

<b>Committee</b>	<b>Dated:</b>
City Bridge Trust	9 <sup>th</sup> May 2019
<b>Subject:</b> Strategic Initiative – Centre for the Acceleration of Social Technology (CAST) – Digital Catalyst Project (15395)	<b>Public</b>
<b>Report of:</b> Chief Grants Officer (CGO) & Director of City Bridge Trust (CGO)	<b>For Decision</b>
<b>Report author:</b> Jenny Field, Deputy Director of City Bridge Trust	

### Summary

Established in 2015, the Centre for the Acceleration of Social Technology (CAST) aims to help people use digital for social good and to create a more responsive, resilient and digitally enabled social sector by:

- Supporting the not-for-profit sector to embed digital across their services, strategies and governance, and by
- working with sector leaders, funders and government to make this happen.

Due to launch later in 2019, the Digital Catalyst is a collaboration to drive the digital transformation of UK civil society. Other funders behind the proposal are the National Lottery Community Fund, Comic Relief, Esmée Fairbairn Foundation, Paul Hamlyn Foundation and the Department for Digital, Culture, Media and Sport (DCMS). This will be the first time the UK's social sector has had a dedicated, high-profile coalition jointly funding and championing this agenda. You are asked to contribute towards the London elements of this national initiative.

### Recommendation

Members are asked to:

**Approve a grant of £400,000 over two years (2 x £200,000) towards the London element of an initiative to make civil society more resilient by embedding digital in their strategy, services and governance. Release of funding in Year 2 is conditional on CAST being able to demonstrate the viability of the programme in 2020/21. The grant is also conditional on CAST providing a satisfactory revised reserves policy.**

## **Main Report**

### **Background**

1. The extent of the social sector's low digital capacity has long been recognised and a combination of underinvestment, poor co-ordination and lack of ambition has further entrenched the issue.
2. You may recall that Annika Small, Director and Co-Founder of CAST spoke at January's Committee meeting on digital skills and the challenges for Trusts and Foundations. Annika chaired the Citizenship session at the Digital Skills Summit held at Mansion House in December 2018.
3. As a result, CAST, in association with Association of Charitable Foundations (ACF) and London Funders, is running a series of 'Design Hops', hosted by Mansion House, to explore how digital can help funders respond more effectively to the needs of their grant-holders and applicants as well as in learning how some charities are using digital to increase their resilience and impact.
4. Since its inception, CAST has piloted a networked approach to deliver the digital transformation of the charitable sector's services through the development of best-in-class tools and guidance, learning programmes and through a trusted network of support agencies and delivery and communication partners. With a small core team of seven, CAST has proven the economy, efficiency and effectiveness of the tools it has co-developed with the sector and delivered with a growing network of partners and, in particular, the viability of a networked approach.
5. Following positive indications from Government and funders that they were interested in collaborating to inject fresh urgency and ambition into this work, CAST has consulted widely – including National Council for Voluntary Organisations (NCVO), Association of Chief Executives of Voluntary Organisations (ACEVO), Reach Volunteering, Cranfield Trust and Clore Social Leadership – to develop the proposed Digital Catalyst Programme.

### **The Proposal**

6. The three key outcomes of the programme are to:
  - Build an effective, sustainable and collaborative network to drive sector change, including through the growing alignment of funders' ambitions, resources and programmes.

- Increase the quality, range and uptake of tools proven to support the digital knowledge, skills and services of the sector, especially through the development of shared standards and reusable tools.
  - Scale up the delivery of digital programmes known to improve services and resilience amongst not-for-profits, especially digital leadership and service-design programmes.
7. The programme will be delivered through a range of trusted, expert partners.
8. If funding is approved by CBT today, it would contribute to:
- Training London charities in the principles of digital and user-centred design.
  - Digital leadership training for senior teams in London charities.
  - Digital service design support for London charities.
  - Improving the provision of digital tools and support for London charities.
  - Growing a vibrant London community of social enterprises that exchanges skills and experience, connects on similar projects and develops shared solutions.
  - Developing shared goals, clear roles and an accountability framework for the network of founder and delivery partners.
  - A proportion of the core running costs for the coordination of the network, include project and financial management, impact evaluation and reporting as well as operating expenses.
9. The budget for the programme is just over £2.1m in 2019/20 and again in 2020/21. Of the costs for 2019/20, the following have been raised:
- |                   |                                 |
|-------------------|---------------------------------|
| • £1,000,000      | Office for Civil Society        |
| • £200,000        | Esmee Fairbairn Foundation      |
| • £200,000        | Comic Relief                    |
| • £150,000        | Paul Hamlyn Foundation          |
| • £250,000        | National Lottery Community Fund |
| • <u>£130,000</u> | From CAST's reserves            |
| £1,930,000        |                                 |

Funding of £400,000 over two years (2x £200,000) has been requested from CBT. This would complete the funding package for 2019/20. However, whilst funding from Esmee Fairbairn Foundation, Comic Relief, Paul Hamlyn Foundation and National Lottery Community Fund are confirmed for 2020-21, funding from the Office for Civil Society is not at this stage. It is therefore recommended that should you approve funding today, the second year's grant should not be released until CAST can demonstrate the financial viability of the programme in 2020/21.

