

<b>Committee:</b>	<b>Date:</b>
The City Bridge Trust Committee	16 July 2014
<b>Subject:</b> Progress Report and Events	<b>Public</b>
<b>Report of:</b> Chief Grants Officer	<b>For Decision</b>
<b>Summary</b>	
This is a regular Progress Report by the Chief Grants Officer.	
<b>Recommendations</b>	
<ol style="list-style-type: none"> <li>1. To note the report</li> <li>2. To approve the criteria for implementing the “Supporting Charitable Involvement in Social Investment” programme</li> </ol>	

### **Main Report**

#### **Grantee Perception Report**

1. You will recall that we commissioned the Centre for Effective Philanthropy (CEP) to survey our grantees and learn more about what they thought was positive, and less positive, about City Bridge Trust. CEP has extensive experience of surveying grantees for charitable foundations across the world, and in recent months has conducted similar studies for several other leading UK grant-makers including: Trust for London; Northern Rock Foundation; Paul Hamlyn Foundation; and the LankellyChase Foundation.
2. The last time City Bridge Trust conducted a similar study was 2006 when two independent consultants produced a report titled “Seeing Ourselves as Others See Us”. An update, therefore, was due.
3. Any study of grantees is difficult since people have an inherent bias to say positive things about an organisation that might give them more money! CEP is able to cut through the bias towards ‘good news’ by comparing results from City Bridge Trust’s survey with those conducted for other grant-makers. Our results were benchmarked against those of our peers and CEP’s analysis took account of the expected norms in the grant-making community. CEP surveyed 598 grantees and achieved a 70% response rate, which is a positive indication that grantees are keen to help us review our practice. CEP’s written report was received in early June, and the Trust had the opportunity to discuss the results with the authors at a seminar later in the month.
4. Overall, City Bridge Trust was seen to have a significant, positive impact on its grantees, and was rated in the top quartile of all funders in the CEP dataset for this impact. Grantees frequently described the Trust’s support as “crucial”,

“critical”, and “very important”. The Trust’s approach was regarded as fair, clear, and consistent.

5. Compared with CEP’s dataset, City Bridge Trust grants are of a larger size and longer duration, and grantees value the stability this brings. However, some grantees expressed concern about their ability to sustain work after City Bridge Trust’s funding concluded, and they recommended the Trust provide longer grants, more continuation funding, and technical assistance to help grantees secure funding from other sources.
6. One of the most striking findings of the survey was the average number of applications grants officers assess each year and the average case-load of active grants they manage in comparison to similar funders. For City Bridge Trust, each grants officer assesses about 62 applications annually, and manages 121 active grants. The average for other funders is 28 assessments per grants officer each year, and an active case-load of 33 grants-in-management.
7. This volume provides important context to one of the most common criticisms made of the Trust by grantees, that there is insufficient engagement by officers with grant-holders. Grantees also requested that the Trust do more to provide networking opportunities, such as convening groups of organisations working in similar fields for seminars and other learning events.
8. CEP made several recommendations based on the survey data they received. These included: reviewing existing policies on continuation funding to enable grantees sustain current programmes; developing topic expertise amongst grants officers; providing more monitoring and evaluation training to help grantees measure impact; providing networking opportunities for grantees; improving communications when the grant officer handling the case file changed; and examining opportunities for increased engagement with active grants.
9. We will be working through the recommendations over the coming months and seeking to improve our practices where possible. We will consider re-commissioning CEP for a follow-up study in approximately two years to assess how successful we have been in addressing some of the areas identified as problematic. The full survey is available, of course, for any Member who would like to see a copy.

## **Social Investment – Update**

10. When you approved the Investing in Londoners’ programmes you received details of work that would be implemented only once further research has been completed. One of these programmes was “Supporting Charitable Involvement in Social Investment” and, at your last meeting, I provided an outline of how this new grants programme might work. A full proposal is appended to this report, at Annex A, and it is expected that the programme will be launched by the autumn.

