

Committee(s): Finance Committee	Date: 24 September 2024
Subject: International Disaster Fund – Proposals for allocation	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	Dynamic Economic Growth Diverse Engaged Communities
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	IDF Annual Fund (City’s Estate)
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: Deputy Town Clerk	For Decision
Report author: Jack Joslin, Head of Central Funding and Charity Management Team	

Summary

Each year, the Finance Committee sets aside a sum of c.£100,000 into an International Disasters Fund (IDF) to allocate towards funding appeals made in response to international disasters, such as major earthquakes, tsunamis, and other humanitarian incidents.

In order to expedite the deployment of funds in response to appeals, your Committee previously agreed to delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman to consider proposed donations. In practical terms, even this delegation results in a considerable delay between an emergency occurring, approval of any donation and subsequent transfer of funds to support efforts on the ground.

In the interests of improving speed and efficiency and in response to Member challenge, officers have considered an alternative approach. This report, therefore, proposes the allocation of funds to REACT, a rapid response charity which is specifically set-up to send volunteer Response Teams to humanitarian emergencies within 6 hours in the UK and 24-48 hours internationally. Additionally, officers seek agreement from Committee to approve funding to the DEC’s Emergency Fund for this financial year, to ensure this decade long partnership is honoured and for the DEC to deploy it to its next Appeal at pace. Such up front funding would not only ensure quicker response to crises but would avoid current administrative processes used to assess and respond to individual appeals.

Recommendation(s)

Members are asked to consider proposals for the ongoing designation of the International Disaster Fund, namely:-

- To approve initial funding of £75,000 over two financial years (2024/25 £50,000; 2025/26 Q1 £25,000) to REACT, to support with the costs of responding to International Humanitarian Disasters.

- To approve funding of £50,000 to the DEC's Emergency Fund for this financial year, to support a rapid response to its next Appeal/s.
- To note that a review will be undertaken and presented to the Committee during the 2025/26 financial year.

Main Report

Background

1. The City of London Corporation, through its Finance Committee, has set aside a sum of £100,000 each year into an International Disasters Fund (IDF).
2. The fund is used to provide donations to support responses to international humanitarian emergencies. Since January 2017 (most recently refreshed in November 2020), the criteria of the Disaster Emergency Committee (DEC) has been utilised for the selection and monitoring of UK aid charities to fund when responding to an international disaster. The Central Funding and Charity Management Team (CFCMT), formerly the Central Grants Unit (CGU), within the Corporation provides advice and recommendations to the Finance Committee.
3. The CFCMT maintains relationships with the DEC and its partners to ensure it has advance notice of any appeals. The DEC will typically inform CFCMT in advance of any appeal in the hope of using City of London Corporation donations as catalysts to promote other partners to do the same. Delegated authority arrangements are in place to expedite the formal approval of grants; however, the pace of response is still dependent on an appeal being launched and subsequent assessment and approval processes being implemented.
4. In addition to international appeals, from March 2020, donations were also made through IDF to respond to the Coronavirus Pandemic within the UK. .
5. As a DEC appeal had not been launched specifically for work in the UK, it was decided to look at organisations responding on a National and Local level. The scope of the work had to fall outside the eligibility of the City Bridge Foundation and be focused on emergency relief in line with the IDF agreed policy. In the list of donations at **Appendix 1** Members will note the different causes supported during the period of the Coronavirus Pandemic.
6. In March 2022, the war in Ukraine started prompting one of the largest DEC Appeals on record, as millions of Ukrainians were displaced from their homes. At the meeting of the Court of Common Council in March 2022, the Court resolved to move £250,000 from the Finance Committee Contingency Budget into the IDF to support that specific DEC Appeal.
7. The total IDF budget for 2022/23 was £125,000 from which two donations of £25,000 were made to support those impacted by flooding in Bangladesh and Pakistan and £50,000 to the DEC Turkey / Syria earthquake Appeal.

8. A significant amount of CFCMT officer time is put into the assessment of International Appeals and recommendations made to the Chairman and Deputy Chairman of the Finance Committee in exercising the delegated authority arrangements.

