BIG BAD CITIES –
Why Is It Proving So Hard to Start Community Foundations in the Capitals?

EFC Conference; 1 June 2004; David Carrington

Purpose of Session

To explore the questions:

- Does the status of 'capital city' pose special challenges for the successful development of community foundations (CFs)?
- If so, what are they and how can they be addressed?
- Or is a capital city no different from any other large urban centre?

Structure of Session

1. A presentation drawing on a recent study[1] into why efforts between 1997 and 2003 to establish a London Community Foundation (LCF) floundered and were eventually abandoned[2]
2. Initial comment on presentation and topic from people involved in community foundations in Moscow and Jerusalem
3. Discussion among session participants

The Experience of the London Community Foundation (LCF)

1. Setting the Scene – London:
   - huge – population of 7.3 million; 32 boroughs
   - global/national financial centre
   - national/international corporate HQs
   - home to some of the wealthiest individuals and families in the UK
   - strong city brand

   but
   - no single political identity in 1980's and 1990's (there has been a London Mayor and Assembly only since 2000)
   - "it's a collection of villages – there is no whole"
   - cultural identity primarily national or local – rather than whole city or region
   - venue for intensely competitive fundraising from wealthy and corporates by large national charities

   N.B Also 1997-2003 was a period of government placing charity and community sectors centre stage:
   - as managers of publicly funded services
   - in civil renewal
   - in regeneration and local economic development

[1] The London Community Foundation – Review of Development and of Future Prospects; David Carrington 2004 (Review commissioned by the Charles Stewart Mott Foundation and the Office of the Deputy Prime Minister)

[2] The study is unusual in that it is still rare for funders to invest in trying to find out why a project that they have supported has not worked out as planned and in documenting the lessons learnt so that others can benefit; I pay tribute to the funders for this – and also to the many people who were involved in the attempt to establish the LCF and who were so open and helpful in their interviews with me.

- in government supported promotion of personal and corporate philanthropy.

2. Setting the Scene – Community Foundations (CF) in London:
   - 4 'multi-borough' (mainly outer London) CFs – no endowments – 73% of current funding is 'flow-through' grant-making for government.; 3 other CFs set up with endowments, each covering tiny part of Docklands area (as different then – and now – as "chalk and cheese").
   - No CFs in central London.
   - CF development in London since 1997 almost static whereas steady growth elsewhere in UK
   - Throughout London, there are also small, long established, endowed, local grant-making charities.

London Community Foundation – what happened?

(Some key headlines – acknowledge that such a summary cannot do justice to the hard work and commitment of many people to the project)

1997: research (Mott funded) into "the potential for London wide development of community foundations" – concluded that further development was possible and timely, but cautious about prospects for success of a 'pan-London' organisation covering all the capital.

1998: ACTAF[3] set up London Unit "to help with the development of community foundations in London. This unit would not be aimed at creating a new London–wide community foundation but would build on the current model of smaller foundations, closer to their communities, but linked through some joint provision of services, specifically to promote the community foundation model, to develop the quality and coverage of the network in London, and to increase the capacity of community foundations for fund development, individually and jointly, through the unit."
First Director appointed.

1999: ACTAF report that: "agreement from the community foundations in London to transform the London Unit into an independent London community foundation."
Second Director appointed.

2000: LCF adopted new and ambitious mission to: "secure an endowment of £100 million by 2020; to become the channel of choice for meeting donor and community needs in London; to stimulate giving for 'London for Ever' by providing a convenient one stop service to donors; and to distribute funds to grassroots groups throughout the capital with grant making decisions taken locally."
Third Director appointed.

2002: LCF becomes an independent charity, operationally separate from CFN (formerly ACTAF).
Fourth Director appointed.

[3] The Association of Community Trusts and Foundations, the national membership organisation supporting CFs throughout the UK – subsequently renamed Community Foundation Network (CFN)

2003: LCF trustees decide that there are insufficient funds available for the organisation to continue. Review commissioned.

London Community Foundation – what went wrong?

- Was the concept flawed?
- Was the structure inappropriate?
- Was the implementation of the plan mismanaged?

Answer: yes to all 3.

For each question, the prospects for success were undermined by:

1. problems that all organisations can face:

- quality of research and planning, of management and governance, of executive and board leadership
- insecure revenue funding – preoccupation with own short-term survival
- a fund raising plan that went public before it was credible
- a constantly 'tweaked' mission: *"every time I heard about it, they had moved the goal posts and were chasing off in a different direction; I could not keep up with what they were up to – and did not see it as helpful to us."*

2. problems that all community foundations can face:

- the intermediary role – accountability both to donor and to community
- 'connectiveness' of potential donors with a city or region as 'the cause'
- selling endowment to donors
- binding together a board made up of people from different sectors – so that, in combination, 2+2=5 and there's a shared corporate commitment.

3. Problems that may be particular to London (or to a capital city?):

- the concept and management of a 2 tier CF structure – raising money London wide for distribution across the region by local CFs, but without guarantee of quality practice
- lack of coverage by CFs of centre of city – and absence of progress on extending coverage
- scale of need and primary focus on 'disadvantage' rather than on opportunity and potential: *"they gave us tons of facts about how much poverty there is in London; all true, no doubt, but the scale was so huge we could not see how our bit of money could make a difference. When there are so many 0000's, you have to look to the government, not to charity to get on top of the problems"*
- no success in finding corporate donors which identified with London as a focus for their philanthropy; (or, if they did want to target London, they saw no role for an intermediary like LCF)
- "London is not a place – it's practically a country; why should I be bothered about what it's like to grow up in Redbridge – I don't know where it is, but I'm sure it's miles away"
- "I may work and live in London – but my heart is in the town where I grew up – that's where I might give some money to a community foundation"
- "the wealthy commute and/or have a second home within a community to which they have a stronger loyalty"

- "there are lots of national charities organising high profile fund-raising events every night – how could LCF compete with them?"
- (from foundations): "there are already some high quality, large and effective grant-making foundations in London – we'd prefer to help the parts of the country that are not so fortunate"
- (from regional agencies): "to get anything done you have to break London down into sub-regions; a pan-London approach doesn't work for anyone."

London Community Foundation – could it have worked?

Maybe…

1. If they had found, early on, a wealthy, personally committed and influential lead individual willing to invest time, money and friends….(also a chameleon-like and entrepreneurial executive director able to communicate successfully at all social and political levels)
2. If they had secured sufficient secure revenue funding so that they could concentrate efforts on capital fund development and on extending coverage of CFs across London
3. If they had raised a credible initial capital sum (say £5 - £10 million) from private approaches to wealthy individuals before going public to advisers, corporates and other potential donors

i.e. the usual success indicators for a community foundation….and, specific to London:

Maybe…

4. If they had won over (or totally ignored) the existing local CFs within London (and avoided giving any impression that "we need your permission to proceed")
5. If they had adopted and stuck to a mission which emphasised and celebrated the potential for positive support of community led opportunities – rather than claiming that they could tackle poverty and disadvantage across London
6. If they had managed to generate support for at least one new CF in central London- to provide a practical demonstration of what was possible
7. If they had managed to establish a high profile with the new Mayor of London, with the major sub-regional regeneration schemes, with the organisation planning London's Olympic bid…..

….then, maybe…but – how were they to deal effectively with:

1. the huge scale of the capital?
2. the competition with major charity fund-raising campaigns targeted at individual philanthropic resources
3. the focus of most corporate giving on national or local causes.

What's your experience?