

Committee	Date:
City Bridge Trust	26 th November 2015
Subject: Proactive Grants for Strategic Initiatives	Public
Report of: Chief Grants Officer	For Decision

Summary

This paper is written following the City Bridge Trust Committee's strategic away half-day held on 30th October 2015, during which the need to set more transparent criteria and a more structured process for the Trust's pro-active grants and strategic initiatives was discussed.

In summary, City Bridge Trust (the Trust) has a robust process to decide on its funding framework and to assess applications received against this framework ('reactive grant-making'). A strong combination of evidence, analysis, judgement, monitoring, and transparency is achieved. There are improvements that can be made and these will be implemented, but the process does and should inspire confidence. This grant-making accounts for between 80% and 90% of the Trust's total grant-making.

The Trust's remaining grant-making is 'pro-active' in nature: that is, the Trust's Committee deciding on the basis of officer generated proposals which are anchored in the Trust's overall vision and mission, (a.k.a. 'Strategic Initiatives'). Whilst arguably many effective grants have been made through this mechanism, the criteria and selection of such grants is less transparent and is process-light and judgment-heavy. Ideas for strategic initiatives arise from suggestions raised with or generated by the CBT management team through funder networks or analysis of needs within the community voluntary sector. These may be informed by your reactive grant-making, but this is not systematic. Whilst this is not necessarily a bad thing, given the increased visibility of the Trust as London's largest grant-maker, independent of Central Government, and in the context of London local authority cuts and reductions to their grant-making, it is recommended that the Trust's proactive grant-making could be improved by:

- More transparent criteria
- A more structured process
- An enhanced link between the reactive and pro-active grant-making
- Making more of the expertise and knowledge of grants officers beyond the management team
- The adoption of a prioritisation checklist to assist both Members and officers in assessing and prioritising pro-active grant proposals.

These points have been under consideration for some time, but at the last meeting of the Trust's Committee, discussions about proactive grant-making to organisations close to the City of London Corporation highlighted the need for this work to be

progressed. It was therefore decided that this area of work should form a core element of the Trust's Committee annual away half-day.

Recommendations

Members are asked to:

- I. Agree that up to 20% of your total annual grants budget is committed through proactive grant-making;
- II. Ring fence up to one-quarter of this 20% (i.e. 5% of your annual pro-active grants budget) for the consideration of grant proposals that fall outside of your grants criteria, but which are either informed by the broader evidence of need, elicited at the previous consultation took place;
- III. Agree the improvements, filters and prioritisation guidance for proactive grants as set out in paragraphs 19 – 27.

Main Report

Background

1. Since its inception in 1995, City Bridge Trust has been subject to a clear governance framework and the surplus that has been made available for grant-making for the benefit of Greater London subject to an agreed funding policy.
2. Bridge House Estates is a charity with an asset base of c. £1B that has been built up over 800 years. The primary purpose of this charity is the maintenance and support of five bridges: Tower; London; Blackfriars; and Southwark bridges, and the Millennium footbridge. The City of London Corporation is the sole trustee of this charity.
3. In 1995, the decision was taken that the revenue being achieved on the charitable assets was over and above the needs of the bridges and a reserve was accruing beyond likely reasonable requirements. In line with Charity Commission guidance on reserves, the decision was taken, and agreed with the Charity Commission, that the surplus could be used for the charitable benefit of the inhabitants of Greater London.
4. City Bridge Trust has an established five-year cyclical pattern of determining the funding policy (quinquennial reviews): this involves reflections on the previous five years and what has worked well, and what less well; thoroughly researching the needs of London; using this evidence to decide what it will fund over the next five year period (with the Court agreeing this funding framework on recommendation for the CBT Committee); publishing this funding framework with guidance; and the Committee making funding decisions based on the officers' recommendations.
5. Up until 2002 – 2003, this method of grant-making accounted for 100% of the Trust's grants. For the purposes of this paper, this type of grant-making will

be referred to as 'reactive' grant-making: grant decisions being made reacting to applications made against published criteria.

