

Committee	Dated:
City Bridge Trust	21 st March 2019
Subject: Strategic Initiative: The Beacon Collaborative (Ref 15088)	Public
Report of: Chief Grants Officer (CGO) & Director of City Bridge Trust (CBT)	For Decision
Report author: Fiona Rawes, Philanthropy Director	

Summary

This report advises members of a new strategic initiative for which funding is sought under the Philanthropy Strategy (the Strategy). It involves a range of different workstreams, all geared around growing the amount of private wealth which is deployed as charitable funding or social investment. It is designed as a 'collective impact' initiative i.e. with a lean core secretariat who engage a range of organisations specialising in the encouragement of philanthropy to deliver specific workstreams as appropriate. Established by a leading philanthropist, it has been very successful in deploying other well known philanthropists to lead by example in cohering, funding and championing the work. In almost all of the proposed workstreams, CBT will be co-funding with other well-known funders including Arts Council England (ACE) and Barrow Cadbury Trust. This initiative will generate invaluable early stage research to support the Strategy and deepen CBT's links and reputation within the philanthropy ecosystem.

Recommendation

Members are asked:

1. To approve a grant of up to £368,000 over 3 years to the Beacon Fellowship Charitable Trust to support a range of initiatives to develop greater philanthropic giving amongst high net worth individuals as part of a long-term collaborative set of activities. The indicative allocation of these funds is as set out in paragraph 10 below. The grant is conditional upon confirmation of funding at a similar level from Arts Council England (ACE) and the satisfactory negotiation of key outcomes, milestones, delivery arrangements and payment schedules for each workstream (approval of the outcomes of such negotiation to be delegated to the Chairman and Deputy Chairman).
2. From this sum of £368,000 it also recommended that:
 - the annual grants of up to £30,000 p.a. towards the reconfigured Beacon awards for 2019-20 and 2020-21 are conditional on demonstrating that each

constitutes an appropriate proportion of the overall cost of these awards (given BHE's ancillary object that surplus funds must be applied for the benefit of the inhabitants of Greater London); and

- the £60,000 towards the (Ultra) High Net Worth (UHNW) research is conditional on the organisation demonstrating that this constitutes an appropriate proportion of the overall cost (given BHE's ancillary object that surplus funds must be applied for the benefit of the inhabitants of Greater London).

Main Report

Background

1. The Strategy was approved by the Court of Common Council in July 2018 on recommendation of P&R and Court of Common Council in June and July 2018 respectively.
2. The Strategy's vision is that 'Individuals and Communities, especially those experiencing disadvantage and marginalisation, thrive as a result of higher impact and higher value Philanthropy'. This Strategy was prepared jointly with the City Corporation in its general corporate (City's Cash) capacity and in its capacity as the sole corporate trustee of BHE.
3. The Strategy has three pillars setting out the common aims of the City Corporation and BHE in collaborating to support philanthropy:
 - 3.1 The City Corporation itself in its general corporate capacity, and as trustee of BHE through the activities of CBT acting to further the BHE Bridging Divides Strategy, will role model high impact philanthropy to contribute, in particular, to a reduction in inequality and/or an increase in social mobility;
 - 3.2 Higher impact and/or higher value philanthropy will be generated from others as a result of each of the City Corporation' and CBT's support for philanthropy infrastructure; and
 - 3.3 Key audiences will be better equipped to generate higher impact and/or higher value philanthropy as a result of each of the CoLC and CBT's awareness-raising activities about it.
4. To date, no new funding has been generated for philanthropic initiatives under the new strategy, as your Officers have been primarily focused on developing the implementation plan and the Philanthropy House initiative.
5. An exciting strategic initiative which would support the aspirations of pillars 2 and 3 of the Strategy has been proposed by The Beacon Fellowship Charitable Trust (BFCT) a registered charity and also known as "The Beacon Collaborative". This aims to bring together a wide range of philanthropists, organisations and foundations that share a common aspiration to increase

philanthropy and social investment among (Ultra) High Net Worth Individuals (UHNW) in the UK.

