

MEETING: 07/09/2018

Ref: 14691

ASSESSMENT CATEGORY - Reducing Poverty

City Harvest

Adv: Joan Millbank

Amount requested: £96,000

Base: Ealing

(Revised request: £110,933)

Benefit: London-wide

Amount recommended: £111,000

The Applicant

City Harvest (CH) is a food distribution charity operating in Greater London. It was set up in 2014 modelled on, but independent of, the City Harvest initiative in New York City. It provides a 'last mile' service specialising in the collection of surplus food from supermarkets, wholesalers, restaurants and the hospitality industry, and delivery to organisations providing food and preparing meals for vulnerable Londoners and those experiencing food poverty. These organisations include soup kitchens, foodbanks, homeless shelters, hostels and charities working with the working poor, families, veterans, victims of domestic violence, older and disabled people. Working in close collaboration with FareShare (whom you fund currently), CH's particular contribution to the food redistribution supply chain is the collection and delivery of fresh, perishable food picked up and delivered to nearby local projects the same day or taken to the warehouse for wider distribution.

The Application

CH has grown significantly over the last year. It has secured several large contracts from food producers to receive their surplus food direct into its warehouse. More significant contracts are in negotiation. Acquisition of the 3,800 square foot warehouse has allowed CH to collect and deliver more food and to secure an industrial fridge freezer, which has enabled the charity to also collect food later in the day and store it overnight where it remains in good condition for delivery the following day. To handle the increase in the receipt and redistribution of the food CH has employed an experienced full-time Warehouse Manager; CH is requesting your support in funding this post for up to three years. Salary costs were reviewed at the assessment meeting and have been increased to include pension and employers' contribution.

The Recommendation

CH has submitted a convincing case for support. A relatively new organisation, it has quickly and effectively established itself. It has secured the support of many food contributors and has received financial support from the like of Goldman Sachs Gives and Sainsbury Family Trusts, the latter being represented on its board. It assists many smaller charities, many of whom are past or current recipients of your support. The actions of the trustees demonstrate understanding of and commitment to addressing the needs of communities in food poverty, the charities and businesses its partners with, and how to manage and grow its own social business. It has been a finalist in the Business Green Leaders awards. A grant is advised:

£111,000 over three years (£36,000; £37,000; £38,000) for the post of Warehouse Manager (40 hours per week).

Funding History

None

Background and detail of proposal

CH operates in a city where an estimated 2.25 million people live in poverty, 74,000 children go to bed hungry (source: Trust for London), and where an estimated 3 million tonnes of good nutritious surplus food are sent to landfill every year. It is part of a network of food distributors addressing food poverty and reducing food waste. As indicated above, its contribution is in the distribution of fresh perishable foods. It runs a 7 day per week service and is currently active in 23 of the 32 London boroughs, mainly in the North, West and South. It is exploring how to extend its reach into East London. In the last year CH redistributed 491 tonnes of food that would otherwise have gone to landfill and thereby stopped 1,865 tons of greenhouse gases from being released into the environment. Food redistribution has helped 150 community-based organisations to provide 1.1 million meals to Londoners in need. Further, with the redistributed food's retail value of £1.4m use of surplus food representing a significant saving in the organisations' expenditure on food. Management consultants Bain & Company recently completed a pro-bono project to quantify CH's impact; it concluded that CH's Social Return on Investment (SROI) was £5.80 for every £1 of expenditure.

Financial Information

Income for CH increased significantly in 2017/18 due to the donations secured by the trustees. In response the charity undertook a reorganisation to increase its capacity. It took on a lease for a large depot, created several new posts including the post of Warehouse Manager and increased the number of vans (currently 8); full year costs are shown in the current year forecast. The cost of generating funds will increase in the year as a fundraising consultancy has been engaged. The trustees anticipate using some of their free reserves to further invest in the activities of the charity, the actual amount is not yet known and isn't reflected in the forecast expenditure below.

| Year end as at 31 March | 2017 Examined Accounts £ | 2018 Examined Accounts £ | 2019 Budget £ |
|---|-----------------------------------|-----------------------------------|---------------------|
| Income & expenditure: | | | |
| Income | 238,023 | 875,971 | 937,138 |
| - % of Income confirmed as at 20/07/2018 | n/a | n/a | 55% |
| Expenditure | (172,155) | (416,840) | (905,511) |
| Total surplus/(deficit) | 65,868 | 459,131 | 31,627 |
| Spilt between: | | | |
| - Restricted surplus/(deficit) | 0 | 59,637 | 20,000 |
| - Unrestricted surplus/(deficit) | 172,155 | 399,494 | 11,627 |
| | 172,155 | 459,131 | 31,627 |
| Cost of Raising Funds | 336 | 15,421 | 40,000 |
| - % of Income | 0.1% | 1.8% | 4.3% |
| Operating expenditure (unrestricted funds) | 172,155 | 290,407 | 905,511 |
| Free unrestricted reserves: | | | |
| Free unrestricted reserves held at year end | 117,052 | 406,988 | 418,615 |
| No of months of operating expenditure | 8.2 | 18.8 | 5.5 |
| Reserves policy target | 43,039 | 104,210 | 226,378 |
| No of months of full operating expenditure | 3.0 | 3.0 | 3.0 |
| Free reserves over/(under) target | 74,013 | 302,778 | 192,237 |