

## A MORE STRATEGIC APPROACH TO GRANT-GIVING

### SUMMARY OF SBR GRANTS 2015: FINAL REPORT

#### 1. GRANTS, PROFILE AND INFLUENCE

- 1.1 The City of London's grant-giving and charitable heritage is one to be proud of. The quirky stories behind some of the centuries' old legacies which have helped countless Londoners over the years embody the Square Mile's rich and fascinating history. The resulting spectrum of grants which is on offer today from the City of London Corporation is distinguished by its size, its provenance, its London-wide reach and its stable base, which is not subject to party political control. This is a powerful asset, which if purposefully deployed, has the potential to build the profile, reputation and influence of the City Corporation as a major contributor to the maintenance of London – and in particular the City of London – as a globally attractive place to invest, work, live and play. This is achieved to an extent through the substantial funds distributed by the City Bridge Trust (CBT). However there is also an opportunity for the City Corporation to reap further dividends by strategically harnessing and managing the totality of its grants programmes as an overall package, rather than simply presiding over its constituent parts. This review sets out how to achieve that, whilst also ensuring that the purposes of the various charitable trusts which form part of the City Corporation's grants offer are faithfully met and that the distinctiveness of the City Corporation's interests are best showcased.
- 1.2 Such an exercise must be undertaken with due regard to the external environment in which the City Corporation makes grants. Grant-giving, by its nature, reaches out to form relationships with stakeholders to catalyse changes. The types of changes, stakeholders and relationships which are developed as a result of the City Corporation's interventions reflect back onto the profile and reputation of the City Corporation as a whole. That external environment is one in which the framework for grant-giving is changing and this changing landscape plays a large role in defining how the City Corporation's grant-giving activities are received and the impact they are seen to make.

#### 2. THE BIG SQUEEZE

- 2.1 There is now a much more widely held and explicit consensus around best practice in making grants - partly driven by the Government's Transparency Code and partly driven by the Charity Commission's guidelines – in which grant giving bodies are expected to operate in an open, responsive and timely way. (The Government's Transparency Code requires local authorities to publish the amount, purpose and date the grant was awarded, its duration, the awarding department and the type of organisation in receipt of the grant for all grants awarded over £500). Whilst the Code does not apply to the bulk of the City Corporation's grants, it is worth noting that the Code is having the effect of normalising stakeholder expectations and benchmarks of good practice in grant-giving. This needs to inform how the City Corporation manages its grants programmes overall – whether public, private or charitable.
- 2.2 Another determinant of the grant-giving environment is the level of public funding available for grants across London, which is set to drop sharply, with many existing grants budgets being cut completely or transformed into commissioning contracts for service delivery or a combination of the two. Local authority budgets for non-statutory services are projected to drop by a further 43% over the next five years (based on Dec 2014 Autumn Statement figures) which will accelerate and intensify the extreme financial pressures on activities such as employment support, community development, extracurricular education, access to culture and the arts and enjoyment of open spaces, as well as grant giving itself. These are also typically the activities through which the City Corporation has reached out in partnership across London and it will continue to do so, being less reliant on local authority financing from Government than the 32 boroughs. This will put the City

Corporation in an increasingly prominent position as a champion of non-statutory but nonetheless very important social, environmental, educational, cultural and artistic initiatives by organisations and individuals from all walks of life.

- 2.2 Whilst there are huge reputational dividends to be reaped in this scenario, greater prominence will also invite greater scrutiny. The size of the City Corporation's grants regime provides an opportunity to showcase leadership, creativity and best practice. It also means that the City Corporation, more than ever, will need to avoid any potential perceptions that precious resources are spent in a way which is out of touch with the challenging environment. The City Corporation's overall grants package will be judged on the extent to which the corporate offer is clear, coherent and well-targeted, administered in an exemplary way, easy to navigate, customer-focussed and recognisably branded.

