

Committee:	Dated:
The City Bridge Trust Committee	12 March 2015
Subject: Strategic Initiative: Heart of the City	Public
Report of: Chief Grants Officer	For Decision

Summary

This report requests funding to:

- (a) support the charity, Heart of the City, to expand its successful programme to introduce and support businesses to begin Corporate Social Responsibility programmes from the City and its fringes across Greater London; and
- (b) deepen the connections between the Heart of the City and the City Bridge Trust networks.

The proposal is placed in the context of the un-precedented funding cuts to London boroughs, and the increased demand on many not-for-profit organisations. It considers that the best of the community and voluntary, private, and statutory sectors need to combine to achieve the best impact for disadvantaged Londoners.

Recommendation

Members are asked to:

- **Approve a grant of £278,328 over three years (£118,820; £102,008; £57,500) to Heart of the City to roll out its Corporate Social Responsibility Newcomer programme across Greater London and to deepen the connections between the London business sector and the voluntary and community sector, building on the combined networks of the charity and City Bridge Trust.**

Main Report

Background

1. There are many charitable organisations which assist London's vulnerable and marginalised groups. You directly fund between five and six hundred of these organisations at any one time. Demand for support from many of these charities is increasing and, often, outstrips supply. This is at a time when there have been significant cuts in funding available and more are forecast (Local Authority budgets for non-statutory services are projected to drop by a further

43% over the next five years based on December 2014 Autumn Statement figures).

2. Against this back-drop the need for organisations to think creatively and laterally about the most effective way to deliver their work is more important than ever. Part of this is about bridging the different sectors - the voluntary, statutory and private sectors - and for each sector to share the best of itself and to learn from the best of the others. It is in this context that the charity Heart of the City has an important role to play.

The Organisation

3. Heart of the City was launched in 2000 as a joint initiative of the Bank of England, the City of London Corporation, and the then Financial Services Authority (now operating as the Financial Conduct Authority and Prudential Regulation Authority). It is now an independent charity.
4. It has developed an impressive network of responsible businesses, including senior business leaders and Corporate Social Responsibility (CSR) practitioners, committed to sharing their experiences, resources, and their time, with others in order to deliver long-term benefits, impact and measurable outcomes for their businesses and the wider community.
5. The Heart of the City network is comprised of Newcomers (businesses new to CSR); Alumni (graduates from the Newcomers programme which require on-going support) and Contributors (businesses with CSR expertise who can give back to/mentor other businesses).
6. The charity is well-networked across the square mile, whilst also maintaining good working relations with the City of London Corporation. The City houses the charity in Guildhall and the Lord Mayor is co-President of the charity with the Governor of the Bank of England. The charity has a board of 10 including one representative from the City of London Corporation, the Assistant Director of Economic Development, and its Chairman is Harvey McGrath. The charity is advised by an impressive Council of nearly 30 senior business leaders, including representation from the Chairman and Senior Partner of PricewaterhouseCoopers, the Bishop of London, as well as the Chairman of Policy and Resources.
7. To date the charity has focused its efforts on the City and its neighbouring boroughs. In its 15th Anniversary Year, the charity is now looking to expand its core business across the whole of Greater London.

The Proposal

8. This strategic initiative has two key parts:
 - (a) To enable Heart of the City to take its successful work to introduce and support more business to adopt CSR (through its Newcomers programme – see paragraphs 10 - 13) beyond the City and its fringes to Greater London;

- (b) To maximise the potential benefits to Londoners, by enabling closer connections between the Heart of the City's business networks and City Bridge Trust Community and Voluntary sector networks.
9. Both the above build on the work of your Strengthening the Voluntary Sector funding stream, and have the potential to improve the resilience of the voluntary and community sector and so enable, ultimately, better outcomes for disadvantaged Londoners.

