

Committee: Grants Committee of the Bridge House Estates Board Bridge House Estates Board	Date: 26 September 2022 15 November 2022
Subject: Strategic Initiative: Do It Now Now CIC (19406)	Public
Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?	1,3
Which outcomes in CBT’s funding strategy, <i>Bridging Divides</i>, does this proposal aim to support?	Reducing inequalities, Progressive, Collaborative
Does this proposal require extra revenue and/or capital spending?	No (£2.004m funding allocation from BHE designated grant making fund)
Report of: David Farnsworth, Managing Director of BHE	For Decision
Report Author: Nat Jordan, Head of Collaborative Action for Recovery Programme	

Summary

This report requests funding of £2,004,000 to be awarded to Do It Now Now Community Interest Company (CIC) (DINN Enterprise CIC, registered company no. 11937494) over two years towards the ‘Continuum Fund’, a bespoke, holistic package of finance and support for Black-led Charity and Social Enterprises (CSEs) to become business ready with access to a wide range of external funding sources including social investment. Included is onward grant making to Black-led charities and social enterprises (CSEs), training and support for the development of charities engaged in the grants programme and running costs.

It will also contribute to CBT’s reputation as a progressive and collaborative funder, providing DINN with the bedrock from which to leverage investment from other funders, including independent trusts and foundations and financial institutions.

The proposed annual scale of funding is commensurate with collaborative funding awards made through the Alliance Partnerships, and another which the Grants Committee agreed in principle to the incubation of the Baobab Foundation at its December 2021 meeting. Comparatively, DINN is a less established body in grant making than those funded through the Alliance programme, but there is no equivalent longer established independent grant maker led by and dedicated to black communities, due to the very fact of the historic underinvestment in Black and minoritized communities.

Funding is initially recommended over its first two years to enable the establishment and launch of the fund, and to secure further support at scale from other interested parties, with the potential for a further application for continuation funding to be forthcoming nearer the appropriate time once a track record can be further assessed.

Recommendations

It is recommended that the Grants Committee of the Bridge House Estates Board, in the discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity no. 1035628) and solely in the charity's best interests:

- i) Endorse to the BHE Board a grant of £2,004,000 over two years to Do It Now Now CIC towards:
 - a. Onward grant making of core funding to transformational, London-focussed small start-up Black-led Charities and Social Enterprises with an income of between £10k-£50k in Stage One of the Continuum Fund (£960,000);
 - b. Training and Core Support (non-financial support) to London-focussed Black-led CSEs partnering with DINN across all stages of the Fund through cohort-based programmes, peer-to-peer support, and more to develop stability, sustainability, and increased impact of the network (£588,000);
 - c. A contribution to running costs, proportionate to a total estimated London benefit of the Continuum Fund (£456,000)

With the release of funding subject to the condition of:

- d. Confirmation that a further £960,000 in match funding has been raised from other sources towards Stage One onward grant making;

With the exception of:

- e. £150,000 from the allocation to running costs to be released as an initial tranche prior to the fulfilment of the condition at d. towards the initial development of the programme, including capacity to develop opportunities to raise the match funding;

It is recommended that the Bridge House Estates Board, in the discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity no. 1035628) and solely in the charity's best interests:

- ii) Agree the grant of £2,004,000 over two years to Do It Now Now CIC as per the terms agreed by the Grants Committee.

Main Report

Background

1. This report seeks support for a recommendation to partner with an exciting emerging organisation to support the access to funding of Black-led charities and social enterprises (CSEs). Most of the onward support is expected to go to Community Interest Companies (CICs) limited by guarantees, as these form the majority of Black-led organisations.

