

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3215

### The Propel Fund 2024-25 onwards

#### Executive summary:

In March 2022, under cover of MD2945, the Mayor approved a contribution of £16.65m into the Collaborative Action for Recovery (CAR) fund for an initial focus on mentoring and youth activities, and to later support wider collaborative funding programmes. Since renamed 'Propel', the pan-London CAR fund was developed in collaboration with City Bridge Trust (now named City Bridge Foundation), London Funders and other funders across London. In June 2023, MD3130 approved a further contribution of £10m to the Propel fund, which would be used to facilitate delivery of the Mayor's commitment to provide a mentor for 100,000 young people in need of support in London.

The success of the overall New Deal for Young People mission (of which mentoring-focused Propel grants are one element) means the Mayor's mentoring target will be surpassed, with 24,000 young people accessing quality mentoring opportunities through the Propel fund alone. Therefore, this Decision requests permission to use up to £3m of the funding already approved and committed to Propel, to fund a broader range of outcomes that will support more Londoners across wider areas of need, including social justice and community resilience.

The GLA will work collaboratively with other funders to support social justice and community resilience outcomes through various interventions, including but not limited to: supporting the voluntary, community and social enterprise sector by funding activities that create more robust and resilient communities; increasing community connectedness; and building capacity and resilience to ensure communities are strong and robust, to overcome short-term crises and long-term challenges.

#### Decision:

That the Mayor approves a variation to the scope of the outcomes of the Propel investment (approved under cover of MD2945) to use £3m of committed Propel investment (split equally across 2024-25, 2025-26 and 2026-27) to address the needs of communities in London; and provide long-term investment into the voluntary, community and social enterprise sector.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

31/1/24

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. In March 2022, under cover of MD2945, the Mayor approved a contribution of £16.65m (across both the aligned and the pooled funding) into the Collaborative Action for Recovery (CAR) fund, since renamed 'Propel'; and a further £10m in June 2023 under cover of MD3130. Funders including the GLA, City Bridge Foundation and the National Lottery Community Fund agreed to create an initial aligned approach to their grant offers whilst retaining the administration of the associated grant-making; and to later move towards funds being pooled. It was anticipated that the initial focus of the GLA investment would fund organisations working to improve the life chances and opportunities of young Londoners (especially those facing the greatest barriers to realising their potential). Within this, there would be a particular focus on increasing strategic investment in London's mentoring and youth activities. The focus would subsequently evolve to support wider collaborative funding programmes.

##### *The Propel fund*

- 1.2. The Propel fund was created to harness and continue cross-sector collaboration borne out of the COVID-19 pandemic – largely that of the London Community Response (LCR). During the pandemic the GLA contributed over £11m of investment to the LCR Fund, a multi-funder collaboration that provided emergency support to London's civil society. As the focus moved from crisis response to recovery, and looked towards London's longer-term future, the Propel fund was created in response to a collective ambition to build on the LCR learnings, and to continue collaboration by directing funding and resourcing towards London's recovery and renewal post-COVID-19. London Funders, the sole membership network for London's funders and social investors, oversaw coordination of the LCR and has played a key role in developing and delivering the Propel structures and processes to date.
- 1.3. The Propel fund recognises that the challenges Londoners face are too big for any single funder, charity or community to tackle alone. The shared goal was a £100m fund over 10 years to support equity-led civil society groups to drive systemic change and tackle structural inequalities in London; and to learn from this to influence wider funding practice.
- 1.4. The Propel fund was built around three areas of need (missions) identified by the London Recovery Board: A New Deal for Young People (NDYP), Building Strong Communities and A Robust Safety Net. The GLA funded NDYP grants and provided strategic support across the fund as a whole. The initial approach used an aligned funding model with a shared application portal. Funders agreed a shared approach whilst administering grants themselves. The ambition was to then move to pooled funding, which would enable the development of longer-term approaches to strengthening London's communities and those who support them.
- 1.5. The first funding round of Propel opened in Autumn 2022. The funding prioritised communities experiencing structural inequality; and the civil society groups that are best placed to make change happen. There were two types of grants available:
- explore grants – a grant for up to one year, of up to £50,000, for organisations to explore the issues they want to tackle; how change might be possible; and who needs to be involved in making the change happen
  - deliver-and-develop grants – a grant of up to £1,500,000, over three years, to expand existing delivery; learn about the impact; and build partnerships to scale approaches that work.
- 1.6. Under the first funding round, £25,896,624 of Propel grants were made across the three missions to 89 organisations across London's civil society. The GLA invested over £10m in grants to 27 organisations offering mentoring opportunities, to reach over 11,000 disadvantaged young people from April 2023 to March 2025. The additional £10m GLA contribution, approved under cover of

