

| Committee | Date |
|--|--|
| Bridge House Estates Grants Committee Bridge House Estates Board | 9 March 2022 Delegated |
| Subject: Alliance Partnerships – John Lyon’s Charity (ref:19148) | Public |
| Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support? | 1,3 |
| Which outcomes in City Bridge Trust’s funding strategy, <i>Bridging Divides</i>, does this proposal aim to support? | Reducing inequalities, Every Voice Counts, Progressive, Collaborative, Inclusive, & Representative values. |
| Does this proposal require extra revenue and/or capital spending? | No (Funding allocation from BHE designated grant making fund) |
| If so, how much? | £1,020,000 |
| What is the source of Funding? | <i>Bridging Divides</i> allocation 2021-2022. |
| Has this Funding Source been agreed with the BHE & Charities Finance Team (representing the Chamberlain)? | Yes |
| Report of: David Farnsworth, Managing Director of BHE | For Decision |
| Report Author: Stewart Goshawk, Acting Funding Director | |

Summary

This report requests funding from City Bridge Trust (CBT) of £1,020,000 (representing £1m for grants expenditure and £20,000 for operational costs) towards a partnership with John Lyon’s Charity, seeking to support organisations working with children and young people in west and north-west London. A payment schedule will be agreed in line with grant commitments and payments to enable immediate need to be met. At the last Grants Committee meeting, the Committee approved expenditure on the first two proposals under the Alliance Partnerships initiative, with awards made to ROSA and to the GLA and the allocation of £15m to a pot for future Alliance Partnerships proposals. This is the next such project, making use of CBT funding to enhance the established work of other reputable funders in Greater London, in support of work that meets CBT’s objectives.

Recommendations

It is recommended that the Bridge House Estates Grants Committee:

- a) Endorse a grant of **£1,020,000**, as an Alliance Partnership, for onward approval by the Bridge House Estates Board, to John Lyon’s Charity, registered charity no:

237725, towards its Recovery Fund, providing grants to strengthen children & young people's organisations. £1m of the award is to supplement JLC's grant-making, with the additional £20,000 as a contribution towards its costs of administering these funds. The funding is to be restricted to support organisations benefitting Londoners.

A payment schedule will be drawn up, allowing the funds to be paid to JLC in instalments, enabling payments to be received prior to onward grants being committed/paid.

It is recommended that the Bridge House Estates Board:

- b) Approve a grant of £1,020,000, as an Alliance Partnership, to John Lyon's Charity (registered charity no. 237725) (as per the terms endorsed by the Grants Committee at recommendation a.)

Main Report

Background

1. This report seeks the BHE Grants Committee and BHE Board's support for a new Alliance Partnership proposal, in partnership with the John Lyon's Charity.
2. CBT has engaged in collaborative funding practices for much of its 25-year history – particularly, but not limited to, its support of London's voluntary and community sector infrastructure.
3. It has widely been agreed across the sector that collaborative funding approaches are required for a thriving civil society and should form a healthy part of the overall funding ecosystem. Reports by London Funders¹, ACF², IVAR³, and CBT's own commissioned reports from learning partner Renaisi⁴ have consistently recommended that independent funders, such as CBT, with the ability to work collaboratively, should do so as far as possible.

John Lyon's Charity

4. The John Lyon's Charity (registered charity no: 237725) is a grant-making charity well-known to CBT. JLC is historically connected with Harrow School and its area of benefit is the eight boroughs and the City of London that follow the Harrow Road through west and north-west London. It funds work supporting the needs of children & young people, both general "youth club" and holiday scheme provision, as well as specific support around poverty relief, mental well-being and educational attainment.

¹ [London Funders, 2021: London Community Response learning Reports](#)

² [ACF, 10 Pillars of Stronger Foundations](#)

³ IVAR, 2016: [Funder Collaboration: is it worth it?](#)

⁴ Various iterations have been included in papers over time, copy of most recent review available on request.