2. CBT has engaged in collaborative funding practices for much of its 27-year history – particularly, but not limited to, its support of London’s voluntary and community sector infrastructure. 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.
3. If approved, this would see CBT strengthen its commitment to supporting Londoners most impacted by inequality and injustice with a great potential to multiply the impact of onward funding through the leveraging of further funding support through DINN.
4. Racial inequity, and its related barriers to accessing funding for Black and minoritized communities, is now well documented. It continues to lead to poor outcomes for Black and minoritized communities across London and the UK and crosscuts every area within which CBT aims to have an impact, from education, to healthcare, to the justice system, and across the work of civil society generally.
5. In times of crisis, such as the ongoing pandemic and pressures UK households face with energy, food, and other living costs, these inequities are thrown into starker relief with Black and minoritized communities experiencing the negative effects of crises at disproportionate rates. Ubele, for instance, has highlighted that as many as 9 in 10 Black and minoritized community organisations faced closure as a result of the impact of Covid-19¹.
6. The funding sector is no exception when it comes to replicating the systemic disadvantages faced by Black and minoritized communities. Funders have struggled to achieve a proportionate reach into Black and minoritized communities to their relative population sizes. Amongst funding that does reach organisations led by and for Black and minoritized communities, few have long term strategic funding, and few funders have been explicit in addressing racial inequalities in their strategies².
7. DINN’s own findings are that many Black-led CSEs that are capable of transformational change struggle to achieve their potential due to lack of access to core funding, lack of access to business skills support and mentorship; lack of visibility amongst funders; and lack of active collaboration amongst funders.
8. Some funders, including CBT, are making progress in this area in working through intermediaries, an approach recommended (at least in the short term) in Ubele’s landmark Booska paper³, which explored structural racism in the voluntary, community and social enterprise sector and the impact of the pandemic on funding

¹ Ubele Initiative, 2020: [Impact of Covid-19 on the BAME Community and Voluntary Sector](#)

² Baobab, 2021: [A Better Normal: Building scaled, sustained and engaged investment from funders into racial justice in the UK.](#)

³ Ubele, 2021: Booska Paper: <https://www.ubele.org/our-work/booska-paper>

attitudes in the UK highlighted one such suggestion for how funders can quickly demonstrate their commitment to Black and minoritised communities:

“Consider establishing fund intermediaries with recognised Black and minoritised infrastructure bodies to support them through formal partnership arrangements in the allocation of funds. This will help to shift funding structures to more participatory systems that work closely with communities that funding is designed to benefit. In this way, direct beneficiaries through their representative bodies, are involved in the allocation of funds”.

9. A similar recommendation is made by Ten Years’ Time in its roadmap for funders, ‘Racial Justice and Social Transformation: How funders can act’⁴.
10. CBT has worked with intermediaries to achieve greater reach to minoritised communities in its recent history. For example, through its Moving on Up Project in collaboration with Trust for London and the Black Training and Enterprise Group (BTEG)²; funding for the Ubele Initiative as a strategic partner supporting the development of the London Community Response (LCR), joining the Funders for Race Equality Alliance, and in committing funding in principle to the incubation and development of the Baobab Foundation through Hackney CVS. Indeed, the London Community Response Fund (as part of the wider London Community Response collaboration) resulted in a significant proportion of emergency funding reached racialised minority led organisations during and following the lockdowns. Much of its success in this arena was due to a formal, close working relationship with equity partners who, as well as providing advice on programme design, acted as intermediaries to directly reach communities to support a greater volume of applications from underrepresented communities, including Black and minoritized.

About DINN

11. Established in April 2019, DINN is a registered CIC, and is user and needs-led. It operates in Africa and the UK⁵, with its UK work focussed on initiatives focused on initiatives with government, charities and business to support the social mobility of Black people. With its unique insight into the relationship between Black-led charities, social enterprises and funders, it is particularly well placed to act as a conduit for onward grant making.
12. It also works as an award-winning (NatWest, Harvard Business School, and others) infrastructure organisation providing capacity building support to charities and social enterprises across the UK. In addition to initiatives for its community of over 1,000 Black-led charities and social enterprises, it is often commissioned to provide capacity building support to individuals and organisations, and has an in-house team of skilled trainers, as well as a network of external experts that it works with.

