

City Bridge Trust

Review of the Trust's Strategic Initiative on Philanthropy

# Final Report

June 2016



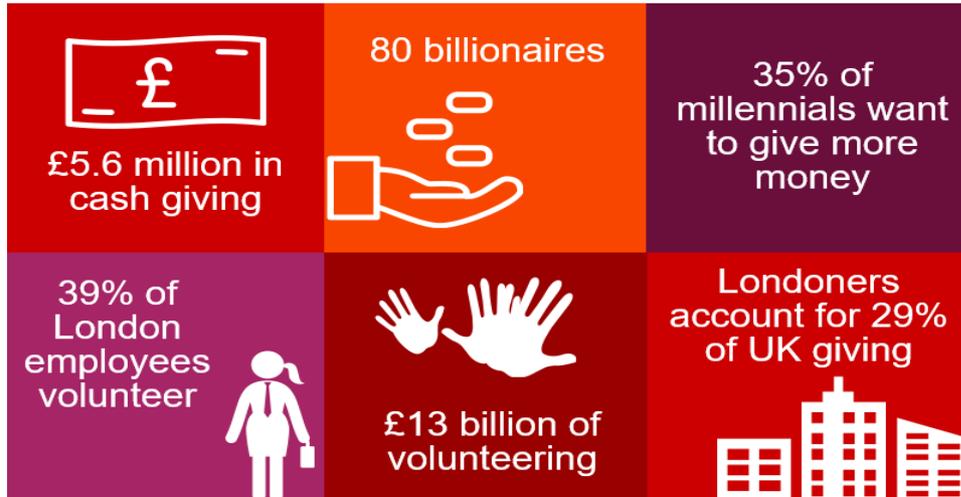
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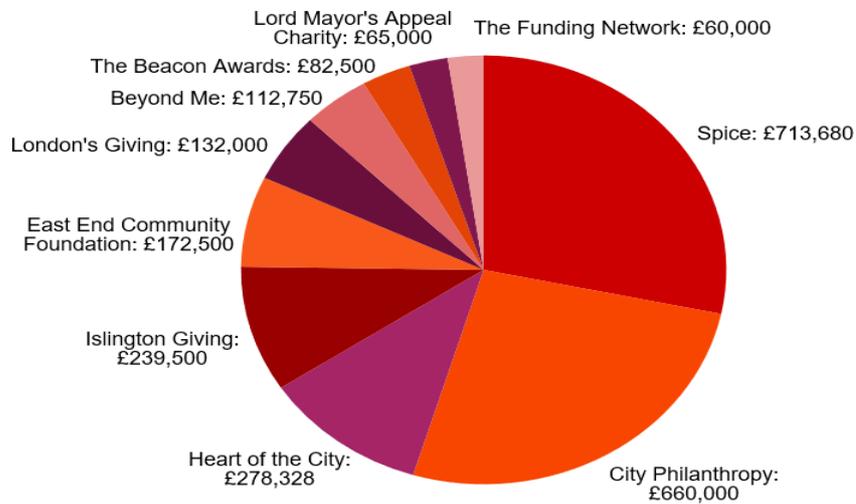
# Contents

1. Executive Summary .....	4
2. CBT's Strategic Initiative on Philanthropy .....	8
3. Conclusions and Recommendations .....	14
3.1 Coordination	
3.2 Communication	
3.3 Convening	
3.4 Collaboration and co-investment	
Annex (1) City Bridge Trust grants to promote and encourage philanthropy .....	20
Annex (2) Stakeholders interviewed for the Review.....	22
Annex (3) Setting the Scene .....	23
Annex (4) Examples of effective philanthropy .....	31

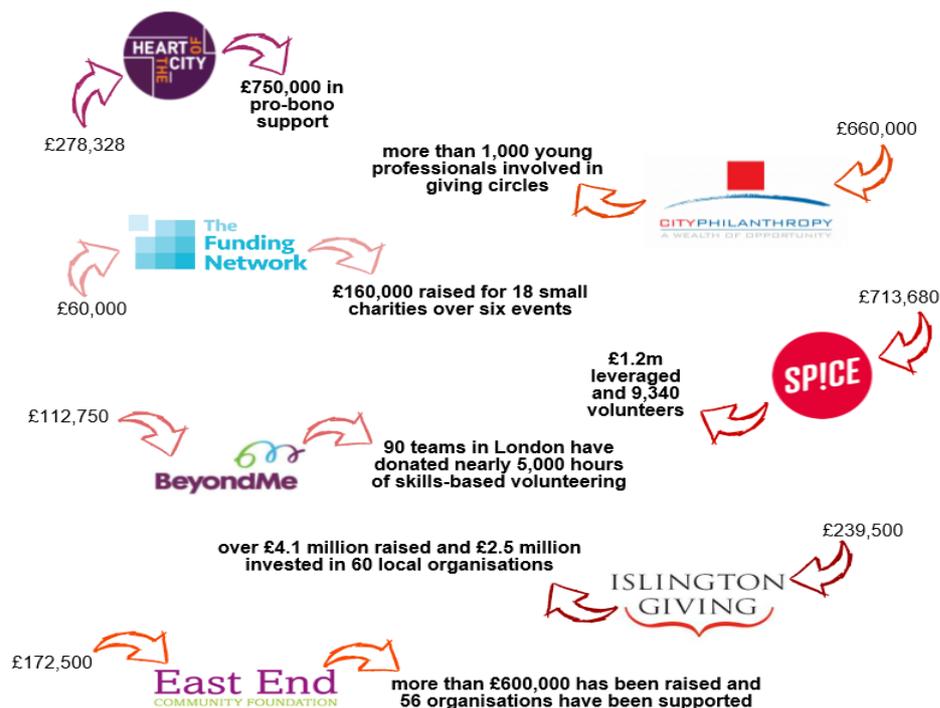
## Philanthropy in London



## What has CBT invested in?



## What are the outcomes of this investment?



# 1. Executive Summary

## 1.1 Purpose and scope of the Review

In March 2016, City Bridge Trust (CBT) commissioned a review of its strategic investments which, since 2011, have aimed to embed a culture of philanthropy and encourage the effective giving of time, money and resources in order to benefit London's disadvantaged communities. The Trust's investment has supported a diverse range of projects and activities, including significant grants to City Philanthropy – a wealth of opportunity (promoting individual giving, particularly by young city professionals); Heart of the City (enabling corporate community investment, particularly targeting SMEs), and Spice Time Credits (rewarding the giving of time)<sup>1</sup>. This independent review is intended to assist CBT to identify the connections and potential for greater interaction between these and future investments, and recommend how the Trust can better steer their strategic direction

Our recommendations focus on how CBT can do more to leverage its “philanthropic brands” which in addition to the Trust brand itself, includes City Philanthropy (A Wealth of Opportunity) and London's Giving (place-based funding); how the Trust can exert greater impact on philanthropy in future, both internally in terms of its **coordination and communication** of philanthropic initiatives within the City of London Corporation, as well as externally via the City's influence as a **convener** and **collaborator/co-investor** with other stakeholders in London. These “4 Cs” provide the framework for our conclusions and recommendations which are set out below and in detail in section 3.

## 1.2 Drivers and challenges for the Trust<sup>2</sup>

Some of the original internal drivers behind the Trust's investment in promoting philanthropy, such as the perceived need to redress the image of the City of London in the wake of the banking crisis, may have weakened. However, in the meantime, the biggest retraction of state spending since the Second World War, has given both individual and corporate philanthropy heightened relevance to the Trust, not least in the context of its ongoing and parallel strand of work to invest in and strengthen London's voluntary sector. This new backdrop, and some of the drivers referred to below, present City Bridge Trust with the challenge of redefining its strategic initiative on philanthropy in order to exert greater influence on the Square Mile and leverage more non-statutory resources for London:

- London is an increasingly unequal city with growing disparities between its wealthiest and most disadvantaged citizens. The capital has been particularly affected by cuts to local authority budgets which have weakened the capacity of the capital's VCSE sector.

*What is CBT's role in forging a cross-sectoral response to London's problems and how can its initiative on philanthropy encourage a more collaborative and strategic approach to redressing wealth inequalities and growing demand for services?*

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<sup>1</sup> A list of the Trust's investments to promote philanthropy, and all the projects within the scope of this Review, are included in Annex 1.

<sup>2</sup> The changing context to the Trust's work on promoting the philanthropy is detailed in Annex 3, Setting the Scene

- The extent of recent austerity measures across the public sector has increased interest in individual philanthropy and corporate giving, but is also a symptom of the level of distress in the voluntary and community sector; as charities and civil society organisations are compelled to “fish in the same pond”, it is unclear where this will end up, but points to the need for greater coordination and collaboration among funders, and between funders and donors.

*How can CBT work with partners to exert greater influence over the choices of donors so that these become more closely aligned with London's most pressing needs, whilst recognising that at the heart of philanthropy is the giver's freedom to choose?*

### 1.3 Headline assessments of the Trust's philanthropy initiatives

There is unanimity among those whom we interviewed as part of this Review<sup>3</sup> that City Bridge Trust's promotion of philanthropy has had a largely positive impact. One recurring concern, however, is that there has so far been “too much initiative and not enough strategy.” CBT's vision and objectives on philanthropy are not clear. The Trust has an opportunity, therefore, to shift some of the focus away from funding individual projects which have, for example stimulated and supported millennials' giving, and think more about the strategic-leadership and influencing role of the City. The two approaches are by no means mutually exclusive, but there is a sense that London is at a moment when it has the opportunity to make more of its philanthropic past and its future potential, and that this can be strongly influenced by the City in order to leverage more resources for London.

This will not, however, be straightforward. As well as a lack of coordination and coherence to the Trust's strategic initiatives to date, the highly particular and personal nature of much of the City's philanthropy as well as the internal politics of the Corporation of London/Mansion House could prove to thwart the Trust's ambition. We have detected a significant degree of silo working, if not competition and a concomitant lack of trust between some of the projects funded by the Trust.

Further strategic development of philanthropy in London is a huge undertaking, encompassing everything from London-wide, big ticket items to individuals' engagement with particular causes or places. The City Bridge Trust has a key role in this endeavour, but as part of a much bigger ecosystem of London's funders.

The potential prize is significant. By addressing the weaknesses and exploiting the opportunities identified in this review, City Bridge Trust can capture greater synergy from philanthropic initiatives across the City of London and the capital as whole. Not only will this complement the Trust's future priorities, soon to be as confirmed by its Quinquennial Review and, potentially, echoed in the thematic refocusing of the Lord Mayor's Appeal Charity (LMAC), but also send a clear message to other London funders in a call to arms to address the crisis currently facing civil society in the capital.

