

Committee:	Date:
The City Bridge Trust	3 rd October 2013
Subject:	Public
Investing in Londoners: Monitoring and Evaluation	
Report of:	For Decision
Chief Grants Officer	

Summary

This paper recommends how you might monitor and evaluate your new Investing in Londoners' programmes. It sets out a number of ways in which your Trust could strengthen its work on grant-holder compliance, funding effectiveness, and learning.

Recommendations

That you:

- a) require all Investing in Londoners' applicants to submit a monitoring framework when they request funding from the Trust;
- b) ask officers to provide sample monitoring frameworks and guidance notes for applicants on the Trust's website;
- c) where appropriate, make funding conditional on an organisation receiving capacity-building support with their monitoring and evaluation work;
- d) ask officers to provide details of organisations providing monitoring and evaluation capacity-building services on the Trust's website;
- e) maintain your current programme of 70 Monitoring Visits for 2013-14 (which will include a proportion of additional verification checks in line with the recommendations of Internal Audit) but then discontinue this from 2014-15 onwards and in its place introduce:
 - i. a new programme of 40 Project Visits to see Trust-funded work in action and to meet beneficiaries;
 - ii. a new programme of 70 Compliance Monitoring Visits;
- f) ask officers to commission two independent programmatic

evaluations to undertake in-depth reviews of what works and how your programmes might evolve;

g) ask officers to continue the Trust's programme of 25 Unannounced Visits each year;

h) ask officers to undertake post-holder spot-checks for 25% of grants made to organisations for posts of 17 hours per week or more; and

i) require officers to report monitoring and evaluation work and issues arising through your Committee meetings.

Main Report

1.0 Purpose

1.1 The purpose of this paper is to outline plans to monitor and evaluate your new Investing in Londoners' programmes.

1.2 The paper recommends a number of changes to strengthen your approach to effectiveness, learning and compliance.

2.0 Background

2.1 Monitoring is the routine and systematic collection of information whilst evaluation is the review of that information to form judgements about a project, programme, policy or approach. City Bridge Trust already has a well-established and robust approach to monitoring and evaluation, gathering large amounts of information to inform and shape its work. Current features of the Trust's monitoring and evaluation activities include:

- A requirement that grantees clarify the difference their work is intended to make (i.e. their outcomes);
- The offer of capacity-building support from organisations such as Charities Evaluation Services and Pro Bono Economics;
- Release of grant installments conditional on receipt of satisfactory monitoring reports;
- An annual programme of monitoring visits to a significant proportion of grantees; and
- Presentation of two large monitoring reports to the City Bridge Trust Committee each year reflecting on current practice as well as trends in grant-giving.

- 2.2 Your approach to monitoring and evaluation establishes clear ground rules and expectations for your grantees. Your Trust is generally well-regarded for its approach to monitoring and evaluation, with positive feedback received from the charitable sector and a largely favourable review of current methods by Internal Audit in 2012.
- 2.3 However, there is scope for improvement and this paper presents recommendations that will strengthen your monitoring and evaluation work against three key outcomes:
- Increased effectiveness by grant-holders and the Trust.
 - Improved learning from work funded by the Trust.
 - Greater accountability by grant-holders to the Trust.
- 2.4 The recommendations are intended to ensure that your approach to monitoring and evaluation remains proportional, adds value to the grant relationship, and generates practical content. Officers propose to maintain an approach to monitoring and evaluation which never acts as a barrier to entry for prospective grantees. Monitoring and evaluation work associated with your grants should remain useful for both the recipient and the Trust, and the offer of additional support to your grant holders should give them the opportunity to grow stronger over the life of the award. At all times, officers recommend that the Trust continues to provide clear guidance on how data will be used.