6. The Goals of the Beacon Collaborative (the Collaborative) are:
 - 6.1 To grow the amount of private wealth that is deployed as donations or social investment for public good annually by £2 billion, and
 - 6.2 To encourage the investment of the skills, networks and time of these wealth holders in civil society.
7. The mechanism to achieve this is a Collective Impact framework through which multiple organisations can collaborate, supported by a lean secretariat. This approach reduces unnecessary competition and duplication and catalyses a series of interconnected, parallel activities, each of which contributes to the goals.
8. The Collaborative approach was initiated by the philanthropist Matthew Bowcock CBE and launched in January 2019. Matthew has a long standing engagement in the philanthropic space both through his own philanthropic 'journey' and through a range of related senior level trusteeships. Through his championship, Matthew has inspired strong levels of engagement for the Collaborative from a range of HNW philanthropists alongside a broader range of trusts and foundations.
9. Funding for the Collaborative will be secured through the charitable vehicle of the BFCT. This charity has, to date, focused on the delivery of the Beacon Awards which recognise individual philanthropy. A broadening of scope to encompass the activities planned by the Beacon Collaborative has been agreed by the Beacon Board.

Current position

10. Whilst the Collaborative aspires to drive up giving from (U)HNWs to support causes across London, the UK and internationally, the inhabitants of Greater London will inevitably benefit as a result of the Collaborative's activities described above, with much of the activity focused on London. Your Officers recommend funding of up to a maximum of 50% for each workstream as detailed in the table below.

Project	CBT Contribution (% of total funding requirement)
Cause Focused Networks	£25,000 (50%)
Renewal of Beacon	£45,000 (50%)
Contribution to future Beacon awards	£60,000 (n/a)
Competitiveness of UK to Attract Foundations	£45,000 (50%)
Professional Advisor Training	£18,000 (23%)
Professional Advisor Accreditation and standards	£35,000 (50%)
Research into (U)HNW Giving	£60,000 (44%)
Management team	£60,000 (50%)
Project management fee	£20,000
Total	£368,000

11. In all cases, the balance of funding has been, or is in the process of being, secured from other funders including Arts Council England (ACE) and the Barrow Cadbury Trust. The Arts Council have this month indicated in principle agreement to supporting the Collaborative and would be contributing £379,850.

12. The activities for which a contribution is sought from CBT are as follows, with more detail on each set out in Appendix 1.

12.1 Analysis of different models of **Cause Focused Networks** so that more peer networks can be established to enable philanthropists to learn from and encourage each other. This workstream would be jointly funded with ACE with CBT contributing 50%.

12.2 Review of how the **Beacon Awards** can better encourage and celebrate best practice in philanthropy to inspire others. CBT will also make a commitment of up to £30,000 towards the revised awards scheme, conditional on the outcome of the review and the alignment of focus of any resulting work with the achievement of CBT's ancillary objects. This would be jointly funded with ACE, the Pears Foundation and the Hazlehurst Trust.

12.3 Analysis of the **Competitiveness of the UK** to attract international philanthropists to establish their foundations here. A set of recommendations, if implemented, could generate inbound investment and turn the UK into a skills hub for philanthropy. This workstream would be jointly funded, potentially with EY, with CBT contributing 50%;

12.4 Rollout of **Professional Advisor Training** courses to enable wealth advisors to better advise their clients on how to become philanthropic, where to go to meet others and learn more, and how to establish tax effective and suitable vehicles for their giving. The main funder of this would be the Barrow Cadbury Trust with CBT providing 23% of the funding;

