

MEETING: 16/07/2014

Ref: 12168

ASSESSMENT CATEGORY - Reducing Poverty

Disability Rights UK

Adv: Jenny Field

Base: Islington

Amount requested: £80,000

Benefit: London-wide

The Charity:

Disability Rights UK (DRUK) is the result of the merger of three major disability charities in 2012 – Disability Alliance Educational and Research Association, RADAR and the National Centre for Independent Living. Its key objectives are to increase disabled people's independence and control and to break the link between disability and poverty. Led by disabled people, it provides advice, information, policy and campaigning services to disabled people, including the 'Disability Rights Handbook' annually, an essential resource for any welfare benefits advisor.

The Application:

The application is for funding for a further two years to enable DRUK to continue its high quality advice and information service on welfare benefits, tax credits and related areas. This is delivered to individuals through its web-based resources (factsheets and publications) – its website has received over 900,000 unique visitors during the past year – and its services to membership organisations (currently over 300 nationally) through its telephone helpline, email enquiries, training courses and publications.

The Recommendation:

DRUK is one of the country's leading disability charities with a strong track record in providing high quality services. The merger has provided it with a stronger voice, greater reach and increased capacity to influence. Approximately 25% of its beneficiaries are Londoners and because welfare reforms are disproportionately affecting London (particularly as a result of housing benefit caps and the so-called 'bedroom tax'), these numbers are increasing. The amount requested, and the amount recommended, reflect the proportionate benefit of its service to Londoners:

£80,000 over two years (2 x £40,000) towards a quarter of the total salary and related running costs of information and advice services, in order to benefit disabled Londoners.

Funding History

Meeting Date	Decision
17/02/2011	£120,000 over three years (3 x £40,000) towards a disability benefits advice and information service (awarded to Disability Alliance).
20/10/2011	£45,000 for a third year's support towards a leadership development programme for young disabled people (awarded to RADAR).
02/07/2009	£80,000 over two years (2 x £40,000) towards the costs of a leadership development programme for disabled Londoners (Awarded to RADAR).

Background and detail of proposal

The implementation of welfare reforms has created one of the most radical shake-ups of the benefits system since the creation of the welfare state in 1945 and the changes are affecting disabled people in particular. You have funded this work previously with a grant of £120,000 over three years. The grant ended in March 2014 and the charity is continuing to fund from its own resources, pending a decision by this Committee. Although three years is usually the maximum period that you will fund a project or activity in an organisation, your policies allow you to consider funding for a further two years where the work is of particular strategic importance to London. Given DRUK's position as a leading player in the disability welfare rights field, your officers are of the view that this proposal fulfils this criterion and that the work will make a significant contribution to you 'Reducing Poverty' programme.

Financial Information

DRUK has a defined pension liability which, at 31st March 2013, stood at £1,428,000. A repayment plan is in place, however, which has been agreed with the Pensions Trust. DRUK ended the financial year March 31st 2013 with negative free reserves of minus £4,410. Part of the reason for this was due to the high cost of merger during the previous financial year. Since then, the charity has achieved the economies of scale that it was anticipated that the merger would bring, as well as increasing its capacity for earned income. As a result, the trustees plan to build its reserves over the next two years and beyond, as you can see in the table below.

Year-end at 31 st March	2012/13 Audited £	2013/14 Draft £	2014/15 Forecast £
Income and Expenditure			
Income	2,300,475	1,706,637	2,108,540
Expenditure	2,294,034	1,729,234	1,742,153
Unrestricted Funds Surplus / (Deficit)	97,936	79,053	204,079
Restricted Funds Surplus / (Deficit)	(91,495)	(101,651)	162,308
Total Surplus / (Deficit)	6,441	(22,597)	366,387
Surplus / (Deficit) as a % of turnover	0.3%	(1.3%)	17.4%
Cost of Generating Funds (% of income)	35%	--	--
Free unrestricted reserves			
Unrestricted free reserves held at Year End – figures in brackets mean reserves are negative	(4,410)	74,643	278,722
~ how many months' worth of expenditure	0	0.5	1.9
Reserves Policy target	200,000	200,000*	200,000*
how many months' worth of (total) expenditure	1	1.4	1.4
Free reserves over target / (under target)	(204,410)	(125,357)	78,722

*nb this is an indicative sum, based on the 2012/13 reserves target

69.5% of the total income forecast in the current year to 31st March 2015 had been confirmed at 20th June 2014. The remainder is expected from grants of £156k, training and consultancy income of £150k, and income from helpline services, membership fees, benefits advice work and donations.