⁴ Ten Years Time, 2022: Racial Justice and Social transformation: How funders can act: <https://tenyearstime.com/wp-content/uploads/2022/02/Racial-Justice-and-Social-Transformation-2.pdf>

⁵ Only a minority, about 5%, of its current activities are in Africa – the vast majority is UK-focussed, and within that, a majority has been London-focussed to date.

13. DINN's 'Futures Board' is responsible for the overall leadership of DINN and is responsible for agreeing the strategic aims, budget, and business plans and overseeing the activities of the organisation. This includes members with experience in leadership development, training, expertise in growth, expansion and supporting community based social enterprises to scale. The Chair, for instance, has previous trustee experience at London charity Hestia, and is the co-founder of a leadership development company.
14. With a background in social policy, DINN's CEO and founder, Bayo Adelaja, has a wealth of experience in developing initiatives to support underserved and underrepresented communities. She has to her name a myriad of accolades including being named amongst the top 100 most influential BAME leaders by the Financial Times and Inclusive Boards (2019), and one of the most influential women in social entrepreneurship in the UK (2018).
15. DINN received funding from CBT through the London Community Response Fund in Wave 4, as core funding to enable the organisational development of DINN as a broker and provider of support to Black-led organisations across London. The £10,000 investment from this grant directly supported the generation of 70% of its £1.3m income for the financial year, demonstrating DINN's capacity to leverage grant funding into further income.
16. As part of the emergency funding response to the coronavirus pandemic, DINN launched the 'Common Call' fund in 2020. Common Call was a grant fund designed to support Black entrepreneurs and innovators in the UK to build and sustain social enterprises. In its pilot, 16 organisations received a total of £50k. In its next iteration, 'Fund 2', £300,000 of onward grant making was distributed, with contributions from Comic Relief's Global Majority Fund, Barclays, National Emergencies Trust, Esmée Fairbairn Foundation, and the Clothworkers' Foundation. Competition across both waves of funding was significant, with 1,038 eligible applications received. With the scale of funding available, just 36 organisations received funding, demonstrating the scale of unmet demand from Black-led CSEs.

Proposal: The Continuum Fund

17. The proposed Continuum Fund's mission is two-fold: for the black-led CSEs eligible to access its funding and for the wider sector of organisations, including funders, that support them. DINN is, and the Continuum Fund will be, unique in the funding landscape as the only funder specifically dedicated to and targeting Black communities. Other initiatives, such as the Baobab Foundation or streams of funding available through more generic funders, tend to have broader focus on racialised communities in general. Whilst such programmes are important in redressing longstanding exclusion from access to funding across a broader spectrum of racialised communities, there remains a need for specific work targeting Black communities which is driven by Black-led organisations that is therefore better able to understand and address specific barriers and experiences.

18. The Continuum Fund has been devised to enable the long-term growth of more Black-led CSEs through a funding “continuum”, which offers a multi-stage programme of funding depending on where a CSE is in its development journey, ranging from core non-repayable grants to repayable zero interest loans and patient debt (that is, long-term capital). Alongside financial support, DINN will offer expert skills and development training to prepare funded organisations for later stages of the fund or further grant or social investment from other sources in the future.

19. The Continuum fund will offer the following funding journey to Black-led CSEs, of which it is recommended that CBT funding focuses exclusively on Stage One:

- I. Smaller Startups Stage: Core funding grants of £10k-£30k will be made to transformational small and start up Black-led CSEs with an income of £10k-£50k
- II. Development Stage: “Impact first” repayable loans of £15k-£50k, focused on supporting Black-led CSEs to develop core systems to manage large grants and loans, targeted at organisations with an income of £50k-£150k
- III. Growth Stage: Targeted at organisations with an income from £150k to £500k with revenue generation as part of their impact strategy, this stage will provide social investment in the form of patient capital based on revenue participation and principal repayment
- IV. Mature Stage: Where CSE income exceeds £500k, introductions will be made to other social lenders.