### 1.4 Summary recommendations

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<sup>3</sup> A full list of interviewees is provided in Annex 2 to this document

Seven overarching recommendations from the Review are set out immediately below, followed by a number of proposed actions for the Trust to consider under each of the “4 Cs” (ie Coordination; Communication; Convening and Collaboration):

- 1) Signal a step change in the philanthropic work of the City of London Corporation and Mansion House by refocusing the charitable work of the Lord Mayor's office so that it has a more strategic aim of increasing awareness about philanthropy in London, the UK and globally. The Trust should support proposals to reinvigorate the Lord Mayor's Appeal Charity (LMAC)<sup>4</sup> so that it too becomes more strategic, providing a lead for other philanthropy within the City, raising funds to support priority themes (eg employability; health and well-being) rather than for the Lord Mayor's personally-selected individual charities. These themes need to align with those of CBT, the Economic Development Office and other grant making of the City Corporation.
- 2) Establish and resource a new philanthropy unit at the Guildhall, alongside the City Bridge Trust, EDO, Heart of the City and City Philanthropy, in order to effect more collaborative working and reduce the propensity to operate in silos. Repurpose the currently vacant post of Appeal Director and establish a new post of Head of City Philanthropy to lead the unit (see Figure 1 below).
- 3) Articulate a new City Strategy on Philanthropy supported by a clear communications plan, including a few key metrics for measuring impact and assessing the effectiveness of the Trust's future investments.
- 4) Commission a formative evaluation in order to support and inform the output and outcomes from the Trust's strategic initiative and its reshaping of philanthropy in c21st London.
- 5) Use these tools to report bi-annually on the state of philanthropy in London – ie building on The Philanthropy Review (2011/12) - and establish this as the authoritative, bi-annual survey *Capital Giving - the state of philanthropy in London*.
- 6) Focus future investment and support on two philanthropy brands which provide the outlet for delivering the City's strategy – City Philanthropy: a wealth of opportunity (issues/causes) and London's Giving: place-based fundraising (places).
- 7) Use the coincidence of the Trust's Quinquennial Review and the completion of the restructuring of the Lord Mayor's Appeal Charity to convene an international conference in 2017 to showcase London as a global centre of philanthropy.

## Coordination (and leadership)

- Broker more introductions and connections between projects (eg Heart of the City jealously guards its corporate contacts when some of HotC's Newcomers may be potential beneficiaries of BeyondMe, or possible co-sponsors of City Funding Network). There are also links to be better exploited between Spice/Heart of the City and local place-based giving schemes as these develop in different parts of London.
- “Walk the Talk” – given that “charity starts at home” it has been noted how there is currently no giving circle/network, or BeyondMe team, at the City of London Corporation. This is something which City Philanthropy is currently looking to address.

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<sup>4</sup> Please see the separate review of the LMAC which explores this opportunity in more detail

## Communication – monitoring and reporting

- Set clearer strategic and evaluation frameworks for a future initiative on philanthropy, including a baseline (ie drawing on City Philanthropy's commissioned research) and targets that the Trust would like to achieve over the next five years.
- Demand more from the Trust's investments in projects, such as better tracking and follow up with new donors attending funding networks, or requiring the Beacon Awards more actively to mobilise the experienced Beacon Fellowship as an asset for promoting more City philanthropy.
- Investigate the potential of funding a City of London crowd-funding/philanthropy technology platform which can be accessible and provide different levels of functionality to different types of user (ie funders, philanthropists, and charities/civil society organisations).

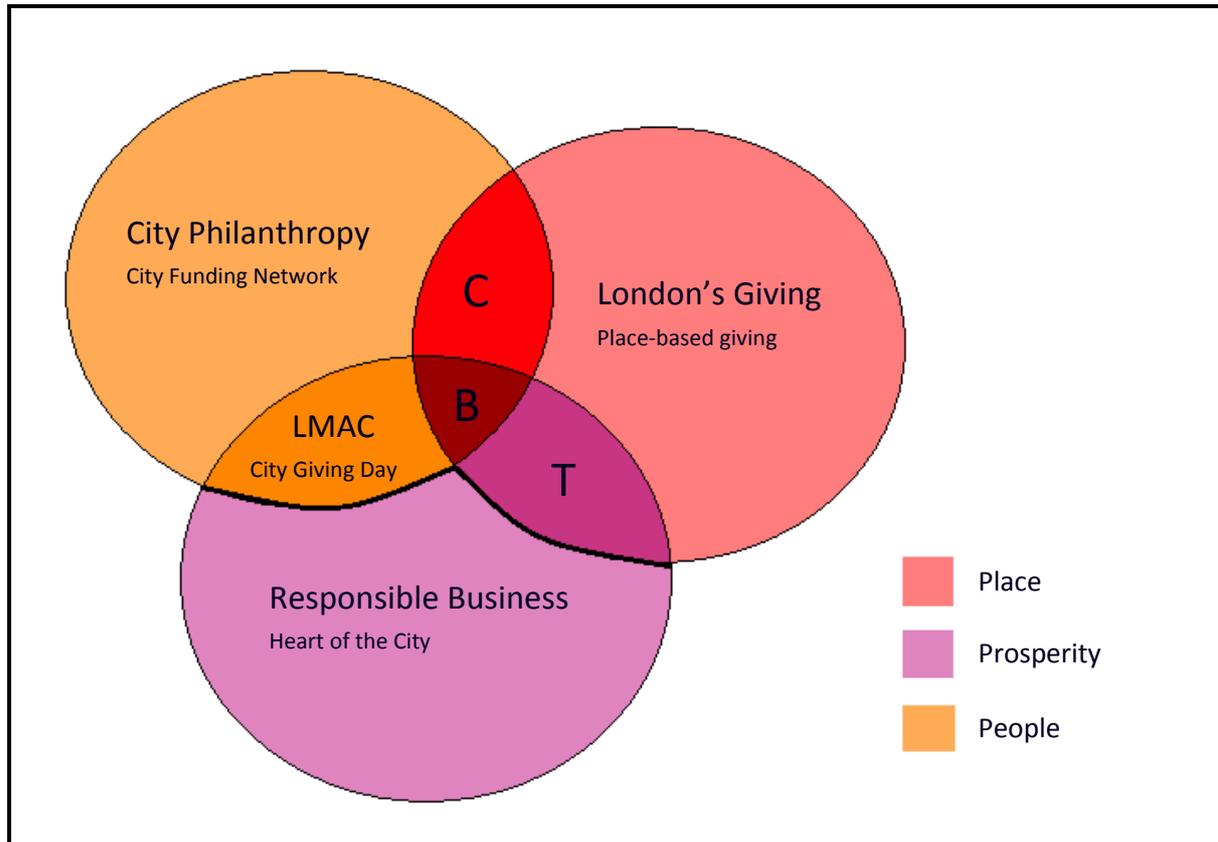
## Convening

- Coordinate the setting up of thematic advisory groups, each of three years' duration, comprising networks of city professionals and key stakeholders in order to support the new-look Lord Mayor's Appeal Charity, but also to provide strategic support and advice to the Trust's other philanthropic initiatives, including the Trust itself.
- Identify opportunities to collaborate with the new LSE Marshall Institute on Philanthropy, something which the Beacon Awards/UKCF are already exploring, and the Mayor's Fund for London/City Hall in order significantly to raise the profile of London as a leading global centre of best practice in philanthropy.

## Collaboration and co-investment

- Support a 100 City Philanthropist Leaders Network – potentially co-opting past winners and fellows of the Beacon Awards along with both leading City High Net Worth Individuals as well as some of the new breed of Millennial givers.
- Market test the viability of a bonus giving pledge from within the City's financial/ professional services sector and the most appropriate and tax efficient vehicle for its disbursement (potentially via City Bridge Trust) on agreed priority issues and needs.
- Redirect the Trust's funding and contract management of the City Funding Network via City Philanthropy in order to ensure greater tracking and sustainability of millennial philanthropy.
- Continue to support London's Giving capacity building service with a focus on four aspects:
  - Communication and influencing – using events and networks to promote and inspire local areas to explore the opportunity of a place-based giving scheme
  - Direct advice and support – providing capacity building through consultancy or peer-to-peer support to help schemes get off the ground
  - Creating a seed/development fund to support emerging schemes in different areas of the capital which are perceived to have the requisite capacity and leadership
  - Sharing learning within the London Funders' community as local giving schemes develop, focusing on their sustainability in line with the direction of travel for future

support of London's civil society organisations as presented in The Way Ahead review.<sup>5</sup>



**Figure 1:** The City Bridge Trust's strategic initiative on philanthropy in relation to the Corporation of London's cross-cutting themes of People, Place and Prosperity

## 2. CBT's Strategic Initiative on Philanthropy

### 2.1 Objectives of the Review

The Trust commissioned the following independent review of a series of its investments amounting to around £2.8m which, since 2011, have sought to embed a culture of philanthropy and encourage the effective giving of time, money and resources in order to benefit London's disadvantaged communities.<sup>6</sup> The City Bridge Trust's strategic initiative on Philanthropy has been described as largely

<sup>5</sup> The Way Ahead: Civil Society at the Heart of London, City Bridge Trust and London Funders, April 2016

<sup>6</sup> A list of the Trust's investments, and those projects within the scope of this Review, are included in Annex 1.

“organic” and “opportunistic” in its development. It is not so much a single initiative as a varied programme of grant-aided projects, several of which have acquired considerable traction and amplification over time.

As the Trust's grants officers concur, the use of the term “strategic initiative” rather gives the projects a degree of coordination and coherence which has not always, or perhaps sufficiently, been apparent. This Review is intended to assist the Trust to identify the connections and potential interaction between the projects, and recommend how these and other investments can achieve greater strategic impact.

The outputs from the review, undertaken during April and May 2016, comprise an interim scene-setting paper, which assesses the changing context of philanthropy in London, as well as five “mini” reviews, one on each of the Trust's main investments in promoting philanthropy.<sup>7</sup> Together these provide the evidence base which underpins this report and its recommendations.

## 2.2 A changed backdrop to CBT's promotion of Philanthropy

Some of the original drivers behind the Trust's investment in promoting philanthropy, including the perceived need to reposition the City of London in the wake of the banking crisis and the threat from the Occupy London movement, may have weakened. However, they have been more than overtaken by a realisation, both in and outside the City that, in the context of the biggest retraction of state spending since the Second World War, both individual and corporate philanthropy have acquired significantly renewed importance to the future of London's civil society.<sup>8</sup>

Unsurprisingly, therefore, in the four years since the CBT Committee considered its response to the City of London Corporation's Strategy on Philanthropy,<sup>9</sup> the nature of philanthropy has changed and become increasingly diverse in its expression (though the continued use of traditional language and terminology does not readily convey this). It also encompasses an array of different forms of giving. Philanthropy in the City is far more sophisticated than simply the donating of money or its transfer from rich to poor. It covers a wide range of motivations from purely altruistic charitable giving to the increasingly sophisticated social investment. London's “philanthropy market place” is also becoming quite crowded with different initiatives, brokers and connectors enabling both individual and corporate givers to support and engage in civil society.

