

<b>Committee:</b> City Bridge Trust (CBT)	<b>17<sup>th</sup> September 2020</b>
<b>Subject:</b> Redesigning the Trust's work for the Covid-19 health crisis and beyond	<b>Public</b>
<b>Report of:</b> Chief Grants Officer and Director of CBT (CGO)	<b>For decision</b>
<b>Report author:</b> Tim Wilson, Funding & Social Investment Director	

## Summary

This paper references:

- The significant and unequal consequences of the pandemic and resulting shift in CBT's operating context;
- The CBT response to the impact of the pandemic – 'pausing' business as usual, refocusing significant resources on the collaborative funding effort through the 'London Communities Response'; taking a supportive and flexible approach to the needs of CBT's existing portfolio of funded organisations; and honouring the existing applications' pipeline;
- The consideration given to the remainder of this financial year including the recommendations that the focus continues to be on the collaborative LCR, the existing funding portfolio and pipeline; and that the 'pause' on business as usual be extended to the last quarter of the financial year whilst the Bridging Divides funding strategy is revised and the additional uplift in spend is framed, drawing on learning to date and mindful of the changed context;
- The resourcing implications of the above balancing the immediate needs of London's community and voluntary sector and longer-term thinking and investments.

## Recommendation

Members are asked to:

- a) approve an extension to the pause on funding for new grantee projects until the last quarter of 2020-21, asking officers to present plans for funding programmes at your Committee on 28<sup>th</sup> January 2021;
- b) approve a further £15M allocation from the 'Bridging Divides' agreed 5 year (2018-2023) budget for expenditure in this financial year (2020-21); and,
- c) approve £50,000 from the central risk budget for work on the interim Bridging Divides review.

## Main Report

### Background

1. Covid-19 has had profound and unequal impact across London. Beyond the pandemic's immediate health and mortality impacts, there have been social and economic consequences which have escalated existing inequalities and social fractures. Underlying patterns of insecurity, instability, poverty and discrimination have been amplified by Covid-19.<sup>1</sup>
2. Our Bridging Divides funding strategy's vision & mission are '*for London to be a city where all individuals and communities can thrive.*' and '*to reduce inequality and grow stronger, more resilient and thriving communities for a London that serves everyone*'. Whilst these remain relevant to our current context, as London changes so our work and our ways of delivery must develop. CBT has focused its emergency and recovering funding through the collaborative grant-making platform of the London Community Response (LCR), through support for CBT's portfolio of grantees, the assessment of the current grant-application pipeline, and paused the pre-Covid Bridging Divides programmes to new applications.
3. Pre Covid-19, CBT was spending at a higher rate than previously experienced. This was for a number of factors including (but not limited to) longer term funding offers, the related availability of continuation grants to organisations supported under "Investing in Londoners", pressures on funding elsewhere in the sector, and proportionately greater requests for overhead support. Although the Trust has had additional investment, this may not be enough to meet the scale of current need. Covid-19 and the emerging economic crisis means we are working against a backdrop of uncertainty and likely growing demand.

### Current activity

4. Since the July 2020 CBT Committee, the team has worked on the LCR, pan-London transition and recovery planning, and the pipeline of applications received pre-Covid health crisis. We have also been thinking about the Trust's approach to the coming 6 months, how the Bridging Divides implementation strategy could be reviewed in light of new circumstances, and the possible uses of uplifted funds agreed by March 2020 Court.
5. Whilst this work is not complete, we want to take input from Members at today's meeting as well as during the strategic half away-day in October. Today's meeting will also hear from our learning partner, Renaisi, and its findings from the second year of our *Bridging Divides* work which is relevant for thinking about future approach. One specific comment from Renaisi's report stands out:

*"Bridging Divides was not designed or imagined for the context we are now living in. The core values and ambitions embodied in the strategy may still be relevant and desirable, but how they are implemented, and what the Trust*

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<sup>1</sup> See, for example, Resolution Foundation's July 2020 Living Standards Audit and the Scientific Advisory Group for Emergencies July 2020 BME report.