6. In January 2003, as part of the 2002-2003 quinquennial review, the Trust's Committee agreed that up to 5% of the grants budget could be used for 'strategic initiatives'. For several years, the Trust made pro-active grants within these parameters. In October 2012, the CBT Committee agreed that a further £500k, over and above the 5%, could be used on strategic initiatives. The rationale was that the need for more resource was a reflection of the unprecedented and changing need in the charitable operating environment, for example, your work in developing the social investment market is funded through strategic initiatives. During 2013/2014, it was agreed to increase the allocated sum of £900k (5% of £17.98M) by up to £2.5M, as a result of initiatives known to be in the pipeline.
7. This pro-active grant-making can be divided into two broad categories:
 - (i) grants which support organisations whose work is deigned to achieve a fairer London. Such grants being outside of your mainstream grants programmes, but which are supported by evidence of need, as elicited in the previous quinquennial review, or need that could not reasonably have been anticipated at the time of that quinquennial review. Examples of these include: the piloting of the Spice time-banking model of volunteering and the Fear and Fashion initiative to tackle knife crime amongst young Londoners.
 - (ii) monies agreed to support expenditure of the Trust aimed at amplifying the impact of its grant-making: for example, commissioning Media Trust to produce videos of grantees' work and supporting conferences/learning events. This category of expenditure has been categorised as grants but, in some ways, is more akin to commissions.

Current Practice

Reactive grant-making

8. Between 80% and 90% of the total grants budget is currently spent through reactive grant-making through organisations making applications online to your 'Investing in Londoners' grants programme. These recommendations are the culmination of:
 - a thorough assessment which takes into account governance and financial due diligence;
 - funding history;
 - available evaluation and learning from previous work;
 - a face to face visit by a Grants Officer of the Trust to the organisation (except in the case of applications under £5k when a telephone assessment may be used instead);
 - and the officer's judgment based on her/his evaluation of the findings and their experience of grant-making and the community and voluntary sector.
9. The process is robust and is further strengthened by a monitoring and evaluation framework, using a combination of regular reporting by the

grantees against outcomes and a programme of monitoring visits (including some unannounced visits).

10. Of course, there is room for further improvement, for example the proportionality of the due diligence, how we aggregate the monitoring data to discern trends that can then be used to inform our future grant-making, and how we evaluate the relative merits of similar applications.
11. Overall, the Committee should feel a high degree of confidence in the process that is operating and officers are implementing measures to make further improvements: for example, the introduction of officer themed leads in some areas of the grants programme.

Pro-active grant-making

12. The remainder of your grant-making is pro-active in nature: that is the Trust's Committee deciding on the basis of officer-generated proposals, i.e. not assessments of applications received against the published grants programme, but proposals that complement, add value to, and underpin your reactive grant-making: This is all anchored in the Trust's overall vision of a fairer London and its work to tackle disadvantage in London.
13. Whilst you have arguably funded some excellent work through this proactive funding, helping to position you as a strategic and thoughtful grant maker, the method of selection has been process-light and judgment-heavy. Whilst this is not necessarily a criticism in that your officers are employed to undertake analysis and exercise judgments, it is suggested that there is not sufficient guidance and transparency around the criteria and prioritisation of such grant-making.
14. This was highlighted at the Trust's last Committee meeting in the discussions about possible grants to organisations close to the Corporation.

'Members queried whether there was a clear enough framework for assessment and prioritisation of strategic grants, particularly when considering grant applications from City departments, and agreed to discuss this and the issue of substituting funding of previous non-statutory funding at their upcoming away-day'

15. Ideas for strategic initiatives arise from suggestions raised with or generated by the management team through funder networks or analysis of needs within the community voluntary sector. These may be informed by your reactive grant-making, but this is not systematic. When strategic initiatives are considered, the views of the Trust's Grants Officers are generally sought. Until very recently, however, this was not done in a systematic way. Current practice now involves strategic initiatives being a standing item on the agenda of the monthly Grants Officer meetings. All strategic initiatives under consideration are now raised and discussed between all Grants Officers present at these meetings. As yet, there is still no guidance being used to assess the relative value/impact of proactive grants under consideration. It is still solely the management team who are taking forward the pro-active grant-making. The expertise and knowledge of all Grants Officers is not being fully utilised in this regard.