- 12.5 Introduction of **Accreditation of Philanthropy Professional Advisors** to raise the standard of advice and encouragement given to nascent philanthropists. This would be jointly funded with the Reekimlane Trust.
- 12.6 **Research into (U)HNW Giving** to establish why so many wealthy people do not give, to inform the design of future activities so that some of the obstacles can be addressed. This would be jointly funded with ACE and an additional funder (tbc) with CBT providing 44% of the funding.
- 12.7 A contribution to the costs of the secretariat, alongside funding from the Hazelhurst Trust, Reekimlane Foundation and the Pears Foundation.
13. CBT's funding would be paid to the Collaborative as a single grant covering multiple activities. The Collaborative would hold and manage the funds as the accountable body, disbursing them as appropriate to a range of specialist partner delivery organisations. The Collaborative would apply a consistent accountability framework including project meetings, milestones, effective resourcing, sector consultation, oversight and transparency to ensure a common standard for delivery.
14. Whilst City Bridge Trust usually manages and disburses funding itself, Members will be aware that funds may occasionally be passed to a third party where that organisation has particular expertise in the issue in question (eg Buttle Trust which is expert in disbursing funds to individuals as opposed to charitable organisations) and/or where there are particular efficiencies in delegating the funding (eg in your recent funding to the GLA as part of your support of the Mayor's Young Londoners Fund).
15. In the case of the Collaborative, the high calibre core team recruited by Matthew Bowcock have significant professional insight about a broad range of organisations specialising in supporting and inspiring increased philanthropy from high net worth individuals, as well as strong project management expertise. Your Officers are confident that the team would provide invaluable additional capacity to progress the objectives of the Strategy at a time when the CBT team's own philanthropy capacity is currently largely focused on delivering the implementation plan and undertaking foundational work for the potential Philanthropy House initiative.
16. In terms of disseminating the learning from this investment, the Collaborative is an open and transparent organisation so all reports and learning will be shared with all partner philanthropy organisations, philanthropists and policy makers. In particular, the *Cause Focused Network* work is designed to create a blueprint so that anyone can establish peer learning networks around a subject. The *Competitiveness of the UK* will be used to educate policy makers and to encourage a campaign to attract global philanthropic foundations to the UK. The *Professional Advisor Training curriculum and standards required for Accreditation* will be openly shared so that training can be sourced from multiple suppliers.

17. The Collaborative have also progressed with a number of other Collaborative activities outside those recommended for CBT funding. These include: launching an All Party Parliamentary Group (APPG) on modern philanthropy; an economic impact assessment of the contribution of philanthropy to the UK; campaigning for the launch of Living Legacies and other innovative giving structures; developing a TV series promoting philanthropy; engaging the next generation of philanthropists; and developing an online directory of philanthropy resources for the sector.

18. Financial Information

18.1 The figures for 2017/18 in the table below reflect the modest operating costs for the Beacon Award in that year.

18.2 Since that time, as noted in paragraph 9 above, the Award has been brought under the auspices of the Beacon Collaborative and its future will be reviewed as noted.

18.3 In 2018/19 the core team of 3 consultants was recruited, project scoping undertaken in close consultation with delivery bodies, a new operating model devised and concerted fundraising work undertaken. This accounts for the uplift in income in 2018/19 relative to 2017/18. The subsequent uplift in income and costs in 2019/20 is accounted for by the fact that as soon as funding is secured for the project workstreams planned in 2018/19, delivery of these workstreams will then commence immediately.

18.4 Although the level of unconfirmed fundraising recorded for 2019/20 below is significant, Members should note that in principle agreement to the full amount of £379,850 funding requested was given by ACE on 21st February with the ACE team meeting Matthew Bowcock on the 6th March to talk through terms. If funding is confirmed by both ACE and CBT, the % of confirmed income in 2019/20 will rise to 77% and the funder pipeline for the balance is reported to be 'advanced' for 50% of this balance.

18.5 There are significant unrestricted reserves held at the year end for 2018/19. This reflects the fact that comprehensive funding for core and operating costs were secured for the team for 2018/19. However none of the planned project workstreams were initiated in 2018/19 as funding had not yet been secured for those workstreams so the operating costs relating to them were therefore lower than anticipated. There was also a carry forward from 2017/18 to be spent on repurposed Beacon Awards but this will not be disbursed until 2020/21 pending the review of these Awards of 2019/20.

18.6 The fundraising costs are modest relative to the fundraising aspirations. This is because a large part of the fundraising has been undertaken pro-bono by Matthew Bowcock himself, drawing on his extensive contacts in philanthropy and other funding spheres.