MD3130, was launched through Propel in June 2023. It will be invested in a further 41 projects to deliver quality mentoring to more than 13,000 disadvantaged young people aged between 10 and 24 from January 2024 to December 2025.

#### *Next steps for the fund*

- 1.7. The Propel fund, and the aligned funding provided by the GLA to date, has provided a much-needed source of support to voluntary, community and civil-society organisations that support hundreds of thousands of young Londoners. With the expectation of surpassing the Mayoral ambition to deliver mentoring opportunities to 100,000 disadvantaged young Londoners, and the fund moving towards the pooled funding stage, this Decision requests permission to widen the scope of the outcomes of the GLA investment. Through this collaborative fund, £3m of the investment approved under cover of MD2945 will address the wider needs of communities in London; and provide long-term investment into the voluntary, community and social enterprise (VCSE) sector.
- 1.8. The VCSE sector is important to London but faces significant challenges. The value it brings to the economy is significant, as is the pressure it relieves from already-overwhelmed public services. The sector is in a unique position to reach disadvantaged and under-served communities where others cannot. The annual value of voluntary work in the UK was estimated at £18.7bn in the Benefact Group's Value of Giving report (2022); and at £20bn in the National Council for Voluntary Organisations' (NCVO's) Almanac report (2023). In August 2022, the Department for Digital, Culture, Media and Sport carried out research and analysis on the role of VCSE organisations in public procurement. This found that over 75 per cent of VCSEs deliver public services where they are based, with strong links to that locality; and that their place-based solutions can create a greater impact for those most in need, who are hard for the traditional public sector to reach. Nonetheless, income has declined for the first time in a decade, with a decrease of £1.8bn (according to the NCVO's Almanac report). The Value of Giving report estimated that the value of charitable donations fell to £4.3bn in 2022, down sharply from £9.3bn in 2021; and that the average amount given by individuals over a year almost halved between 2018 and 2022, most likely due to the impact of the cost-of-living crisis.
- 1.9. Recent increases in the costs of living and of doing business have had an impact on both the direct costs of the VCSE sector and its volunteers and beneficiaries (Pro Bono Economics, June 2022). Inflation has decreased the value of donations to charities and the value of reserves; led to increased staff costs; and decreased the value of grants and contracts. Whilst there have been some economic improvements, according to more recent analysis from Pro Bono Economics (October 2023), the charity sector is not yet feeling the financial easing that much of the rest of the economy is experiencing. More than a third of small and medium-sized charities, and over four in ten large charities, reported that their finances deteriorated in the last three months. Infrastructure organisations – the charities and other not-for-profits that support frontline community organisations – are also facing increased challenges. These organisations play a crucial role in supporting the voluntary and community sector, by strengthening capacity and helping to create wider change. Yet according to research by Resource for London (June 2023), the infrastructure sector is much reduced London-wide compared to 12 years ago – but there is increasing demand for those organisations that remain. The workforce is under strain, and funding can be precarious.
- 1.10. There is now an opportunity, with the launch of the pooled funding, to widen the GLA's focus to address and respond to the needs of communities in London; and provide long-term investment in the VCSE sector. The GLA will work collaboratively with other funders to support social justice and community-resilience outcomes, and support the VCSE, by funding activities that create more robust and resilient communities.
- 1.11. This Decision requests permission to widen the scope of the outcomes of the Propel investment (approved under cover of MD2945) to use £3m of the committed Propel investment (split equally across 2024-25, 2025-26 and 2026-27) to address the needs of communities in London; and provide long-term investment into the VCSE sector.