Philanthropy tends by its very nature to be based on personal or private choice. Whilst “letting a thousand flowers bloom” has been one approach to enabling philanthropy in London, in a reflection of the current zeitgeist there is growing interest in a city-wide effort to harness greater philanthropic giving as an agent of social change in the capital. Millennials employed in the City are increasingly beginning to change the way some of the large financial/professional services companies engage with charities and Voluntary Community and Social Enterprises (VCSEs). New programmes, including some supported by CBT, designed from the bottom-up to empower employees are replacing traditional top-

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<sup>7</sup> The 5 separate mini reviews comprise reports on: City Philanthropy: A Wealth of Opportunity; London's Giving; Heart of the City; The Lord Mayor's Appeal Charity; Londoner Time Credits.

<sup>8</sup> These themes, and their significance as drivers of a new era of philanthropy, are explored more fully in the Context and Scene Setting paper (Annex 3).

<sup>9</sup> See City Bridge Trust Committee papers, 27<sup>th</sup> September 2012

down corporate giving models, such as “Charity of the Year”, which have tended to channel and co-opt staff fundraising and volunteering.<sup>10</sup>

### 2.3 What have we learnt from the review of CBT's work on philanthropy?

CBT's vision and objectives on philanthropy are not clear; what does the Trust want to achieve from a new strategic initiative? Is its focus the celebration and hence promotion of philanthropy per se in all its guises – ie the effective giving of cash/resources in-kind; time and expertise - or a concentration on the stimulation of new forms and models of philanthropy (targeting the City's millennials)? As one of the Trust's partners asked, is this about the quantity or quality of City philanthropy (or both)?

Some believe the Trust should be looking to make a clearer distinction between philanthropic giving and social investment - the former is made in the hope of achieving a social benefit, but without expectation of this necessarily being achieved or demonstrated; in the case of the latter there is a clear and pre-agreed expectation of a financial return as well as social benefit. Similarly, others argue that the Trust is muddying the waters by including City companies' Corporate Social Responsibility (CSR) under its banner of philanthropy. CSR encompasses an increasingly broad range of activity, essentially all aspects of how a company interacts with society, of which community investment may only be a small part. Larger companies' tendency to use their community programmes as an adjunct of their brand positioning and marketing, as opposed to a more charitable endeavour, means that they are also more likely to seek differentiation and competitive advantage, rather than a strategic partnership and common purpose.

Linkages and connections between projects funded by the Trust are being missed. In part this is a consequence of the lack of time or resource which needs to be devoted to making this happen, but it is also in part a reflection of the competitive and proprietorial nature of projects ie they are not naturally doing it themselves and may need stronger incentives from the Trust to do so. It is paradoxical that intermediary organisations funded by CBT, which share a common goal of increasing philanthropy, can become highly competitive and self-promoting to the point that behaviours become anti-collaborative.

### 2.4 How does the Trust measure success?

Each of the philanthropy projects funded by CBT is very different. However, their lacking an overarching evaluation framework or set of metrics, perpetuates the tendency to measure and count inputs/activities and outputs, rather than assess outcomes and impact. Inconsistency also exists in the projects' different approaches to the possible monetization of non-financial giving.

Whilst recognising the danger that the process of measurement can become disproportionate, overwhelming projects which may not have sufficient capacity to meet a funder's expectations and distracting them from their *raison d'être*, there is still a sense that this field is lacking in terms of harder evidence of the outcomes and effects of stimulating philanthropy. Opportunities exist to learn and share more from each other and to develop a few key metrics, such as an agreed measurement of leverage (ie the ratio of giving, including value in kind, secured from the money invested) and more

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<sup>10</sup> BeyondMe is a good example of one such programme which features in our separate review of CBT's support of City Philanthropy: A Wealth of Opportunity

consistent and effective tracking and follow up of philanthropists, in order to assess the sustainability and duration of engagement by individuals and of corporates (ie as **givers**; as **partners** with charities; as **recruiters** of others to a particular place or cause).

## 2.5 An investment framework for a strategic initiative on philanthropy

Drawing on the recommendations from the 5 mini reviews, the following framework is intended to help CBT articulate both the kind of investment it should be making in philanthropic initiatives and the rationale for the timescale and balance of that investment over the next five years. We have identified five areas that require investment, all at different levels:

- **Researching and evidencing** – this is an important area of work in order to help demonstrate the potential role of philanthropy in supporting civil society in c21st London. However, it has to be focused, clearly linked to the strategic aims and objectives of the Trust and an opportunity to collaborate with others.
- **Innovating and testing new ideas** – CBT has proved it has been an enabler of new models of giving and it should continue to be so. This review suggests that, whilst the Trust has invested significantly in innovating and testing new ideas over the past 3-4 years, future investment should focus on better coordination between initiatives as well as supporting the scaling and replicating of some of these. Having a smaller discrete fund for testing new innovations, as and when they arise, will ensure that the Trust remains open to supporting new ideas.
- **Scaling and replicating ideas** – CBT has amassed a wealth of practice and experience from taking forward initiatives such as place-based giving. If this is to have a greater impact for Londoners, it needs further investment in order to scale up and complement future support for civil society organisations, as identified in *The Way Ahead*.<sup>11</sup> Extending place-based giving in areas of the capital with high levels of need will take time and probably require the greatest level of investment.
- **Supporting and inspiring others** - CBT is an exemplar funder and needs to use its connections and influence to support and inspire others to take up and fund new forms of giving through co-investment and/or providing complementary support. We think this is a discrete function for investment, either into bodies such as London Funders for London's Giving, and/or into a dedicated post or unit within the Trust to take this work to other funders and investors.
- **Supporting a sustainable future (funding exit)** – The challenge with necessarily funding initiatives over a long period of time is the risk of organisational dependency on the funder. Organisations often find it difficult to create the time and space to think critically and objectively about their future. A discrete fund needs to be made available to projects to help them exit from CBT funding within the last 18 months of their grant, using independent advice and support to secure a sustainable future. This will help to protect both the organisation and safeguard CBT's original investment.

In the following table, we have suggested notional allocations of funding, purely to illustrate where we feel the balance of investment needs to lie across the Trust's supporting philanthropy portfolio. We also suggest the timeline and pre-requisites for investment, particularly when scaling and replicating

<sup>11</sup> *The Way Ahead: Civil Society at the Heart of London*, City Bridge Trust and London Funders, April 2016

ideas; this is an important message as results can take time, requiring a longer funding commitment and possibly significant shifts in the balance of the Trust's future grant-making.

	Researching and evidencing	Innovating and testing new ideas	Scaling and replicating ideas	Supporting and inspiring others	Supporting a sustainable future (funding exit)
<b>Example</b>	Place based giving report City Philanthropy research	Spice (Year 1 and 2)	Heart of the City/Place-based Giving/Spice	City Philanthropy/London's Giving	Organisational support
<b>Key features</b>	Short sharp insights relevant to area of work  Developing evidence to enable change	Test new models of delivery/ideas for harnessing giving  Require evidence of need/potential  May have been developed elsewhere and now linking into London	Existing evidence that it works and has potential to scale  Seeding projects in new areas  Supporting existing projects to develop further	Supporting wider messaging and strategic working with other funders to scale and replicate – establish joint funds/match  Providing consultancy advice and support	Helping established projects to exit from CBT funding  Focus on organisation and sustainability support  Flexible, but include duns-raising/access to other investment
<b>Conditions for funding</b>	Ideally matched with other funding  Clearly linked to funding outcomes/key areas of work  Collaboration/links to other funders/initiatives	Clear link to funding outcomes  Independent evaluation with recommendations for scaling/replication	Potential match funding identified  Clear link to funding outcomes and working with others including evaluation  Clear plans for on-going sustainability and fundraising	Within existing network and/or dedicated available resource  Experts and resources available (possible CBT post)  Clear monitoring and performance metrics/client feedback	Existing grant-holders who have been funded for longer than 5 years  Targeted to protect investment by building a sustainable business model post exit Independent assessment of needs/support
<b>Allocation</b>	5%	15%	60%	15%	5%
<b>Timelines</b>	As required	1-2 years	3-5 years	3-5 years	Within last 1-2 years

**Figure 2:** An investment framework for CBT's strategic initiative on philanthropy

### 3. Conclusions and Recommendations

The City Bridge Trust's grants for encouraging philanthropy have been broadly categorised as having one or more of the following aims<sup>12</sup>:

- Evidencing the need for more philanthropy – and trying to establish how much giving of time, talent and money is taking place in an informed and effective way
- Educating more people in philanthropy
- Inspiring and encouraging more philanthropy
- Coordinating and networking people interested in philanthropy to each other and areas of need.

Our conclusions and recommendations reflect the extent to which the Trust's investments have so far contributed to achieving these aims; what it might stop doing or do differently, and how it can further "encourage, support and celebrate responsible City businesses and workers to change the lives of hundreds and thousands of Londoners."<sup>13</sup> These are presented under the following headings – Coordination, Communication, Convening and Collaborating/Co-investing - in order to differentiate between the future types of intervention and investments the Trust might make. Those highlighted in **bold type face** comprise the strategic/overarching recommendations.

#### 3.1 Coordination (and leadership)

There is unanimity among those whom we interviewed as part of this Review<sup>14</sup> that City Bridge Trust's promotion of philanthropy has had a largely positive impact. One recurring concern, however, is that there is "too much initiative and not enough strategy." Several of the projects which have come under the umbrella of the strategic initiative suggested they would benefit from having greater focus if there was stronger coordination and leadership from the City of London Corporation and the Trust.

Recommendations the Trust should consider, therefore, are:

- **Support the work which is currently underway to restructure and reposition the Lord Mayor's Appeal Charity along thematic lines based on three-year partnerships with a handful of charities which are relevant to London and its pressing social needs.**
- **Use the repositioning of the Lord Mayor's Appeal Charity and the Trust's Quinquennial Review as an opportune moment to launch a new City of London Corporation Strategy on Philanthropy, fleshing out the one-page Core Message on Responsible Business, Philanthropy and Giving.**

<sup>12</sup> City Bridge Trust – report of Chief Grants Officer, 23 September 2015

<sup>13</sup> "Core message on responsible business, philanthropy and giving" prepared by the Director of Communications of the Corporation of London, 2016

<sup>14</sup> A full list of interviewees is provided in Annex 2 to this document

- **Bring the Lord Mayor's Appeal Charity into a new philanthropy unit at the Guildhall, alongside the City Bridge Trust, EDO, Heart of the City and City Philanthropy, in order to effect more collaborative working and reduce the propensity to operate in silos. Repurpose the currently vacant post of Appeal Director and establish a new post of Head of City Philanthropy to lead the unit.**
- Broker more introductions and connections between projects (eg Heart of the City jealously guards its corporate contacts when some of HotC's Newcomers may be potential beneficiaries of BeyondMe, or possible co-sponsors of City Funding Network). There are also links to be better exploited between Spice/Heart of the City and local place-based giving schemes as these develop in different parts of London. This would avoid duplication whilst ensuring that the Trust gets greater impact from its investment, something which it might achieve also through introducing more of its mainstream grant recipients to sources of philanthropic support which is what Heart of the City's new technology platform is designed to achieve.
- "Walk the Talk" – given that "charity starts at home" it was noted how, for example, there is currently no giving circle/network, or BeyondMe team, at the City of London Corporation. This is something which City Philanthropy is currently looking to address.