20. All stages will be supported by a training and development programme for the cohort of funded organisations that provides skills support in key, highly practical areas, with an emphasis on real-time “know how”, rather than “know that” knowledge. Not limited to the production of business plans, development of financial models, or assessing enterprise options feasibility, it will also deliver the following types of content:

- a. Culture change: changing how the leadership and Trustees and leaders think, particularly around accountability, and discipline in delivering activity that generates a surplus.
- b. Entrepreneurialism: skills in creative thinking, identifying, and prioritising opportunities, and developing and maintaining diverse partnerships.
- c. Strategic capability: to formulate and implement plans, adjusting based on external environment business delivery: product development and delivery, including sales and marketing, talent development, and ability to manage staff and contractors for accountability.
- d. Financial literacy: including full-cost, contingencies, and margins.
- e. Alignment with impact: including the ability to balance business and impact priorities at strategic and tactical levels.

21. This combined support offer will address the specific identified barriers that face Black-led CSEs delivering market-based solutions seeking to access investment, which can include: mistrust or a lack of understanding of the language of investment due to historical underrepresentation in any type of investment and a need to develop skills to understand the scale of investment needed, and what is most appropriate and affordable to them. Many ‘early stage’ organisations have a limited track record of revenue generation, and therefore can be seen as too ‘risky’ for investment and can lack assets against which to secure investments. (N.B. the legal structures of CSEs eligible for the programme will be in line with CBT’s own criteria).
22. A theory of change for the Continuum Fund is included at **Appendix 1**, which details the short to long term outcomes and impacts that the fund and the training and support offered alongside will achieve, focussed on the impact on the CSEs themselves rather than the end users. Key outcomes from the fund will include the strengthened core functions of Black-led CSEs, the long-term improvement of income such that the average income gap between Black-led organisations and wider sector is reduced; and that Black-led organisations have increased capacity to plan and develop for the long-term, responding to the needs of service users rather than giving privilege to the criteria (perceived or actual) of funders. (Please note that where DINN’s own documentation uses the term “unrestricted”, it refers to the flexible and adaptive approach to funding that CBT typically refers to as “core funding”, and onward grant making will not be legally unrestricted).

Continuum – Budget and Fundraising

Table 1: Budget and Fundraising (5 years)

	Grant-making	Training (grant-making only)	Social Investment (SI)	Training (SI)	Running costs	Total
Target	£4.15m	£1.55m	£4.00m	£0.90m	£1.80m	£12.40m
CBT request (for first two years)	£0.96m	£0.59m	-	-	£0.46m	£2.00m
Natwest request	-	-	£1.00m	£0.10m (in kind)		£1.10m
Balance to be raised	£3.19m	£0.96m	£3.00m	£0.80m	£1.34m	£9.34m

23. The grant fund itself, a major focus of this recommendation, has a minimum viability level of £300,000 to disburse (supported by £60,000 running costs, inclusive of a training programme). However, whilst this would enable DINN to deliver a funding

programme at a similar scale to the Common Call fund in the pandemic, this would not have the same scope to achieve the strategic and systems-change level at which DINN's ambitions are set. The request under consideration here exceeds that minimum viability level and would place CBT as the first, and a major, contributor to the scheme, at a scale that supports DINN to start to meet that ambition and sector need.

