

Committee:	Date:
The City Bridge Trust	10 April 2014
Subject: Progress Report	Public
Report of: Chief Grants Officer	For Decision
Summary	
This is a regular Progress Report by the Chief Grants Officer.	
Recommendations	
Members are asked to:	
<ul style="list-style-type: none"> (1) Note the report (2) Approve the final version of the 2014-2015 CBT Business Plan (3) Instruct officers to put formal arrangements in place to carry forward the £3,533,480 remaining from the Trust's 2013/14 grants budget into your grants budget for 2014/15. 	

Main Report

Presentation of First Gold Award

1. Last month the Chairman and your Principal Grants Officer, Ciaran Rafferty, attended the Harrow Club in North Kensington to present the first Gold Award of the London Youth Quality Mark scheme.
2. You are in partnership with London Youth to encourage and support the capital's voluntary youth clubs to develop and improve the quality of their services and governance by attaining the City & Guilds accredited quality mark.
3. The Harrow Club arose from community work initiated by the Harrow Mission in 1883 and today provides a wide range of much-needed services. The Chairman met many of the staff and young people and posed for photographs with some of them in the Club's boxing ring before formally presenting them with their Gold Award certificate!
4. A record of the event was seen to be "trending" on Twitter in the days that followed.

Charities and Campaigning

5. At your last meeting the issue arose about the legitimacy of campaigning by charities and whether this then might affect your ability to fund it.

6. The Charity Commission produces clear and full guidance on this matter, too extensive to reproduce here, but which might nonetheless be of interest to Members should you wish to view it on their website:

www.charitycommission.gov.uk/publications/cc9.asp

7. The guidance states:

“So long as a charity is engaging in campaigning or political activity solely in order to further or support its charitable purposes, and there is a reasonable likelihood of it being effective, it may carry out campaigning and political activity. The activities it undertakes must be a legitimate and reasonable way for the trustees to further those purposes, and must never be party political. A charity can make public comment on social, economic and political issues if these relate to its purpose, or the way in which the charity is able to carry out its work.” There may be some charities which cannot campaign because of restrictions in their governing document.

8. The Charity Commission has defined “*campaigning*” as referring to both “*awareness-raising and to efforts to educate or involve the public by mobilising their support on a particular issue, or to influence or change public attitudes*”. It defines “*political activity*” as activity, in the context of supporting the delivery of the charity’s objects, aimed at securing (or opposing) any changes in the law or policy or decision of government or public bodies here or abroad. An organisation will not be charitable if its objects are political (ie a charity cannot exist for a political purpose) though charities can campaign for a change in the law, policy or decision where this would support their charitable purposes or objects (unless prevented by the governing document).
9. In the political arena, a charity must stress its independence and ensure that any involvement it has with political parties is balanced. A charity must not, of course, give funding to a political party nor to a candidate or politician.

Balanced Support to Think Tanks

10. From time to time you have agreed funding for Think Tanks to undertake research or conferences. In line with the Charity Commission Guidance above, the Trust is committed to ensuring that such funding is balanced.
11. It was agreed at the last committee meeting that a working document be created so that an overview of all recent and current funding of Think Tanks is recorded. This document has been created and can be found at Appendix A. This document will be kept up-to-date and will be reproduced alongside any application for funding of a Think Tank. You may of course request to see a copy at any time.

Business Plan

12. At the last meeting you discussed the draft business plan for 2014 – 2015. Following feedback, a few minor amendments have been made. These will

be highlighted verbally at the meeting, but the final version is included for your information and final approval at Appendix B.

2013 – 2014 Grants Budget

13. In 2013 – 2014, the City Bridge Trust had £3,533,480 remaining on its grants budget resulting from: an agreed carryover of £2.7m from 2012-2013; the Trust's engagement in its Quinquennial Review of grant making during the year which took time away from assessing grant applications and involved the Trust being closed to applications for 3 months; and some capacity issues resulting from increased due diligence requirements; the recruitment of a new Chief Grants Officer (CGO); being one Grants Officer down for medical reasons; and one resigning towards the end of the year.
14. As you will recall from your last Committee meeting, the intention is that the 20th Anniversary of the Trust's grant-making will be used as an opportunity to amplify and celebrate the extraordinary work you have enabled to date. The sum remaining from 2013 – 2014 will enable some focused grant-making to mark this occasion and to further address disadvantage in London.
15. It was anticipated that a detailed paper would need to be brought to this meeting for consideration. Following discussion with the Chamberlain's Department and the Town Clerk it was agreed that no such paper was required and that rather you should be asked to instruct officers to put formal arrangements in place to carry forward the £3,533,480 remaining from your 2013/14 grants budget into your grants budget for 2014/15.