### 3.2 Communication – monitoring and reporting

There have been various efforts to try to communicate the connections and inter-relationships between the various projects and investments which comprise the Trust's strategic work to promote philanthropy.<sup>15</sup> It is a difficult balance to strike between this search for order and the desire to systematize everything, and an acceptance that philanthropy (like the charitable sector it tries to sustain) is inherently unpredictable and difficult to control.

A more appropriate representation of the Trust's investments than a rigid organisation chart is a Venn diagram (see Figure 1 p.8) which better conveys both the actual and potential fluidity of projects' inter-relationships, as well as their place in terms of the City of London Corporation's priority cross-cutting themes of People, Place and Prosperity. The apparent messiness created by the current raft of projects does not necessarily matter (ie a potential business philanthropist will not be interested in which particular initiative is delivering a service) so long as the communication and collaboration between them, and any handover from one initiative to another is seamless; the proposed single philanthropy unit will facilitate this process.

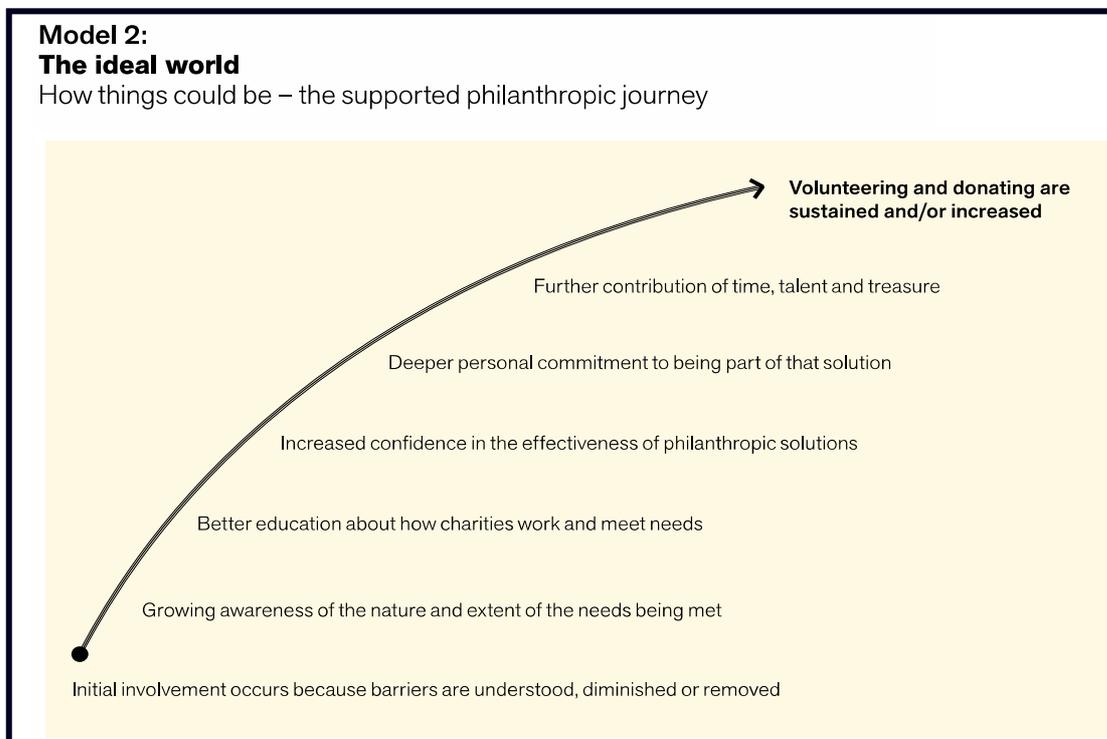
The core message on responsible business, philanthropy and giving issued by the City of London Corporation's Director of Communications, is an effective, but largely internal communicate which conveys how different initiatives relate to the shared objectives to "encourage, support and celebrate" City philanthropy. This now needs to be developed into a communications plan in order to support the delivery of a philanthropy strategy.

In developing the strategy, CBT needs to decide whether it continues to treat philanthropy and charitable giving as distinct from social finance and investment. City Bridge Trust currently describes

<sup>15</sup> For example, see Appendix 1 of City Bridge Trust committee paper "Philanthropy" 23<sup>rd</sup> September 2015

itself as having 3 key areas of activity: grant making; social investment and encouraging philanthropy. In undertaking its forthcoming Quinquennial Review and repositioning its work on philanthropy, the Trust will need to reflect on how it ensures these three elements are more closely aligned if not increasingly co-joined.

Philanthropy encompasses a wide array of individual and organisational motivations from pure altruism, via notions of “enlightened self-interest” to encompass those looking potentially to turn the meeting of social needs into a quasi-commercial market. In short, a different form of communication is needed externally in order to target would-be and existing philanthropists, both corporate and individual; one which focuses less on structures and initiatives, and more on the potential philanthropic journey which a business or employee may go on, along with clear signposts to the different entry or starting points on the journey and how they can be supported along it (eg via City Philanthropy’s networks and workshops). As several people have commented in the course of this Review, “today’s philanthropists are potentially tomorrow’s foundations” (see Figure 3).



**Figure 3:** From *Philanthropic Journeys* by Beth Breeze, University of Kent, for Pilotlight, 2013

A critical foundation of the Trust’s ability to communicate the importance and value of its work on philanthropy is an effective process of monitoring and reporting on the impact of its investments. We have been struck by how the same degree of rigour which is applied to projects’ development and due diligence pre-grant, is not currently applied to their monitoring, analysis or reporting. This is partly a consequence of the Trust’s grants officers’ being insufficiently resourced to undertake this work to the level required. It is also a reflection of the lack of a monitoring and evaluation framework which can be applied across such a diverse range of projects. However, some of the same technology platforms which are now being used to tap new or latent sources of giving, including crowd funding, also offer

funders like CBT a potentially more efficient and appropriate means to track and measure the effects of philanthropic initiatives.

Recommendations the Trust should consider, therefore, are:

- **Articulate a new City Strategy on Philanthropy supported by a clear communication plan, including a few key metrics for measuring impact, assessing the effectiveness of the Trust's future investments. Set clearer strategic and evaluation frameworks for a future initiative on philanthropy, including a baseline (ie drawing on City Philanthropy's commissioned research) and targets that the Trust would like to achieve over the next five years.**
- **Increase the internal programme/grant management resources available within the Trust in order to monitor, analyse, support and manage its philanthropic initiatives, 2017-22, as part of the setting up of the proposed philanthropy unit within the Guildhall.**
- Demand more from the Trust's investments in projects, such as better tracking and follow up with new donors attending funding networks, or requiring the Beacon Awards more actively to mobilise the experienced Beacon Fellowship as an asset for promoting more City philanthropy.
- Investigate the potential of funding a City of London crowd-funding/philanthropy technology platform which can be accessible and provide different levels of functionality to different types of user (ie funders, philanthropists, and charities/civil society organisations). Indeed the Trust needs to consider how its different investments to support technology platforms (eg the Trust's own re-vamped website; for City Philanthropy and Heart of the City) might achieve more through shared connectivity and on-line tools.
- **Mark the launch of the City of London Corporation's Strategy on Philanthropy by publishing a London Philanthropy Review - building on The Philanthropy Review (2011/12) and look to establish this as the authoritative bi-annual survey *Capital Giving - the state of philanthropy in London*.**

### 3.3 Convening

At present the potential of using the Corporation of London and the Mayoralty in order to leverage effective philanthropy for the benefit of London is not being fully realised. In part this is because of the different silos that exist within the Corporation of London and Mansion House, which are then played out in the competitive rather than collaborative way their respective projects and initiatives choose to work. But it also seems to be a consequence of the hitherto narrowly-focused approach to fundraising on an annual basis for the Lord Mayor's charities of choice.<sup>16</sup>

Recommendations the Trust should consider are:

- Coordinate the setting up of thematic advisory groups, each of three years' duration, comprising networks of city professionals and key stakeholders in order to support the new-

<sup>16</sup> These issues are explored more fully in a separate review of the Lord Mayor's Appeal Charity

look Lord Mayor's Appeal Charity, but also to provide related support and advice to the Trust's other philanthropic initiatives, including the Trust itself.

- **Signal the strategic shift in the charitable work of the Lord Mayor's Appeal Charity by convening a London Philanthropy Summit in 2017 to raise the City's profile and set the debate on how best to harness corporate and individual giving in the interests of London's civil society over the next decade.**
- Identify opportunities to collaborate with the new LSE Marshall Institute on Philanthropy, something which the Beacon Awards/UKCF are already exploring, and the Mayor's Fund for London/City Hall in order significantly to raise the profile of London as a leading global centre of best practice in philanthropy.

### 3.4 Collaborating and co-investing

The Trust's considerable investments in promoting philanthropy over the last 5 years have created a number of assets in the form of complementary philanthropic brands (ie City Philanthropy and London's Giving), communication tools and access to numerous City giving networks. The latter range from groups of Millennials, starting out in philanthropy, to highly-experienced groups of High Net Worth Individuals; from individual local giving coalitions to a network of London funders committed to a programme of place-based giving across London.

In conducting this review, we were left with a strong impression that the Trust has the opportunity to make more of these assets by identifying ways it can continue to support collaboration between giving initiatives and funders of philanthropic activity, both within the City and outside, and to co-invest with them. Among the opportunities, which were mentioned in the course of the review, and which come under one or other of the Trust's main brands for promoting philanthropy are:

#### City Philanthropy – a wealth of opportunity

- Supporting a 100 City Philanthropist Leaders Network – potentially co-opting past winners and fellows of the Beacon Awards along with both leading City High Net Worth Individuals as well as some of the new breed of Millennial givers
- Rigorously market testing the viability of a bonus giving pledge from within the City's financial/professional services sector and the most appropriate and tax efficient vehicle for its disbursement (potentially via City Bridge Trust) on agreed priority issues and needs
- Redirecting the Trust's funding and contract management of the City Funding Network via City Philanthropy in order to ensure greater tracking and sustainability of millennial philanthropy
- Showcasing the latest innovations and application of technology further to promote and celebrate the City's giving.

