

Committee(s)	Dated:
City Bridge Trust	23/09/2015
Subject: Young People's Foundations - a joint initiative with the John Lyon's Charity	Public
Report of: Chief Grants Officer	For Decision

Summary

This report seeks approval to enter into a funding arrangement with another grant-making trust – the John Lyon's Charity – for the sum of £300,000 - to support the establishment and development of Young People's Foundations in three London boroughs.

Recommendations

1. Note the report.
2. Approve a grant of £300,000 to the John Lyon's Charity to co-fund the salary and running costs of a Young People's Foundation in each of the boroughs of Brent, Harrow and Barnet, for one year.

Main Report

Background

1. The John Lyon's Charity (JLC) is an independent grant-making trust and has a history which, in part, mirrors that of the City Bridge Trust. Although it has been distributing grants only since 1992, the Charity and its endowment are constituted still on the basis of a 16th Century Royal Charter granted by Elizabeth I.
2. John Lyon was a yeoman farmer from the village of Preston in Harrow. In 1572 he was granted a Royal Charter by Elizabeth I to found a free grammar school for boys: Harrow School. The Charter anticipated that John Lyon would endow a trust for the purpose of maintaining the two roads between London and Harrow, now the Edgware and Harrow roads, which he did in 1578 by leaving a farm and estate of 48 acres.
3. John Lyon's Foundation consists of Harrow School (the original school), The John Lyon School (established in 1876 as a day school to provide education for boys from the local community) and John Lyon's Charity. It is governed by the

Keepers and Governors of the Free Grammar School of John Lyon, the Corporation that was established by the 1572 Charter. For over 400 years the income from the estate in Maida Vale went to the various authorities that were responsible for the upkeep of the two roads. In 1991, the Charity Commission scheme came into effect giving the Governors discretion to apply the income for charitable purposes for the benefit of the inhabitants of the boroughs of Barnet, Brent, Camden, Ealing, Hammersmith & Fulham, Harrow, Kensington & Chelsea and the Cities of London and Westminster – the boroughs served by the two roads.

4. The Governors of the Foundation are the Trustee of John Lyon's Charity. They have appointed a Grants Committee to oversee the Grants Programme and recommend awards for their approval. John Lyon's Charity is a separate registered charity and is independent from the two schools. The Charity gives grants to benefit children and young people up to the age of 25, or their families, who live in the aforementioned nine boroughs. In 2013/14 £7m was spent on grants (162 awarded) against income for the year of £7.3m.

Current Position

5. City Bridge Trust has had a strong and productive working relationship with John Lyon's Charity for the past 10 years, going beyond mutual funding of the same organisations. JLC was one of the cohort of 5 funders (along with CBT) which came together in 2005 to devise and co-fund the multi-year *Fear & Fashion: Tackling Knife Crime* initiative. In more recent times officers from both CBT and JLC have worked closely together through London Funders; whilst both parties (along with BBC Children in Need and London Youth) were co-organisers of the Youth Inclusion event at Mansion House in May 2015. Co-production and collaboration in this way supports better-informed funding and more effective use of resources.
6. This proposal is focused on the children and young people's sector in London, which has seen severe cuts both in local authority-run services and in grants/funding to voluntary managed provision. It is not uncommon to have seen expenditure in this sector fall by more than 50% in the past few years. In addition to an overall reduction in available funds, those monies which remain are increasingly used for "targeted" as opposed to "universal" youth services. (Universal services are those such as neighbourhood youth clubs which are open to all young people in that area, whereas targeted services are those which are only available to those deemed in particular, often acute, need, eg disabled young people.) Consequently, the opportunities for London's youth to access general play and youth provision - important for all round development - are declining at an alarming rate.
7. Reduced levels of funding are rendering many youth services unsustainable. In parallel, the switch amongst statutory funders from grants to commissioning has also favoured larger organisations at the expense of smaller, often BME-led, ones as the smaller groups do not have the same capacity to tender for large contracts. (In some boroughs, for example, contracts for borough-wide summer

holiday activities are being issued on the basis that the Authority will only enter into a single contract, which automatically rules out small, local, providers.)

8. As a result of all these issues there is an urgent need for change and for new models of delivery. There is a need to protect and preserve what provision and providers remain; to safeguard smaller organisations which often provide more relevant services for disadvantaged communities; and to underpin the longer term sustainability of universal youth services in particular.

