

Powering Philanthropy in North East England: our strategy to 2025





Our 10-year vision and ambition

We want to see communities thrive across North East England, with fairness and generosity changing lives and helping everyone feel they belong. That means having a strong and vibrant civil society. So, our ambition is to be the region's most trusted and effective charitable foundation, supporting small, local charities and community organisations through more and better philanthropy.



Our mission

We grow giving and philanthropy, matching generous people with our region's important community causes.

We do this by: enabling people from all walks of life to set up charitable funds, give collectively or share expertise; supporting small, local charities and community organisations through grants from our funds and help from our networks; shining a light on vital issues affecting our area and working with others to tackle them; and building our endowment as an asset for our communities now, and for generations to come.



Our outcomes and impact

The **outcomes** of our work will be more core and longer-term support for small, local charities and community organisations from our funds and others'; more equitable distribution of support across communities and causes; and the region having a strong philanthropic foundation making funding more effective, efficient and sustainable.

Our wider **impact** will be contributing to a civil society that's strong, vibrant and able to meet change. That helps achieve our vision of communities that thrive, with fairness and generosity changing lives and helping everyone feel they belong.

Our values

We seek to **make a difference** at the Foundation by:



Sharing our love for North East England and wanting it to thrive



Believing in the importance of giving and philanthropy



Backing the brilliant work of local charities



Championing disadvantaged people and less well supported causes

We **earn the trust** of the Foundation's donors and grantees by:



Starting where they are and encouraging their ambitions



Being respectful, reliable and responsive



Building lifelong relationships



Applying sound judgement and knowing our stuff



Staying independent and accountable

We make sure the Foundation **keeps getting better** by:



Sparking off and challenging each other across our organisation



Taking personal and collective responsibility



Learning from our successes and mistakes



Embracing diversity and treating people fairly



Having a healthy workplace and positive balance in our lives



Taking our work seriously but not ourselves

Introduction

In early March 2020, the Community Foundation's Board of trustees agreed a five-year strategy for 2020-25. But, with the Coronavirus pandemic reaching across Europe and the UK heading into a lockdown, we put our plans on hold and immediately switched focus to responding to the crisis.

We launched our Coronavirus Response and Recovery Fund with an appeal to new and existing donors and made our first grants within 24 hours of lockdown starting. In April 2020, we began distributing money raised through the National Emergency Trust's Coronavirus Appeal. As of December 2020, we had distributed £1.8 million in grants to small, local charities and community organisations helping vulnerable people on the ground.

As well as Coronavirus, the past 12 months has also seen an extraordinary global outpouring of activism around Black Lives Matter. We had already started a conversation about philanthropy's role in addressing diversity, equity and inclusion and had committed to learning and doing more to address racism, sexism, homophobia and other forms of prejudice and discrimination. With the virus having a disproportionate impact on Black and Asian communities, and on people living in poverty, disabled people and those with mental health problems, these concerns are more acute than ever.

So where does this leave our strategy? Knowing the virus and its social and economic impacts will be with us for a long time to come, we've revisited the strategy and updated our plans for the world of Covid-19. While some details and areas of focus have changed, fundamentally it is the same strategy we agreed before the pandemic. We were already thinking about a possible economic downturn and the effects of Brexit on the poorest parts of our region. The virus is likely to make things that were already a concern much worse, and the need for an effective philanthropic response more vital. The role we play has become more not less important.

The scale of the challenge is great, and the pressures on organisations are considerable. Recovery and renewal will take many months, and wider social and economic impact could be felt for years. But we know that the brilliant local charities and community organisations we support will strive to face what's ahead, with our backing and that of our donors and partners.

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Why are we here?

North East England is a fantastic place, with a warm welcome, vibrant culture and beautiful landscape. But it faces challenges, like the long-term legacy of industrial decline, and reliance on a reduced public sector. Poverty, inequality, poor mental health and lack of community cohesion are issues affecting some people and places that are likely to be worsened by the long-term effects of the Coronavirus pandemic.

Our region also has an amazing 1000-year tradition of philanthropy and self-help that's evident in our energetic civil society, as ably demonstrated in its Covid-19 response. The region's 7,000-plus charities and community organisations are vital to the continuing health of civil society. But few of them are household names. The majority are under the radar, doing brilliant work with modest resources. These small, local charities and community organisations are the glue that brings people and places together, helping them to help themselves. And they are the catalyst for millions of hours of time given by the area's army of volunteers.