#### London's Giving – place-based fundraising

- Continuing support for the London's Giving capacity building service over the next three years with a particular focus on:
  - Communication and influencing – eg using events and networks to promote and inspire local areas to explore the opportunity of a place-based giving scheme, as well as communicate the offer and potential to other funders and investors
  - Direct advice and support – providing some direct capacity building through consultancy or peer-to-peer support to help schemes get off the ground
  - Sharing learning within the London Funders' community as local giving schemes develop, focusing on their longer-term sustainability and embedding system change in line with the anticipated direction of travel for future support of London's civil society organisations presented in The Way Ahead review.<sup>17</sup>
  
- As place-based giving challenges traditional approaches to philanthropy and existing forms of civil society support, we recommend investing in an independent view of how London's Giving develops over the next three years. This could be in the form of a formative evaluation or annual review, seen through a wider public policy lens. An independent evaluation should add credibility to local initiatives and encourage more thinking on what this strand of 21st century philanthropy needs to be like in London.
  
- Finally, we recommend that some development funding is ring-fenced to support emerging schemes in different areas of the capital. The size of each grant will depend on local need and be related to the perceived capacity of the local infrastructure and its leadership. This seed fund should go hand in hand with capacity building support. Working with London Funders, CBT should co-invest with others who are interested in place-based giving, such as the Big Lottery Fund, the GLA/LEP and relatively new elements of local infrastructure support such as Business Improvement Districts and the Community Infrastructure Levy, in order to develop matched funds to support and add to the CBT's own investment.

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<sup>17</sup> The Way Ahead: Civil Society at the Heart of London, City Bridge Trust and London Funders, April 2016

## Annex (1) City Bridge Trust grants to promote and encourage philanthropy

**City Philanthropy: a Wealth of Opportunity** is a project of the Association of Charitable Foundations (ACF). Its vision is that every young professional entering the City is empowered to maximise their potential as a force for good and it aims to expose young professionals in the city to philanthropy, to provide support to people on their philanthropic journey and to promote philanthropy in the city. Its key role is to connect with young professionals through a range of initiatives to co-ordinate, collaborate and communicate philanthropic activities in the city. Initiatives include: philanthropy networks; events; educational resources; advice and bulletins.

City Philanthropy, and its predecessor, *Philanthropy UK*, has received £462k since 2010. Under the umbrella of City Philanthropy, CBT has funded three city funding networks: *The Funding Network*; *the City Funding Network* and *Beyond Me*, as well as a new category in the *Beacon Awards* for City philanthropy.

- **The Funding Network:** describes itself as “the friendly Dragons' Den for charities and potential donors. It brings people together at live crowdfunding events to raise vital funds, transform lives and create lasting social change.” It is a membership organisation.
- **Beyond Me:** describes itself as “a movement dedicated to promoting generosity in leadership. We believe that by being generous, leaders can substantially improve society, their businesses and themselves.” It was awarded £41k in 2012 over 3 years
- **The Beacon Awards** recognise individuals whose philanthropy has achieved demonstrable impact. The bi-annual awards were given a grant of £32,500 in April 2012 to create a new category award, the Beacon Award for City Philanthropy. A further grant of £50,000 was awarded in May 2014 towards the 2014/16 Beacon Award for City Philanthropy.

**Heart of the City** was founded in 2000. It is a network of 700 small medium and large businesses committed to sharing their experiences and their time with others in order to measurably improve society, particularly by making corporate Social Responsibility (CSR) easily accessible. It has been awarded £543,828 since 2009, though only its latest grant of £278,328 is in the scope of this review.

**London's Giving (place-based giving initiatives):** Islington Giving: received £239,500 in two grants 2011 and 2014. It works to tackle poverty and inequality in Islington. The East End Community Fund: awarded a grant in 2015 of £172,500 to develop local giving networks in Hackney, Newham and Tower Hamlets. London's Giving: awarded £100k in 2014 to develop place-based giving in other Boroughs. London's Giving is hosted by London's Funders. A grant of £20,000 was awarded in December 2015, to establish a local giving scheme in LB Sutton, through its local CVS.

**Spice volunteer time-banking** - Spice was awarded grants in 2011, 2012 and 2014 totaling £713,680 to develop its innovative approach to time-banking in London. Spice works through a partnership of the private, public and voluntary sectors. Volunteers earn time credits or 'spice pounds' that can be exchanged for leisure and recreational activities or donated.

**Lord Mayor's Appeal Charity and City Giving Day** - £67,500 was given to establish the Lord Mayor's Appeal Charity in 2014. In 2015 the Director of City Philanthropy worked closely with the Lord Mayor's Appeal charity over the development of City Giving Day.

- **Philanthropy: the City Story** - CBT funded the City Philanthropy exhibition in partnership with Charterhouse and the Museum of London in 2013 with a grant of £152k, and a grant of £15k to fund an accompanying book, of which £7,216 was returned from book sales.
- **Other research which supports the promotion of philanthropy** - grants totaling £55,000 to London Funders to commission scoping research into the future of civil society support in London; a grant of £19,000 to Centre for London, to undertake the first phase of a wider strategic review of giving in the capital. A grant of £5,000 to IVAR towards a place-based funding review.

Projects	Grant 1	Grant 2	Grant 3	Grant 4	Total grants
City Philanthropy	£80,000	£160,000	£222,000	£204,000	£666,000
The Funding Network	£30,000	£30,000			£60,000
Beyond Me	£41,000	£71,750			£112,750
The Beacon Awards	£32,500	£50,000			£82,500
<b>Corporate Giving</b>					
Heart of the City	£278,328				£278,328
<b>Place-based giving</b>					
Islington Giving	£119,500	£120,000			£239,500
East End Community Fund	£172,500				£172,500
London's Giving project	£100,000	£32,000			£132,000
Sutton - local giving project	£20,000				£20,000
<i>IVAR - place based giving research</i>	<i>£5,000</i>				<i>£5,000</i>
<b>Volunteering</b>					
Spice – Time Credits	£163,980	£164,500	£385,200		£713,680
<b>Lord Mayor's Appeal</b>					
Lord Mayor's Appeal Charity	£65,000				£65,000
<b>Miscellaneous</b>					
<i>City Philanthropy Exhibition</i>	<i>£152,000</i>				<i>£152,000</i>
<i>Publication</i>	<i>£15,000</i>				<i>£15,000</i>
<i>Future of Civil Society commission</i>	<i>£50,000</i>				<i>£55,000</i>
<i>Centre for London /CASS</i>	<i>£19,000</i>				<i>£19,000</i>
<b>TOTAL</b>					<b>£2,788,258</b>

NB: The grants shown in italics (£246,000 in total) were outside the scope of this review.

## Annex (2) Stakeholders interviewed for the Review

We are particularly grateful to the following for giving up time and sharing their insights with us in order to inform the Review:

Rob Abercrombie, New Philanthropy Capital \*

Sufina Ahmad, Big Lottery Fund \*

John Barradell, City of London Corporation

Mark Boleat, City of London Corporation

Noa Burger, City of London Corporation

Charles Bowman, City of London Corporation

Cheryl Chapman, City Philanthropy – a Wealth of Opportunity

William Chapman, The Lord Mayor's Office

Neil Chrimes, The Lord Mayor's Office

Paul Double, City of London Corporation

Peter Estlin, City of London Corporation

David Farnsworth, City Bridge Trust

Rosie Farrer – Spice

Jenny Field – City Bridget Trust

Graham Fisher, Toynbee Hall

Fabian French – UK Community Foundations / Beacon Awards Charity

Kristina Glenn – Cripplegate Foundation/Islington Giving

Alison Gowman, City of London Corporation / City Bridge Trust

Carolyn Housman – Heart of the City

Kate Marsh, The Funding Network

Bridget McGing, Pears Foundation \*

Bharat Mehta, Trust for London

Karen Millen, The Funding Network

Lakraj Minhas – Westminster City Council

Rosie Mockett, Big Lottery Fund

Matthew Patten, Mayor's Fund for London

Ben Rogers, Centre for London

Jackie Rosenberg – Paddington Development Trust

Ian Seaton, City of London Corporation

Liz Skelcher – City of London Corporation

Clare Thomas – London's Giving

Mike Tuffrey – The Corporate Citizenship Company \*

Tracey Walsh – East End Community Foundation

David Warner – London Funders

Karl Wilding – National Council of Voluntary Organisations \*

Deborah Xavier – London's giving

\* Denotes a member of the project reference group/advisory panel. We also convened a focus group with grants officers from the City Bridge Trust.

## Annex (3) Setting the Scene

### London: a city of increasing inequality and growing demand

London is a city of contradictions. It is the wealthiest part of the country, but also its most unequal, with some of the highest levels of poverty in the UK.<sup>18</sup> According to London's 2015 Poverty Profile, the capital contains the highest proportion (15%) of people in families with incomes in the bottom tenth nationally and the second highest proportion (15%) of people in the top tenth, after the South East (see Figure 1).<sup>19</sup> The London Fairness Commission suggests that for every £1 of wealth owned by the bottom 10% of London households, the top 10% owns £172.<sup>20</sup> In short, London is 'becoming a city of great divides'.<sup>21</sup>

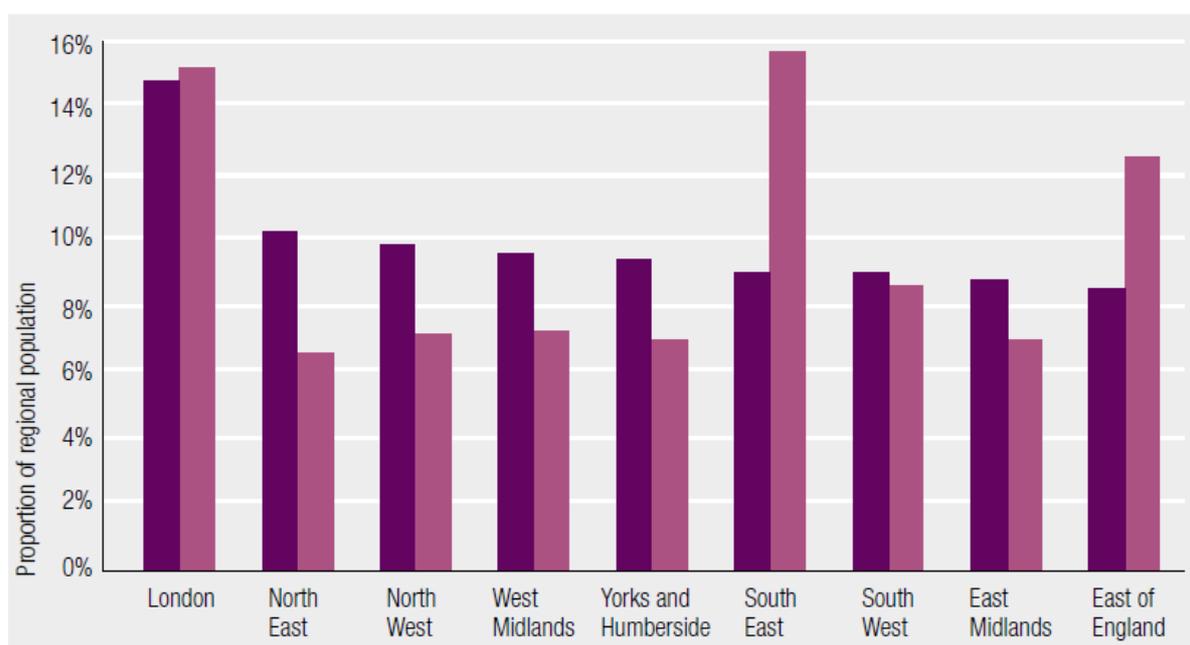


Figure 1: The proportion of the population across the UK in the bottom tenth (purple) and the highest tenth (pink). Source: London's 2015 Poverty Profile

The level of inequality in London has remained consistently high since the mid-1990s. It rose in the late 1990s, fell in the early 2000s, before rising again in the late 2000s, but these changes have been relatively small. One of the major drivers of inequality in London is the disparity in wages between

<sup>18</sup> The Observer's view on London's wealth gap, <http://www.theguardian.com/commentisfree/2015/mar/08/observer-view-on-london>

<sup>19</sup> London's 2015 Poverty Profile, Trust for London

<sup>20</sup> London Fairness Commission

<sup>21</sup> London Communities Commission

high paid and low paid workers. London has the most unequal pay distribution of any part of the UK. The top 10% of employees in London earn at least £1,420 per week, whilst the bottom 10% of employees earn no more than £340. Inequality in London is being driven by the wealth of those at the top.

