

<b>Committee:</b>	<b>Date:</b>
City Bridge Trust Committee	10 April 2014
<b>Subject:</b>	<b>Public</b>
Strategic Initiatives: Young Philanthropy	
<b>Report of:</b>	<b>For Decision</b>
Chief Grants Officer	

### **Summary**

This paper proposes that you build on the success of the work of Young Philanthropy, as part of your *City Philanthropy – a wealth of opportunity* initiative to enable it to expand its work in City Firms and to become self-financing by February 2017.

Young Philanthropy has established a model of funding syndicates that enables groups of young professionals to join together and invest their money, time and skills in a niche charity project, with matched funding and support of an experienced philanthropist and their employer.

### **Recommendation**

Members are asked to:

- Approve the sum of £71,750 over three years towards the cost of expanding Young Philanthropy as part of your *City Philanthropy a wealth of opportunity* initiative to be costed against your allocation for Strategic Initiatives 2014/15.

## **Main Report**

### **1.0 Background**

1.1 At your meeting in September 2012, you received a paper setting out the City of London Corporation's Strategy on Philanthropy, as discussed at the Resource Allocation Sub-Committee Away Day in July 2012. The Strategy comprises philanthropic activities which you have been funding since September 2010.

1.2 Current activities (all of which are managed by Cheryl Chapman) include:

- the City Philanthropy website, where those interested in philanthropy can find information, resources and case-studies on the subject.
- the City Funding Network, a giving circle that targets young City professionals.
- the City Philanthropy Exhibition and book, launched at Charterhouse at the end of October 2013 and which is now available to tour.

- the Beacon Awards for City Philanthropy 2013 which recognises individual philanthropists from the City as part of the Beacon Fellowship Awards for Philanthropy (proposals to continue to support this award are included elsewhere in your papers today).
- 1.3 In addition, in November 2012, you approved the sum of £41,000 over 3 years (£17,250; £14,000; £9,750) towards the cost of an Engagement Manager in order to enable the model to be scaled up across firms in the City. This was one of three grants you approved in order to increase the activities being undertaken as part of your *City Philanthropy – a wealth of opportunity* strategic initiative.
  - 1.4 So far, Year 1 of the grant has been utilised. Years 2 and 3 are due to be spent in 2014/15 and 2015/16, respectively. The proposal before you is to increase this funding to enable Young Philanthropy to scale up its activities and become sustainable in the longer term.
  - 1.5 At your January 2014 meeting, you received a presentation from Cheryl Chapman, updating you on the achievements of *City Philanthropy – a wealth of opportunity*. Much has been achieved so far and it has fast become clear that there is a real appetite for philanthropy amongst young City professionals.

## **2.0 About Young Philanthropy and its Achievements to Date**

- 2.1 Young Philanthropy was established in January 2011 by two young City professionals with the aim of introducing young professionals to a career of giving and to develop their potential as future philanthropists. Having established syndicates (each investing an average of £7,000 in their chosen charity) at a number of leading City firms, it became clear by the end of 2012 that a paid member of staff would be needed in order to harness the appetite for the model and to enable it to be scaled up across City firms.
- 2.2 As well as support from your Trust, funding was secured from the Pears Foundation, Nesta and Deloitte, all of which totalled £67,500 for 2013. One of the founders, Adam Pike, was seconded from Deloitte in order to take up the post of Engagement Manager in February 2013 when Young Philanthropy also registered with the Charity Commission as a Charitable Incorporated Company.
- 2.3 Since then, the work has gone from strength to strength. Five Syndicates have ended, having invested approximately £30,000 plus time and skills. 23 Syndicates are currently running, involving 345 young professionals who are investing approximately £138,000 over 12 months in a range of projects. 24 more syndicates are due to launch over the next 6 months which will invest a further £148,000 and engage 360 more young professionals. Firms involved include PwC, Deloitte, KPMG, E&Y and the Civil Service. New relationships are being cultivated at McKinsey, Bain & Company, Coutts, RBS, Goldman Sachs, JP Morgan, Mishcon de Reya, Clifford Chance, Freshfields and SJ Berwin.

- 2.4 It has successfully convened several high-level events, including at the Cabinet Office, Ernst & Young, the Bulldog Trust and the English National Opera.
- 2.5 Young Philanthropy has worked closely with your City Philanthropy Manager, Cheryl Chapman, and in November 2013 jointly hosted a Young Philanthropy Breakfast at Charterhouse, as one of the events taking place during the City Philanthropy Exhibition. It was attended by more than 100 young people who heard Lady Edwina Grosvenor speak about her work in prison reform and prisoner rehabilitation.
- 2.6 The nine founders of Young Philanthropy were amongst those awarded the Beacon Award for City Philanthropy (see paragraph 1.2), alongside Harvey McGrath and John Stone.