11. As you know, City Bridge Trust continues to administer the City of London Corporation Social Investment Fund and to service the Fund's governing body, the Social Investment Board. With £4.5m committed since 2012, the 4<sup>th</sup> July Social Investment Board was the first meeting where Members did not have an investment proposal to consider. This interruption to our investment momentum occurred despite officers' ongoing discussions with market intermediaries and prospective investees. The warmest prospects in our pipeline were simply not ready for Board consideration, but we expect that September's meeting will mark a return to 'business as usual'.
12. Finally, I am continuing to work with the Chamberlain's Department to engage a consultant who can work as Social Investment Analyst. Increasingly, we receive formative proposals from prospective investees and are invited to help them develop their investment request. We currently lack the capacity to undertake this work, but we are aware that there may be some very good ideas in the nascent plans we receive that we would want to support. The Social Investment Analyst will provide us with the resource to undertake this work as well as helping with the management of active investments.

### **Charities – costs of generating funds**

13. At your last meeting Members raised the issue of some charities seemingly spending a high proportion of their income on generating funds.
14. With the exception of non-incorporated charities with an income of less than £250,000 (which can choose to prepare receipts and payments accounts) charities are required to prepare accounts in accordance with the Statement of Recommended Practice (SORP). In accounting for expenditure, one of the categories that charities have to report on is the "Costs of generating funds". This may include sub-headings of 'costs for generating voluntary income', 'fundraising trading', and 'investment management costs', if these costs are significant.
15. *Costs of generating funds* are the costs associated with generating incoming resources from all sources other than from undertaking charitable activities. The main components of costs within this category are:
  - costs of generating voluntary income
  - costs of fundraising trading, including cost of goods sold and other associated costs
  - costs of managing investments for both income generation and capital maintenance
  - any other costs of generating funds.

The *costs of generating funds* should not include:

- costs associated with delivering or supporting the provision of goods and services in the furtherance of the charity's objects; nor
- the costs of negotiating the terms of a contract or performance related grant relating to the provision of such services.

16. Whilst these guidelines appear clear, how they are interpreted amongst auditors/examiners does vary and in some cases, for example, the costs apportioned for fundraising might include the full salary cost of a post where only a proportion of their role is spent on this activity (eg the director's post in an organisation where there are no designated fundraising staff).
17. Accounts for large, national, charities often display a large sum of expenditure in this category as they usually have several fundraising employees - in some cases whole departments. Your officers, when assessing applications, will always look at this expenditure and, where necessary, seek clarification from an organisation as to what exactly those costs incorporate. (In many cases expenditure includes the cost of activity which could also be seen as charitable, eg fundraising events which encourage a lot of volunteering.) Officers will seek to ensure that the expenditure is warranted and that it provides value for money (for example, the percentage of total income that this expenditure generates).
18. An example of the need to examine each applicant's particular circumstances is a major national charity which made a (successful) application to your Committee a number of years ago. *Costs of generating funds* for the charity that year were c£6m and represented a very high proportion of total expenditure. When quizzed at assessment the organisation explained that it had invested a lot of money in one year in employing an army of temporary street fundraisers. However, statistics showed that donors signed up by this method tended to commit via direct debit for an average of 6 years and, as such, the return on this expenditure needed to be considered over the longer term where it did, in fact, represent good value for money.
19. A new SORP guideline is expected imminently. It is hoped that a more consistent approach to the classification of expenditure in this category is adopted. In the meantime, your officers will continue to scrutinise individual charity accounts and seek clarification where necessary. You will note that in the new template for assessment reports, a line has been included in the financial table; expressing the cost of generating funds, as a percentage of the total income.

## **City Philanthropy**

20. **New Website Editor**  
The City Philanthropy website has a new editor, Anna Scott, who started on 1<sup>st</sup> July. Anna has been working with The Guardian and has plenty of experience in online communications and editorial.
21. **City Giving Day**  
In time for City Giving Day on 11<sup>th</sup> July, City Philanthropy is working to have an edited version of the 'Philanthropy: The City Story' exhibition panels installed as hoardings at New Street Square, with Land Securities kindly donating us space and paying for production. We are in the final stages of

gaining permissions and signing off proofs and it is hoped that they will be installed on 7<sup>th</sup> July 2014.

22. As part of City Giving Day, City Philanthropy will also be holding the full panel exhibition of 'Philanthropy: The City Story' at Guildhall Library for one day. We are also launching a new network of 'Adventure Philanthropists' called 'Inspired 50' who will act as City role models. The Lord Mayor will be attending the launch.
23. **Looking ahead**  
Looking ahead, City Philanthropy is planning a joint event with The Sunday Times and CAF for September, around philanthropy and the Giving List. December will also see the second City Funding Network Event.
24. City Philanthropy is also preparing to become involved with the #GivingTuesday Campaign that will take place on Tuesday 2<sup>nd</sup> December.