## **2. Objectives and expected outcomes**

### *Fund structure*

- 2.1. The fund will now move towards a longer-term approach, using pooled funding to strengthen London's communities and those who support them, possibly under a different fund name/identity. As set out in MD2945, and with further detail in DD2601, the pooled funding approach will bring advantages including scale of budget; reduced GLA time and capacity commitments; increased exposure to key knowledge, ideas and expertise through close working with co-funders; and enable organisations to access funding from multiple funders in a fast and efficient way.
- 2.2. London Funders (specifically a subsidiary created for the purpose – 'the vehicle') will hold the pooled funds, with a funding agreement setting out the governance structures for the fund. A contribution (anticipated at 10 per cent of the GLA contribution across 2024-25, 2025-26 and 2026-27) will cover costs such as technology; independent/specialist advice; monitoring and evaluation; and standard operating costs. Should this full contribution not be needed, then savings will be reinvested into the fund.

### *Fund outcomes*

- 2.3. Outcomes that will be targeted through use of the proposed £3m funding include:
  - more resilient communities that can better support themselves during unforeseen stressors and in their everyday lives – London's diverse communities have felt the effects of the COVID-19 pandemic and the ongoing cost-of-living crisis more than any other, and will be the primary beneficiaries of this social justice-focused work
  - strengthened resilience within the VCSE sector, and within organisations themselves, enabling them to more confidently withstand crisis and support their beneficiaries – this is likely to be through supporting activities that build capacity and encourage collaboration
  - increased social cohesion and connectedness – funding will seek to focus on activities that strengthen ties within and between communities
  - more connection between funders and those they support – this will help to challenge the practice of funders; shift the power balance between funders and those they support; and ensure that funding is directed to where the need is greatest
  - embedding tested ways of working so they can become 'business as usual', particularly including:
    - active participation from community groups in fund design and delivery
    - collaboration between the organisations that strive to support these groups
  - the opportunity to learn from projects that will have moved from testing to new operating models
  - testing and refining how funders can meaningfully collaborate by working through a new pooled mechanism, and sharing this learning with the sector.

## **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority the Mayor must have due regard to the need to: eliminate discrimination, harassment and victimisation, and any conduct that is prohibited by or under the Equality Act; and advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not.
- 3.2. The Propel fund, whether funding is pooled or aligned, and the preceding partnerships from which it was created, were founded on several guiding principles. Several of these are equity-focused –

including the 'equitable' principle that has been selected to facilitate a focus on unlearning old ways of working, and awareness of biases and lenses. This will ensure the design and decision-making processes are inclusive and reflective of London's diversity. Ongoing consultation will take place with equity partners (the Ubele Initiative, the Women's Resource Centre, Inclusion London and Consortium) to ensure the fund is as open and accessible as possible.

- 3.3. Activity and programmes funded by the fund, whether through pooled or aligned funding, will provide support to groups disproportionately impacted by structural inequalities as identified in the Building a Fairer City action plan. The programme will encourage people from protected groups to participate in public life, thus fostering good relationships between those who share protected characteristics and those who do not.
- 3.4. The redeployment of £3m Propel funding as proposed in this MD will help to ensure early progress in the achievement of wider objectives around social justice and community cohesion. It will accelerate the provision of funding for equity-led organisations that can support and strengthen the capacity and infrastructure within their communities, thereby helping to advance equality of opportunity for groups sharing protected characteristics in London. Resource for London's report, Capacity for Change (June 2023), highlights the increased challenges that organisations face resulting from the pandemic and the cost-of-living crisis; and the need for capacity-building and infrastructure organisations to support them. The research notes that equity-led organisations face particular challenges in securing funding for this kind of work. The report Sector Infrastructure Funding Analysis (David Kane and Tania Cohen for 360 Giving; February 2023) notes that over the last decade there has been a high number of closures in local, regional and national Black and minoritised infrastructure organisations, including at least three borough-wide organisations in London. This leaves significant gaps and a lack of support when it is needed most.
- 3.5. The redeployed funding will also go to groups seeking to support multiple, intersecting and entrenched inequalities. London's poverty rates vary significantly across social group, with Black and minority ethnic groups more likely to be in poverty (33 per cent) than White people (18 per cent). Londoners living in families that include a disabled person are more likely to be in poverty (Trust for London, London's Poverty Profile).
- 3.6. Voluntary-sector organisations seeking to strengthen the links within and between communities, and foster good relations between groups sharing protected characteristics and those that do not, will also be key recipients. Londoners from lower-income groups report lower engagement in civic activity; and are more likely to feel socially isolated than those from the highest-income households in London (Trust for London, London's Poverty Profile).