Current Position

9. As can be seen at **Appendix 1**, in practical terms the IDF responds positively to every appeal and has consistently provided a donation to all DEC appeals without exception. The current review process therefore feels inefficient if funds are to be disbursed promptly in response to such disasters.
10. It is also the case that individual arguments can and have been made by Members as to particular additional incidents, or to the level of funding to be made to particular appeals, all of which can delay the award of funding.
11. As a driving principle, it is self-evident that responses to crises should be based on need and humanitarian principles, and that the risk of any politicisation of decision-making is avoided.
12. In the interests of improving speed and impact, officers have considered an approach from REACT, a rapid response charity which is specifically set-up to send volunteer Response Teams to humanitarian emergencies, responding – but more quickly – to the same crises to which the City’s donations currently are made.
13. Since its establishment, REACT has been active in responding to all of the humanitarian incidents to which the City Corporation has donated, with one exception. It has also supported responses to similar crises in Brazil and the Caribbean, relating to flooding and hurricane impact.
14. Up front funding to REACT would, therefore, not only ensure the Corporation’s funding is being used more quickly to respond to those crises to which it already supports, but would also result in material administrative efficiencies in avoiding discrete assessments being made and approvals obtained in response to individual appeals.
15. A full due diligence assessment of REACT has been undertaken by the CCFCMT and is attached at Appendix 2.
16. It may be considered prudent to retain a proportion of the available funding in reserve, to be deployed in exceptional circumstances, albeit restricted to DEC appeals. This approach would provide for a degree of flexibility and pragmatism in ensuring the Corporation can continue to respond to the totality of emergencies to which it has historically committed, whilst also providing for more efficacious commitment of the bulk of its funds. It would also maintain a long partnership with the DEC in responding to global humanitarian crises.

Options

17. In broad terms, there are two options available to the Committee:

- a) No change: The Committee may wish to retain the current arrangements, i.e., individual consideration of DEC appeals as and when they arise through the delegated authority mechanisms.
 - b) Allocation of funding to REACT: the proactive grant of IDF monies (in part or in full) to REACT, in advance of any appeals, to allow them to respond immediately to crises as they occur, subject possibly to retention of some funds in reserve to retain flexibility in the event of any exceptional DEC appeal (as per paragraph 16).
18. In either event it is also proposed to review the process in 2025/26 and assess the efficacy of the arrangements, with a view to determining a longer-term position.

Proposal

19. It is proposed that your Committee adopts Option (b).
20. Given that we are currently mid-way through the financial year, it is suggested that £50,000 be committed to REACT for 2024/25 and £25,000 for 2025/26. This split would provide for a reasonable period to assess how the arrangement is working, and determine whether to pursue a long-term arrangement in the summer of 2025.
21. If this proposal is agreed, the Committee may also wish to consider approving further funding of £50,000 to the DEC's Emergency Fund for this financial year, spending out the fund in full. Donations are released to the next Appeal as a rapid injection of Flexible Funding which would leave the decision making in the hands of the specialists whilst honouring the ongoing partnership with the DEC.

Corporate & Strategic Implications

- Strategic implications – This proposal allows for donations made through the International Disaster Fund to be streamlined. By investing in one organisation the CoLC can develop a clear partnership that delivers on the aims of the IDF and will provide better data about the impact of this work.
- Financial implications – The proposals within this report present no additional financial implications; rather, they propose the allocation of some of
- Resource implications – The proposals would result in resource efficiencies for the City of London Corporation. The CFCMT Team will continue to manage the relationship with REACT on an ongoing basis, which will require less resources than dealing with individual appeals.
- Legal implications – None.
- Risk implications – A full due diligence assessment of the proposed grant recipient has been undertaken in order to assess the financial viability and delivery record of REACT. No substantial risk has been identified.

- Equalities implications – Funding to REACT will support CoLC in its EDI ambitions by providing humanitarian support internationally, to where it is needed most.
- Climate implications – None.
- Security implications – None.

Conclusion

22. The IDF has made significant donations to support International Humanitarian Disasters since its inception. By utilising the expertise of International Aid organisations, the donations have always been directed at the areas that need it most. This paper proposes a mechanism by which the IDF might potentially be more impactful in how it donates to support International Disasters, with an appropriate review point to monitor efficacy.

Appendices

- Appendix 1 – Schedule of Historic Donations from the IDF
- Appendix 2 – Due Diligence assessment

Background Papers

- **“Donations – International Disaster Fund”, Report to Finance Committee, 16 May 2023**

Jack Joslin

Head of Central Grants Unit

T: 020 3834 7324

E: jack.joslin@cityoflondon.gov.uk