### **Young Black Men and Employment**

25. Officers have been in discussion with Trust for London regarding the possibility of a funding collaboration to increase employment rates amongst young black men.
26. It is well documented that unemployment can disproportionately affect specific groups of disadvantaged people, including women, migrants, disabled people and young people, to name but few. However, whilst some progress has been made with some target groups, there are other groups where problems persist. One of these is amongst young men aged 16 – 24 from African and Caribbean heritage, where the rate of unemployment is particularly high.
27. Trust for London recently commissioned Black Training and Enterprise Group (an organisation that you also fund) to undertake research into why young black men fare less well in the labour market than their peers.
28. At the time of the 2011 census, 87,011 black men aged between 16 and 24 lived in London – approximately half of all young black men in England and Wales. The unemployment rate for young black men is more than double that of young white men and young black men have a higher unemployment rate than young men and women from all other ethnic groups. Unemployment rates have persisted amongst young black men despite their strongly improved educational attainment in recent years and black university graduates are twice as likely to be unemployed as their white counterparts.
30. Trust for London has announced a special initiative with the aim of increasing employment rates amongst young black men and has committed £500,000 over the next two years to be awarded as four or five grants to voluntary organisations developing new ways of supporting young black men into employment and which can demonstrate successful employment outcomes for this target group.

31. This initiative has the potential to enable the Trust to work strategically with Trust for London and add value to the programme by increasing the size of the 'pot' and the number of projects supported, in order to tackle a particularly persistent issue for London. Trust for London is currently finalising the programme's criteria. However, it is envisaged that particular priority will be given to applications that have the potential to influence statutory employment programmes and that have the potential for replication.
32. Officers suggest that further discussions are held with Trust for London to enable detailed proposals for a strategic initiative on this issue to be brought to your September Committee meeting, as a collaboration between the Trust and Trust for London.

### **Working with others in the field**

33. We welcome to your meeting today four staff from the London & South East regional team of BBC Children in Need (CiN). You will be aware that your officer, Ciaran Rafferty, has served on its grants committee since 2010, though his term is due to end in the autumn.
34. Your staff have worked very closely and productively with colleagues at CiN over recent years - sharing information and developing good practice and operational systems, not least when your officers had tremendous help in developing your online application process. We work together in more formal networks as well, within London Funders and the Association of Charitable Foundations for example, where more strategic issues can be examined and policy developed.
35. Your guests are here to observe your unique role as the only independent funder which holds its meetings in public. They will also spend some time with us in the office, looking at our systems and processes for making and managing grants.
36. In order to avoid the temporary closure of the entire CiN operation for the day, other staff have had to remain at HQ. It is hoped that they will be able to attend your September meeting to learn how the Trust goes about its business.

### **Communications**

37. A paper with a draft proposed Communications Plan for 2014/15 is included for discussion in your Non-Public papers at today's meeting.

38. Since your last meeting the following press coverage has been achieved:

<b>Organisation</b>	<b>Outlet</b>
Buttle UK Partnership	Children & Young People
Hillingdon DASH	This is London Local
	Get London West
	Hillingdon Times
	Net Lettings.co.uk
New Cross Gate Trust	Quay Point

### **Telling Your Stories – Screening at the Barbican**

39. You may recall that you funded the Media Trust to work with 9 of your grantees to produce videos that ‘tell their stories’, to be used to enable them to promote their work. This was the fourth time that the Media Trust had worked with a cohort of your grantees.
40. These were screened at an event at Barbican Cinema 3 on 9<sup>th</sup> July 2014. The films were all made with volunteer film-makers and were produced to a very high quality. Although covering a wide range of topics and causes, the films uniformly gave a powerful account of the work of the organisations concerned and of the people they support through their work.
41. The films will be available on the respective organisation’s websites and the Trust’s YouTube channel. In addition, they will broadcast on the Community Channel on several evenings during July and August.

### **Recommendations**

1. To note the report
2. To approve the criteria for implementing the “Supporting Charitable Involvement in Social Investment” programme

David Farnsworth, Chief Grants Officer  
020 7332 3713

[david.farnsworth@cityoflondon.gov.uk](mailto:david.farnsworth@cityoflondon.gov.uk)

Report written: 2<sup>nd</sup> July 2014