#### 4. Other considerations

##### Risks and issues

- 4.1. The key risks and issues associated with the Propel fund are outlined in the table below:

Risk	Mitigating actions	RAG
Low/no investment from other funders for pooled funding	London Funders is holding senior-level discussions with several other funders to secure funds. There has been strong indication from some organisations that they intend to commit funding, and further organisations are moving to the same point.	Amber
Subsidiary not set up	The London Funders Board approved the proposed articles for the subsidiary in October 2023; steps are now being taken to register it as a legal entity. A Nominations Committee has been established to nominate a Board of Directors.	Green

Disagreements between funders on focus for pooled funding	<p>There is already GLA representation at all levels of the Propel fund. GLA staff sit on the Propel Strategy group, the Ops group and the Comms group.</p> <p>GLA staff have also been involved in the strategic discussions that have informed the shape of the vehicle for pooled funds.</p> <p>There will be GLA representation on the boards that oversee the pooled funds, and officers are moulding the governance processes that will ensure a low risk profile for the GLA. Learnings from the Go! London fund (a community sport fund with similar collaboration from varying sector organisations) have been used to plan governance structures and processes.</p>	Green
No central grant management system for the pooled funding	A grant management system has been developed for the Propel aligned fund. The intention is for this system to be adapted for the pooled funding.	Amber
The collaborative nature of the fund means comms work will be complicated with requirements for some funders hard to meet	<p>A collaborative comms plan will be developed and agreed by all partners.</p> <p>The governance processes will create clear rules for drafting, approval and sharing messaging.</p>	Green
This is a complex project with a range of stakeholders and multiple moving parts; it may be complicated to maintain oversight	The internal working group for GLA officers will keep sight of all fund activity across the GLA, led by the Civil Society and Sport unit. Secondment of GLA staff to the fund will provide further oversight and assurance, as will the governance structures and processes that the fund will use.	Green

#### Links to Mayoral strategies and priorities

4.2. This work will further statutory and other Mayoral strategies, and wider organisational priorities, in the following ways:

- It will enhance how Londoners work together, outside of statutory delivered services, to overcome inequalities and other societal problems. This includes enabling communities to connect, and to share best practice and links to the Mayor of London's priorities of: getting London back on its feet following the COVID-19 pandemic; creating opportunities for young people; and achieving the aims of the Building a Fairer London Plan.
- It will support organisations dedicated to tackling inequalities and other societal problems. This in turn supports the Mayor's work to make London a fairer and more equitable city; and the aims and objectives set out in the London Recovery Board's (now the London Partnership Board's) Structural Inequalities plan.
- It will implement the recommendations of the 2018 report, 'Harnessing the capital's giving: what is the role of the Mayor and Greater London Authority in enabling civil philanthropy?', which noted funder collaboration as a strategic area of opportunity for the Mayor and the GLA. The GLA Group has acknowledged the importance of this and is working towards greater collaboration. Contributing to the pooled funding will demonstrate the GLA's activation of this recommendation.

#### Consultations and impact assessments

4.3. The work has been informed by engagement and consultation in the following ways:

- The Propel fund priorities were created using those of the London Recovery Board, which were developed in partnership between the GLA, London Councils and the VCSE.
- The Propel fund has worked closely with equity partners (the Ubele Initiative, the Women's Resource Centre, Inclusion London and Consortium), to ensure the fund is as open and accessible as possible. These groups advise on how work should take into account the needs of the Londoners they and their colleagues in the sector represent (Black, Asian and Minority Ethnic Londoners; women; LGBTQ+ Londoners; and disabled Londoners). The evaluation of this fund will focus on the outcomes for Londoners from minoritised communities; and will learn lessons from working with equity partners to reach grassroots groups.