Options

9. John Lyon's Charity, being as it is focused on a defined area of London and on the 0 – 25 age group, has been able to work specifically on these issues in the past 18 months. As a result of its consultations and negotiations, it has developed an approach which it feels will achieve the aims set out in paragraph 8 above.
10. JLC has looked at three of its boroughs (Brent, Barnet and Harrow) as they each have a range of established services for young people (both directly provided by the local authority and/or grant-aided); have a mixture of small and larger-scale providers; and are likely to have greater demands in the future as there is expected to be a movement of poorer people, younger people and families from Inner London to Outer London as a result of rising housing costs and changes to the welfare system.
11. In each of these boroughs JLC has held extensive discussions with voluntary sector groups, the local authority, scout associations, faith groups, housing associations, and other funders and, as a result and with their support, has devised the model of the *Young People's Foundation*.
12. A Young People's Foundation (YPF) will be created in each borough as a new organisation and a registered charity. It will be a membership organisation; governed by a trustee board (and with a wider steering group) open to representation from the voluntary sector, local authority, police, housing associations, local health commissioning group, faith and uniformed groups, corporate sector, and funders.
13. The core function of each borough's Foundation is to preserve and develop universal play and youth services for young people. It will do this by acting as a single "venue bank" (extremely useful for small organisations which often struggle to find affordable venues) using existing and new venues provided by the membership, including housing association properties; and by undertaking central fundraising, based on a consortia approach. YPFs will also act as a distributor of Small Grant Funds. A more detailed description of the purpose and remit of the YPF is provided in Appendix A to this report.
14. As at August 2015 trustee boards have been formed for each YPF and applications submitted to the Charity Commission (decisions on which are expected before your meeting). The separate Boards will be interim and will sit for one year initially, with elections to be held in summer 2016. Appendix A also outlines current representation on the Boards.

Proposal

15. Clearly, each Foundation will require start-up, core, funding. John Lyon's Charity has determined that to fund for a successful start, each YPF ideally would need £200,000 per year for three years; specifically to support the following annual costs:

- CEO (£50,000 inclusive of employer costs)
- Development Director/Chief Fundraiser (£40,000 incl)
- Administrator (£30,000 incl)
- Accommodation, set-up and general running costs (£30,000)
- Small Grants Fund (£50,000)

16. Whilst £200,000 pa might appear high, it is less than the typical annual income for charities with similar, but often fewer, functions. For example, most recent accounts for the Play Association of Tower Hamlets show income of £269k; for Brent CVS it was £376k; for Lambeth Play Association it was £296k.

17. The three YPFs are applying to John Lyon's Charity for consideration at its Grants Committee on 14th October 2015. JLC now wishes to invite City Bridge Trust to join with it as a co-funder of this initiative. Ideally, it would like the Trust to commit on an equal, matching, basis though this would require a commitment from the Trust of £300,000 pa for three years (£900,000 in total) – which is at a level rarely seen in your grant-making. Consequently, a commitment of £100,000 per Foundation for the first year is advised at this stage - £300,000 in total. This would enable you to join with JLC on an equal basis to support fully the first, pilot, year of each Foundation. After this your officers would take stock, review progress made and options for the future and come back to your Committee with an update and, perhaps, to recommend further funding at that point, if appropriate.

18. Should you agree this approach, it is advised that your grant be made to John Lyon's Charity (rather than to each Foundation) so that JLC will distribute and manage the resultant funds accordingly. It is advised, though, that your funds are not used for the provision of the Small Grants Fund in each borough as the oversight of any grants awarded would be too far removed from the City Bridge Trust's control. This condition would not create an obstacle to the project's general progress.

19. An alternative to funding this project through JLC is to fund the Foundations directly. However, this would create an additional workload for both the Trust and for the individual organisations (as they would have to make separate applications to 2 funders, etc). The grant assessment and management expertise of the John Lyon's Charity is on a par with that of the Trust, whilst having JLC as the conduit and responsible body for the funds will bring the added value of their in-depth knowledge and presence in those boroughs, where they can have a much closer and watchful eye on the progress of the Foundations. This aside, the Trust would work closely with JLC throughout the term of this project, with both funders having an equal say in the general management of the funds.

20. Whilst there is an obvious advantage to John Lyon's Charity in spreading the risk by having the Trust as a co-funder, there is also an advantage to them in their association and collaboration with the Trust as London's largest independent funder, through the pooling of intellectual as well as financial resources. It also sends a clear message to the sector that funders can practice what they preach (and sometimes demand) regarding partnership and collaborative working.

Corporate & Strategic Implications

21. By working directly with another funder to pool resources, test new models and share risk, the proposal upholds a key objective of the Trust's Business Plan, ie to maximise the impact of its funding.

Financial Observations

22. Whilst the John Lyon's Charity does not hold unrestricted free reserves it does have a permanent endowment fund which had a value of £307,416,000 as at 31st March 2014. These funds are largely invested in property (£154.8m) and managed investments (£152.5m). The total income from these investments in 2013/14 was £7,236,000, which represents 99.9% of total operating income of £7,246,000 in 2013/14 as shown in the table below.

