

ASSESSMENT CATEGORY - Reducing Poverty**Limehouse Project**

Amount requested: £70,739

Amount recommended: £70,800

Adv: Sandra Davidson

Base: Tower Hamlets

Benefit: Tower Hamlets

The Charity

The Limehouse Project (LHP) was set up in 1990 with a general community development function for the areas of Limehouse, Stepney, Wapping, and Poplar in east London. It focuses its activities on supporting the most disadvantaged members of local communities and especially women from a minority ethnic background. It provides a range of advice, information, training and educational services in clients' own languages. LHP is well-networked with other providers, including Island Advice Centre, Bromley-By-Bow Centre, and Toynbee Hall. The charity holds quality standards appropriate for advice providers.

The Application

This application is to maintain and develop an existing money and debt advice service. The charity employs a multi-lingual p/t worker (21hpw) providing advice at various community venues via drop-in and appointment sessions. The worker also provides advice by phone and email to clients unable to reach the Centre. LHP services include advice on welfare, housing, immigration, health, and social care.

The Recommendation

The charity has strong links locally, with a good track record of delivering a range of high quality services for local people. Despite funding challenges, the organisation is well run and made shrewd decisions that help them mitigate reduction in funding. It recently purchased its own premises, part of which are sublet to Tower Hamlets Law Centre. Plans are in the pipeline to offer space to small local charities to generate further income.

£70,800 over three years (£23,200; £23,450; 24,150) for the salary and related costs of a part-time (21hpw) Money and Debt Advisor.

Funding History

Meeting Date	Decision
22/01/2009	Declined as organisation is not a specialist in the provision of domestic violence work, the basis of this application.
01/02/2007	£19,000 for one year's salary support of a part-time (21 hrs p. week) BME Elders Advice & Support Worker and some running costs to provide advice and information to older people.

Background and detail of proposal

This project will deliver a targeted service that will tackle both the immediate crisis of debt and the root causes of the financial exclusion and isolation experienced by residents of Tower Hamlets. Clients referred to the service will be personally supported and guided on a journey towards improved financial management. The changes to the welfare system have seen a growing number of local residents affected, particularly those who are already financially vulnerable and now living in

spiralling debt. In addition to offering advice and support, the Advisor will work with clients to identify possible training opportunities and routes to employment. The service is expected to benefit over 400 clients annually.

Financial Information

The Limehouse Project had a difficult year in 2012-13 as a result of cuts in local authority and other funding seeing income fall by over 50% from £869k to £414k. Prompt and fairly drastic action was taken to achieve a major reduction in costs leaving a deficit of just over £100,000 which was met from the organisation's reserves. Since that time the charity's financial forecasts show that it has balanced its budget and rebuilt free reserves to within its reserves policy target range to hold between 3 and 6 months' worth of total expenditure.

The 'cost of generating funds' is usually prepared as part of the charity's year-end final accounts process and it is therefore unavailable at this time for 2003/14 and 2014/15. The audited accounts for 2012/13 show the 'cost of generating funds' as £200 on income raised of £414k. This appears very low and the charity has agreed to review the calculation of this value for 2013/14.

Forecast income for the current year 2014/15 is £500k of which £370k (74%) 2014/15 was confirmed by August 2014

Year end at 31st March	2012/13 Audited Accounts	2013/14 Forecast Outturn	2014/15 Current Year Budget
	£	£	£
Income and Expenditure			
Income	414,339	573,683	500,254
Expenditure	525,148	459,711	487,218
Unrestricted Funds Surplus / (Deficit)	(110,809)	107,046	13,034
Restricted Funds Surplus / (Deficit)	0	5,792	2
Total Surplus / (Deficit)	(110,809)	113,972	13,036
Surplus / (Deficit) as a % of turnover	(26.7%)	19.9%	2.6%
Cost of Generating funds (% of income)	200 (0.05%)	-	-
Free unrestricted reserves			
Unrestricted free reserves held at Year End	81,902	188,948	201,982
How many months' worth of expenditure	1.9	4.9	5.0
Reserves Policy target	131,270 – 262,572	116,643 – 233,285	121,806 – 243,612
How many months' worth of expenditure	3.0 – 6.0	3.0 – 6.0	3.0 – 6.0
Free reserves over/(under) target	(49,386) – (180,670)	72,305 – (44,337)	80,176 – (41,630)