

**MEETING: 30/10/2019**

**Ref: 15427**

**ASSESSMENT CATEGORY: Bridging Divides - Connecting the Capital**

**Merton Voluntary Service Council**

**Adv: Tania Bronstein**

**Amount requested: £296,455**

**Base: Merton**

**Amount recommended: £285,000**

**Benefit: Merton**

**The Applicant:**

Merton Voluntary Service Council (MVSC) provides development and capacity building support to local civil society organisations (CSOs), brokers volunteering opportunities, runs Healthwatch Merton and a Social Prescribing project, and represents the concerns of CVOs at strategic level. MVSC reaches over 650 CSOs.

The partner, Merton Chamber of Commerce (MCC), is the largest area-based chamber of commerce in London. It currently supports and champions 725 businesses in membership, ranging from home-based start-ups to multinationals with a Merton presence, and its work reaches a further 2,500 local businesses. Both MCC and MVSC are very active in local networks and partnerships.

**The Application:**

This application seeks a 5-year grant towards the initial costs of Merton Giving, a place-based giving initiative set up to nurture partnerships with individuals and businesses to generate cash and in-kind support for local charities. It is managed by MCC on a day-to-day basis, and a cross-sector steering committee with senior representatives from the Council and influential local agencies decides direction and strategy. MVSC is a registered charity and will manage and account for a grant, if agreed. You have funded place-based giving schemes under similar arrangements in recognition that it takes time for schemes to become self-sustaining. Your policies also recognise that charities hosting such schemes can apply for funds for their own programme of work and activities hence you are asked to consider another application from MVSC elsewhere in your papers today (ref. 15384).

**The Recommendation:**

This cross-sector collaboration displays the key predictors for sustainable giving schemes. This includes: endorsement from private, public and voluntary sectors; generous funding from the local authority, a well embedded local giving culture; and advantages arising from the stewardship of MVSC and MCC. The former ensures community voice and ownership; the latter, being business-led, makes this scheme uniquely positioned to identify and leverage private sector support.

As the representative body of civil society in Merton, MVSC is the appropriate agency to hold a grant, if agreed. From the information provided in the 'Financial Information' section overleaf, you will see that MVSC has been through a tricky period financially. However, there is now a financial recovery plan underway, supported by a highly skilled consultant who knows the organisation and the borough well. The income generation aspect of the financial recovery plan underway is promising, but yet to be tested out and needs time to crystallise. Therefore, the second year's grant is subject to satisfactory progress on the financial recovery plan. Your officers will monitor progress and will come back to report to you on the

situation before year two. The second condition below owes to the fact that funds will be passed on to a party with which CBT has no direct relationship. The third is a standard condition attached to all grants to place giving schemes. A grant is advised:

**£285,000 over 5 years (£57,000; £52,000; £54,000; £60,000; £62,000) towards 0.6 FTE salary costs of a Business Development Manager, running costs, marketing, communications and overheads, subject to:**

- (a) Release of the second year's grant conditional on year-end accounts showing increased level of free reserves.**
- (b) A formal agreement between MCVS and MCC outlining each party's responsibilities, and their relationship under this arrangement;**
- (c) Continued participation in the London's Giving Network and adoption of the London's Giving Metrics.**

#### **Funding History**

Meeting Date	Decision
18/03/2016	£160,000 over three years (£51,400; £53,400; £55,200) towards 0.8 of the Head of Development's salary and 0.2 of the CEO' salary, evaluation workshops costs and associated overheads.
15/06/2017	Application to Stepping Stones to set up enterprise hub declined
06/07/2017	Application to Stepping Stones for employability service declined

#### **Background and detail of proposal**

The foundations of Merton Giving were laid out in 2013 when MVSC and MCC (both active in Merton's Strategic Partnership) set up the "transforming local Infrastructure" initiative. The initial project "Merton Means Business" successfully linked businesses and community groups and raised £120K in cash and in kind between 2014-2017.

