

**ASSESSMENT CATEGORY - English for Speakers of Other Languages**

**Friendship Society**

**Adv: Tim Wilson**

**Base: Bexley**

**Benefit: Bexley and Newham**

**Amount requested: £55,074**

**Amount recommended: £51,300**

**The Charity**

Established 10 years ago as a small self-help group for isolated Eastern European parents, the Friendship Society (FS) membership has grown rapidly. In response to member demand, FS runs a range of projects including information services for parents, a supplementary school offering Russian up to GCSE level, gymnastics classes for primary-aged children, and social activities.

**The Application**

FS seeks funding to deliver ESOL classes in Bexley and Newham. The proposed service has been designed following a recent influx of new members, many of them young mothers, whose lack of English prevents them from engaging with health and education professionals. The target participants care for young children and need to communicate with NHS staff, but struggle to do so. Generally of very low income, the clients can't afford paid-for language lessons and would need to pay for child care in addition to tuition costs if they attended private classes.

**The Recommendation**

The charity is a small but impressive organisation which is run largely by a group of committed volunteers. Activities are delivered to a high standard, and the nature of FS' services mean that the charity is registered and regulated not only by the Charity Commission, but also Ofsted and edexcel. Much of the organisation's income comes in the form of parental contributions, but FS has also been successful in raising income from several Trusts and Foundations. The proposed service is based on evidence of need, and the charity seeks only two years' funding to assess whether there is ongoing demand. The original application included costs for delivery of tuition in a home setting as well as an employability training programme for volunteers. These aspects are not eligible under your guidelines and are not recommended. Projects costs will cover a part-time project manager and ESOL tutor fees. Funding is advised as follows:

***£51,300 over two years (£25,650 x 2) for the costs of centre-based ESOL classes in Bexley and Newham.***

**Funding History**

None.

**Background and detail of proposal**

New members find FS through online advertising and word of mouth. Recently, the charity placed an advert on a website for parents and found a very high demand for support from young mothers with limited English. Many were experiencing isolation and difficulty engaging with their midwives, GPs or health visitors. The majority were living in low income households and unable to access private lessons. These new members requested ESOL classes, a service FS does not currently provide. The

charity has subsequently identified two centres from which it can run classes and FS aims to support around 50 learners each year in this way.

### Financial Information

Both income and expenditure are forecast to grow by 21% between the year ended 31st March 2013 and that ending 31st March 2015. This growth is largely on unrestricted funds and occurs as the charity expands the range of services it offers.

Members will note that the charity holds a very low level of free reserves. Historically, the organisation has spent all the money it has received on service delivery. This is not ideal in terms of managing risk to cash-flow and your grant officer has discussed this situation with Friendship Society. The charity is aware of the importance of building funds for any unexpected shortfall and Members' attention is drawn to the small projected unrestricted surplus in 2013-14 and 2014-15.

The charity anticipates it will earn £163,849 (73.2%) throughout the year from the supplementary school and extra-curricular activities it runs for children and young people in 2014-15. In addition, it has confirmed £28,850 of restricted grant funding (13%). It plans to raise the balance through further restricted grant funding £30,000 (13.3%) and fundraising events £1,100 (0.5%).

The cost of generating funds is not identified in the 2012-13 examined accounts and the organisation has advised it is unable to provide this. Your officer has discussed the regulator's guidance on this issue and the charity recognises the importance of identifying the amount in subsequent accounts.

| Year end at 31 March                        | Notes | 2012/13<br>Independently<br>Examined<br>Accounts | 2013/14<br>Forecast<br>Outturn | 2014/15<br>Current Year<br>Budget |
|---|-------|--|--------------------------------|-----------------------------------|
| <b>Income and Expenditure</b>               |       | £  | £                              | £                                 |
| Income                                      |       | 184,142  | 202,590                        | 223,799                           |
| Expenditure                                 |       | 183,436  | 201,573                        | 221,807                           |
| Unrestricted Funds Surplus / (Deficit)      |       | 706  | 1,017                          | 1,992                             |
| Restricted Funds Surplus / (Deficit)        |       | 0  | 0                              | 0                                 |
| <b>Total Surplus / (Deficit)</b>            |       | <b>706</b>                                       | <b>1,017</b>                   | <b>1,992</b>                      |
| Surplus / (Deficit) as a % of turnover      |       | 0.4%   | 0.5%                           | 0.9%                              |
| Cost of Generating funds (% of income)      |       | 0  | -                              | -                                 |
| <b>Free unrestricted reserves</b>           |       |  |                                |                                   |
| Unrestricted free reserves held at Year End |       | 456  | 1,473                          | 3,465                             |
| How many months' worth of expenditure       |       | 0.0  | 0.1                            | 0.2                               |
| Reserves Policy target                      |       | 18,414   | 20,259                         | 23,357                            |
| How many months' worth of expenditure       |       | 1.2  | 1.2                            | 1.2                               |
| Free reserves over/(under) target           |       | (17,958)   | (18,786)                       | (19,892)                          |