

Committee:	Date:
The City Bridge Trust Committee	18 th March 2016
Subject: Transfer of PACE grant to Metro Centre Ltd	Public
Report of: David Farnsworth, Chief Grants Officer	For Decision

Summary

This report recommends that, following the recent closure of the Project for Advocacy, Counselling & Education (PACE, the balance of the grant made to that charity be transferred to the Metro Centre Limited.

Recommendations

Members are asked to:

- a) Agree the revocation of the balance of the grant (ie £104,917) made to PACE at the September 2015 Committee
- b) Agree the transfer of this balance to the Metro Centre Limited to deliver the outcomes of the original, PACE, project. This grant, to be rounded up to £105,000 over three years (3 x £35,000), will be for the salary costs of an Advocacy Worker and related costs of an advocacy service for LGBT Londoners with mental health problems.

Main Report

Background

1. Your Committee, at its meeting in September 2015, awarded a grant totalling £113,800 over three years to the Project for Advocacy, Counselling & Education (PACE) to fund the salary costs of a full-time Advocacy Worker and associated running costs for a service for LGBT Londoners with mental health problems. PACE had been a robust and significant provider of support to this community since 1985.
2. The charity, having accepted your standard terms and conditions of grant, formally drew down the first quarterly payment (£8,883) on 1st December 2015, to coincide with the start-date of the postholder.
3. In late January 2016 your officers were made aware (by Mr Lord) that the organisation had announced that it was to close at the end of that month. There had been no prior communication of this to the Trust by the charity itself. It ceased to operate on 29th January.

Current Position

4. Your quarterly payment to PACE did support 2 months' work which, by all accounts, had started well and was having an impact. The third month's worth of the payment, equating to £2,961, is unlikely to be retrieved leaving a

balance of £104,917 which has not been released and which can now be revoked.

5. As is usual in these circumstances your officers look to see if it is feasible for the work to be delivered by another, suitable, agency and where the original outcomes can be delivered, as far as is possible. Given the nature of the original project, supporting the mental health of some very vulnerable clients from across London, it was felt important that existing and future beneficiaries continued to have access to professional, high-quality, support.
6. In the few days before its closure one of PACE's senior staff members had been consulting with other agencies to determine the potential for transfer of some, or all, of its services. From this process your officer was informed that Metro Centre Limited was willing and keen to take on the advocacy project the Trust was funding.
7. You are currently funding the Metro Centre, having made a three year grant (£119,600) in March 2015 towards various costs of a mental health service for LGBT people.
8. Established in May 1992 the Metro Centre provides services to people experiencing issues related to sexuality, identity, gender and diversity, in particular to the LGBT community. Work undertaken is within five closely integrated domains: mental health; youth; HIV; sexual and reproductive health; and community participation and involvement. It works nationally but with a strong presence in London and especially south-east London, where it began.

Proposal

9. Your officer has met with senior staff at Metro Centre and is confident that they can deliver as many as possible of the outputs and outcomes of the original grant to PACE. They have a number of venues in London, including one in Vauxhall, which are well placed to serve people from across the capital; and there is within the organisation a wealth of directly related expertise on mental health advocacy to successfully deliver the project and to bring added value. Transferring the PACE project will complement Metro's existing services and vice-versa, as clients will be able to benefit from easy access to a range of other, related, services.
10. Metro has submitted a formal letter confirming that it would like to deliver this project and has been in positive discussions with your officer about how the grant, if agreed, will be used to deliver good outputs and outcomes in keeping with the original award.

Financial observations

11. Forecast income in the current year to 31 March 2016 is £3,317,062, which had all been confirmed by 29th February 2016. Of the £2,925,413 income forecast for the forthcoming year 2016/17, £2,124,579 (73%) had been confirmed. The organisation advises that its increase in income in 2015/16 compared to the prior year is the result of winning more contracts.

12. The charity does not disclose its cost of generating funds in its year-end accounts. Your grants officer has discussed this with the charity and advised that it is recommended accounting practice to identify this cost in the charity's accounts.
13. The charity's free reserves policy target is to hold between 3 to 6 months' worth of expenditure. In the table below, it can be seen that actual free unrestricted reserves are below this target at approximately 2.5 months' worth. The charity advises that its chief source of unrestricted surplus derives from its contracts and so it tries to generate a surplus on each one and it says that it has been reasonably successful to date. As Metro gets bigger it hopes to develop a stronger reputation (which it says it is doing) and win more contracts, thereby increasing this source of income and thus its level of free unrestricted reserves.

Year end at 31 March	2014/15 Audited Accounts	2015/16 Forecast	2016/17 Budgeted
Income and Expenditure	£	£	£
Income	2,519,496	3,317,062	2,925,413
Expenditure	2,325,613	3,144,450	2,913,312
Unrestricted Funds Surplus / (Deficit)	220,205	172,612	12,101
Restricted Funds Surplus / (Deficit)	(26,322)	0	0
Total Surplus / (Deficit)	193,883	172,612	12,101
Surplus / (Deficit) as a % of turnover	7.7%	5.2%	0.4%
Cost of Generating funds (% of income)	Not disclosed	Not disclosed	Not disclosed
Free unrestricted reserves			
Unrestricted free reserves held at Year End	445,671	618,283	630,384
How many months' worth of expenditure	2.3	2.4	2.6
Reserves Policy target	581,403 – 1,162,807	786,112 – 1,572,225	728,328 – 1,456,656
How many months' worth of expenditure	3 - 6	3 - 6	3 - 6
Free reserves over/(under) target	(135,732 – 717,136)	(167,829 – 953,942)	(97,944 - 826,272)

Conclusion

14. Often when organisations cease to operate at short notice or unexpectedly the services they provide and the people they support are left high and dry. This is of particular concern where very vulnerable people are involved. Therefore it is reassuring, with the unforeseen closure of PACE, that there is a valid option to continue to provide high-quality mental health advocacy support to people who really need it by transferring the balance of the funds to the Metro Centre. The transfer, therefore, is recommended.

Ciaran Rafferty
Principal Grants Officer
020 7332 3186
Ciaran.rafferty@cityoflondon.gov.uk