5. CBT and JLC have worked closely in partnership a number of times over the years. More long-standing members will recall the “Fear and Fashion” initiative of the late 2000s, where the two were part of a coalition of funders addressing the issue knife crime in London. More recently, CBT has been part of a successful funder collaboration with JLC in the establishment of the first three Young People’s Foundations in Harrow, Brent and Barnet.
6. JLC recently celebrated its 30th anniversary as a grant-maker, although the charity itself is centuries old. In that time, JLC has become one of London’s most respected funders and a critical supporter and advocate of work with the capital’s young people.
7. During the pandemic, JLC was a key player in the London Community Response initiative, contributing significant levels of funding, staffing and expertise to funders’ collective response to the needs of the capital’s communities over the past two years.
8. In recent months, JLC has been looking at how it might best focus its response to the needs of the children & young people’s sector within its area of benefit. It is a matter of common knowledge that young people have been disproportionately affected by the pandemic, whether through the disruption of their education or the effects on their physical and mental well-being of lockdowns and the lack of support services to assist those in greatest need.
9. In response, JLC has devised a new over-arching strategy for its grant-making *Home-School-Community*, which looks to target its funding through these three distinct environments where young people spend their time and receive support. Different kinds of interventions will work best within each of these situations, helping young people to achieve their potential.
10. JLC has committed to using an additional £22million from its endowment funds (on top of its £12m/year of ongoing annual grantmaking) to support its *Home-School-Community* work, underlining the importance it attaches to it. JLC’s evidence is that the pandemic period has exacerbated a long period of serious decline in both the quantity and quality of services that are available to young people. In particular, the funding available to youth services from statutory sources has declined significantly over the past decade, on top of which the pandemic and lockdown restrictions have added yet further difficulties. Many young people’s projects are having to rely on short-term, insecure and scarce funding, making planning for the future all but impossible.
11. One of the first key elements of the *Home-School-Community* work is the **Recovery Fund**. This is an early and positive response to ensure the survival of organisations struggling to do so. In order to benefit, a group must be assessed as having longer term viability:
 - a. Are they integral to the local community, responding to local demands, with those in need clearly suffering if the organisation were to be lost?
 - b. Are they well networked into their area?
 - c. Is the service they provide not available elsewhere locally?

- d. Is their business model sound?
 - e. Are there no other options to help them through?
12. JLC is committing £5m of the above-mentioned £22m to the Recovery Fund. This work is a significant and important step to ensure that organisations in deep financial difficulty through no fault of their own, have the capacity to survive – and only then can they flourish. The Recovery Fund will provide three-year grants of up to £50,000 per annum. At that level, the funding allocated would allow for around thirty local organisations to be supported. JLC is though aware that across their eight boroughs, the demand is far greater than this.
13. JLC made their first Recovery Fund awards in mid-2021 and they are expecting to make the next tranche of awards soon.
14. In order to qualify for a Recovery Fund grant, an organisation must:
- a. Have previously been funded by JLC – so all beneficiary organisations will be registered charities (JLC only funds registered charities) which have passed due diligence checks during pre-covid times;
 - b. Provide services for children & young people living in the JLC beneficial area;
 - c. Have suffered a significant loss of income during the pandemic eg earned income, fundraising, events, dinners, facilities hire etc as well as grant income;
 - d. Make the case that core income is essential to safeguard vital community services for children & young people.
15. It is clear that a grant to JLC as part of the Alliance Partnerships could help them increase the support available to a part of London's communities that has always been a priority for CBT and which is in need of significant support, if it is to recover strongly from the pandemic.
16. In conversation with JLC, they have identified that with addition funding they would be able to achieve more by:
- a. providing grant aid to more organisations for longer;
 - b. supporting organisations struggling due to exponential growth in service demand as much as loss of core income;
 - c. providing short-term consultancy support alongside the grant aid to assist with eg business planning, restructuring;
 - d. targeting support on eg the disability / mental health sectors, where there has been the dual issue of decreasing income and increase in demand.
17. It was also previously agreed that CBT would consider modest requests from Alliance partners for funds toward the additional costs that will be incurred by them in administering the grants funds we are donating to them. JLC estimates that it will cost £20,000 to support an additional £1m in Recovery Fund grant awards.
18. A contribution of £1m (plus £20,000 for operational costs) to supplement JLC's £5m would make an appreciable difference to the reach and scope of the Recovery Fund.