*needs to do to achieve them, will now have to be different. There is a risk that, without review, Bridging Divides becomes a poor guide for the Trust's work and decision-making in the remaining months of 2020 and beyond."*

## Current applications

6. Grant applications for new projects are currently paused across most of the Trust's programmes until at least early October. **We recommend extending this pause until the last quarter of 2020-21, asking officers to present plans for funding programmes at your Committee on 28<sup>th</sup> January 2021.** Between now and then, officers would focus on future planning, the LCR and working through our existing application pipeline.
7. There is a risk that re-starting programmes in October would signal that the Trust is offering crisis funding. We cannot predict the level of demand we might see for new awards, but it seems sensible to assume that it will be high given data from the National Council of Voluntary Organisations (NCVO) and others on the funding shortfalls faced across the whole sector.<sup>2</sup> Covid-19 has stretched the Voluntary and Community Sector significantly – with notable drops in income and (particularly in certain service areas) rises in demand. We continue to operate in an emergency (and uncertain) environment, for which the LCR has been designed and which we continue to resource. We believe that it is better to offer further support to LCR and conduct periodic reviews of other funding pools as we design our revised Bridging Divides funding programmes to be launched in the first three months of 2021. This way we can identify useful data for the design of Wave 4 of LCR, and the need for any further programmes we should offer before the end of our extended pause. This would also give applicants more time to consider longer-term funding, hopefully in the context of a more stable environment when they are better able to see what services are needed.

## Grant Budget

8. Prior to recommendations to the September Committee the Trust had an application pipeline with a total value of £21.7m, of which £4m was for continuation funding.
9. The historic success rate across Bridging Divides is 43.5%, but much higher for continuation applications where it is 70%. We remain open to new continuation requests and have received 24 submissions with a total value of £3.45m since late May. We can expect more continuation requests over the coming months and the Trust is also likely to recommend some strategic initiatives over the remainder of 2020-21 as it develops its Covid-19 response.
10. Assuming Member approval to extend the pause on programmes until the last quarter of the financial year, our estimated funding needs for 2020-21 are:

Current pipeline (non-continuation)	£17.7 x 0.435	£7.7m
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<sup>2</sup> NCVO estimate of £4bn+ lost to the sector as a result of Covid

Current pipeline (continuation)	£4m x 0.7	£2.8m
Forecast new continuation requests		£2.5m
Forecast new strategic initiatives		£0.8m
		<b>£13.8m</b>

11. We believe that the value of any new Bridging Divides recommendations from January – March 2021 would be very limited, with most awards made from FY 2021-22 onwards. We believe the rate of continuation requests will slow over the remaining course of the year.
12. In your papers for today's meeting you will see that if you approve all of the grants recommended, without agreeing any additional resources for grant-making, you will have overspent your year 3 (2020-21) Bridging Divides budget allocation by £2.9m.
13. Considering the current year grant budget, we have two options. The first is to remain within the current allocation of 2020-21, approving fewer of today's recommendations than presented, and suspending grant-making for the remainder of the financial year. The second is to agree an additional £15M allocation from the agreed Bridging Divides 5 year(2018-2023) grants budget for expenditure in this financial year.
14. The first option does not seem ideal at a time of significant need. It also gives preference for those applicants who submitted their requests earlier in the year which could be seen as unfair.
15. Instead, **we recommend that Members approve an additional £15M allocation from the agreed Bridging Divides 5 year (2018-2023) grants budget for expenditure in this financial year.** We would then return to Committee with delivery plans for the remainder of the Bridging Divides monies including proposals for the use of the balance of the £200m later in the financial year (such plans and proposals to be informed by Committee input at this meeting and the October CBT Committee away half day; and also the Bridging Divides Interim Review). Please note that this sum does not allow for any contribution to the planned LCR Wave 4 funding round and we may yet present a proposal for this at your November meeting.
16. The 'Bridging Divides' agreed 5 year base budget is £125m (the base budget). There has been an additional allocation agreed by the Court of Common Council in March 2020 of £200m. None of the £200m has as yet been committed (whilst plans are developed and financial remodelling undertaken).
17. If at this September 2020 CBT Committee meeting a further £15m is agreed from the base budget for expenditure in this financial year, this would leave £42.4m of the base budget available for expenditure in the final two years of the Bridging Divides Strategy. The £200m (or any revised figure subject to covid-impact re-modelling) would be expenditure through the Bridging Divides strategy in addition to the base budget.

