

Committee	Dated:
City Bridge Trust	9 th May 2019
Subject: Strategic Initiative – Core Arts – Eastway Community Hub proposal 15324	Public
Report of: Chief Grants Officer & Director of City Bridge Trust (CGO)	For Decision
Report author: Jenny Field, Deputy Director of City Bridge Trust	

Summary

You may recall that when you launched your Bridging Divides funding programmes in April, this included your first call for ideas, as part of the Connecting the Capital funding strand. We invited initial proposals, on no more than two sides of A4, for ideas to bring disused assets in a locality back into community use and to make them economically productive. The closing date for this first call was 20th July 2018.

Core Arts submitted a proposal to transform Eastway Depot¹ in Hackney from a place of 'storage' into a vibrant community hub of social enterprise enabling community and voluntary organisations to work together to deliver outcomes that increase individual and community wellbeing. Since that submission, it has worked up a detailed proposal and business plan for the hub in consultation with LB Hackney and its five proposed 'anchor' tenants, Hackney Playbus, Hackney Play Association, Hackney Youth, ecoActive and Interlinx.

Recommendation

Members are asked to:

Approve a grant of £150,000 towards the purchase of specially designed shipping container pod offices on the site on condition that a satisfactory lease is finalised with LB Hackney.

¹ A 429m² former tramshed in a concrete yard in Hackney Wick

Main Report

Background

1. Core Arts is a user-led, award winning mental health charity. It provides a weekly programme of activities designed to promote positive mental health. It has four main areas of activity:
 - Arts (including visual arts, poetry, photography and music).
 - A sports' programme.
 - A horticultural programme which particularly focuses on transforming meanwhile sites to promote mental health.
 - Its social enterprises which currently cover design services, gardening and publications.
2. Core Arts' last grant from the Trust, towards a 'greening the grey' horticultural initiative (an example of how it transforms meanwhile spaces), ended in July 2017. Your funding has enabled a pocket garden, community plant nursery, food growing area and design space to be established, sandwiched between the Royal London Hospital in Whitechapel and it's medical museum. It also partnered with us for the 2017 Lord Mayor's Show, alongside Ballet Rambert and the LSO.

The Proposal

3. Eastway Depot, a 429 sqm former tramshed in a concrete yard in Hackney Wick, has housing stock on two sides and parkland and industrial space on the other two. LB Hackney, which owns the site, has invited Core Arts to 'reimagine' it. The proposal is to design a permanently 'meanwhile' site to offer office, storage and performance space to its five partners, or 'anchor' tenants – Hackney Playbus, Hackney Play Association, Hackney Youth, ecoActive and Interlinx – but also creating a bigger creative cluster of social enterprises, charities and community groups.
4. It is proposed to commission specially designed shipping container offices within the grounds of the depot. The depot itself is 11m high making it unsuitable for conversion into permanent dwellings or offices. Whilst it would be prohibitively expensive to install a heating system within the depot, LB Hackney propose to install the necessary infrastructure to make the building useable during the summer months on the understanding that Core Arts will fit it out (which it will do from its own funds). Core Arts will then be able to let the depot as a performance and rehearsal space as well as for commercial hire. During the winter months, it will be used for storage space and for parking vehicles such as Hackney Playbus.
5. Core Arts would like to install two sets of the specially designed shipping container offices within the concrete yard. It currently owns its building at St

Barnabas Terrace in Hackney and it has secured a loan of £130,000 towards the purchase of the first set of containers and a grant of £150,000 is requested from the Trust towards the purchase and fitting out of a second set. Core Arts also propose to landscape the site using its own resources. These would be offered at affordable rents to SMEs and community groups (including the five anchor tenants) which in turn would be subsidised by commercial rents from those that can afford to pay.

6. The vision of Core Arts and its partners for this site is not only to be able to work with more people but also to be able to provide a more holistic, joined up service. The development will promote social cohesion and community building, demonstrating that inclusiveness and the provision of appropriate business structures can address and find solutions for both social and economic problems.
7. At the time of assessment, Core Arts was in the process of negotiating a lease with LB Hackney, the terms of which allow Core Arts and its partner organisations to benefit from the income streams the site will generate, provided that any financial gains are re-invested for the benefit of the local community. The lease is likely to be for five – seven years and if the lease is not renewed after this time, the containers can, of course, be relocated elsewhere. It is recommended, therefore, that any grant is subject to a satisfactory lease having been granted.