24. DINN is currently engaged in several positive conversations from funders and financial institutions about the potential for investment across the Continuum Fund offer. Many of these conversations remain at an early stage, prior to the submission of an application, including to the Paul Hamlyn Foundation and Esmée Fairbairn Foundation. Due to the early stages of these conversations, officers recommend a condition that the funding sought in this request be released upon the confirmation that match funding of £960k towards the onward grant making component is secured, so that DINN may be able to leverage CBT's support into further commitments from other funders. This would mitigate any risk of reliance on CBT for the programme, which would undermine its long-term, systems change and strategic aims.
25. However, a more developed avenue for contributions towards the programme is a £1m investment currently under consideration by NatWest to contribute to the Social Investment stages of the fund. This fund would be held by NatWest and "ringfenced", for the funding to be provided directly through its own processes to funded organisations, with back-office costs incurred by NatWest, and with investees gaining access to NatWest training and support resources such as the accelerator programme, and mentorship and coaching, equivalent to approximately £100k of further support. This partnership with DINN will support the further development of DINN's expertise in social investment as DINN focusses on developing and delivering the grants offer, while developing its own social investment back office, and to launch its direct social investment offer in late 2023.
26. The requested contribution to running costs is recommended to be applied across the core costs of running the Continuum Fund (that is, not limited to those directly related to the grant-making), flexibility in which will enable DINN to develop the full pathway from Start Up to Growth stages as is appropriate to the growth of the fund. Over the first two years, the proportion requested equates to just under 72% of budgeted running costs. This is proportionate to the London benefit and the contribution will remain proportionate to any potential changes in split in benefit of the fund between London and the rest of the UK: currently, 90% of DINN's grant making has been focussed on London. Whilst the ambitions for the Continuum Fund are ultimately for its availability to Black-led CSEs UK-wide to grow, as 60% of the Black population of the UK is in London, DINN will always have a substantial London focus. Other funders who contribute to the programme will also be expected to give to its running costs, but it is appropriate for CBT in its position as one of the largest independent funders to contribute as a large proportion in the shorter term to support the programme as it first gets established.

27. Costs include staffing a team with experience in developing relationships and delivering grants programmes, including Directors of External Relations, Grants, and Investments. In addition, to these roles, to support a participatory approach to its grant making, costs are included to pay lived experience leaders to work alongside grants assessors and participate in the Grants Panel to ensure that expertise by experience is central to the grant making alongside professional experience. For example, the Grants Panel includes industry experts such as Patricia Hamzahee, a founder of GiveBlack, has worked with the Grants Panel in the previous Common Call Fund. With the national focus that is the ambition of the fund, DINN also plans to engage local community partners to retain understanding of Black communities at the local level, as well as to support the calls for funding to ensure that outreach is successful. Budget will support the time of those organisations to engage in this process.

28. Marketing and recruitment costs are expected to be at the same level in each of the first two years, though the focus of these will shift from initial recruitment and promotion of the initial grants' calls, to a greater focus on promoting and disseminating learning as it emerges from the fund.

Table 2: Running costs (two years under consideration – note that table 1 above covers the full 5 years; the CBT funding request is for £460,000, with the remainder of the costs below still to be raised)

Expenditure	Year One	Year Two	Total
Staffing	£210,000	£210,000	£420,000
Grants Panel	£10,000	£10,000	£20,000
Grant assessors and assessment committee	£30,000	£30,000	£60,000
Marketing and recruitment	£25,000	£25,000	£25,000
Community partners	£20,000	£20,000	£40,000
Overheads (inc. CRM and website)	£25,000	£25,000	£50,000
Total	£320,000	£320,000	£640,000

29. All onward grant making with CBT funds will go to London-based and focussed CSEs.

Drawdown of funding

30. As it stands, DINN hopes to announce the fund in January 2023, with an anticipated 3 calls for grant applications throughout the year, which would be the primary driver for the cadence at which funding instalments would be required, alongside the potential for earlier weighting of running costs to support the upfront set up and communications considerations. However, due to the attached condition to this

recommendation, and the unpredictable and often slower pace of external funding decisions, it is difficult to establish an appropriate schedule at this stage. CBT officers will work closely with DINN and the BHE & Charities Finance Team to design the drawdown arrangements such that payments are broken down over the two years and received only in advance of onward expenditure and/or grants commitments.

31. This is apart from an initial tranche of £150,000, recommended to be paid to DINN towards its running costs prior to the fulfilment of the condition of match funding, expected to support the roles of Director of External Relations, the Head of Grants and Investments and the Grants and Investments Manager. Whilst these roles are not expected to be exclusively London focussed in the longer term, the same proportion (of 60%) applied at this stage would present challenges to recruitment and ensuring the relevant skills are brought in house. Should match funding be secured and the balance of funds therefore be released, the overall contribution to running costs would remain proportionate. In the case that it would not, DINN will ensure that these roles are, in the short term, proportionately focussed to London benefit.
32. This initial release of funds will ensure that DINN is appropriately resourced in the early development stages of the Continuum Fund, to ensure that staffing is in place to raise the required match and significantly de-risk the condition for the organisation. This is supported by emerging research that its CEO is involved in at Centre for London's Impact Investing Research Group, and the challenges for raising investment for new organisations (where new programmes amongst existing mainstream funders tends to be preferred to investing). A smaller tranche of the fund (proportionate to the recommendation as a whole) committed by CBT will go some way to addressing the barriers to new funding organisations in establishing themselves as they encounter challenges in finding first supporters willing to commit funds.

