

MEETING: 24/11/2016

Ref: 13217

ASSESSMENT CATEGORY - Improving London's Environment

Somerset House Trust

Adv: Tim Wilson

Amount requested: £96,250

Base: Westminster

Benefit: London-wide

Amount recommended: £91,000

The Charity

Members will need little introduction to Somerset House. First built as a palace for Princess Elizabeth Tudor's Lord Protector, in time the property passed to the Crown. It ceased to be a royal residence in the seventeenth century before falling into disrepair and was eventually demolished in 1775. Shortly after, today's neo-classical building was constructed, and this has had various tenants, notably the Admiralty and the Inland Revenue. In 1997 the Somerset House Trust (SHT) was established to maintain the site and to create a vibrant cultural centre. In 2014, SHT acquired the space earlier vacated by the Inland Revenue and embarked on an ambitious programme to attract much larger audiences to Somerset House's various buildings and courtyards. SHT is an independent charity with no public funding.

The Application

2016 marks the 500th anniversary of the publication of Thomas More's *Utopia*. Together with its neighbours the Courtauld Gallery and King's College, SHT has begun a series of exhibitions, performances and workshops encouraging audiences to consider different ways of living. This work will continue in 2017, and includes *Edible Utopia*, an initiative looking at how people can be encouraged to produce food. The work is a reference to the kitchen gardens which formed part of the palace.

Edible Utopia has three elements of which the Trust is asked to support the second. *Growing* involves the construction and planting of garden spaces; *participation* is the act of engagement with food production; and *feasting* is the bringing together of programme participants to celebrate what has been grown. Whilst the 3 million informal visitors Somerset House attracts each year will have the opportunity to learn from the growing activities through a lecture programme, the focus of the *participation* strand is the engagement of a range of charities and community groups whose clients will spend time cultivating the site. These include Coram, St Mungo's and the Southwark Day Centre for Asylum Seekers. There will be a particular emphasis on engaging those who would not otherwise access outdoor education opportunities. The request included sums for work that was outside the Trust's priorities, and a slightly lower amount is recommended as follows:

£91,000 over three years (£34,000; £28,500; £28,500) towards the costs of Somerset House Trust's Edible Utopia programme, with funds covering 1.5 days p/w of an Outreach Manager, volunteer expenses, the production of education materials and a small capital sum towards a new potting shed.

Funding History

Meeting Date	Decision
14/07/2016	A request for an access audit which was subsequently withdrawn and covered through self-funding.
18/04/2002	An application rejected for failing to meet the Trust's priorities.

Background and detail of proposal

The Grade 1 listing of Somerset House requires growing be done with sensitivity to the site's heritage. SHT has worked with partners to identify suitable space where significant growing can take place without disturbing the flow of pedestrian traffic through the courtyards and to make use of the food waste arising from the site's cafes and restaurants. Planters will be in situ before the end of 2016, and the participatory growing work begin in April with the involvement of schools and community groups whose engagement will be overseen by the Outreach Manager.

SHT plans to make the growing activities a permanent part of its work and to engage as wide a range of groups as possible. The offer to participants will be flexible to allow those who are travelling greater distances more occasional engagement whilst those based closest to the site will be encouraged to return regularly. A wider programme of talks, screenings and events will engage the wider public and encourage people to drop in on the scheme. Given that activities will take place in visible locations, SHT intend to use this as a high-profile scheme that engages as wide an audience as possible on the merits of city food production.

Financial Information

At 2nd November the charity advised it had confirmed £10,910,253 of its 2016-17 income (76.1%).

SHT's reserves policy target for 2014-15 was to hold cash balances (excluding debt) equivalent to at least 2 months average annual revenue expenditure (excluding depreciation and amortisation). In 2015-16 the Trustees have revised their policy by adopting a risk based approach and as a result of this set a target level of £500,000. SHT justify what appears to be a low level through the fact that they generate operating surpluses each year (before the charge of significant depreciation and amortisation). Depreciation and amortisation charged in 2014-15 was almost £3 million without which SHT would show a reasonable surplus. The Trustees have agreed a plan to deliver the required level of surpluses to achieve the target level of reserves by March 2019. In particular it is anticipated that capital related spend will decrease given the significant capital projects that have been and are being undertaken. SHT's balance sheet despite the negative reserves position is strong including £101 million of net assets represented by unrestricted funds in the 2015-16 draft accounts, including £1.7million net current assets.

The table shows SHT's cost of generating funds falling from £2,415,004 in 2014-15 to £230,885 in 2015-16. This results from reclassifications of income and expenditure arising under compliance with Charity SORP (FRS102) rather than any change in its fundraising practice. The 2015 -16 draft accounts restate the 2014-15 cost of generating funds to £147,053. Costs previously included within costs of generating funds have been deemed to be charitable activities e.g rental costs. If classifications had remained in line with the prior year, the cost of generating funds figure for 2015 -16 would be £2,142,029.

SHT have confirmed that they expect the 2015-16 draft accounts to be signed off by the auditors on 17 November with an unqualified audit opinion.

Year end at 31 March	2014-15 Audited	2015-16 Draft	2016-17 Forecast
Income and Expenditure	£	£	£
Income	12,910,886	14,666,475	14,338,428
Expenditure	13,894,604	15,521,446	16,151,606
Unrestricted Funds Surplus / (Deficit)	(1,006,753)*	(1,235,796)	(1,830,177)
Restricted Funds Surplus / (Deficit)	23,035	380,825	16,999
Total Surplus / (Deficit)	(983,718)	(854,971)	(1,813,178)
Surplus / (Deficit) as a % of turnover	(7.6%)	(5.8%)	(12.6%)
Cost of Generating funds (% of income)	2,415,004 (18.7%)	230,885 (1.6%)	358,701 (2.5%)
Free unrestricted reserves			
Unrestricted free reserves held at Year End	835,691	(936,052)	(859,380)
How many months' worth of expenditure	0.7	(0.72)	(0.6)
Reserves Policy target	> 2,315,167	500,000	500,000
How many months' worth of expenditure	> 2.0	0.39	0.37
Free reserves over/(under) target	(1,479,476)	(1,436,052)	(1,359,380)

*Excludes gains on revaluation of fixed assets of £5.8million.