Newcomers programme

10. The Heart of the City's free 'Newcomers' programme enables businesses, primarily small and medium-sized enterprises (SMEs), which are new to the notion of CSR to tap into the experts and contacts they need to quickly build an effective programme of community engagement and environmental management.¹ This programme is offered at no cost to business in order to remove the barriers that sceptics often give for why they have not started a CSR programme previously.
11. The Newcomers programme delivers both the knowledge and the resources needed to establish the foundations of a strategic and business-wide responsibility programme. It includes three half-day CSR workshops, support from a dedicated project manager, one-to-one mentoring with experienced CSR professionals, access to online CSR best practice tools, progress reports to help CSR programme development, and regular networking events.
12. You helped expand the Newcomers programme in the City fringes in 2010 with one three-year grant of £157,500 (3 x £52,500) and one two-year grant of £108,000 (£52,500, £57,500), enabling 150 businesses to start or grow their CSR programmes awarded under your Strengthening the Community and Voluntary Sector programme.

Impact

13. The Newcomers programmes lasts for one year, and the impact is immediately realised. Last year's Newcomer cohort (55 businesses graduating in 2014) made over £2,180,715 in charitable contributions to their community. This included corporate donations and staff volunteering time.
14. Over 90% of graduating Newcomers developed waste reduction and recycling initiatives, and 82% reduced their energy consumption. Over 50% started purchasing from green, fair-trade or local social enterprises.
15. Importantly, the majority of Newcomer businesses also put in place the structure needed to sustain their programmes once Heart of the City's support finishes. Over 89% of the businesses engaged their senior staff (CEO, Chairman, etc) to ensure lasting endorsement. Over 72% had established a formal CSR committee and network of champions throughout the business in order to ensure accountability and smooth the workload.

¹ Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

16. Over the longer term, there is a multiplier effect in Heart of the City's work as more charities are supported and as Newcomer CSR programmes grow. Heart of the City also amplifies the work of other City of London programmes, which aim to increase business involvement in the community, making over 50 business referrals to City of London initiatives (e.g. apprenticeships, City Action, Lord Mayor's Dragon Awards, as well as the Lord Mayor's Appeal etc) every year.
17. Heart of the City's programmes are highly regarded. 100% of businesses rated the Newcomers programme as good to excellent in 2014. Participants particularly highlighted the importance of time saved by quickly getting access to insight, resources and case studies through Heart of the City.
18. For every £1 invested into Heart of the City, a further £1 is leveraged in pro bono support and a further £8 is made in charitable donations. During the next three-year period of working with City Bridge Trust, Heart of the City expect to leverage an additional £750,000 in pro-bono support.

Strategic Expansion of Heart of the City

19. It is proposed that Heart of the City's highly-regarded Newcomers programme is extended to boroughs across London and that new technology is introduced to enable the team to more efficiently engage and track businesses after graduation.
20. As part of the pan-London expansion, Heart of the City will help its Newcomers understand the socio-economic pressures of their local neighbourhoods, thus leveraging the in-kind support of Heart of the City's business community to CBT grantees. It is expected that the annual grant from CBT will directly leverage between £750,000 - £1,000,000 in charitable contributions to local communities, including approximately 1,000 employee volunteers.
21. Heart of the City will profile 600 CBT grantees through an online mapping system and will offer 140 capacity-building sessions to London charities to improve business engagement skills across the grant term.
22. Over 300 referrals to London's community organisations will be made, 50% of which will be to City Bridge Trust priority areas. In addition to making more effective referrals to CBT's grantees, a pan-London Heart of the City will also make more referrals to the Lord Mayor's Dragon Awards, to the Prince's Trust and other CBT strategic partners.
23. The introduction of new technology will help enable Heart of the City to better raise its own income in the future, making it less reliant on grant-funding. It currently generates £30,000 in fees/donations and its ambition is to bring this up to the required amount to cover the CBT-funded posts within five years.

Funding

24. The Heart of the City is currently funded from three main sources: fees and donations of £30,000; a grant from the Policy and Resources Committee of

£165,000 per annum, with a supplement by Economic Development, £29,000, and a grant from the City Bridge Trust (£57,000, which comes to an end in June 2015). In addition to this, it receives approximately £250,000 per annum in in-kind support from businesses.