The table also shows unrealised gains of £33.4m in 2013/14 (£32.7m in 2012/13) which relates to the gain on revaluation of investment properties and managed investments at the year-end.

The charity's Annual report and Financial Statements states that the Trustee considered it appropriate to adopt a methodology that gives a degree of certainty and stability to the amount available to be applied to charitable purposes each year. The amount is determined by taking an average of the value of the charity's assets on the last four balance sheet dates. The policy allows the Trustee to expend up to 4% of that rolling average on charitable activities including support costs and after the cost of generating funds and governance costs.

Year end at 31 March	2012/13 Audited Accounts	2013/14 Audited Accounts
Income and Expenditure	£	£
Income	6,755,000	7,246,000
Expenditure	7,289,000	8,666,000
Unrestricted Funds Surplus / (Deficit)	(2,785,000)	(7,529,000)
Restricted Funds Surplus / (Deficit)	2,251,000	6,109,000
Unrealised and realised gains / (losses)	32,674,000	33,375,000
Total Surplus / (Deficit)	32,140,000	31,955,000
Surplus / (Deficit) as a % of turnover	475.8%	441.0%
Cost of Generating funds (% of income)	1,034,000 (15.3%)	1,117,000 (15.4%)
Free unrestricted reserves		
Free unrestricted reserves held at Year End	0	0
How many months' worth of expenditure	0	0
Reserves Policy target	n/a	n/a
How many months' worth of expenditure	n/a	n/a
Free reserves over/(under) target	n/a	n/a

Conclusion

23. The creation of a Young People's Foundation in each borough, bringing together expertise, assets and development capacity is expected to achieve the following:
- Sustainability/protection of existing children's & young people's services
 - Protection of a community-led approach
 - Potential to bid for European funding (be dint of its size)
 - Maximising the usage of buildings and assets
 - Reducing the operational costs of smaller providers
 - Ensuring joined-up, non-duplicative, provision
 - Effective marriage of statutory, corporate and voluntary sectors
24. The ethos, principles and values of John Lyon's Charity are in keeping with those of City Bridge Trust. As such they are suitable partners for a collaborative project such as this. The Trust has successfully co-funded projects with JLC in the past, with both parties learning from each other and working together to mutual benefit.
25. JLC, as with most endowed charities, does have a limit on the funds available to spend in any one year. Were it to commit the full funds needed for this project this would impinge on its other grant-making capability. That being so, there are also clear benefits in both JLC and City Bridge Trust working together on this initiative. For the Trust these would include:
- It provides the opportunity to test a model of provision which, if appropriate, the Trust could replicate in other parts of London
 - The project tackles some core issues facing the children and young people's sector (eg the loss of small/local providers)
 - It creates an active partnership with another funder, generating a positive message to the sector and where risk is shared and learning is enhanced

Appendices

- Appendix A – Structure and purpose of the Young People's Foundation

Ciaran Rafferty

Principal Grants Officer, City Bridge Trust

T: 020 7332 3186

E: ciaran.rafferty@cityoflondon.gov.uk

APPENDIX A

Purpose of the Young People's Foundation:

- To work as a consortia of its members to fundraise collectively from sources such as Big Lottery and ESF, which alone they would be unable to do.
- To support the local Children & Young People's sector by being an organisation strong enough to be commissioned by the Local Authority
- To deliver sector (and location) specific capacity building
- To manage and share venue spaces
- To safeguard existing provision and grow the Children and Young People's sector in the boroughs
- To act as a unified voice for the C&YP sector in its area

Main strands of work:

- Central fundraising based on a consortia approach
- A 'Venue Bank' for groups to share and access available sites from Churches, Scouts huts, Housing Association and Local Authority buildings (The Young Brent Foundation is planning to do a Community Asset Transfer of the Council run youth clubs to the Foundation and is receiving help and funding from Locality for this).
- Distribute a Small Grants Fund
- Organise sector-specific capacity building
- To develop Local-Giving programmes, based on the London's Giving model, where appropriate
- To consider providing centralised services for member organisations (eg accountancy support; bulk procurement)

Current Board representation (interim for 1 year):

1. Young Barnet Foundation
Barnet FC; Art against Knives; Barnet Community Projects; Scouts Association; Saracens; London Youth
2. Young Harrow Foundation
Watford FC; Harrow School; LB Harrow; Scouts Association; Ignite Trust; Harrow Police; Harrow Clinical Commissioning Group
3. Young Brent Foundation
QPR FC; Hyde Housing; LB Brent; London Youth; CVS Brent; Bang Edutainment

Other partners/agencies who have expressed an interest in becoming Board members, or who will be approached, include: the GLA; Partnership for Young London; Social Innovation Partnership/Project Oracle; Land Securities; Pentland Group; Diageo.