## Financial Information

10. In its 2017/18 audited accounts, CAST states that its reserves policy is to hold 6 months' worth of operational costs in free reserves which it calculates to be £360,000. This was based on the cost of salaries of the core staff team plus its back-office costs. Its free reserves were below this target as at 31<sup>st</sup> March 2018. However, CAST is a relatively young charity and it will take time to build free reserves. The reserves target used in the 2018/19 column has been provided by CAST based on a similar target sum to the previous year. CAST's turnover will increase significantly in 2019/21 as a result of funding secured for the Digital Catalyst Project. CAST's trustees will be reviewing its reserves policy during the year in the light of its increased responsibilities and this is due for consideration by its Board in May. It is likely that the revised policy will be to hold a target of 3 – 4 months' operating expenditure in free reserves. The conservative target of 6 months was considered prudent by CAST's Board in the early days of its inception. However, the Board is of the view that a target of 3 – 4 months' operating expenditure is a more realistic goal for the future. It is recommended, therefore, that any grant approved today is subject to a satisfactory revised reserves policy being provided. Whilst the level of free reserves is rising at a modest pace, officers are satisfied that the direction of travel is positive.

Year end as at 30 April	2018 Audited Accounts	2019 Forecast	2020 Budget
<b>Income &amp; expenditure:</b>			
Income	1,140,319	1,183,080	2,243,000
- % of Income confirmed as at 27/03/19		128%	63%
Expenditure	(839,891)	(1,374,841)	(2,178,800)
Total surplus/(deficit)	<b>300,428</b>	<b>(191,761)</b>	<b>64,200</b>
Split between:			
- Restricted surplus/(deficit)	272,988	(294,273)	47,200
- Unrestricted surplus/(deficit)	27,440	102,512	17,000
	<b>300,428</b>	<b>(191,761)</b>	<b>64,200</b>
Cost of Raising Funds	19,303	23,015	71,000
- % of income	1.7%	1.9%	3.2%
Operating expenditure (unrestricted funds)	224,567	167,888	155,000
<b>Free unrestricted reserves:</b>			
Free unrestricted reserves held at year end	187,910	290,422	307,422
No of months of operating expenditure	10.0	20.8	23.8
Reserves policy target	360,000	360,000	under review
No of months of core expenditure	6.0	6.0	under review
Free reserves over/(under) target	(172,090)	(69,578)	under review

## Conclusion

11. CAST has gained a reputation as one of the leading digital players within the charitable sector today. The range of funders that are behind this initiative are impressive and speak to the confidence that CAST is able to command.

12. An application to your Cornerstone Fund is included in your papers today with a recommendation of funding to Kingston Voluntary Action's Superhighways Project. This project, with its reach into hyperlocal communities, complements CAST's 'bigger picture' programme and the two organisations already work together.
13. CAST will also be amongst the pool of providers when your new Funder Plus offer is launched, as updated in the Chief Grants Officer's report today.
14. The urgent need to upskill civil society in digital literacy has been presented to you on numerous previous occasions. It was also a skill you identified as being lacking on this Committee when you undertook your skills audit earlier last year (and was addressed during the recruitment of the two external co-opted members for this Committee). If successful, CAST's proposal goes a long way bring a cross-sectoral approach to bringing about the necessary systems change needed to drive the digital transformation agenda of UK civil society.

## Appendix A

### Summary Assessment of Strategic Initiative for Committee Decision (Use: Y/N/Potentially or N/A where relevant)

<b>FILTERS</b>	
<b><i>Will The pro-active grant:</i></b>	
Further the Trust's Vision and Mission?	<b>Y</b>
Support work within the Bridging Divides programmes?	<b>Y</b>
Or, meet a clear need that has arisen since Bridging Divides were agreed?	
Have the potential for impact beyond that of an individual reactive grant or number of individual grants?	<b>Y</b>
Be affordable within the agreed annual budget (from the Trust alone or in combination with other funders) and, looking forward, leave sufficient budget to meet anticipated pro-active grants for the remainder of the financial year?	<b>Y</b>
Be made to an organisation(s) that conforms to the Trust's eligibility criteria and has the capacity and expertise to deliver the work?	<b>Y</b>

<b>PRIORITISATION GUIDANCE</b>	
<b>Evidence</b>	
Is there external and/or internal research and information that supports the need for the proposed grant?	<b>Y</b>
Is there external and/or internal research and information that indicates the approach proposed in the grant will be successful?	<b>Y</b>
Is there evidence that indicates the work will be hard to fund from other sources?	<b>In part</b>
<b>Impact</b>	
Will the grant tackle a root cause(s), or positively influence policy or practice?	<b>Y</b>
Will the work/approach funded be replicable?	<b>Y</b>
Does the grant provide an opportunity to strengthen Civic Society in London?	<b>Y</b>
Is the work sustainable beyond the period of the grant?	<b>Y</b>
Can the impact of the work be measured through evaluation?	<b>Y</b>
<b>Leverage</b>	
Will the grant particularly benefit from the Trust's and the Corporation's distinctive networks and connections? Is there an opportunity to add value in this regard?	<b>Y</b>
Will the grant be able to build on the Trust's, and its existing grantees'/investees', knowledge and expertise?	<b>Y</b>
Will the grant have the potential to leverage any other funding from other sources?	<b>Y</b>
<b>Spread</b>	
<b>Geographic</b>	

Will the grant support work in a geography where there is high need but relatively low Trust spend?	<b>Potentially</b>
<b><i>Thematic</i></b>	
Will the grant support work in a thematic area of the Bridging Divides Programme where there is high need but relatively low Trust spend?	<b>Y</b>
<b><i>Portfolio</i></b>	
Within the Trust's Strategic Initiative portfolio, is the grant duplicating or complementing anything already funded?	<b>The 'Capacity building support for civil society support organisations' of <i>Bridging Divides</i></b>
<b><i>Approach</i></b>	
Will the grant enable better collaboration between relevant organisations?	<b>Y</b>
Is the proposed work across more than one LA or is London-wide?	<b>Y</b>
Does the proposed work explicitly link the private, statutory and voluntary sectors?	<b>Y</b>

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