25. The strategic initiative proposed in this report is costed at £118,820 in Year 1, £102,008 in Year 2 and £57,500 in Year 3, totalling £278,328. This will contribute to the overall cost of the Newcomers programme, including a contribution to core costs, and will enable it to begin its roll out to Greater London.
26. The roll out has the potential to be scaled more rapidly if at a later date more resources were secured: and consideration may be given to this as time progresses, depending on impact. This would form the basis of a further proposal to you.
27. The annual budget for the Newcomer programme is set out below, with the contribution requested through this strategic initiative identified:

Expenditure	£
Newcomers programme staff (Director, Membership Manager, Marketing Officer, Finance Officer, Team Assistant (p/t))	246,090
Project running costs, overheads & management (including evaluation; and technology and digital)	44,000
Volunteer expenses (2 summer volunteers)	7,686
Total	297,776
Requested from CBT per year	Yr.1 £118,820 Yr.2 £102,008 Yr.3 £ 57,500

Legal Implications

28. Heart of the City is an independent charity, but given its close connections to the City of London Corporation - through its origins, trustee board and advisory group representation, location, and current funding received - advice was sought from the Comptroller and City Solicitor on this proposal.
29. The Comptroller and City Solicitor has advised that:
 - (a) Heart of the City is eligible to secure funding from the City Bridge Trust under the existing policy that governs the application of the Bridge House Estates charity's income surplus to that retained to maintain the five bridges; and

- (b) The City Corporation's role in establishing and providing on-going support to the Heart of the City charity does not give rise to a conflict of interest which would prevent the City Bridge Trust Committee (the City Corporation being the trustee of Bridge House Estates) from properly considering this grant application in accordance with the published policy.

Financial Observations

30. Forecast income in the current year 2014/15 is £589,805, all of which had been confirmed by February 2015. The following year 2015/16 includes forecast income of £540,000, of which £465,000 (86.1%) had also been confirmed. Income from this pending application to City Bridge Trust and associated expenditure is not included in the charity's budget.
31. The charity's reserve policy is to hold six months' worth of operating costs in free unrestricted funds, which equates to £263,922 in 2013/14. At 31st March 2014 free unrestricted funds stood at £265,233 which is equivalent to 6 months' worth of total expenditure. The charity has advised that it is building up its reserves to also cover an annual Project Manager's salary in case funding bids for this post are unsuccessful.

Year end at 31 March	2013/14 Audited Accounts	2014/15 Current Year Budget	2015/16 Following Year Budget
Income and Expenditure	£	£	£
Income	563,453	589,805	540,000
Expenditure	527,843	540,961	570,044
Unrestricted Funds Surplus / (Deficit)	54,188	42,040	9,071
Restricted Funds Surplus / (Deficit)	(18,578)	6,804	(39,115)
Total Surplus / (Deficit)	35,610	48,844	(30,044)
Surplus / (Deficit) as a % of turnover	6.3%	8.3%	(5.6%)
Cost of Generating funds (% of income)	28,173 (5.0%)	-	-
Free unrestricted reserves			
Free unrestricted reserves held at Year End	265,233	307,273	316,344
How many months' worth of expenditure	6.0	6.8	6.7
Reserves Policy target	263,922	270,481	285,022
How many months' worth of expenditure	6.0	6.0	6.0
Free reserves over/(under) target	1,311	36,792	31,322

Conclusion

32. At a time of unprecedented cuts to London Boroughs, reduced services, and consequently many increased demands on not for profit organisations to meet the needs of disadvantaged Londoners, it is crucial that the best of all sectors is drawn on to achieve better outcomes. Heart of the City already has a good track record of engaging and developing City business to adopt a CSR

agenda: mobilising their time, skills, and resources to benefit charities to improve their resilience and ability to deliver.

33. This strategic initiative is an opportunity to take something which has worked well in a central London location, and take the offer to Greater London. This will be done in a phased way so as not to compromise quality, and also cogniscent of the local landscape and provision that may exist to a greater or lesser extent in the different boroughs.
34. The strategic initiative will use technology to improve the reach and impact of the work. It will also look to bring the respective constituencies of the Heart of the City and the City Bridge Trust closer to both achieve benefits for your existing and potential grantees, and those businesses working in London. There is also an excellent opportunity to profile this work in the CBT 20th anniversary year and the Heart of the City's 15th anniversary year.

Appendices

None

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