Financial Information

8. Core Arts aims to hold a minimum of 4 months' worth of expenditure in free reserves to cover its winding down costs should this become necessary. In its 2017-18 audited accounts, it designated the sum of £210,000 for this purpose and this amount has been included in our calculation of available free reserves.
9. From the information provided in the finance table below, you can see that its reserves are above the target. However, during 2018-19, Core Arts increased the level of designated reserves to £240,000 as a winding-down 'cushion' to reflect increased expenditure budgeted for 2019-20.
10. It used some of its restricted funds during 2018-19 towards expenses relating to the Depot (c£25,000) and it plans to spend further c£100,000 during 2019-20. Given that it is taking on a new venture that carries a fair degree of risk, officers are of the view that its reserves are not excessive.
11. Income in 2019-20 is set to increase by c£100k compared to the previous year. This is largely due to additional contracts awarded by the CCG.

12. Core Arts has produced a 10-year financial plan for the Depot and anticipates small deficits for the first three years, generating a modest surplus by year 4.

Year end as at 31st March	2018	2019	2020
	Audited	Forecast	Budget
	Accounts		
Income & expenditure:			
Income	826,004	811,626	952,749
- % of Income confirmed as at 14/02/19		100%	60%
Expenditure	(788,465)	(836,520)	(941,744)
Total surplus/(deficit)	37,539	(24,894)	11,005
Split between:			
- Restricted surplus/(deficit)	(9,837)	(1)	1,551
- Unrestricted surplus/(deficit)	47,376	(24,893)	9,454
	37,539	(24,894)	11,005
Cost of Raising Funds	13,516	33,145	33,145
- % of Income	1.6%	4.1%	3.5%
Annual expenditure	788,465	664,515	603,670
Free unrestricted reserves:			
Free unrestricted reserves held at year end	413,343	388,450	397,904
No of months of operating expenditure	6.3	7.0	7.9
Reserves policy target	210,000	210,000	240,000
No of months of total expenditure	4.0	4.0	4.0
Free reserves over/(under) target	203,343	178,450	157,904

Conclusion

13. This is an interesting model with the potential for replicability. It is an opportunity to bring complementary services together on one site which increases the potential for providing more holistic services as well as the opportunity to share learning and good practice.

Summary Assessment of Strategic Initiative for Committee Decision
(Use: Y/N/Potentially or N/A where relevant)

FILTERS	
Will The pro-active grant:	
Further the Trust's Vision and Mission?	Y
Support work within the Bridging Divides programmes?	Y
Or, meet a clear need that has arisen since Bridging Divides were agreed?	
Have the potential for impact beyond that of an individual reactive grant or number of individual grants?	Y
Be affordable within the agreed annual budget (from the Trust alone or in combination with other funders) and, looking forward, leave sufficient budget to meet anticipated pro-active grants for the remainder of the financial year?	Y
Be made to an organisation(s) that conforms to the Trust's eligibility criteria and has the capacity and expertise to deliver the work?	Y
PRIORITISATION GUIDANCE	
Evidence	
Is there external and/or internal research and information that supports the need for the proposed grant?	Y
Is there external and/or internal research and information that indicates the approach proposed in the grant will be successful?	Y
Is there evidence that indicates the work will be hard to fund from other sources?	In part
Impact	
Will the grant tackle a root cause(s), or positively influence policy or practice?	Y
Will the work/approach funded be replicable?	Y
Does the grant provide an opportunity to strengthen Civic Society in London?	Y
Is the work sustainable beyond the period of the grant?	Y
Can the impact of the work be measured through evaluation?	Y
Leverage	
Will the grant particularly benefit from the Trust's and the Corporation's distinctive networks and connections? Is there an opportunity to add value in this regard?	Possibly
Will the grant be able to build on the Trust's, and its existing grantees'/investees' knowledge and expertise?	Y
Will the grant have the potential to leverage any other funding from other sources?	Y
Spread	
Geographic	

Will the grant support work in a geography where there is high need but relatively low Trust spend?	Potentially
Thematic	
Will the grant support work in a thematic area of the Bridging Divides Programme where there is high need but relatively low Trust spend?	Y
Portfolio	
Within the Trust's Strategic Initiative portfolio, is the grant duplicating or complementing anything already funded?	It complements the broad aims of the 'Connecting the Capital' strand of <i>Bridging Divides</i>
Approach	
Will the grant enable better collaboration between relevant organisations?	Y
Is the proposed work across more than one LA or is London-wide?	Y
Does the proposed work explicitly link the private, statutory and voluntary sectors?	Y