3.0 Increased effectiveness

- 3.1 The Trust's success is dependent on the ability of grant-holders to deliver high-quality projects. As such, both the Trust and its grant-holders have a mutual interest in ensuring good work is delivered. There has been considerable effort over the past five years in building the charity sector's skills in assessing, analysing and communicating impact, and you have played an important role through your "Strengthening the Third Sector" programme which has directed funding to high-quality support organisations like Charities Evaluation Services and Pro Bono Economics.
- 3.2 Alongside this capacity building work, the fundraising environment has also become much more competitive. It is more important than ever that charities are able to demonstrate their value and effectiveness. It is no longer sufficient for organisations to report what they have done (their outputs); at a minimum, like other funders, you expect them to present

- evidence of the difference their work has made (i.e. its outcomes).
- 3.3 During the Working with Londoners programmes (2008 – 2013) the Trust required applicants to explain how they intended to monitor and evaluate their proposed work as part of their application form. This was a short section, and it did not generally yield useful information. In the few instances where an organisation did not approach its monitoring work in a systematic manner, concerns sometimes only became apparent after the monitoring report received at the end of the first year. Although officers would then provide detailed feedback and recommendations for improvement, it is preferable to provide clearer guidance and ensure good data is gathered from the start of the funding relationship.
 - 3.4 Officers propose to introduce a new requirement that all applicants submit a monitoring framework for the project or activity they seek funding for. The Trust would make clear that frameworks should cover intended outputs and outcomes, as well as the process by which the grant-holder will gather evidence of what has been achieved. Since some applicants will already have their own approach to monitoring, we do not propose that every applicant must use a standard framework, but to guide those who have less monitoring experience, officers will prepare sample frameworks and guidance notes for the website.
 - 3.5 Monitoring frameworks will be reviewed with the applicant at assessment stage, and officers may require the framework be improved before the application is taken to Committee. In cases where an organisation demonstrates the capacity to deliver an excellent project, but to be relatively poor at providing monitoring data, an officer may recommend, as a condition of funding, that the grant-holder seeks support from one of your expert capacity-building partners.
 - 3.6 The Trust will provide full details of all expert partner organisations providing monitoring and evaluation support on your website. This will be a useful resource both for applicants and grantees. Officers also propose to provide details of how they grade monitoring reports so the Trust makes clear what its standards of evidence are. This additional guidance is intended to develop grantees during the period they hold your funds so

they are in a better position to make successful applications elsewhere at the end of your award.

4.0 Improved learning

- 4.1 As London's largest grant-making charity, you have a longstanding commitment to learning what works. This learning enables the Trust to identify possible new programmes, whether issues are better addressed through preventative or reactive support, and why certain initiatives are less successful.
- 4.2 During the life of your Working with Londoners programmes the Trust published several highly-regarded papers that shared your learning with a wider audience. Officers now propose to do more to strengthen the Trust's approach to learning and therefore achieve three outcomes: firstly to maximise the impact of your work; secondly to adjust the Trust's work (as appropriate) to maintain its impact; and thirdly, to share your learning externally to contribute to wider debates on social change.
- 4.3 In order to achieve these outcomes we propose to introduce a new series of grant officer led project visits, and two substantial programmatic evaluations delivered by independent advisors.
- 4.4 Project visits will allow officers to return to an organisation several months after project delivery has started. These visits will provide a valuable opportunity for the Trust to learn what the grantee has achieved, what difficulties it is experiencing, and to learn from any relevant changes to their operating environment. Project visits will (where appropriate) be scheduled to take place at a time when services are taking place to allow for discussion with staff members and beneficiaries. You will be invited to participate in these visits and a short report will be written for your monthly meetings. With current staff capacity, officers recommend running an annual programme of 40 project visits.
- 4.5 Officers also propose to commission independent programme evaluations, gathering evidence of 'what works' and using this learning to improve the Trust's focus. Your latest quinquennial review recognised that London's charitable sector is changing rapidly, as are patterns of need amongst London's disadvantaged communities. Rather than remaining fixed to the same programmes for five years it would be sensible to review

your grant strategy throughout the life of your programmes. A methodical approach to strategic learning will allow you to adapt your approach as circumstances change.