Although wealth inequality fell between 2006/07 and 2011/12, the London's 2015 Poverty Profile suggests that this trend is likely to be reversed largely owing to the huge growth in property prices. Property is the largest component of wealth and the value of the most expensive properties is rising faster than the rest, while a growing proportion of Londoners rent in an increasingly unaffordable housing market.

At the same time, as Local Authorities across the country are experiencing severe budget cuts, councils in London are affected than others. According to the Institute of Fiscal Studies<sup>22</sup>, London boroughs face budget cuts of 6.3% on average in 2016 compared with 1.9% faced by shire counties. London boroughs have also seen the largest average cuts to spending per person (31.4%). Public spending per head in the capital has decreased from £10,943 in 2010/11 to £9,840 in 2014/15.<sup>23</sup> Mayor Jules Pipe, Chair of London Councils has stated:

*'London has taken a disproportionate share of the pain in helping to address the deficit and managed almost a 50 per cent reduction in core funding from government over five years.'*<sup>24</sup>

The significant cuts to Local Authority budgets in London have had a considerable knock-on effect on civil society organisations in the capital. The voluntary, community and social enterprise (VCSE) sector is losing the capacity to respond to growing demand among London's poorest and most disadvantaged residents owing to declining grant funding and the shift to greater commissioning of services.<sup>25</sup> At the same time, many local authorities have also significantly cut back, or even removed their funding of civil society support organisations. According to the National Council for Voluntary Organisations (NCVO) there will be a £4.4 billion shortfall in sector funding across the UK.<sup>26</sup> The public spending decisions outlined in the March 2016 budget further undermine the ability of voluntary and community sector organisations (VCSOs) to deliver a positive impact for their beneficiaries.<sup>27</sup>

London faces the dual challenge of increasing polarisation of wealth and growing demand for public services, a position which is potentially the greatest risk to its success as one of only a handful of truly global cities. "[T]he most likely threat to London is that it becomes a sort of mass gated community of the world's richest people. It would be a city without young people (except heirs) and without poor people (except those who sneak in or are admitted for brief service deliveries). Then London would

22 <http://www.ifs.org.uk/publications/7621>

23 House of Commons Briefing Paper (2015) Public expenditure by country and region, <http://researchbriefings.files.parliament.uk/documents/SN04033/SN04033.pdf>

24 <http://www.londoncouncils.gov.uk/node/28157>

25 London Communities Commission (2016); The Way Ahead – Civil Society at the Heart of London (2016)

26 NCVO (2015) A Financial Sustainability Review

27 Murray, P. and Gripper, R. (2016) 'A Balancing Act: Charities and the 2016 Budget', NPC, March

end up looking rather like a massive chilly Monaco – but with high taxes to support all the excluded Britons outside the gates.”<sup>28</sup>

This apparent “re-Victorianization of London” has also brought back into prominence the great nineteenth century philanthropists, such as George Peabody and Angela Burdett-Coutts, whose altruism was certainly influenced by the perceived threat to the social fabric of London from the massed urban poor. Hence, in its recent call to arms (“Time for a ‘Peabody’ moment?”), the London Fairness Commission talks of “a new philanthropic age [believing] that the time is ripe for London’s wealthiest residents and businesses to come together in an exemplary social philanthropic effort.” It singles out the Mayor’s Fund as the vehicle for opening a new dialogue with business and wealthy donors.<sup>29</sup>

### Key messages/questions for City Bridge Trust

- London is an increasingly unequal city with growing disparities between its wealthiest and most disadvantaged citizens. The capital has been particularly affected by cuts to local authority budgets which have weakened the capacity of the capital’s VCSE sector.
- How can the public and private sectors work with civil society to create a more just, equal and inclusive capital?
- *What is CBT’s role in forging this cross-sectoral response to London’s problems and how can its initiative on philanthropy encourage a more collaborative and strategic approach to redressing wealth inequalities and growing demand for services?*

## Philanthropy in an era of austerity

The sustained cuts to public sector budgets and the reduced capacity of the VCSE sector has led to discussions about the need to find alternative funding sources, one of which is philanthropy.<sup>30</sup> A new book on philanthropy, published by Charities Aid Foundation, suggests that it will only be when we find a means of combining the efforts of the public, private and VCSE sectors that we will be able to address London’s complex and seemingly intractable issues.<sup>31</sup>

Philanthropy can be defined as the effective giving of money, time and other resources, such as influence and insight. In the context of austerity, there is increasing interest in the possibility of harnessing the wealth, time and skills of both corporations and individuals to benefit disadvantaged communities. As the Centre for Philanthropy questions:

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28 Kuper, S. (2015) This is Freedom – London’s Reinvention. Centre for London Essays, April 2015

29 London Fairness Commission 2016 p53.

30 Harroe, J. and Jung, T. (2016) Philanthropy and community development: the vital signs of community foundation? Community Development Journal

31 Davies, R. (2016) Public good by private means. Charities Aid Foundation

*'Is voluntary charitable giving the best hope for replacing – or at least mitigating – the inevitable cuts in public expenditure?'*<sup>32</sup>

The suggestion that voluntary charitable giving could make up for the cuts in public expenditure is problematic, however, for two reasons, which have been termed 'philanthropic insufficiency' and 'philanthropic particularism'. The former refers to the idea that philanthropic activity will never replace the redistributive role of the state because it is unable to meet the scale of need. In 2014/15, for example, London local government received approximately £21.9 billion of funding to spend on local services.<sup>33</sup> This is almost four times greater than the total cash giving by private sources in London (£5.6 billion).

The latter, 'philanthropic particularism', refers to the idea that donors choose which causes to invest in and, therefore, respond to needs which they relate to rather than on the basis of objective evidence.<sup>34</sup> New Philanthropy Capital has observed that only around 1/5<sup>th</sup> of donors give rationally, seeking out information to inform their giving.<sup>35</sup> Indeed, philanthropy is based on donors' being able to choose where they direct their gifts. This gives philanthropic activities their strength, but also means that they cannot ensure consistency and equality.<sup>36</sup> As Beth Breeze and John Mohan emphasise in a recent article:

*'Reliance on charitable endeavour is inevitably associated with inadequate and inequitable provision.'*<sup>37</sup>

In addition to its relative insufficiency and subjectivity, two other criticisms are often levelled at philanthropy. Philanthropy can be patronising and dehumanising owing to the perceived unequal power relationship between donor and recipient.<sup>38</sup> Another is the perceived lack of accountability and transparency within philanthropic institutions.<sup>39</sup>

Philanthropy will never be able to *replace* state-funded provision. Nevertheless, it does have the transformative potential to *mitigate* public sector cuts by meeting needs that lie outside the responsibility of the state, as well as to supplement existing but often diminishing state provision. Indeed, as recent histories of the welfare state tend to emphasise, individual and corporate philanthropy has a far longer history than public spending in shaping the capital and in tackling its social needs. This is not to underplay the influence of the state, but rather to put its recent shrinking in its proper historical context.<sup>40</sup> Taking the long view, the current reduction in state spending may not

32 <https://www.kent.ac.uk/sspsr/philanthropy/documents/Kent-mag-article-on-Centre-for-Philanthropy-June-2012-3-year-review.pdf>

33 <http://www.londoncouncils.gov.uk/our-key-themes/local-government-finance/local-government-funding-and-expenditure/total-funding>

34 Mohan, J. and Breeze, B. (2015) *The logic of Charity: Great Expectations in Hard Times*

35 New Philanthropy Capital, *Money for Good* (2013)

36 Davies, R. (2016) *Public good by private means*. Charities Aid Foundation

37 Breeze, B. and Mohan, J. (2016) 'Charity in a time of austerity: great expectations in hard times' *New Statesman*, 21 January <http://www.newstatesman.com/politics/welfare/2016/01/charity-time-austerity-great-expectations-hard-times>

38 Davies, R. (2016) *Public good by private means*. Charities Aid Foundation

39 Sasaki, D. (2016) 'What is Philanthropy For?' <http://davidsasaki.name/2016/04/what-is-philanthropy-for/>

40 Bradley, K. (2009) *Poverty, Philanthropy and the State: Charities and the Working Classes in London*

be a temporary or short-term measure, in which case the next phase of the CBT strategic initiative on philanthropy, takes on considerable added significance.

### Key messages/questions for City Bridge Trust

- Although there are concerns about philanthropy in relation to its scale and subjectivity, it has the potential to mitigate some of the public sector cuts, and certain of these weaknesses can be turned into an advantage by, for example, recognising and exploiting philanthropy's capacity to innovate and fund riskier projects.
- The extent of recent austerity measures across the public sector has increased interest in individual philanthropy and corporate giving, but is also a symptom of the level of distress in the voluntary and community sector; as charities and civil society organisations are compelled to "fish in the same pond", it is unclear where this will end up, but points to the need for greater coordination and collaboration among funders
- *How can CBT work with partners to exert greater influence over the choices of donors so that these become more closely aligned with London's most pressing needs, whilst recognising that at the heart of philanthropy is the giver's freedom to choose?*

## Philanthropy in London

Wealthy residents in the UK are amongst the most generous in the world; they give away the highest percentage of their declared net wealth at 12.3% and have the second highest average lifetime sum of \$32.7 million.<sup>41</sup> Although it seems that for the first time since 2011 levels of giving by the FTSE 100 have decreased in real terms, a recent report by Charities Aid Foundation<sup>42</sup> suggests that the overall decrease in corporate giving can be attributed to a fall in donations by a handful of organisations. The majority of corporate citizens have increased their charitable donations as a proportion of revenue.

