

Committee(s) Resource Allocation Sub Committee Policy & Resources	Dated: 18/01/2018 18/01/2018
Subject: Resourcing the Implementation of Bridging Divides	Public
Report of: Town Clerk and Chief Grants Officer	For Decision
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Summary

The paper is intended to inform a discussion among Members about the implementation of 'Bridging Divides', the City Bridge Trust's (CBT) charitable funding strategy approved by the Court of Common Council in July 2017. The purpose is for Members to endorse how the implementation of this funding strategy allows City Bridge Trust to:

- a) ensure the maximum impact in tackling inequality in London, achieving greater impact for individuals and communities;
- b) become an exemplar in charity governance and leadership in London and across the UK; and
- c) be a catalyst for a bold step-change in how the City Corporation both describes and directs its charitable activity and funding:

The driver for the need to implement 'Bridging Divides' in this way is evidenced in the most recent London Poverty Profile [research](#), which shows that London suffers from persistent 'deep poverty' issues. This is further buttressed by an external context which includes continuing fiscal constraint on statutory services, increased demand on front line charities, enhanced scrutiny of the governance of charities, and unprecedented environmental and digital disruption. Meanwhile, the internal context is propitious: collaborative cross-sectorial leadership; greater alignment of the Corporation and its related charities' strategic thinking; greater awareness of the potential of harnessing all our combined assets (including money, cross sectorial networks, expertise and soft power).

The ambition is to further strengthen CBT as a centre of excellence on charities/charitable funding both to deliver its new strategy, 'Bridging Divides', and to work more strategically across the City Corporation's charities portfolio. In so doing, the intention is to maximise the impact of CBT and the City Corporation's assets, as well as the effective deployment of resources with more emphasis on measuring impact, learning and better communication, whilst achieving better quality and economies of scale.

Bridge House Estates (BHE) is widely recognised as the UK's fifth largest charitable foundation. The implementation of 'Bridging Divides' provides both CBT and the City Corporation with an excellent opportunity to catalyse more creative cross-sectorial delivery to ensure that individuals and communities affected by inequality are given the scope to thrive.

Recommendations

Members are recommended to:-

- a) Agree the strategic framework for the implementation of 'Bridging Divides' set out in this report;
- b) Note that further reports relating to this framework will be brought back to relevant Committees for decision in due course.

Main Report

Background

1. The Bridging Divides Strategy was built on extensive consultation and a careful analysis of research including the latest data of London's Poverty Profile (from 2016 and 2017 - www.trustforlondon.org.uk/publications/londons-poverty-profile-2017/) which shows a mixed picture in London. In some ways, London is better off than it was before the financial crisis. Employment rates are at their peak at over 73% of the working age population. This also translates to a record low in the number of workless households in London. However, while the overall poverty rate has fallen slightly in recent years, it remains higher than the rest of the country, and the proportion living in 'deep poverty' has increased. Wealth inequality, which is higher than income inequality, is a significant issue in London. 21% of working Londoners earn below the London living wage and the majority of people living in poverty are living in a working family (58%): 'There are people in poverty in every London borough. Every borough has areas where the poverty rate is above the rest of England average'¹.

Funding Ecology

2. Against this evidence of need, the funding ecology of London has changed. The reduced funding offer from central to local government has led to a consequential reduction in funding to charities and statutory service provision. For many charities there has been increased demand on their frontline charities at a time of reduced resources. At the same time, the recent [report](#) by the Association of Charitable Foundations. reports that the annual level of Trust/Foundation grant-making now totals £6.5billion which is equal to 43% of total government spending on the voluntary sector, including contracts, which totals £15 billion. Further, grant making by the top 300 foundations increased by 12% in the last year and, if the Wellcome Trust is excluded, 14.5%.
3. Philanthropy and grant-making is therefore taking on an increased importance. The level of charitable funding and charitable assets are becoming more visible. Indeed, during this period BHE is now ranked as the fifth largest charitable foundation in asset terms and this has been reported in the trade press. For the same period, the level of BHE giving has fallen from 16th to 24th. Whilst there will

¹ www.trustforlondon.org.uk/publications/londons-poverty-profile-2017/

always be a lower funding ranking than asset base given the prime objects of the charity being the maintenance and repair of the bridges, the decline in positioning is of note. This will require further analysis given the level of scrutiny to which BHE is subject and the potential questions about the apparent decline in income distribution relative to capital appreciation.