- 4.6 Officers propose to start by focusing on two themes in the new Investing in Londoners programmes. A full brief for this work will be prepared when the Trust issues a call for expressions of interest, but in broad terms we propose to work alongside appointed evaluators from the launch of your new programmes, mapping out what the Trust aims to achieve through its grant funding, analysing trends in applications received and grants awarded, and examining changes in the wider environment. Officers propose to work with a steering committee of sector-experts for each programme evaluation. Learning that emerges from these evaluations may lead to recommendations to:
- Adjust the focus of a grants programme.
 - Undertake a strategic initiative to address an emerging issue.
 - Provide funding for capacity building to strengthen a specific sector that has the potential to achieve significant outcomes.
 - Publish learning externally.
 - Convene debates and shared learning events between grantees.
 - Collaborate more closely with other Trusts and Foundations who are working on similar issues.
- 4.7 Although Investing in Londoners comprises several programmes, we intend to limit our focus to an in-depth study of two programmes in order to develop a good method that can be used for other programmatic evaluations in subsequent years.

5.0 Increased accountability

- 5.1 The majority of the grants you award are delivered as agreed and with sufficiently clear reporting to provide assurance that adequate management controls are in place. Given that the Trust's active caseload at any one time exceeds 500 grants it is not possible to visit every organisation on a regular basis throughout the life of the award. It is therefore vital that there is an effective risk appraisal system at application stage as well as during the life of the grant. It is also essential to check there is proper compliance with the terms and conditions of your funding.

- 5.2 In 2012 an Internal Audit review noted that the Trust's pre-grant due diligence procedures were adequate and effective. The standardised application procedure, record keeping, desk reviews, and assessment visits ensure that Members receive recommendations that have been appropriately screened. The 2012 review noted that of the £276m that you have awarded to over 6,500 organisations since the Trust's inception, there have been only 4 cases of suspected fraud (0.06% of awards made).
- 5.3 Nevertheless, following Internal Audit's review, officers have made a number of changes to the Trust's controls in order to strengthen grant monitoring and anti-fraud arrangements. The following paragraphs outline further work which will help ensure improved grantee compliance during the funding relationship.
- 5.4 The scale of work required by these changes will necessitate additional capacity in the Trust team. This paper proposes to create a new post of Compliance and Monitoring Officer. The full job description and grade are to be confirmed.

Compliance monitoring visits

- 5.5 The Trust currently undertakes 70 pre-arranged monitoring visits to grant recipients each year. Organisations are selected to ensure that the programme of visits covers a representative cross-section of grant holders across funding priorities, London boroughs, size of charity, size of grant, and length of relationship with the Trust. These visits cover questions relating to: the project funded by the Trust and its impact; the organisation, its operating environment and strategy; and the financial management and accounting of the grant.
- 5.6 Monitoring visits are undertaken by officers and a small group of consultants who have worked with your Trust for several years. The visits provide a valuable opportunity to learn more about the work you are funding, to identify changing patterns of need across London, and to keep abreast of developments in the charity sector (particularly where these are not otherwise covered by the sector press).
- 5.7 However, these visits can be somewhat disjointed since their purpose embraces both learning and compliance. Officers propose to separate these two functions to allow for improvements in the way visits can be used to ensure proper

compliance systems are in place, and to learn more from the grants awarded.

- 5.8 Officers propose to undertake 70 Compliance Monitoring visits each year. Pre-arranged with the host organisation, these visits will examine the grant-holder's financial records, its HR management, and its governance system. The visits will include the following activities:
- Verifying revenue grant expenditure incurred against supporting invoices and bank statements.
 - Undertaking further checks on employees (where employees' posts are funded by the Trust) through the use of face to face interviews.
- 5.9 Visits will be delivered by the Compliance and Monitoring Officer and the organisations selected through a risk assessment exercise involving Trust Grants Officers. The risk assessment will consider issues arising from the initial grant assessment visit, concerns noted during annual monitoring report, or any other issues that have been placed on file following contact with the grant-holder. The risk assessment for Compliance Monitoring visits will take account of work done by Internal Audit and City Bridge Trust on fraud risk assessment.
- 5.10 A summary of lessons learned from compliance monitoring visits will be reported to Committee as part of the annual Monitoring and Evaluation report.