Financial information

33. DINN currently receives its income from a mixture of grants and trading income. Since its founding in 2019, its income level has grown substantially as its work has expanded. DINN has spent less than it has earned, resulting in substantial surpluses which have been generated deliberately as part of DINN's growth strategy as it aims to ensure that it has 6 to 9 months expenditure available to support its growth and in recognition of the risks presented in the current state of the economy. The table below shows the reserves level is expected to drop as a proportion of expenditure in 2023; however, the net trend in total funds held in reserve is increasing to support the growth, and the proportion will level off as its growth steadies, and its target is to be in line with policy by 2025/26. Its balance sheet is strong, with an expected net asset position at year end 30 September 2022 of £1.3m, in line with the stated aim to support their growth. Net assets are made up of cash balances and significant deferred income relating to income received in advance of the projects to which they relate.

Year end as at 30th September	2021	2022	2023
	Draft Accounts	Forecast	Budget
	£	£	
Income & expenditure:			
Income	1,060,014	2,305,146	6,348,293
- % of Income confirmed as at	100%	100%	21%
Expenditure	(808,291)	(1,242,604)	(5,584,541)
Total profit/(loss)	251,723	1,062,542	763,752
Operating expenditure	748,868	1,183,398	5,584,541
Balance sheet:			
Net assets/(liabilities)	257,701	1,320,243	2,083,995
<i>Of which:</i>			
Share capital / share premium	0	0	0
Profit & loss reserves	257,702	1,320,244	2,083,996
	257,702	1,320,244	2,083,996
Months' expenditure covered by reserves	4.13	13.39	4.48

34. The recommended grant amount will not exceed 50% of the organisation's income, as per CBT's policy.

Conclusion

35. The pandemic's highlighting of existing inequity and the concurrent increase in profile of the Black Lives Matter (BLM) movement in 2020 resulted in an upsurge of investment in racialised communities from funders. Two years on, the impetus remains on funders to increase their reach to racialised communities and divest power and resources to organisations led by and for them with direct knowledge and expertise by experience of the challenges facing those organisations.

36. DINN, a "rising star" organisation is designing a programme of funding that meets needs established through that direct understanding, with a long-term vision to support the sustainability of Black-led CSEs by investing both in their work and leadership potential. Learning that emerges from this pioneering programme will be of great interest to CBT and the wider sector.

37. With ongoing challenges in breaking traditional models of funding and power dynamics in the sector, DINN requires bold action from a funder to be the first to commit support and leverage further commitments from those who hold such power and resource. CBT, with its track record of successful "pump priming" of

innovative initiatives is well placed to partner with DINN in the development of this programme.

38. Funding DINN supports CBT's vision - '*For London to be a city where all individuals and communities can thrive, especially those experiencing disadvantage and marginalisation.*' It also supports our PACIER values, in particular the aim to be progressive, inclusive, and representative and provides an opportunity for CBT to be adaptive and observe and learn from a fellow funder operating in new ways.

39. Finally, the Grants Committee's and BHE Board's support facilitates many of the actions set out in the CBT's Race Action Plan, DEI Working Group Action plan, and the Interim Review of Bridging Divides recommendations.

Appendices

- Appendix 1: DINN Theory of Change
- Appendix 2: Common Call – Fund Two: Insights from applications to a Black-focused grant fund

Nat Jordan

Head of Collaborative Action for Recovery Programme

E: nat.jordan@cityoflondon.gov.uk