But the problem is that most philanthropic money goes to big-name charities. And even within the region, resources are not evenly spread, with organisations in the poorest areas under most pressure as demand rises and funding becomes tighter.

Many small, local charities and community organisations have developed ways to raise and earn their own funds, but these are the types of income most impacted by the virus. A sector that was regaining confidence after the long-felt effects of austerity has had the wind once again knocked out of its sails.

What do we mean by civil society?

Civil society describes people coming together to do things not to make a profit, or because the law makes them, but because they want to – out of care for others, to do something creative, or to pursue a principle or passion. Local charities and community organisations are the backbone of UK civil society.

Of course, there's no shortage of people and businesses that do want to make a difference locally. The impact of doing so has been widely shown in responses to the pandemic. But many of them struggle to know how and where to start or worry that philanthropy is something beyond them.

That's where we come in. For over thirty years, we've matched generous people with important community causes. From our origins in Tyne & Wear, then into Northumberland and now, increasingly, across North East England, we serve communities by growing giving and philanthropy on the doorstep. As we look ahead to a post-pandemic world, we know this is needed more than ever.

So, our 10-year vision is to see communities thrive across North East England, with fairness and generosity changing lives and helping everyone feel they belong. And our ambition is to be the region's most trusted and effective charitable foundation, supporting small, local charities and community organisations through more and better philanthropy.

This strategy sets out how we'll do that over the five years to 2025. We've refreshed our mission, clarified our intended impact and challenged ourselves with five big goals which are explained on the following pages.

Goal 1:

To enable more and better philanthropy

- We will be the regional hub and knowledge centre for community philanthropy
- We will help people from all walks of life become effective philanthropists
- We will inspire people to leave their legacy to the community through us
- We will have excellent relationships and provide a rewarding experience

Philanthropy can't and shouldn't try to replace what government and businesses do. But it can add value by doing what the state and market can't or won't. As our world faces even greater challenge over the coming decade, more philanthropy will be needed if we are to continue to have a thriving civil society. By backing the work of small, local charities and community organisations, donors can keep good things going as well as tackle new issues.

So, our most important job is to keep growing philanthropy for our area. We are about donor engagement and experience, not cash transactions. That means inspiring people by showing them how rewarding giving is and the difference they can make. It means building trusted, lifelong relationships. And it means being expert advisors to donors, making connections to local causes they might otherwise miss.

We meet donors' differing wishes and means by having a menu of giving options. Our focus will continue to be people and organisations that can set up charitable funds with us. But we will also make it easy to join our Giving Network or support collective funds so we can engage younger and more diverse philanthropists. When we come across people looking for things we don't usually do, we will refer them to others who are better placed to help.

What do we mean by philanthropy?

For us, philanthropy is simply giving that's thought through and done well. It's not about how big the gift is, but how it links to the difference the donor wants to make. It can also include giving time and talent, as well as 'treasure'. Philanthropy is widely used in our field, but we know not everyone's comfortable with the word, so we use it alongside 'giving'.

To reach new donors, professional advisors are key, but so are self-referrals and introductions from existing donors and our network of ambassadors. But we also need profile in our own right. By running leadership activities as a regional hub for community philanthropy, we will reach people with means to give but who've not yet been motivated to do so. That also means some activity outside the region to attract people with a strong affinity for our communities who don't currently live here.

As well as helping donors give in their lifetimes, legacy giving will be front and centre in our plans. We are living through an unprecedented time of intergenerational wealth transfer. The opportunity to help people leave a legacy to their areas can't be missed. Legacies also help us build the discretionary money we need to do more strategic work in coming years.

We will know we're successful if our total funds are growing, and if we have a strong pipeline and more pledged gifts, including legacies. We'll expect to see gifts coming from a wider range of people. And we'll want feedback from, and surveys of, our donors which show we're trusted and valued by them.

Goal 2:

To be great at supporting our region's small, local charities and community organisations

- We will grow our grant-making and provide more core and longer-term funding
- We will be an accessible, fair and effective funder – and we'll be bold when needed
- We will use our knowledge and networks to help in ways other than grants
- We will run funds with others where it helps us achieve wider goals for the region

Small, local charities and community organisations achieve a lot with relatively little – never more so than in their response to Covid-19. But they do even better when they have reliable income to keep up day-to-day work or to expand to do more.