## Future Delivery

18. Over the coming weeks, the Trust will move at pace, developing its future plans for Member approval. This work will be anchored in our PACIER values (Progressive, Adaptive, Collaborative, Inclusive, Environmentally responsible, and Representative), the lessons from the Bridging Divides and LCR delivery to date and consider both what we deliver and how we deliver it.
19. We are not proposing a full quinquennial review, but rather an interim review of Bridging Divides catalysed by a seismic shift in our operating context. This review will take account of the leadership role CBT can play in a context where we can expect to see unemployment rise (with some sections of the community more adversely affected than others), and with it the deterioration of London's performance against deprivation indicators. It will take account of the racial injustices highlighted by the Black Lives Matter Movement, and from equalities specialists who have gathered evidence on the pandemic's impact on disabled people, on women and on LGBTQ+ communities.
20. To borrow the title of IVAR's report into funder responses to emergencies, we will be looking for the 'possible not the perfect'. We want to answer questions such as:
  - a) What lessons can we draw from CBT's participation in the LCR?
  - b) How can we build on recent positive developments in funder approaches to equalities, collaboration, risk-management and timeliness?
  - c) How has Covid-19 affected demand for our Bridging Divides programmes and how might this shape future waves of LCR?
  - d) What key learning has emerged from pan-London strategic response work?
  - e) What rapid response programmes could we offer to support communities and organisations affected significantly by the current crisis?
  - f) What should we deliver collaboratively, and what should we take the lead on?
  - g) Should we maintain an open, responsive approach, or focus more strategically on areas and communities which have experienced disadvantage?
  - h) How can we best address the imbalance of power between funder and funded organisation, especially where this prevents effective learning and development?
  - i) What is the optimum spending rate, especially given the potential fall in grant funds available post-crisis and in context of lower investment returns?
  - j) How can we make better use of data to improve our reach to under-served communities and geographies?
21. In the short term, this will help guide what and how we should offer funding, and in the medium term, will support the interim review of the delivery strategy for Bridging Divides and provide options on the possible uses of the funding uplift..
22. Our work will be designed with the Trust's PACIER values in mind. It will be evidence-informed, drawing on our own organisational learning and insights as well as external data, whilst acknowledging the limits of data in a fast- changing climate. It will be based on key learning from the current health, social and

economic crises, and the inequalities highlighted by its differing impacts across London's communities.

23. Despite the scale of the challenge, we have a positive opportunity to contribute to the development of a better London, one which helps tackle social injustices, which seeks to rebuild without such stark inequalities, and which is greener. Our response will be reflective of the Climate Action movement and supportive of the City Corporation's Climate Action Strategy. There is scope to draw positive lessons from recent months to look at funding in new ways, developing deeper or different relationships with funded organisations, and considering issues of risk and trust.

## Resource

24. Whilst we want participation from across the team, we believe that dedicated capacity will be necessary to lead this work. Work will require engagement and co-design with other funders, consultation design, liaison with external informants and the development and implementation of a communications strategy. This work should develop in synergy with our Impact & Learning Strategy, our work on Racial Justice and on the Bridge House Estates strategy development. With ongoing pressures on staff roles, we do not believe this work can be delivered satisfactorily on top of the responsibilities of an existing role. At present we have not decided if this leadership should come from an external facilitator or from someone within the team whose role is then backfilled. In either case, we think it is prudent to allow budget for this work and **recommend that Members approve £50,000 from our central risk budget for work on this review**. This sum has not been included in the figures for today's meeting but, if approved, would be reported to your November meeting.

## Conclusions

25. In the months ahead we can develop both *what* we do as a Trust in context of new realities and *how* we do it. Looking ahead, we will want to build on the collaborative spirit seen between funders during the Covid response as well as many of the positive elements seen in how we have engaged our funded partners. At all times, we will seek to keep our work anchored in our values and the needs of Londoners.
26. We have a strong ambition to offer the best possible response to London's voluntary and community sector over the coming months. In doing so, we have to avoid the risks of a) attempting to deliver a full quinquennial review in a compressed timeframe with (inevitably) less consultation than this would normally involve, b) seeking to gather too much evidence at the expense of action and adaptation during what is a fast-changing landscape, c) expanding the Trust's already ambitious range of programmes by adding new strands that would stretch us beyond what we have grants' budget to fund and d) avoiding a 'drift' back to 'business and usual' and losing the best lessons from the crisis response.

27. As our learning partner Renaisi notes

*“Any process of adapting Bridging Divides would not need to take place immediately, especially given the Trust’s current focus on its COVID-19 emergency response. It could be designed alongside a reflection process to help the team take stock of the changes that have happened since March 2020, and identify ways that they want to continue or change work in future.”*

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