John Lyon's Charity - Funding History

19. Whilst CBT has worked with JLC on different initiatives over many years, CBT's only direct funding to JLC is as below in respect of the development of Young People's Foundations. Where CBT has worked jointly on other initiatives, CBT have been the holding recipients of JLC funds.

| Date | Grant amount | Grant purpose |
|------------|--------------|--|
| Sept 2015 | £300,000 | towards the salary and operational costs of Young People's Foundations in Brent, Harrow and Barnet for one year |
| July 2017 | £300,000 | towards the salary and operational costs of Young People's Foundations in Brent, Harrow and Barnet for one year |
| March 2018 | £300,000 | towards the salary and operational costs of Young People's Foundations in Brent, Harrow, Barnet, Camden, City of Westminster and Hammersmith & Fulham for one year |

John Lyon's Charity – Financial Information

20. JLC is an endowed charity, with total assets of property and investment approaching a value of £400m. These date back to conveyances by the original John Lyon himself in the sixteenth century.

21. Grants expenditure for 2020/21 and 2021/22 is forecast to be higher than in previous years due to the agreed need to increase expenditure to support communities during the pandemic. This resulted in an overall deficit for the charity of some £7.1m and a predicted deficit of £8.4m for 2021/22 before capital gains/losses.

22. Due to the planned additional expenditure of £22m, the charity may incur some deficits even after consideration of investment and property gains & losses. Nevertheless, the endowment remains a significant asset for the charity and the charity has capacity to absorb this carefully planned additional expenditure.

| Year end as at 31st March | 2021 | 2022 |
|-------------------------------------|------------------|----------------|
| | £k | £k |
| | Audited accounts | Budget |
| Income | 8,720 | 8,566 |
| Expenditure | 15,864 | 16,929 |
| Net surplus/ (deficit) | (7,144) | (8,363) |
| Net gains / (losses) on investments | 31,767 | 4,061 |
| Net gains / (losses) on property | 21,704 | - |
| Total surplus / (deficit) | 46,327 | (4,303) |
| Total funds | 391,725 | 387,422 |

23. At the Grants Committee's previous meeting, the Committee agreed that Alliance Partnership funding will be awarded in order to advance the mission and vision of the Bridging Divides Strategy, and usually will not be awarded to augment the "business as usual" day to day operations of other funders. *The support needs of children & young people are clearly central to Bridging Divides.*
24. The Grants Committee also agreed that key features of recommendations for Alliance Partnership funding should include:
- The funds will be awarded to established funders, with a track record of delivering grant funding programmes, where the organisation's primary aim (or primary aim within civil society) is funding. *JLC is clearly an established funder, with grant-making as its principal business.*
 - The funds will be awarded towards grant programmes which are in development, or recently begun, and which have a finite end point (this could include phased initiatives). *The JOC Recovery Fund is a time-limited programme, which began in mid-2021.*
 - Initiatives to be funded must have involved significant scoping/evidence review work, where the funder has specialist knowledge of the funding theme/priority that is additional to CBT's own reach. Evidence can include expertise by experience, including direct/lived experience. *JLC is an authority within the trusts and foundations world on the needs of children & young people, with knowledge accumulated over decades of involvement in this field.*
 - The organisation receiving funds must be able to adequately ring-fence funding for onward distribution to work which benefits Londoners. *JLC's own area of benefit is a sub-region of Greater London, so there is no issue here.*
25. This proposal therefore passes each of these four tests.

Conclusion

26. The award of a grant of £1million to the John Lyon's Charity (plus an additional £20,000 towards operational costs) as part of the Alliance Partnerships initiative will make an appreciable difference to the quality of life for many children & young people living in west and north-west London. JLC is an acknowledged expert in this area of charitable funding and their new initiative is based on clear evidence and knowledge of the sector and how it has been affected by the pandemic. Organisations are struggling financially at a time when demand on their services is every-increasing. This funding will augment the £5million committed by JLC itself, allowing an expansion in the scope and depth of the support that can be offered and a payment schedule will be agreed in line with grant commitments and payments, enabling them to distribute funds to frontline organisations as quickly as possible.

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