To be great at supporting them, we need to offer more core funding and longer-term grants. We must also award amounts which are useful alongside their other income. If grants are too tiny, we become inefficient and make the cost of getting money from us outweigh the benefits; too big and we move into territory better occupied by other funders and risk over-reliance on us.

We support a wide range of causes in line with donors' wishes. But, where we can, we'll co-ordinate grant-making around themes to make things simpler for applicants. And we'll target priority places and issues – particularly poverty, inequality and inclusion. As well as grants, we'll draw on our relationships and networks to arrange free or affordable help for organisations. Our trustee and skills matching will continue, and we'll work with other sector-support bodies to help bring new training and development opportunities to our region.

We won't make grantees jump through unnecessary hurdles to apply for or report on grants. But we will use evidence to make

What do we mean by small?

In general, we mean organisations up to £1m in income (the definition used by the Small Charities Coalition). But £1m is still big for our region so we'll prioritise organisations with income up to £0.5m.

sure our funding goes to well-governed organisations running activities that work and are right for their context. That won't stop us being bold when there's a need to try something new – in which case we'll focus on the learning we can share.

We won't exclude larger charities. But they are most likely to be helped by us when a donor nominates them for a grant, or when they have a fund with us designated to support their work. Other organisations, like schools, will usually only get grants from funds we have for that purpose. We will continue to make some grants to individuals, but only where there's an intermediary organisation or – as with arts bursaries – when we have in-house experts.

We are most effective when we award additional money through philanthropy, rather than distributing funds for others that would go out anyway. But there are times when we will still work with other funders on grant-making, so long as doing so fits our goals, and we can cover our costs.

We'll know we're successful if we can show our grants going to the size and type of organisations we want to help. We'll also know if feedback from, and surveys of, applicants and grantees show we're trusted and valued by them. And we'll expect to see evidence that we're leveraging in money from elsewhere.

Goal 3:

To understand and act on vital issues affecting our communities

- We will make poverty, inequality and inclusion priorities across our work
- We will strive for a more equitable distribution of funding
- We will engage our stakeholders and communities
- We will use knowledge to influence philanthropy and funding here and nationally
- We will lever support into our region from national partners

To make the most difference, we must use all the tools we have – not just our money, but also our knowledge and networks. And, as the region's largest charitable funder, and the country's leading community foundation, we must also influence funding and philanthropy to benefit our area.

As an endowed foundation, we enjoy an independence which we can use to help those we serve. But independence doesn't mean neutrality. We are firmly on the side of our area's people and places, and we're here to tackle the issues affecting them most. When we look to lead on issues, we will do so with humility, and we won't talk places down. We will focus on our communities' assets. We will help others have their voice and experiences heard. And we'll convene people so they can find ways to work better together. Key to this will be finding new ways to meaningfully engage our stakeholders and communities.

Vital Signs is our regular 'health check' on how our region is doing across a range of issues. It acts as a guide for donors and a tool for us to identify priorities where we think we can make more of a difference. During the next five years we will publish a new, comprehensive *Vital Signs* report for the region that will reflect and respond to the pandemic and other issues in our area.

This will be supplemented by reports on major themes. While these will emerge from conversations and data, we already know that poverty, inequality and fairness will be front and centre in our thinking.

The *Third Sector Trends Study* is our unique repository of long-term evidence about the scale and dynamics of charities and community organisations in our region. We published fresh findings from the study at the beginning of this period and will repeat the exercise before 2025. As well as informing our work, the research will help us influence other funders and philanthropists.

Before the pandemic, a key challenge was that cold spots for philanthropic funding in North East England remain stubbornly cold. At the same time, some people tended to miss out – especially Black, Asian and minority ethnic, lesbian, gay, bisexual and transgender communities and disabled people. These concerns are now more acute. We will keep working for a more equitable distribution of funds by encouraging our donors to give effectively and fairly, and by working with other funders regionally and nationally. Where we have discretionary resources, we will lead the way in addressing gaps. And we'll try new ways of getting our money to where it's most needed, like participatory grant-making.

We'll know we're successful if people across communities engage in conversations to help shape our *Vital Signs* reports. We'll also expect to see evidence that we're influencing our donors and other funders. And we'll know when we see more resources from us and others going to help the area's cold spots and communities of identity.