Beacon Fellowship Charitable Trust			
Year end as at 31 March	2017/18	2018/19	2019/20
	Examined		
	Accounts	Forecast	Budget
	£	£	£
Income & expenditure:			
Income	38 000	125 988	969 210
- % of Income confirmed as at 01/03/19	n/a	90%	13%
Expenditure	(59 764)	(44 000)	(882 700)
Total surplus/(deficit)	(21,764)	81,988	86,510
Split between:			
- Restricted surplus/(deficit)	0	4 500	99 300
- Unrestricted surplus/(deficit)	(21,764)	77 488	(12 790)
	(21,764)	81,988	86,510
Cost of Raising Funds			
- % of income	0.0%	9.5%	1.2%
Operating expenditure (unrestricted funds)	59 764	36 000	180 000
Free unrestricted reserves:			
Free unrestricted reserves held at year end	22 142	99 630	86 840
No of months of operating expenditure	4.4	33.2	5.8
Reserves policy target	19 921	9 000	45 000
No of months of operating expenditure	4.0	3.0	3.0
Free reserves over/(under) target	2 221	90 630	41 840

Conclusion

19. The Collaborative is a high profile, high quality funding opportunity to engage a range of influential and high profile players in the (U)HNW philanthropy space. This would be a timely early investment for CBT following the recent approval of the Strategy implementation plan, and would provide, through the various workstreams, significant collateral to support the Strategy's Vision that *individuals and communities, especially those experiencing disadvantage and marginalisation, thrive as a result of higher impact and higher value Philanthropy.*

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APPENDIX 1 : ADDITIONAL PROJECT DETAIL

1. Analysis of different models of **Cause Focused Networks**. Experienced philanthropists who are focused on an issue or cause acknowledge that they achieve more and give more when they collaborate with and learn from their peers and experts in the field. Cause-focused knowledge-sharing networks (including online platforms) have the potential to significantly accelerate the development of high-impact philanthropy. This project will examine existing cause-related philanthropy networks such as the Environmental Funders Network, Ariadne (Human Rights) and the Science Philanthropy Alliance to develop a replicable model which can be applied to other causes that are ready for effective collaboration.

The resulting work will need to be disseminated and exploited and organisations with interest in the cause encouraged to create new networks. An arts and culture funders network and a medical research funders network have already been proposed. The learning could be shared with London's Giving to help support greater HNW philanthropy in the boroughs and in London more generally.

2. Review of how the **Beacon Awards** can better encourage and celebrate best practice in philanthropy to inspire others. The review of the Beacon Awards is likely to lead to a new awards program to celebrate philanthropy which will require continued funding, but it will probably be on a different basis to the current Beacon Awards.
3. Analysis of the **Competitiveness of the UK** to attract international philanthropists to establish their foundations here. Emerging economies in Asia, Africa and Latin America are creating a wealthy elite, some of whom want to establish global philanthropy foundations. The UK is an attractive place to base these organisations with a stable regulatory framework and a long history of global giving. This activity will examine the UK's competitiveness as a home for global philanthropy foundations and press for obstacles to be addressed. If the resulting recommendations are implemented by policy makers who want to project Britain's 'soft power' internationally, this could generate inbound investment and turn the UK into a skills hub for philanthropy. This, in turn, may also encourage greater domestic giving.
4. Rollout of **Professional Advisor Training** courses to enable wealth advisors to better advise their clients on how to become philanthropic, where to go to meet others and learn more, and how to establish tax effective and suitable vehicles for their giving. Currently, donors give their advisers a score of just 6/10 for the philanthropy advice they receive, yet the potential for increasing the amount given to good causes by professional advisers is huge. There is evidence that a single training course targeting the leading 150 London-based wealth management firms could leverage at least £190 million of additional giving.

5. Introduction of **Accreditation of Philanthropy Professional Advisors** to raise the standard of advice and encouragement given to nascent philanthropists. The introduction of professional standards and accreditation would enable quality training to be rolled out to target all advisory firms across the UK, increasing giving by ensuring would-be donors get the support they need at their first port of call.

Running initiatives 4 and 5 in parallel would maximise the boost to giving that is achievable via the professional services sector. This training and accreditation work should become self-funded over time, through chargeable training courses and fees for accreditation and professional body membership.

6. **Research into (U)HNW Giving** to establish why giving is a low priority for many wealthy people. The activity will build on research that has been carried out before by other organisations, such as Barclays Wealth, CAF and a number of academics. Recognising that wealth holders are not a homogenous group, the research will involve conducting the research of (U)HNW individuals, building a segmentation database, undertaking segmentation analysis and developing a communications strategy for the results. This would be a one-off project that will inform the design of future activities of the Beacon Collaborative so that some of the obstacles can be addressed.