16. Increasingly, suggestions are being made to the management team for pro-active grant-making: these range from the London Air Ambulance to Co-exist House; to the Lifeboats; and initiatives to support the employment and training of young people. Whilst all such suggestions and ideas are given careful consideration against the Trust's core vision and mission (and within the funding policy), no mechanism exists for systematically evaluating one against the other or recording/reporting the ideas that are rejected.

Drivers for Change

17. Whilst the status quo is not a bad place to be - a robust reactive grant-making process and pro-active grant-making informed by the judgement of an experienced management team – there is room for improvement.
18. The drivers to effect this change are:
- The Trust's wish to be continually reviewing and improving how it allocates its resources to achieve a fairer London
 - In the context of significant cuts to London Local Authorities' budgets, an anticipated greater need for the Trust's funding to support London's civic society to achieve a fairer London
 - The need to ensure that organisations associated with the Corporation are treated fairly in relation to those that are not associated
 - The Trust's heightened visibility as London's largest grant-maker, independent of central government, at a time when grant-making by London Boroughs is retrenching
 - The Trust's position in relation to the City of London Corporation as an exemplar of good practice and a wish to ensure all its grant-making decisions combine the right balance of analysis and judgment, and that they are in line with the Trust's values of independence, inclusion, and integrity.

Recommended Areas for Improvement in Relation to Pro-active Grant-making (a.k.a. Strategic Initiatives)

19. It is suggested that improvements are made in relation to the Trust's pro-active grant-making in 4 key areas:
- (i) More transparent criteria:
- The starting point for strategic initiatives should be that they fall within one of your Investing in Londoners programmes: that they are informed by your reactive grant-making and that they have the potential to achieve impact beyond an individual reactive grant
 - You formally adopt the policy that no more than 20% of your total annual grants budget is committed through pro-active grant-making (on current figures, this would equate to c.£4M)
 - Of the 20% referred to above, up to one quarter of that sum (i.e. 5% of your annual pro-active grants budget) is ring fenced for the consideration of grant proposals that fall outside of your grants criteria, but which are either informed by the broader evidence of need, elicited at the previous quinquennial review, or through evidence of need

brought about by circumstances not present when the previous consultation took place. (On current figures, 25% would be c.£1M).

- (ii) A more structured process:
- The Chief Grants Officer maintains overall operational responsibility for the Trust's grant-making but the Deputy Chief Grants Officer becomes the nominated senior lead for all pro-active grant proposals (she will be consulted on and review all strategic grant proposals prior to submission to the Committee).
 - Any member of the grants' team can propose a subject/theme for a strategic initiative. A suggestion may also come from the Members.
 - In either case it will be presented initially to the monthly Grants Officers meeting, with a summary of why/why not a proactive grant for the initiative should be made (its importance and relevance to Trust work) and why it cannot be funded through a reactive grant.
 - Following the designation of thematic/geographic leads to Grants Officers, if there is a correlation between a pro-active grant proposal and a grants officer's lead area then the relevant grants officer must be consulted prior to any decision to reject/progress.
 - If there is agreement amongst the team that there is potential in the suggestion, further research will be undertaken by a designated grants' officer to produce a more detailed proposal.
 - The prioritisation checklist will be used to inform the decision about the appropriateness of any proposed strategic initiative.
 - If there are a number of proposals for strategic initiatives, the prioritisation check-list will be used to score proposals. The available budget will also form part of the consideration.
 - A record is maintained of strategic grants considered by the Grants Officer meetings categorised as rejected (including headline reasons) or progressed.
 - This record is reported to Committee in its papers and, where appropriate, an early steer from the Committee be sought in relation to its appetite to progress the pro-active grant proposition(s) under consideration.
 - Recommendations for grant approvals and rejections will be made by the Trust Officer to the CBT Committee for decision.
- (iii) An enhanced link between the reactive and pro-active grant-making:
- The Committee should endorse the operational decision to have Grants Officer thematic leads.
 - The resourcing of more operational capacity is considered in the monitoring and evaluation team (for example, a Head of Impact). This would enable more capacity to analyse the monitoring and evaluation data achieved through the Trust's grants portfolio and the social investments to inform future grant-making.
- (iii) Making more of the expertise and knowledge of Grants Officers beyond the senior team:
- Following the implementation of the thematic/geographic leads, it is recommended that all Grants Officers be encouraged to consider pro-active grant-making, informed by their reactive portfolios, to increase potential impact across London