Unannounced visits

- 5.11 The Trust introduced a programme of unannounced visits in 2012. The standard terms and conditions of City Bridge funding give provision for officers, or others authorised by the Trust, to visit grant-holders without prior warning and to request all records relating to the grant, the wider project (if applicable), the charity's finances, and records of grant beneficiaries. Unannounced visits send a strong anti-fraud message and provide a useful means to spot-check that work is taking place as agreed with the grant recipient.
- 5.12 Officers propose to continue unannounced visits, with 25 grant-holders visited in this way each year. Whilst any organisation may be visited, priority will be given to visiting organisations which have three or more of the following criteria:

- Organisations with a turnover of <£250,000
 - Organisations established < 7 years ago
 - Organisations with < 5 trustees
 - Organisations providing several different services
 - Organisations employing several part time staff
- 5.13 To ensure the Trust can schedule its programme of unannounced visits, grant holders will be required to state the days, times and locations where services take place at the point when they draw down funding, as well as notify their grants officer if there are substantive changes in the service delivery during the life of the grant.
- 5.14 In 2013-14 these unannounced visits will be undertaken by Grants Officers, but following recruitment of the Monitoring and Compliance Officer these visits will be the new staff member's responsibility. Committee will receive details of unannounced visits made, any issues arising and how these have been addressed through the Trust's annual non-public Monitoring and Evaluation report.

Post holder spot checks

- 5.15 A significant proportion of your funding covers employment costs for London charities. Applicants are required to submit job descriptions and salary details and these are reviewed as part of the assessment process. Where funding is awarded, grantees must confirm details of the post holder including their name, start date and national insurance number before they can draw down first instalment, and this information is recorded on the Trust's database (except for the NI number which is held separately). Post holder spot checks play an important part of the Trust's compliance work.
- 5.16 The Trust aims to spot check 25% of grants made for posts of 17 hours per week or more. Telephone calls are made to a sample of organisations and holders of permanent posts are asked questions to establish if the post funded matches the grant awarded. Questions cover the post holder's name, job title, start date, working hours, salary, and broad description of duties to ensure all responses match the job description previously submitted to the Trust. Where discrepancies arise these are noted on the Trust database and reviewed with the relevant Grant Officer for further action.

5.17 Post holder spot checks are currently undertaken by the administrative team, but their capacity is limited and we therefore propose that they become the responsibility of the Monitoring and Compliance Officer once this new role is recruited.

6.0 Consultation

6.1 The City of London Corporation's Chief Internal Auditor has been consulted during the drafting of this paper and is supportive of its proposals.

7.0 Conclusions

7.1 Good monitoring and evaluation is central to City Bridge Trust's work. By requiring grant-holders to submit details of what they have delivered and what difference it has made, officers can ensure they remain accountable to the Trust, and that the Trust can learn more about the needs of London's disadvantaged communities. Gathering this data should also encourage grantees to reflect on what they have learned from their work, what further needs they have identified, and how they might improve their practice in the future.

7.2 The Trust takes care to ask only for information that it intends to use, and not to over-burden organisations with requests that are disproportionate to the size of the award made.

7.3 Whilst City Bridge Trust already has a robust approach to monitoring and evaluation, the launch of the new Investing in Londoners programmes is a good opportunity to make a number of changes that will further strengthen this work.

7.4 To ensure there is adequate capacity in place to undertake some of this work, we will create a new post of Compliance and Monitoring Officer.

7.5 The Principal Grants Officer leading the Trust's monitoring and evaluation team will be responsible for ensuring that, unless there was an identified fraud risk, the same organisation would not (in the same year) receive both a Compliance Monitoring visit, an Unannounced Visit and a Project Visit.

Recommendations

That you:

- a) require all Investing in Londoners' applicants to submit a monitoring framework when they request funding from the Trust;
- b) ask officers to provide sample monitoring frameworks and guidance notes for applicants on the Trust's website;
- c) where appropriate, make funding conditional on an organisation receiving capacity-building support with their monitoring and evaluation work;
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- i) require officers to report monitoring and evaluation work and issues arising through your Committee meetings.

Contact:

Tim Wilson, Principal Grants Officer (Monitoring and Evaluation)

020 7332 3716

tim.wilson@cityoflondon.gov.uk

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