

**MEETING: 18/03/2016**

**Ref: 13082**

**ASSESSMENT CATEGORY - Making London More Inclusive**

**Headway East London**

**Adv: Olivia Dix**

**Amount requested: £223,033**

**Base: Hackney**

**Benefit: Several NE London**

**Amount recommended: £146,000**

**The Charity**

Headway East London (HEL) was established 18 years ago and works with over 500 survivors of brain injury each year. HEL offers a range of specialist services across 14 boroughs in London, including: therapy; family support; community services; and day services, including the art studio. It is the only provider of its kind in inner London. HEL places an emphasis on peer support and on members taking responsible roles within the organisation. Over 40% of its volunteers are survivors of brain injury.

**The Application**

The applicant seeks funding towards the cost of creating a flagship art studio for adults disabled by brain injury; investment in its development as artists; enhancing public awareness of its work; and marketing its work.

**The Recommendation**

HEL is well-established, and the art studio delivers significant psychological and physical benefits to the participants. What is particular about the project is the development of the artists' skills and the ambitious but achievable plans to market the work as part, initially, of the 'outsider art' movement. Some of the artists' work has been sold and there have been several corporate commissions. Links have been established with key figures in 'outsider art' in the field. The amount requested was adjusted, as HEL has confirmed it's capable of raising money for the remainder of the costs, and developments can be staged in line with increased funding.

***£146,000 over three years (£46,600, £48,600, £50,800) towards the costs of establishing a flagship studio, marketing the work and enhancing public awareness.***

**Funding History**

| Meeting Date | Decision   |
|--------------|--|
| 09/09/2010   | £114,000 over three years (£43,000; £35,000; £36,000) for the salary of a f/t Project Leader and some running costs of a project supporting people into employment and greater independence. |

**Background and detail of proposal**

The art studio was established in 2008 and moved to larger premises in a nearby railway arch in 2011, following a review demonstrating its potential for generating money and enhancing public awareness. Since 2011, the art studio has generated over £40,000; received private and corporate commissions; participants have acted as spokespersons; and visiting artists have run workshops. Informed by research into other organisations supporting artists with disabilities in the UK, USA and Japan, HEL aims to raise the bar for artists with disabilities and to become a leading advocate for artists with disabilities. HEL has established connections with a number of local galleries and programmes as well as prominent figures in the art world.

## Financial Information

Forecast income for the current year ended 31st March 2016 is £1,373,857, all of which had been confirmed as at 26th February 2016. Budgeted income for the following year ended 31st March 2017 is £1,609,043, of which £1,304,104 (81%) had been confirmed at the same date.

The charity advised that the increase in expenditure in 2015/16 was due to increased staffing in the case work department following a successful Lottery bid, and the employment of a new Communications Manager. Income did not proportionately increase however, leading to an overall deficit of £104,360 for the year. The charity advises that this shortfall was largely due to staff changes in the fund raising team at the time which has now settled again.

The charity has advised that the increase in income and expenditure in 2016/17 is due to an increase in the number of clients and therefore much of their 2016/17 income is secure.

The organisation has set a reserves target of £281,959 as a "winding up reserve" to cover redundancy costs and obligations in the event of winding up the charity and to run the service for 6 weeks while other support is found for their members. This reserve is on the low side, equating to approximately 2 months' worth of total expenditure. Your grants officer has discussed this with the charity and advised that a target reserve is normally set to also provide cover for unexpected fluctuations in income and expenditure in addition to winding up costs. Your officer also noted that the current level of free reserves of £249,534 was below target and could not sustain the ongoing pattern of deficits as shown in the table. The charity advised that it was aware of the need to balance its budget going forward and said it had agreed a Business Development Plan which it hopes will generate additional income and reduce costs to place its finances in a balanced and sustainable position from 2017/18.

| Year end at 31 March                        | 2014/15<br>Audited Accounts<br>£ | 2015/16<br>Current Year Forecast<br>£ | 2016/17<br>Budget<br>£ |
|---|----------------------------------|---------------------------------------|------------------------|
| <b>Income and Expenditure</b>               |                                  |                                       |                        |
| Income                                      | 1,232,336                        | 1,373,857                             | 1,609,043              |
| Expenditure                                 | 1,282,822                        | 1,478,217                             | 1,657,025              |
| Unrestricted Funds Surplus / (Deficit)      | 24,643                           | (79,379)                              | 1,595                  |
| Restricted Funds Surplus / (Deficit)        | (75,129)                         | (24,981)                              | (49,576)               |
| Total Surplus / (Deficit)                   | (50,486)                         | (104,360)                             | (47,982)               |
| Surplus / (Deficit) as a % of turnover      | (4.1%)                           | (7.6%)                                | (3.0%)                 |
| Cost of Generating funds (% of income)      | 66,913 (5.4%)                    | 109,909 (8%)                          | 106,197 (6.6%)         |
| <b>Free unrestricted reserves</b>           |                                  |                                       |                        |
| Unrestricted free reserves held at Year End | 328,913                          | 249,534                               | 213,780                |
| How many months' worth of expenditure       | 3.1                              | 2.0                                   | 1.5                    |
| Reserves Policy target                      | 281,959                          | 281,959                               | Not known              |
| How many months' worth of expenditure       | 2.6                              | 2.3                                   | -                      |
| Free reserves over/(under) target           | 46,954                           | (32,425)                              | Not known              |