### **3.0 Proposals to expand Young Philanthropy to December 2016**

- 3.1 Young Philanthropy has recently secured a one-off grant from NESTA (National Endowment for Science, Technology and the Arts) of £175,000 in order to scale up the initiative, by increasing the number of syndicates and employers engaged with it and to become self-sustaining.
- 3.2 To this end, it has prepared a budget for the period 1<sup>st</sup> February 2014 to 31<sup>st</sup> January 2017. This shows its capacity for earned income through fees raised from its syndicate membership increasing year on year as the number of syndicates grow. It also shows the charity growing from one full-time member of staff to four FTE in order to achieve the economies of scale needed to grow the charity. The staff team would comprise a Chief Executive, a Syndicate Engagement Manager, a Charity Partnerships Manager, and an Operations and Events Manager.
- 3.3 If you approve funding today as proposed this, together with funding from the Pears Foundation (subject to approval), would enable Young Philanthropy to achieve a surplus of just under £40,000 on a turnover of c£250,000 per annum by January 2017. It anticipates being self-financing from February 2017 onwards.
- 3.4 Over the next three years, Young Philanthropy plans to:
- Develop an impact evaluation framework in order to enable the syndicates to their social return on investment and impact.
  - Develop a web-based platform to provide charities with a portal to propose projects that the syndicates may wish to support, and to set out the skills, expertise and funding that they require. The platform will also enable Young Philanthropy to manage its relationships with its members, offer training tools and resources online, as well as manage event bookings and ticket sales.
  - In addition to its regular, and very popular, Young Philanthropy Breakfasts, hold three additional special events during the coming year:
    - Ian Davis (Chairman of Rolls Royce, former Managing Director of McKinsey and Cabinet Office Syndicate sponsor) will be hosting a

reception in May where senior business leaders and philanthropists will meet, share experiences of Young Philanthropy and encourage more people to get involved in philanthropy.

- Young Philanthropy will host an event focused on Women in Leadership and Philanthropy in July.
  - Ian Davis has also agreed to host a summit with senior business leaders around Giving and Generation Y where Young Philanthropy will be able to present.
- Young Philanthropy plan to develop a tracking tool to identify and track the changing attitudes and behaviours of young people regarding giving in the short, medium and long-term. This potentially will be very useful as there is very little attitudinal data currently available.
- 3.5 However, these planned new areas of activity will not be feasible without an expanded staff team.

#### **4.0 Financial Observations**

- 4.1 As stated earlier, Young Philanthropy registered as a charity in February 2013. It therefore does not yet have audited accounts.
- 4.2 Draft income and expenditure figures for the period 1<sup>st</sup> February 2013 to 31<sup>st</sup> January 2014 have been provided which show income of £90,635 and expenditure of £41,723, which results in a surplus of £48,912 (54% of turnover) entirely on unrestricted funds.
- 4.3 The budget for the current year to 31<sup>st</sup> January 2015 anticipates income of £246,000, of which £189,000 (76.8%) was confirmed as at 19<sup>th</sup> March 2014. The remaining £57,000 is the anticipated income from membership fees. After expenditure of £267,190, a deficit of £21,190 (8.6% of turnover) is projected, entirely on unrestricted funds.
- 4.2 During 2014/15, the organisation plans to introduce membership fees for its syndicates in order to begin its transition to being sustainable and no longer dependent on grant income. It has a target of £57,000 in 2014/15, which is based on there being 32 syndicates running, rising to £153,900 (68 syndicates) in 2015/16 and to £255,075 (119 syndicates) in 2016/17. By this time, the organisation hopes to generate sufficient income to sustain itself and the proposed expansion of four FTE members of staff, running costs and overheads.

## 5.0 Cost

5.1 The proposed budget which incorporates applications pending to CBT and Pears Foundation is set out in the table below:

<b>Expenditure</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Salaries	165,688	192,639	199,464
Website	40,000	35,000	0
Admin	61,502	54,528	50,828
<b>Total</b>	<b>267,190</b>	<b>282,167</b>	<b>250,292</b>
<b>Income</b>			
Fees	57,000	153,900	255,075
NESTA	175,000	0	0
City Bridge Trust (approved November 2012)	14,000	9,250	0
<b>Subtotal</b>	<b>246,000</b>	<b>163,150</b>	<b>255,075</b>
Additional CBT funding sought	31,000	25,750	15,000
Funding sought from Pears Foundation	35,000	25,000	10,000
<b>Total</b>	<b>312,000</b>	<b>213,900</b>	<b>280,075</b>
<b>Surplus/(deficit)</b>	<b>44,810</b>	<b>(68,267)</b>	<b>29,783</b>

## 6.0 Conclusion

6.1 Young Philanthropy has been extremely successful in its first year, far more so than was originally anticipated. Additional investment at this stage will enable it to build on this success, develop metrics for measuring its impact and become sustainable in the medium-term.

6.2 It has played an important part in your *City Philanthropy – a wealth of opportunity* initiative and will continue to do so as the number of syndicates established and the number of charities supported increases over the next three years.

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