### 3. CITY OF LONDON CORPORATION GRANTS CHALLENGES

- 3.1 The vast majority of the City Corporation's grants are disbursed through the City Bridge Trust, which has clear and open systems and processes in place for managing disbursements. However, if a broader corporate perspective is taken in which the CBT is viewed as only one of a wider suite of grants programmes offered by the City Corporation, the following challenges become apparent:
- i. **Lack of clarity on what constitutes a grant:** there is confusion about what constitutes a grant within the City Corporation, which arises partly because of the flexibility to finance such a wide range of initiatives from the City Fund. The term 'grant' has been applied to cover all payments (including a few contractual payments) – whether requested from or initiated by the City Corporation - as well as some internal budgetary transfers resulting from an internal bidding process (e.g. from the Policy Initiatives Fund). On other occasions, the term is much more restrictively used. Consequently there is no overview of the City Corporation's grants activities and no clear narrative which can be communicated.
  - ii. **A large number of small, loosely focussed grants programmes:** an idiosyncrasy resulting from the incremental accumulation of funds over a long period of time. Even though applying a standardised definition of a grant (e.g. as also used in the Government's Transparency Code) significantly reduces the range of payments which might fall under a loose 'catch-all' category, there remains a proliferation of grants programmes, many sharing overlapping and/or obsolete objectives, giving an overall impression of a lack of focus.
  - iii. **Lack of a consistent 'City of London' identity for City Corporation grants:** the City Corporation's grants programmes appear disconnected from each other, with little unifying public presentation or articulation of common purpose.
  - iv. **Variable customer experience of the same service:** a consequence of the fragmentation of grants programmes is that applicants do not have a consistent 'City of London' experience when engaging with the organisation on grants. For instance, only 5 out of a potential 15 City Corporation grant programmes (including wholly controlled City Corporation charitable programmes) are highlighted on the City Corporation website.
  - v. **Variable management practice for the same functions:** City Corporation's grant programmes are not managed in a consistent way and there is no overall benchmarking or standard setting for this function across the various programmes. The City Corporation has yet to comply with the Government's Transparency Code requirements for City Fund grants

and the Charity Commission's best practice guidelines in respect of City Corporation-controlled charitable trusts are not consistently followed.

- vi. **No overall performance review:** another consequence of the lack of coherence between the City Corporation's grants programmes is that they are not assessed for performance or impact in relation to each other, which would facilitate the spreading of best practice, drive better value for money and more effective targeting, as well as enable stronger communication with stakeholders about the difference made by the City Corporation's grants.
- vii. **Unintended duplication:** The City Corporation's grants programmes are largely managed separately from each other, which means management functions are replicated across the organisation to varying degrees of rigour, best practice is generally not shared and potential efficiencies are not realised.
- viii. **Untested subsidy:** the staff costs of managing grants (e.g. administrative, accounting, audit and legal) are not attributed to or reclaimed from the relevant programmes. This is the case for both City Corporation corporate grants programmes and City Corporation-controlled charities, despite each of the latter having additional funds available for immediate disbursement.
- ix. **Funding decisions which potentially cut across relevant service committee priorities:** the lack of co-ordination between the City Corporation's various grants programmes results in some grants being made without due reference to the priorities of the appropriate service committee charged with setting a policy and investment framework for the activities covered by the grant. This occurs in grants made in relation to poverty relief, education and culture.
- x. **Non-strategic resource allocation:** the organic way in which the City Corporation's grants has evolved over the years has meant that no direction has ever been set either for the overall or relative levels of grant funding to be made available for specific themes. There is scope to set City's Cash and City Fund grant programmes in relation to the given amounts available for disbursement through the City Corporation's trusts to improve targeting of resources.