Whilst the exact level or proportion of giving in London is unknown<sup>43</sup>, recent research suggests that the trend of significant individual and corporate philanthropy across the UK is sustained, if not heightened, for London. Cash giving in the capital is estimated at £5.6 billion a year from all private sources, accounting for 29% of all UK giving. This is a significantly greater proportion than London's contribution to UK GDP (22%).<sup>44</sup> In terms of volunteering, a recent report by City Philanthropy<sup>45</sup> found that 39% of London employees volunteer on an ad hoc and/or regular basis.

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41 London Fairness Commission

42 Corporate Giving by the FTSE 100, Charities Aid Foundation

43 Centre for London has been commissioned by City Bridge Trust to scope a strategic review of giving in the capital. This piece of research will benchmark giving in London, looking at how donating time and money has developed over recent years and how it compares with similar cities elsewhere.

44 Pharoah, C. and Walker, C. (2015) 'More to Give: London Millennials networking towards a Better World' City Philanthropy

45 Pharoah, C. and Walker, C. (2015) 'More to Give: London Millennials working towards a better world' City Philanthropy

The City Philanthropy report also suggests that millennials<sup>46</sup> are more likely than older employees to be engaged in philanthropic activities in London. The report found that of the 80% of workers who give money, 78% of these are under 35. Similarly, 43% of employees aged under 35 in London volunteer for VCSOs, compared with 37% of those aged 35 and over. In London many younger employees have high expectations of how they, their employers and the wealthy should give money, time and insight to benefit London's disadvantaged communities.

In the year in which London assumed the mantle of European Volunteering Capital, it is timely also to assess the economic value of the giving of time to the making of civil society in London. The Chief Economist of the Bank of England, Andy Haldane, recently argued that because the societal gains from volunteering are not captured by official GDP statistics, its value tends to go unrecognised. Seeking to rectify this, he estimates that an army of 1.25m people across the UK create an annual economic value of at least £50bn;<sup>47</sup> proportionately, this is worth £13bn or more per annum to London (equivalent to nearly 1.5% of national GDP).

In terms of motivations for giving in London, friends and acquaintances are the most important role models. 32% of respondents to the City Philanthropy survey cited them as the primary source of influence on their philanthropic activities. The second largest influence on the giving of time, money and insight among Londoners is workplace schemes and initiatives.<sup>48</sup> These findings for London are at odds with those of a recent report by New Philanthropy Capital (NPC) suggesting that, across the UK as a whole, donors are more likely to be motivated by cause than personal links, such as requests from friends, family and colleagues.<sup>49</sup>

### Key messages/questions for City Bridget Trust

- CBT's strategic initiative responded to research which identified the particular interest and motivation among millennials working in the City to give something back. Initiatives like City Philanthropy – A Wealth of Opportunity, BeyondMe and the City Funding Network recognise and exploit the potential of peer groups, corporate teams and networks to increase both the quantity and quality of city philanthropy.
- *Should CBT continue to prioritise projects which focus on the mobilisation of millennials? How can it do more to encourage the joining up of similar initiatives in order to support individuals' philanthropic journeys over the course of a career working in the City?*

## Could London give more and more effectively?

Whilst the UK in general, and London in particular, are generous in terms of the amount of money, time and insight given to charitable causes, there is a strong and growing perception that London and Londoners could do more to scale up philanthropic activities in the capital. For those organisations, like City Bridge Trust, which have set an objective of encouraging more philanthropy, this raises two

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46 Millennials – also known as Generation Y – are individuals who were born between the early 1980s and 2000.

47 Haldane, A. (2014) In giving, how much do we receive? The social value of volunteering

48 Millennials – also known as Generation Y – are individuals who were born between the early 1980s and 2000.

49 NPC (2013) Money for Good UK: Understanding donor motivation and behaviour

key questions - where best to focus its effort? And, whether its goal should be to increase the quantity (ie the overall amount), or the quality and effectiveness (ie the demonstrable impact) of giving in London?

Although London has the infrastructure necessary to become a global centre for philanthropy – including expertise, innovative models, as well as favourable tax and regulatory regimes – it cannot currently be seen as such.<sup>50</sup> As Pharoah and Walker ask:

*‘With Britain’s top 1% owning the same share of wealth as its poorest 55% should we be raising the bar on what we expect from London as a philanthropy hotspot?’<sup>51</sup>*

Indeed, there are 11,500 ultra-high net worth individuals (those with a net worth of at least \$30 million) based in the UK, more than half of whom live in London.<sup>52</sup> The capital is home to far more billionaires than any other city in the world. The 80 billionaires who inhabit London are worth an estimated £258.044 billion (see Figure below).<sup>53</sup>

**Table 9.2: Where the World’s Wealthiest People Live**

City	Number of Billionaires	Their wealth (£ bn)
London	80	258.044
New York	56	252.510
San Francisco	49	211.740
Moscow	45	157.720
Hong Kong	43	158.805
Los Angeles	40	102.530
Beijing	27	97.380
Mumbai	27	94.270
Paris	21	79.720
Sao Paulo	16	71.820

Source: Sunday Times Rich List 2015

Whilst these figures are striking, they do not say anything about the motivations of these High Net Worth Individuals, or, more specifically, their propensity to link their charitable giving with an affinity to London. Many of these billionaires regard themselves as global citizens, as likely to give money to international charitable causes as they are to addressing the needs of the UK capital; unlike Peabody (London), Cadbury (Birmingham) or Rowntree (York) of old, their attachment to a particular place is weaker. Models of place-based giving (including the London’s Giving initiative) are more likely to appeal to individual and corporate philanthropists who are clearly rooted in a particular community of London.

Still, the goal of increasing the quantity of philanthropy in London is by no means unattainable. There appears to be a strong desire among the working population – particularly the younger generation – to become more philanthropic. In particular, 35% of those aged under 35 and 21% of people aged 35

<sup>50</sup> Stephen Lloyd (2012) A capital idea: London as a global centre for philanthropy

<sup>51</sup> Pharoah, C. and Walker, C. (2015) ‘More to Give: London Millennials networking towards a Better World’ City Philanthropy

<sup>52</sup> London Fairness Commission

<sup>53</sup> ibid

and over are recorded as wanting to give more money than they do.<sup>54</sup> Engaging just 1% more of London's population in giving networks is estimated to raise an extra £20 million for charitable causes and offer thousands more hours of pro bono support.<sup>55</sup>

Businesses in London would also like to see themselves better integrated within their wider community to have greater social impact. Companies told the London Fairness Commission that they would like to have the opportunity to scale up their successful philanthropic initiatives so as to reach a greater proportion of London's population.<sup>56</sup> The arguably harder challenge of making philanthropy more effective seems closely linked to one of the inherent weaknesses in private giving; the difficulty of influencing individual or corporate activity so that it can be better coordinated and directed at meeting the most pressing needs of disadvantaged Londoners. This is likely to be contentious on at least two counts. Firstly, reaching a workable consensus on what are the priority needs for London and, secondly, agreeing on the most appropriate vehicle to coordinate and (re)distribute philanthropy alongside public, trust and foundation funds.

There is, however, a discernible impetus among London's funders from across all sectors to address these challenges. The Greater London Authority is considering recommending the establishment of an advisory panel, akin to the London Enterprise Panel, which would advise a new Mayor on future strategic priorities for civil society in London. The Big Lottery Fund, on the back of recent research by Collaborate, is recommending the mapping of London's funding ecology. This might better equip the funding community in London to align and complement their work, resulting in more effective distribution of funds to meet the needs of Londoners.<sup>57</sup> Indeed, businesses also told the London Fairness Commission that they would like their engagements with VCOS and the wider community to be more meaningful and effective. Many examples of effective philanthropy highlight the enabling of funders to collaborate (Annex 4).

### Key messages/questions for City Bridge Trust

- *London's citizens, including corporate citizens, appear to want to give more and to do so more effectively. How can CBT encourage Londoners to scale up their giving activities?*
- What would it take for London to become a global centre of philanthropy and harness this resource to its strategic advantage?

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54 *ibid*

55 Pharoah, C. and Walker, C. (2015) 'More to Give: London Millennials networking towards a Better World' City Philanthropy

56 London Fairness Commission

57 A New Funding Ecology – A Blueprint for Action (2015)

## Annex (4) Examples of effective philanthropy

There appear to be several areas in which the capital can act in order to become a truly 'global centre for philanthropy'.<sup>58</sup> This section draws on some examples from the US and Europe, including the harnessing of technology, which demonstrate the key components of effective modern philanthropy and which, for the purposes of this review, we synonymise with being more strategic. The key features illustrated here by these initiatives include:

1. Leadership and influence
2. Clear set of achievable goals
3. Commitment to collaboration
4. Use of appropriate impact measurement
5. Capacity to harness technology platforms

### 1. Leadership and influence

#### Recent New York City Mayors – Bloomberg and de Blasio

The Mayor's Fund to Advance New York City has been a cornerstone of the former and current Mayors' philanthropic initiatives. The Mayor's Fund facilitates public-private collaborations that support initiatives which respond to the needs of the city's most disadvantaged communities. The Fund leverages donations from private individuals, corporations and foundations to facilitate citywide community development. Between October 2014 and March 2015 it raised \$11.8 million from at least 72 donors. The Fund connects public agencies to donors with shared goals for the city and its residents. There are currently three priority areas: youth workforce, mental health and immigration. These have been identified in response to a needs assessment of the city's population.

The former Mayor of New York City used his leadership and influence to promote philanthropy in various other ways. Michael Bloomberg, who was Mayor from 2001 to 2013, has a strong belief in the power of philanthropic activity. Bloomberg recognises that although philanthropy cannot reach the same scale as public spending, it has the potential to test new ideas that governments may deem too risky or controversial.<sup>59</sup> During his Mayoralty he set up Bloomberg Philanthropies, a foundation that leverages donations to fund projects in five key areas: public health, arts and culture, the environment, education and government innovation.

One of the key initiatives of Bloomberg Philanthropies is the Cities of Service scheme. This was set up in 2009 by 17 Mayors across the US. The coalition of Mayors has a shared belief in the potential of harnessing the time of volunteers to respond to the most pressing needs of a city. New York City of

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58 In a recent Centre for London Essay, Danny Sriskandarajah argued that just as the Mayor plans to secure London's place as a centre of tourism, overseas inward investment, and higher education, why not develop a plan for maintaining and building upon London's role as a centre for global civil society?

59 <http://www.nytimes.com/2014/04/26/your-money/private-citizen-bloombergs-philosophy-on-philanthropy.html>

Service works with public agencies, over 500 VCSOs, and thousands of volunteers to improve the city's neighbourhoods, youth education, resident wellbeing, and provide opportunities for immigrants. The current Mayor, Bill de Blasio, has continued with this mission. In particular, the 2014-15 Service Strategic Plan has set a goal of engaging 50% of all New York City residents as volunteers.