Goal 4:

To build and sustain our endowment to £100m and beyond

- We will secure larger donations through new, additional and legacy gifts
- We will steward and grow our assets and move to a responsible investment policy
- We will pursue trust transfers, dormant assets and endowment match opportunities

Our endowment is a community asset. We steward it to serve our area now and for generations to come. Growing the endowment will mean we can offer more funding overall, and more longer-term support – because, over time, we will be less reliant on money given annually. The endowment also ensures our independence because it means we can cover most of our running costs without fundraising (which would put us in competition with the very organisations we're here to help).

In 2016, we set an ambition to reach £100m in endowment by 2025, and this remains our goal. Being aspirational, we'd even like to see the endowment at £125m by the end of the decade. Before the virus, this looked achievable if we continued to raise new endowment at a similar rate to the past 10 years and market performance was healthy. But the long-term effects of the pandemic and other economic uncertainties may take the shine off such growth plans. We have managed this so far and will have options ready if the worst happens economically.

We will move in the period to 2025 to apply environmental, social and governance (ESG) lenses to the investments we hold. This approach – known as responsible investment – will help to ensure the endowment continues to be sustainable, as well as demonstrating that we are a good corporate citizen. We expect future donors will be as

interested in where our assets are held as they are in how the income from them is used. This will also be increasingly important in staff and trustee recruitment and retention.

Setting up or adding to endowment funds is the best model for most of our donors. We can show that funds established with a capital sum have distributed at least the same in grants since they were set up, whilst also growing their invested value. We also know that match-giving and entry-level endowment schemes help people over the line, so we will pursue opportunities for both. While we won't rule out funds given and distributed annually, we will look for those where the donor is willing to make a long-term commitment or to build endowment on the way.

In line with our other goals, new, additional and legacy gifts will be our focus. But we will continue to take on existing charitable assets directly or through the Charity Commission's dormant trusts scheme. We will also seek to influence national policy around the further distribution of dormant financial assets, since using them to grow local endowments like ours would be a great way to guarantee lasting benefits for local communities.

We'll know we're successful if we are showing endowment values rising towards the ambitions we've set through new, additional and legacy gifts. We'll also know by the performance of our invested funds and by showing they're held on responsible lines.

Goal 5:

To be a shining example of an effective charitable foundation that's accountable to the people it serves

- We will be open and hold ourselves accountable to our members and communities
- We will invest discretionary money in leadership work and operations
- We will be well governed and run, with greater diversity in our Board and staff team and an increased focus on equity and inclusion across our work.

With our scale, and the independence afforded by our endowment, comes a need for openness and accountability. We already have engagement in our DNA through an open membership which keeps us grounded in our communities. We will develop membership to make it a cornerstone of our accountability. We will live our values and make sure we reflect, and serve, the diverse communities in North East England. We will be open about how we work, share data and learning, and we will explain how well we are doing against our goals and where we need to improve. When we need to, we will adapt to meet changed circumstances.

We will provide leadership and seek to be an exemplar in philanthropy and funding in North East England, and nationally. So, we will invest in our strategic role and bring flexible resources to the table. This means having more unrestricted and discretionary money alongside donor-advised funds. Legacies will be one route, but we will also find other ways to inspire donors to trust us to put funds where they're most needed.

It makes sense for activities to be region-wide where it makes funding more effective, efficient and sustainable. So, we will consider opportunities to expand our reach, while continuing to be good neighbours with strong ties to fellow foundations.

We have already invested unrestricted reserves in developing the effectiveness of our operations. During the coming strategy period, we will take further action to balance the operating budget with the capacity we need. This is even more necessary given the impact of the pandemic on our own income. A few things we've taken on in the past have become a drain on resources or a poor fit with our goals, so they'll need to be dropped or transferred to better homes.

Further development of our Salesforce system and remote working tools, will increase productivity and bring innovation around digital, especially to show impact. We will remain an organisation built on strong interpersonal relationships, so we will be an excellent employer that recruits and retains the best people while increasing diversity in our team. While in-person contact will be core to our wider engagement, a hybrid approach will see us build on the value of virtual events.

Our Board of trustees has a crucial role. Early in the strategy period we will appoint a new chair to help deliver our goals. We will recruit openly to this role, and others, and look to increase the Board's diversity. We'll also look to add to the Board's skills, for example around responsible investment.

We'll know we're being successful if our Board, staff and members reflect our communities and are engaged in our work. We'll also expect to balance our budgets while still investing in our work and operations. And we'll want to have evidence that shows we're widely regarded as an excellent charity working to the highest standards.



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