Merton Giving was launched in September 2018. In less than a year it has secured significant funding from LB Merton (£54,000 towards running costs over the first 3 years plus £130,000 transferred from previous grants schemes to distribute to community groups over the next 5 years). Additionally, over £72K (in cash and in kind) has been raised from businesses and the community through a number of events. The highlight has been Merton Giving Week, now part of the local calendar. This is a week-long series of events for people of all ages and which will be held again this winter. A large number of business owners in Merton live locally and have a keen interest in local giving. Merton Giving has engaged a large number of such individuals. The scheme is an active member of the London Giving Network

The scheme's Business Manager has been busy undertaking marketing, branding fundraising, and donor engagement activities. She has just overseen the first giving round which distributed £20,000 to 20 small charities with incomes under 75K last summer. There is a 5-year strategy to mobilise support and resources, aiming to achieve pooled funds of £70K; cash donations of £300K and 200K to give to local charities over this period. Equally important, is developing the giving side of the operation, including ensuring that local people have a say in the scheme.

#### **Financial Information**

MVSC ended the financial year 2017-18 with negative free reserves, largely the result of a pension scheme liability and a reliance on restricted funds. A financial

recovery plan (including re-structuring the team and staff redundancies) during 2018-19 brought free reserves back in the black at the year end. However, as a result of a previous large contract now being treated as a restricted fund by LB Merton, a small deficit is projected for 2019-20.

The Trustees of MVSC have continued to implement the agreed financial recovery plan and have identified further efficiency savings. The CEO left the organisation in May 2019 and the Chair stepped down from her role to act as interim CEO until the vacancy is filled later this year. Additionally, the Board has been enlarged with business and financial expertise. Trustees' key priorities are to generate operational surpluses to reduce the pension liability, and to build an appropriate level of reserves. The pension liability has been reducing (2018: -106K; 2019: -£85K), and is expected to be eliminated by 2023.

An experienced consultant with vast local connections has been engaged and has identified several income generation opportunities. Options on the table include: new charged for services; discrete pieces of work for LB Merton; leading on contracts with public sector agencies in key strategic areas (e.g. technology in care, and community rehabilitation); contracts with developers to deliver community development work in regeneration areas; and more contract work with the CCG. The latter has just awarded MVSC a further £265K to roll out social prescribing in Merton. Both the Council and the CCG are very supportive of MVSC and its role in supporting the voluntary sector locally.

Having a CEO in post (interviews will be held on 24.10.19) and retaining the consultant to fully explore and negotiate new business opportunities will be crucial to increase unrestricted income, and therefore to restore financial health. The recommended grant for the other application that MVSC submitted includes an additional sum towards the fees of the consultant above.

<b>Year end as at 31st March</b>	<b>2018 Signed Accounts £</b>	<b>2019 Draft Accounts £</b>	<b>2020 Forecast £</b>
<b>Income &amp; expenditure:</b>			
Income	779,175	813,091	656,635
- % of Income confirmed as at 05.09.2019	N/A	N/A	90%
Expenditure	(873,297)	(637,129)	(653,560)
Total surplus/(deficit)	(94,122)	175,962	3,075
Split between:			
- Restricted surplus/(deficit)	(28,750)	85,190	6,044
- Unrestricted surplus/(deficit)	(65,372)	90,772	(2,969)
	(94,122)	175,962	3,075
Cost of Raising Funds	-	-	15,667
- % of income	0.0%	0.0%	2.4%
Operating expenditure	292,402	168,617	102,000
<b>Free unrestricted reserves:</b>			
Free unrestricted reserves held at year end	(83,301)	4,525	1,556
No of months of operating expenditure	-3.4	0.3	0.2
Reserves policy target	146,201	84,309	51,000
No of months of operating expenditure	6.0	6.0	6.0
Free reserves over/(under) target	(229,502)	(79,784)	(49,444)