community locally and to establish better links with Newham's voluntary sector (it does not have a council for voluntary service at present) which would form a further strand of the Development Co-ordinator's role.

Tower Hamlets Giving

12. Nothing has been launched in Tower Hamlets yet. If funding for the Development Co-ordinator is approved today, then EECF anticipates launching Tower Hamlets Giving during 2015-16. There are more potential business partners in Tower Hamlets than in Newham and it is hoped to bring the inspiration from Islington Giving, together with the learning from Hackney and Newham Giving, in the development of Tower Hamlets Giving.

Cost

13. A breakdown of the cost of the proposal is provided in the table below.

	Year 1	Year 2	Year 3	Total
Salary	36,160	36,851	37,587	110,598
Project Management	4,837	4,934	5,032	14,803
Marketing & Publicity	6,000	6,000	6,000	18,000
Events	5,000	5,000	5,000	15,000
Overheads	5,200	4,778	4,862	14,840
Total	57,197	57,563	58,481	173,241

Financial Observations

15. As can be seen in the table below, EECF held £2.5m in free unrestricted reserves at 31st March 2014, which is £1.9m higher than its reserves policy target to hold £642,500. As a relatively new grant-making trust, it advised that it plans to build an endowment over the next few years in order to support its core function as a grassroots grant maker, as well as its role managing philanthropic funds on behalf of others.
16. To this end, EECF has advised that it is their intention to use free unrestricted reserves for grant-making in a number of ways:
- To increase its permanent endowment funds in order to increase the amount of investment income that can be used for grant-making. In 2013/14 it used £3m of its funds as a match for £1.5m from Community First; an £80m Government-funded initiative where every £1 is matched by 50p to help create a permanent endowment. EECF advised that it is anticipated that a similar scheme will run in the future.
 - To invest in a commercial building for which EECF is exploring suitable premises, which will provide rental income to increase its grant-making.

- To increase the amount of EECF's direct grant giving, which in the current year 2015/16 it plans to fund from free unrestricted funds.
- EECF would like to move towards being a multi-year funder, as currently all of its grants are one-offs. EECF would use its free unrestricted reserves to help make that transition.

17. The cost of generating funds remains stable but this varies as a percentage of income, as shown in the table below. EECF advised that this is due to the fluctuations in the level of total income from match funding schemes and funds received on behalf of third parties.

Year end at 31 March	2013/14 Audited Accounts	2014/15 Forecast	2015/16 Current Year Budget
Income and Expenditure	£	£	£
Income	2,603,227	1,347,000	895,550
Expenditure	882,118	1,334,942	2,239,451
Endowment Funds Surplus / (Deficit)	4,477,478	-	-
Unrestricted Funds Surplus / (Deficit)	(3,000,064)	-	(1,198,995)
Restricted Funds Surplus / (Deficit)	243,695	12,058	(144,906)
Transfer of assets	(571,730)	-	-
Gains/losses on investments	363,308	-	-
Total Surplus / (Deficit)	1,512,687	12,058	(1,343,901)
Surplus / (Deficit) as a % of turnover	58.1%	0.9%	(150.1%)
Cost of Generating funds (% of income)	87,825 (3.4%)	88,000 (6.5%)	90,000 (10%)
Free unrestricted reserves			
Free unrestricted reserves held at Year End	2,526,515	2,526,515	1,327,520
How many months' worth of expenditure	34.4	26.7	7.1
Reserves Policy target	642,500	642,500	642,500
How many months' worth of expenditure	8.7	6.8	3.4
Free reserves over/(under) target	1,884,015	1,884,015	685,020

Conclusion

18. EECF is keen to play an active role in developing your London's Giving initiative. As has been reported earlier, in order to be successful, different parts of London will need different models, according to local conditions, needs and infrastructure. Even in east London, the boroughs of Hackney, Newham and Tower Hamlets are very different and Hackney, Newham and Tower Hamlets Giving will each have distinctive characteristics. EECF has the local knowledge necessary to be sensitive to each boroughs strengths and weaknesses. It will also provide valuable learning to help.

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