

MEETING: 13/05/2015

Ref: 12685

ASSESSMENT CATEGORY - Reducing Poverty

MyBnk

Adv: Julia Mirkin

Amount requested: £66,881

Base: Tower Hamlets

Benefit: London-wide

Amount recommended: £60,000

The Charity

MyBnk is a financial and enterprise education charity that works with young people aged 11-25. It aims to increase young people's financial awareness, supporting them to lead independent lives and to make enterprising choices in the management of their finances. MyBnk has a staff team of sixteen full-time and ten part-time employees, but is also supported by active volunteers; it works from its base in Tower Hamlets, targeting areas of high deprivation to break cycles of welfare dependency. It has been operating since 2007 and has worked with over 100,000 young people in over 500 schools and youth organisations in London.

The Application

Having had two years' support in 2012, MyBnk now requests continuation funding for a third year, towards the delivery of its accredited 'Money Works' programme, specifically for young care leavers. The original grant was made under your 'Positive Transitions to Independent Living' strand of the Working with Londoners programme, under which you specifically supported work with this target group. This application for continuation funding has been assessed under your Investing in Londoners programmes and meets one of your stated programme outcomes, namely, to have more Londoners with improved economic circumstances.

The Recommendation

MyBnk is a recognised leader in financial education, reflected by its being consulted on the development of the national curriculum. It sits on the Youth Financial Capability Group and was awarded 'High Impact' status by Youth Business International for its enterprise programmes in 2014. It achieved a level 3 quality mark from Project Oracle (London's first children and youth evidence hub) and was awarded the Centre for Social Justice award for the Prevention of Debt in 2012.

As it is your policy that organisations offering advice have a quality standard award, it is recommended that any grant approved be contingent on MyBnk securing appropriate accreditation within the timeframe of this grant to comply with your current criterion and to make the organisation more attractive to other funders.

The annual sum requested in this application is much higher than that supported in the current grant. The charity states that the increase is due to its implementation of full cost recovery and has calculated this at 22% of the total request amount. It is your officer's recommendation that a contribution to core costs be calculated at 15% to reflect a more commonly-used percentage and to take into account other support costs included elsewhere in the project costings.

£60,000 for one year towards the costs of the Money Works programme specifically for young care leavers. The sum includes a 15% contribution to core costs. The final quarterly payment is contingent on the charity securing appropriate accreditation for advice work.

Funding History

Meeting Date	Decision
28/06/2012	£102,000 over two years (£50,000; £52,000) towards a financial literacy programme for young care leavers.

Background and detail of proposal

90% of young people are in debt by the age of 21 (Rainer, 2008) and young care leavers are especially vulnerable as they often move into independent living at a young age. The homeless charity, Crisis, claims that one quarter of all homeless people have a background in care, highlighting the vulnerability of this group. The issue is also particularly acute in London, where living costs are high. Since the project started, courses have been delivered in 34 care organisations and there is currently a waiting list of 18 organisations that have approached MyBnk since January 2015. The Money Works programme comprises four two-hour modules.

The first module introduces the financial responsibilities associated with living independently, namely, reading utility bills and budgeting for household costs. The second module introduces managing budgets, for example, cutting back expenditure and distinguishing between essential and luxury items. The third module covers benefits and banking and explains benefit entitlements and discusses different types of bank accounts, interest rates and forms of payment. The fourth module is about borrowing money and introduces forms of borrowing, credit history and the consequences of debt.

The course is interactive and is delivered to a small group of five students. MyBnk aims to deliver 47 Money Works programmes during the year, which is an increase on the past two years, in which 34 and 39 courses were delivered respectively. It is anticipated that 235 young care leavers will participate in the programme during the year, of which 188 (80%) will achieve the ABC accreditation in Personal Money Management.

Financial Information

The charity advised that there is an urgent need to develop young people's financial capability, recently demonstrated by financial education becoming a compulsory part of the national curriculum from September 2014. As a result, the charity explains it has experienced significant growth and market penetration of its programmes.

The forecast for the current year 2014-15 reports that by February 2015 confirmed income amounted to £938,974 (84.7% of budgeted income). Total forecast income in 2015/16 is £1,401,500, of which £522,479 (37.3%) had been confirmed by Feb 2015.

The charity advised that it aims to meet its reserves target to hold unrestricted free reserves equivalent to three months' worth of running costs within the next two years, generated through income from donations and sponsorship.

The cost of generating funds was not disclosed in the most recent audited accounts (2013/14). The charity has provided an estimate for 2014/15 which appears low and the charity has advised that this is due to the majority of its income being derived through performance related contracts. However, the charity will review the disclosure of this cost in its 2014/15 accounts.

Year end at 31 August	2013/14 Independently Examined Accounts	2014/15 Current Year Outturn	2015/16 Following Year Budget
Income and Expenditure	£	£	£
Income	959,508	1,108,974	1,401,500
Expenditure	1,038,579	1,088,853	1,345,400
Unrestricted Funds Surplus / (Deficit)	57,061	20,121	56,100
Restricted Funds Surplus / (Deficit)	(136,132)	0	0
Total Surplus / (Deficit)	(79,071)	20,121	56,100
Surplus / (Deficit) as a % of turnover	(8.2%)	1.8%	4.0%
Cost of Generating funds (% of income)	-	21,659 (2.0%)	-
Free unrestricted reserves			
Free unrestricted reserves held at Year End	137,695	157,816	213,916
How many months' worth of expenditure	1.6	1.7	1.9
Reserves Policy target	259,644	272,213	336,350
How many months' worth of expenditure	3.0	3.0	3.0
Free reserves over/(under) target	(121,949)	(114,397)	(122,434)