Social Investment

16. Your Investing in Londoners programmes, which you approved in June 2013 (approved by Court of Common Council in July 2013) included an initiative to devise a closed grants programme to support charitable involvement in the social investment market, the detail of which was to be developed following the launch of your open programmes in September 2013.
17. The City of London Corporation has been in the vanguard of organisations seeking to develop the social investment market. The Corporation and City Bridge Trust have a shared social investment strategy which aims to establish London as a global centre for this type of socially-oriented finance.
18. As a pre-cursor to devising this grants programme, you agreed to commission research into current social investment support provision and market gaps to identify where your grant-making and convening role can make the greatest difference. This research has been underway since shortly before Christmas and has involved three round-table discussions with other trusts and foundations, market intermediaries and charities (a total of 17 organisations) as well as several bilateral meetings. The work has been led by the Corporation's Social Investment Advisor, Katie Hill, and Principal Grants

Officer, Tim Wilson, who leads on much of the day-to-day work of the Corporation's £20m social investment fund.

19. This fund is able to invest in charities which are focusing on creating a social impact but which also provide a financial return of a minimum of 2%. As of March 2014, the fund has made commitments to the value of £3.4m. The fund is not able to take high risk or highly subordinated positions in an investment, and, therefore, is only able to finance charities with a certain scale, track record and revenue generation profile.
20. Officers believe that City Bridge Trust, through its grant-making, could provide valuable additional support to charities which are at an earlier stage by establishing a "Transition Fund" which could offer both non-refundable and repayable financing for pilots, new ideas, products or business models, for higher risk/early stage, outcome focused initiatives, all of which are extremely short of appropriate finance. The shortage of finance in this space therefore acts as a barrier to the development of the social investment market.
21. The development of a 'Transition Fund' would provide an opportunity for City Bridge Trust to take a leadership role in bridging the evident gap between grantees and investees. Officers are developing plans for a closed grant programme that would have four elements:
 - **Capacity building for charities and intermediaries:** to provide organisations with human, financial and strategic support, as well as supporting access to appropriate expert intermediaries to enhance their overall investment readiness.
 - **Pilot finance for better outcomes:** to pilot new ways of creating improved social outcomes in a specific sector, geographic or outcome area; test out new ideas, new partnerships and ways of working, as well as alternative ways of measuring complex outcomes.
 - **Risk Finance:** to provide first loss capital to qualifying organisations, e.g. in the form of a guarantee, underwriting, overdraft facility or other subordinated or concessionary positions within or in advance of an investment package.
 - **Evaluation:** to encompass the quality of proposals submitted; the levels of take up; the extent to which grants attract new investors and investees; the relevance of the priority areas given other market activity in development; and to track the progress of grantees beyond the financing period. The evaluation should also consider how, over time, the Transition Fund activities fit within the Trust's overall grants programmes and its strategic role as a grant-making body.
22. It is intended that this programme, and the evaluation of its longer term effect on an organisation, will act as a much needed test-bed of best practice and provide insight into risk levels. A full programme proposal for the proposed 'Transition Fund' detailing mechanics and quantum will come to your May meeting for approval.

Recommendation

Members are asked to:

- (1) Note the report
- (2) Approve the final version of the business plan
- (3) Instruct officers to put formal arrangements in place to carry forward the £3,533,480 remaining from the Trust's 2013/14 grant budget into your grants budget for 2014/15.

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Report written: 26th March 2014

Appendix A

Overview of CBT funding of Think Tanks:

Name:	Date of Decision:	Amount of Grant:	Summary of Work:
IPPR	February 2013	£50,000	Research into the issue of 'pay day loans' and alternative sources of finance for people in need.
New Economics Foundation	March 2014	£30,000	To enable the findings of its <i>Surviving Austerity</i> research to be disseminated across local authorities in London.