Good Governance

4. During this same period, the research and consultation underpinning Bridging Divides spotlighted that civil society has been under intense scrutiny as to its role and effectiveness in creating a fair and good society. Particular focus has been on governance. This is relevant to all of the charities of which the Corporation is trustee, especially BHE where there is a danger that there is insufficient integration between its strategy, management oversight and governance. Demonstrating alignment with 'best practice' models is essential.
5. Improving governance was a significant driver behind the Grants Review: this led to the establishment of the pilot Central Grants Unit, housed within CBT to improve the quality of governance and consistency and quality of customer experience. Recently externally reviewed, this pilot has proved successful. The pilot is a precursor of what is possible across the Corporation and its related charities: using CBT's core charity/charitable funding expertise to complement colleagues' sector/policy-specific expertise to achieve better governance and potentially deeper impact.
6. The Corporation must lead the field in modelling good charitable governance: beyond compliance to demonstrating the leadership that encourages others to model good practice. For example, CBT, by dint of compliance with the Corporation's pre-disposition to conducting its business in public meetings, has been celebrated as one of only two charitable funders in the UK that has transparent, public, charitable funding decision meetings. This has been reported very positively in the trade press.
7. CBT assesses the governance of hundreds of charities every year and can support colleagues across the Corporation and its related charities to ensure that such good practice can be achieved and modelled across the board.

Internal Context:

8. There is a timely and potentially exciting moment to seize now: the collaborative leadership of the Corporation and CBT bearing fruit; the happy alignment of strategic planning cycles across CBT, the Corporation (including the Corporate Strategy, the Central Grants Programme, the Economic Development Office, the Philanthropy and Responsible Business strategies), and the Lord Mayor's Appeal. Practically, this is supported by the completion of a pan-corporation charities database developed by the City Solicitors & Comptroller's and now housed within CBT.

The Ambition:

9. The ambition is to:

- a) Make the most impact in tackling inequality in London and improving the lives of individuals and communities;
- b) Become an exemplar in charity governance, leadership and management

Through:

- c) Working more strategically across the Corporation's charities portfolio, drawing on CBT's core business and charity skills set (improving quality, efficiency and economies of scale);
- d) Making the most of all the assets available to CBT and the Corporation to achieve impact; and
- e) Resourcing the effective deployment of these assets with more emphasis on strategic capacity, measuring impact, learning and better communication - to support and continually improve our delivery, encourage others and achieve reputational advantage.

Next Steps:

10. Subject to Committee approval, to further develop the implementation plans for Bridging Divides. In particular, this will be informed by the on-going work to answer the Town Clerk's pertinent question - 'how can the Corporation of London be the best possible trustee to support delivery of the strategy Bridging Divides'. This work is being delivered through a task and finish group, anchored in the Charity Commission's guidance on good governance, with a view to making recommendations to Members (in their capacity as representing the Corporation as the corporate trustee of BHE). A priority area for this task and finish group is to consider BHE's underlying asset position in relation to income, its investment strategy, and the reserve position of the charity.

Conclusion:

11. The evidence of need and external context demonstrates an increase in the relative importance of charitable funding and activity. Bridging Divides and the alignment with the Corporate and other strategic reviews means it can be the catalyst to further enable CBT as a centre of excellence on charities/charitable funding and to use CBT as a resource to augment all of the Corporation's charities portfolio. This should lead to better strategic alignment, improvements in the quality of the charities governance and management, and so deeper impact for individuals and communities.

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