#### 4. RISKS

- 4.1 The scenario outlined above throws up potential risks and missed opportunities for the City Corporation. The risks are mainly reputational – for example, stakeholder uncertainty over what grants can be applied for, how to deal with the City Corporation on grants and inconsistent treatment by the City Corporation across its various grants programmes. But there are also missed opportunities to proffer a powerful set of grants programmes which work strategically for the City Corporation as much as for the specific purposes of each programme, to achieve economies of scale, to share best practice and to publish a coherent narrative about the impact made across London by the City Corporation's extensive range of grants.

#### 5. A MORE COHERENT FRAMEWORK?

- 5.1 If "establishing a clear and well-run set of grants programmes which speaks to the needs of Londoners and represents the priorities and heritage of the City Corporation" is the aspiration of the City Corporation, then a more consistent approach to managing grants is required. This

would drive greater value from the City Corporation's extensive spending in this area, both in terms of reputation and material impact.

5.2 By reorganising how grants are managed into a more coherent policy framework, the City Corporation would be in a position to offer a more clearly defined and complementary suite of grants programmes, which reflects both the areas in which grants will be under acute pressure across London and the areas of investment in which City Corporation distinguishes itself from all others. Possible themes under which the City Corporation's grants could be brigaded might include:

- Social inclusion and poverty relief
- Educational and employment support
- Enjoying open spaces and the natural environment
- Community development
- Accessing culture and the arts

5.3 Steps towards achieving a more consistent approach to grant making would involve adopting a number of core principles, would then lead to a set of more detailed choices and operational changes.

### 6. CORE PRINCIPLES : 7 STEPS TO SUCCESS

- i. **Set out a clear, corporate offer:** The City Corporation's grants programmes should be clearly differentiated and complementary, easy to communicate, easy to understand and easy to engage with.
- ii. **Allocate resources strategically:** Resource Allocation Sub Committee should set the annual quantum for all City's Cash and City Fund grants programmes prior to the start of each financial year according to their relative priority, taking advice from the relevant grant-giving committees and Finance Grants Sub Committee.
- iii. **Streamline governance:** Where a grants programme relates specifically to the remit of a particular committee, that committee should have responsibility for the policy and operation of the grants programme in order to ensure alignment between relevant policies and other investments. Other committees should avoid allocating funds to initiatives which cut across the remit of those grant giving committees. Finance Grants Sub Committee takes on a performance management role for all City Corporation grants programmes
- iv. **Establish a common identity and branding for City Corporation grants:** All grants programmes which are controlled by City Corporation should share a common corporate 'Identity', with consistent branding which identifies them as belonging to the City of London Corporation family of grants – whether publicly, privately or charitably funded.
- v. **Provide a consistent 'City of London' customer experience:** All grants programmes should comply with the spirit of the Government's Transparency Code even where not legally required to do so, and charitable trusts should comply with the Charity Commissions' best practise guidelines. The handling of applications and the monitoring of spend should be consistent for all grants programmes and proportionate to the size of the award.
- vi. **Review all City Corporation grants programmes in a consistent and proportionate way** in relation to their spending, outcomes and risks, on the basis of a twice-yearly report to Finance Grants Sub Committee, Resource Allocation Sub Committee and appropriate Committees and boards of trustees.
- vii. **Manage City Corporation grants more effectively and more efficiently:** Administrative and professional expertise should be consolidated wherever possible to provide economies of scale and assist the sharing of best practice. Staff costs (e.g. legal, finance and audit) should be recharged to grant programmes to avoid the City Corporation having to subsidise operations.

### 6.1 **Timing: Implement agreed changes on 1 April 2016**

The organisational adjustments which would flow from adopting the above recommendations would require approximately 9-12 months to put in place, assuming implementation starts as soon as the recommendations are agreed. For example, negotiation of changes to City Corporation charitable trusts with the Charity Commission would require 6 – 9 months.

### 6.2 **Process: Draw up an action plan and task a project manager to drive progress**

Once decisions have been taken about the preferred way forward, it is recommended that an implementation plan is drawn up, staff resource be made available to pursue it and progress reported to Members on a quarterly basis to maintain momentum.