- The recently embraced practice of Strategic Initiatives as a standing item at Grants Officer monthly meetings to be supported and encouraged.
- (iv) It is recommended that the following guidance is adopted to assist in assessing and prioritising pro-active grant proposals:

Filters:

20. Will the pro-active grant:
- further the Trust's Vision and Mission: working for a fairer London and tackling disadvantage?
 - support work within one of the existing Investing in Londoners programmes, or meet a clear need that has arisen since the parameters of the Investing in Londoners programmes were agreed?
 - have the potential for impact beyond that of an individual reactive grant or number of individual reactive grants?
 - be affordable within the agreed annual budget (from the Trust alone or in combination with other funders) and, looking forward, leave sufficient budget to meet anticipated pro-active grants for the remainder of the financial year?
 - be made to an organisation(s) that conforms to the Trust's eligibility criteria and has the capacity and expertise to deliver the work?

Prioritisation Guidance:

21. **Evidence**
- Is there external and/or internal research and information that supports the need for the proposed grant?
 - Is there external and/or internal research and information that indicates the approach proposed in the grant will be successful?
 - Is there evidence that indicates the work will be hard to fund from other sources?
22. **Impact**
- Will the grant tackle a root cause(s), or positively influence policy or practice?
 - Will the work/approach funded be replicable?
 - Does the grant provide an opportunity to strengthen Civic Society in London?
 - Is the work sustainable beyond the period of the grant?
 - Can the impact of the work be measured through evaluation?
23. **Leverage**
- Will the grant particularly benefit from the Trust's and the Corporation's distinctive networks and connections? Is there an opportunity to add value in this regard?
 - Will the grant be able to build on the Trust's, and its existing grantees'/investees', knowledge and expertise?
 - Will the grant have the potential to leverage any other funding from other sources?
 - Will the grant disincentivise other statutory or non-statutory funding (noting that where either type of funding ceases, it is acceptable for a grant from the Trust to step in)?

24. **Spread**
- **Geographic**
Will the grant support work in a geographic or thematic area(s) where there is high need but relatively low Trust spend?
 - **Thematic**
Will the grant support work in a thematic area(s) of the Investing in Londoners Programme where there is high need but relatively low Trust spend?
 - **Portfolio**
Within the Trust's Strategic Initiative portfolio, is the grant duplicating or complementing anything already funded?
25. **Approach**
- Will the grant enable better collaboration between relevant organisations?
 - Is the proposed work across more than one LA or is London-wide?
 - Does the proposed work explicitly link the private, statutory and voluntary sectors?
26. In terms of the use of this checklist, it is proposed that any final list be used:
- In the first instance by Grants Officers when considering pro-active grant-making;
 - As a framework for the discussion in the Grants Officer meetings and the write-ups to Committee
 - As a framework for committee discussions of pro-active grant-making.
 - ***A list of proactive grants currently in the pipeline has been included in your non-public papers.***
27. When there are several pro-active grants under consideration, it is proposed that a scoring system be adopted against each item on the list. Whilst this should provide more structure to the consideration and prioritisation of pro-active grants, the importance of informed judgment by officers and ultimately Members should never be under-played.

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