#### Conflicts of interest

- 4.4. Due to his role as a trustee of London Funders, Tunde Olayinka, Executive Director of Communities and Skills, has recused himself from decision-making where it involves London Funders. For this Decision, he has delegated his authority to Philip Graham, Executive Director of Good Growth. Tunde Olayinka will continue to remove himself from all decision-making and put appropriate mitigations in place where a potential conflict of interest is identified, including use of ethical walls (preventing the disclosure of information that could lead to a potential conflict) where necessary.
- 4.5. Due consideration has been given to further potential conflicts of interest within this project. However, none has been found, including from those drafting or clearing this Decision Form. During the delivery of work contained within this Decision, declarations of interest will be made where relevant and any conflicts of interest will be managed accordingly.

#### Subsidy control

- 4.6. Funding was provided to London Funders under cover of MD2945, as they are the only organisation of the required type and therefore uniquely able to fulfil the role proposed. Whilst the pooling arrangement is still to be finalised, any grant allocations made to third parties shall be made in accordance with the GLA Contracts and Funding Code and the seven subsidy control principles, as applicable, as the GLA shall retain the status of equal decision maker with other core funders under the new pooling arrangement.

### **5. Financial comments**

- 5.1. Approval is sought for a variation to the scope of the outcomes of the Propel investment (approved under cover of MD2945) to use £3m of the committed Propel investment (split equally across 2024-25, 2025-26 and 2026-27) to address the needs of communities in London; and provide long-term investment into the VCSE sector.
- 5.2. MD2945 and DD2601 approved expenditure of up to £23.625m and an allocation of £10m to the Collaborative Fund reserve to contribute to the CAR's Collaborative Fund for Young People and expenditure of £380,000 to support the delivery of the NDYP mission, including staffing, evaluation, events and communications.
- 5.3. The expenditure detailed within this decision all sits within the NDYP mission budget in the Children and Young Londoners team's budget for 2024-25 financial year.
- 5.4. This budget will be transferred to a budget line created for the purposes set out within this Decision, within the Civil Society and Sport budget.
- 5.5. This expenditure is funded by the New Deal for Young People (NDYP) reserve. This budget will continue to be held in the NDYP reserve and drawn down across the three financial years.
- 5.6. Any contracts that commit the GLA in future years are subject to appropriate break clauses.

## 6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or that are facilitative of, or conducive or incidental to, the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment within Greater London and in formulating the proposals in respect of which a decision is sought, officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people
  - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
  - consult with appropriate bodies.
- 6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, age, sex, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment) and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. Section 1 above indicates that the funding amounts to the provision of grant-funding. Officers must ensure that the funding be distributed fairly, transparently, in accordance with the GLA's equalities duties and with the requirements of section 12 of the GLA's Contracts and Funding Code.
- 6.4. Furthermore, officers must ensure that an appropriate funding agreement be put in place between and executed by the relevant London Funders entity and the recipient before any commitment to funding is made; and any funding is paid to the recipient.

## 7. Planned delivery approach and next steps

- 7.1. The project will be delivered according to the following timetable:

Activity	Timeline
Creation of 'vehicle' Board of Directors structures and governance	January - February 2024
Appointments to vehicle Board	March 2024
Design and agreement on first pooled funding	April - June 2024
Announcement of first pooled funding delivery phase	September 2024

### Appendices and supporting papers:

None.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

**Part 1 – Deferral****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: Part 1 is to be deferred as its disclosure would prejudice the GLA's ability to negotiate further its wider role in and commitment within the London Funders project.

Until what date: 31 March 2024

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form? NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Carla Garmelas has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Debbie Weekes-Bernard has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

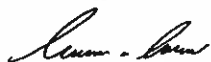
This decision was agreed by the Corporate Investment Board on 15 January 2024.

✓

**INTERIM CHIEF FINANCE OFFICER:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**



**Date:**

30/01/2024

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor.

**Signature:**



**Date:**

26/01/2024

