

ASSESSMENT CATEGORY - Improving London's Environment

Providence Row

Adv: Tania Bronstein

Amount requested: £106,940

Base: Tower Hamlets

Benefit: Tower Hamlets

Amount recommended: £52,600

The Charity

Providence Row (PR) has supported homeless people in East London for over 150 years. It helps in excess of 1,000 people annually and offers: (a) a resource centre offering meals, showers, a postal address and Internet access; (b) advisory services; (c) substance misuse and mental health recovery programmes; and (d) learning, training and employment services.

The Application

PR seeks a grant over three years (£36,024; £37,753; and £33,163) for salaries, equipment and revenue costs of a weekly food growing gardening club and an accredited horticultural training scheme for homeless people.

The Recommendation

The project would help to create a healthy environment for wildlife and bring about improved well-being for homeless people, a group that is seldom able to engage in food growing and greening initiatives. Given that PR holds considerable free reserves, in excess of its policy, the recommendation is for 50% of the sum requested:

£52,600 over 3 years (£18,000; £18,000; £16,600) towards the costs of engaging homeless people in food growing initiatives

Funding History

Meeting Date	Decision
13/03/2014	Application withdrawn as proposal was too similar to work funded by your previous grant.
08/10/2009	£49,000 over 3 years (£9,000, £20,000, £20,000) towards the salary costs of supporting homeless people with mental health needs.

Background and detail of proposal

PR has been running traditional day-centre services for many years, but is now transforming its services. Its new service philosophy centres on creating a therapeutic community that promotes physical and mental well-being, and offers more learning, training and development opportunities in an improved physical environment. Underpinning these changes is a desire to help in arresting long-term problems facing homeless people, in particular rough sleepers.

Last year, PR transformed its concrete courtyard into a garden where it ran a successful horticulture learning scheme for 44 homeless people. The charity is currently developing another garden on its 270m² roof and has invested £100,000 from reserves to reseal and equip it to grow fruits, vegetables, herbs, and create a fungi farm on raised beds and planters. It intends to install a greenhouse (planning

permission has been granted), and “living walls” and a beehive for pollination purposes. The plans, designed by a landscape architect and gardener, offer a flexible facility for growing produce all year round, integrating rainwater harvesting, composting, growing and sowing.

Funds are sought for a weekly gardening club to engage 72 people annually in horticulture and food growing for therapeutic and leisure purposes, and to offer accredited City & Guilds training in horticulture to 18 people every year. PR plans to use the produce for the meals it offers to service users and to sell surpluses to local business. The organisation already runs a bakery as a social enterprise, which sells cakes to local cafes and restaurants and which is enabling participants to move on to further training and employment. It is expected that this project would help some participants in similar ways.

Tower Hamlets Environmental Health advises that, as pollution levels decrease with height and as the project will use screened soil, the produce should be safe to eat. Also the original design for the building included a garden roof and your officer has received satisfactory evidence of its structural soundness.

Given that PR has invested a significant sum to equip the roof as a garden, but also taking into account the observations below regarding unrestricted reserves held, you are advised to fund 50% of this project's costs.

Financial Information

The charity's reserves policy sets out the need to hold unrestricted general funds of £950k, which equate to 9 months' worth of 2013/14 expenditure, and several designated funds. At 31st March 2014 total free unrestricted reserves stood at £2,612,329 which equates to 24.7 months' worth of 2013/14 expenditure. This sum comprises unrestricted general funds of £988,514 and unrestricted designated funds of £1,623,815, including a Development Reserve Fund (£1,293,264), a Cyclical Maintenance and Repairs Fund (£300k), and a Staff Learning and Training Fund (£30,551).

On 30 May 2014, the charity acquired the leasehold interest in a commercial property adjacent to its main operating site for £1,150,000. This was financed from its unrestricted designated Development Reserve Fund and PR intends to use it as a managed investment property by continuing to let the units to small businesses. The purchase of this leasehold interest, together with the forecast unrestricted fund deficit in the current year of £172,834 and recent repairs to the garden roof costing £100,000, should see unrestricted free reserves reduce to £1,189,495 by 31 March 2015, equating to 10.5 months' worth of current year expenditure.

Forecast income in the current year 2014/15 is £1,123,799, of which £776,242 (69%) had been secured as at 15 August 2014.

PR has recorded deficits in recent years, which it aims to eliminate by 2015/16 through increasing self-generated income from freehold properties, general fundraising and efficiency savings.

The cost of generating funds includes fundraising, communications and investment management expenditure.

(Table overleaf)

Year ended 31 March	2013/14 Audited Accounts £	2014/15 Current Year Budget £
Income and Expenditure		
Income	1,051,513	1,123,799
Expenditure	(1,269,628)	(1,356,233)
Unrestricted Funds Surplus / (Deficit)	(134,258)	(172,834)
Restricted Funds Surplus / (Deficit)	(83,857)	(59,600)
Net gains/(losses) on fixed assets	79,859	-
Net gains/(losses) on investments	47,972	-
Total Surplus / (Deficit)	(90,284)	(232,434)
Surplus / (Deficit) as a % of income	(8.6%)	(20.7%)
Cost of Generating funds (% of income)	156,520 (4.9%)	166,632 (4.8 %)
Free unrestricted reserves		
Unrestricted free reserves held at Year End	2,612,329	2,439,495
How many months' worth of expenditure	24.7	21.6
Reserves Policy target	950,000	950,000
How many months' worth of expenditure	9.0	8.4
Free reserves over/(under) target	1,662,329	1,489,495