One of the key initiatives of Bloomberg Philanthropies is the Cities of Service scheme. This was set up in 2009 by 17 Mayors across the US. This philanthropic initiative focuses on harnessing the time of residents to benefit the city's disadvantaged communities. The coalition of Mayors has a shared belief in the potential of volunteering to respond to the most pressing needs of a city. New York City of Service works with public agencies, over 500 VCSOs, and thousands of volunteers to improve the city's neighbourhoods, youth education, resident wellbeing, and provide opportunities for immigrants.<sup>60</sup>

In addition to promoting the Cities of Service initiative, de Blasio has made other attempts to harness the resources of individuals and corporations, particularly to redress income inequality in the city. De Blasio's outreach to investors and corporations is coordinated by an Office of Strategic Partnerships. This has a clear mandate: to encourage cross-sectoral collaboration to address income inequality and opportunity gaps in the New York City. In particular, de Blasio promotes public-private partnerships as a means to take advantage of the resources and flexibility of the private sector for public benefit.

## 2. Clear and achievable goals

### The CrippleGate Foundation

People tend to invest time and money in causes they know rather than to further social justice. The [CrippleGate Foundation](#) counters this criticism of traditional philanthropy. Although already a key component of CBT's Strategic initiative on Philanthropy, it is an innovative example of effective place-based philanthropy. As a recent report by the Office for Public Management suggests<sup>61</sup>,

*'Place-based philanthropy involves locally-embedded charitable organisations working together – with each other, with the community and with outside organisations and stakeholders – to tackle need in a defined geographical area.'*

Critically, place-based philanthropy starts with the priorities of the place, not the priorities of the donor or funder. Having established these priorities, a place-based funder then pools effort, expertise, influence and resources from the local community and external organisations to address them. A place-based funder has intimate ties to its area, in-depth understanding of its problems and a willingness to work with anyone – from resident volunteers to national agencies – who can contribute to its aims.

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60 The Cities of Service model has been imported into the UK, supported by the Cabinet Office, under a programme managed by Nesta. The seven pilot cities, which included among others Portsmouth, Plymouth, Barnsley and Swindon, were funded until March 2016. The initiative is currently the subject of an evaluation.  
61 Office for Public Management (2013) Giving Together: How Islington Giving is transforming local philanthropy [http://www.islingtongiving.org.uk/website/\\_wp-content/uploads/2014/01/Giving-Together-full-version.pdf](http://www.islingtongiving.org.uk/website/_wp-content/uploads/2014/01/Giving-Together-full-version.pdf)

Islington Giving is the Cripplegate Foundation's key charitable campaign. It seeks to tackle the most pressing issues facing the London Borough of Islington. The foundation explores the lived experience of disadvantaged residents of Islington as a means to inform their campaign. One of Islington Giving's aims is to deliver services that tackle its three key themes: investing in young people, tackling poverty and confronting isolation.

### Community Foundations (Vital Signs)

The [Community Foundation](#) is based in Newcastle upon Tyne but individuals, voluntary groups, businesses and public bodies in Tyne & Wear and Northumberland are eligible to become members of the Foundation. The principal area of benefit is Tyne & Wear and Northumberland. The Community Foundation is the largest in a network of 48 community foundations across the UK. From 1 April 2014 to 31 March 2015, the Community Foundation made 1,355 grants worth £5.4 million from funds established by our donors and partners – an increase of £0.2m on the previous year.

The Community Foundation promotes a form of place-based philanthropy. In 2013, the Foundation began publishing Vital Signs, an initiative that seeks to identify the challenges facing Tyne & Wear and Northumberland as a means to inform donors about the best ways to make a difference with their philanthropy. The Vital Signs initiative seeks to align donor interests with the most pressing needs in the benefit area. It supplements research on need and existing grant-making with insights from local people through a 'priority poll' – which enables people to identify their top three thematic priorities – and an 'asset survey'. These tools enable the Community Foundation to produce reports which present a comprehensive analysis of need to the philanthropic community.

The Community Foundation based in Merseyside similarly carries out a Vital Signs review to identify the most pressing needs in the area. In particular, the foundation's mission is 'to provide strategic grant-making that meets the needs of local communities'. The Vital Signs UK model is based on an original project by the Toronto Community Foundation and the country-wide Vital Signs initiative co-ordinated by the Community Foundations of Canada.

## 3. Commitment to collaboration

### Ford Foundation

The [Ford Foundation](#) based in New York City is committed to strengthening democratic values and reducing poverty and injustice. The foundation sees itself as not solely a funder, but also a collaborator, helping partners and stakeholders to network to leverage shared resources. Collaboration takes place internally, as the Metropolitan Opportunity team works with other internal programmes to address common issues.

Grantees often provide metrics that the Ford Foundation adopts and shares for use in other programmes. The foundation supports this exchange of information and has institutionalised the practice internally through the dissemination of reporting materials. Reports are compiled to highlight successes, as well as mistakes of the initiatives. The Ford Foundation also supports efforts to share experiences externally; this is in support of transparency and greater effectiveness across

philanthropic initiatives. Through collaboration, the Ford Foundation seeks greater impact through shared, focused and strategic engagement with its funded organisations.

### Living Cities

Collaboration between funders can also be improved. As a recent report by New Philanthropy Capital (NPC) suggests<sup>62</sup>, there are huge benefits of different types of funders coming together to support a project. This is known as 'layered funding' because it combines funders with different approaches and priorities: more traditional funders providing grants and subsidies work alongside venture impact investors, each with their own requirements around risk and return. Philanthropic grants often form the first layer, with social investment providing the next.

Living Cities is a US-based organisation that was founded in 1991 and seeks to harness the collective power of 22 of the world's largest foundations and financial institutions to build a new type of urban practice that improves the lives of disadvantaged urban communities. Its members include: Bill & Melinda Gates Foundation; Citi Foundation; Ford Foundation; and the Rockefeller Foundation. Each member institution contributes to the general operating support that underwrites the plan of work approved by the Board of Directors.

Members also participate in the Catalyst Fund by providing loans that are combined with loans from other Living Cities members to enable the creative use of debt to further programme activities and leverage grant and private sector loan funds.

## 4. Appropriate impact measurement

The growing acceptance of impact measurement tools such as Social Return on Investment (SROI), which attempt to provide a meaningful measure of the value of philanthropic interventions, shows that for both donors and beneficiaries it is increasingly important to have evidence that their chosen approach is delivering the outcomes they are trying to achieve<sup>63</sup>.

### The Robin Hood Foundation

The Robin Hood Foundation in New York City is a grant-funding organisation that invests in organisations which seek to counter poverty in the city. It was founded in 1988 to find, fund and provide support to organisations that serve poor and disadvantaged New Yorkers. In 2013 the Robin Hood Foundation granted more than \$126 million to over 200 frontline organisations to fight poverty in the city.

The foundation has developed a methodology for comparing the impacts of dissimilar programmes by measuring them on the same scale: how much the programme is going to increase future earnings and income. The first stage in this measurement process is to identify each project-relevant outcome generated by a grant. The second stage is to assign a monetary value to the outcome. This is followed

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62 NPC (2014) 10 Innovations in Global Philanthropy, [http://www.thinknpc.org/wp-content/uploads/2014/10/10-innovations-in-global-philanthropy\\_FINAL.pdf](http://www.thinknpc.org/wp-content/uploads/2014/10/10-innovations-in-global-philanthropy_FINAL.pdf)

63 Davies, R. (2016) Public good by private means. Charities Aid Foundation

by comparing what happens to participants in programmes. The cost-benefit ratios produced by this process can then be used to compare the impact of the different grants.

## Realdania

Realdania is another example of the application of impact measurement to philanthropy. Realdania is a private philanthropic organisation with approximately 150,000 members across Denmark. Any real estate owner in Denmark can become a member of Realdania. Its *Cities for People* project aims to create cohesive, sustainable and resilient Danish cities.

In terms of measurement, Realdania measures impact from a variety of different perspectives, including predefined performance indicators and goals, though it does not overly emphasise the importance of metrics. A baseline is created at the start of activities to guide programme measurement, and key performance indicators are measured throughout the length of the grant. The foundation is increasingly embracing failure as a tool for organisational learning. It is now delving deeper into the examination of project challenges and potential reasons why an activity did not produce the intended result.

## 5. Capacity to harness technology platforms

In the context of declining income streams, increasing numbers of civil society organisations are having to look towards alternative forms of finance, such as crowdfunding and social investment.

### Crowdfunding

Crowdfunding is an innovative way that VCSOs can respond to growing demand for their services at a time of declining income to the sector. Crowdfunding is a form of alternative finance that enables the funding of organisations or projects from a large number of small donations rather than from a small number of large contributions from specific funders or lenders. Organisations or individuals typically set targets to attract funding. If the target is met or exceeded the organisation keeps the money raised, but if the target is not met it stays with the individuals who made the donation.<sup>64</sup>

Nesta, working with the University of Cambridge<sup>65</sup>, has identified four models of crowdfunding:

1. Reward based: this enables people to contribute to projects and receive non-financial rewards in return, usually operating a tiered system where the more you donate the greater the reward you receive eg Crowdfunder, Kickstarter, We Fund;
2. Lending based: organisations or projects seeking debt apply through the platform by presenting their pitch. Anyone can then take on a small proportion of the overall loan eg Funding Circle, Lending Circle and Kiva.

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64 NPC (2015) New funding sources: an introduction for trustees

65 Nesta and the University of Cambridge (2014) Understanding alternative finance

3. Equity based: this enabled the general population to invest for equity or revenue sharing in organisations or projects eg Crowd2Fund, Lending Circle, Microgenius;
4. Donation based: this allows VCSOs, or those who raise money for charitable projects, to receive donations online eg Chuffed, Global Giving and Just Giving.

Nesta's research also finds that only around a quarter of people making pledges on reward-based or donation-based platforms say that they would have otherwise used that money for traditional charitable giving. In addition to engaging new supporters, crowdfunding also enables campaigns to extend their geographical reach and draw in match funding by demonstrating popular support. Initial backing for an online campaign can be the start of deeper engagement, such as volunteering.

### Crowdfund Plymouth

[Crowdfund Plymouth](#) was set up by Plymouth City Council with technical support from [Crowdfunder](#) as a way of validating public support for potential projects. Projects that have successfully reached their fundraising target are provided with additional match funding from the Council (from a pot of £60,000 of Community Infrastructure Levy money from developers). £437,943 has been raised for 111 projects so far. A number of crowdfunding organisations now exist, providing on-line platforms and technical support to facilitate individual giving, but also to enable funders to use match funding strategically, as in Plymouth. Proponents of crowdfunding also point to the additional skills and capacity it brings into civil society organisations, which by raising investment in this way are forced to hone their sales and marketing, communications and relationship management skills.

These tools and technological aids make a useful complement to place-based giving initiatives, like London's Giving, but also to live crowdfunding events such as those of the City Funding Network. In the latter's case, a complementary technology platform would potentially enable The Funding Network, as the broker, more easily to track and monitor the extent to which an initial contribution to a particular organisation or cause becomes a more sustained engagement, something TFN currently struggles to do.