

MEETING: 14/03/2018

Ref: 14331

ASSESSMENT CATEGORY - Reducing Poverty

Deptford Reach

Adv: Julla Mirkin

Amount requested: £95,067

Base: Lewisham

Benefit: Lewisham

Amount recommended: £31,000

The Applicant

Deptford Reach (DR), a registered charity, describes itself as a 'prevention & crisis intervention centre'. It offers a range of services to vulnerable people, particularly the homeless and the socially excluded, through its day centre. Services include: advice, education and training, counselling and practical help with issues concerning housing, benefits, employment and health. Historically, DR's beneficiaries have mostly been homeless. However, increasingly, people who work part-time; are single-parents; or who are on zero-hour contracts are seeking support.

A stepping Stones grant in 2015 allowed DR to explore the possibility of raising loan finance for the development of its building. DR was keen to have transitional housing on site to support people progress from homelessness to private accommodation. As part of the capital fundraising campaign, DR approached the London Housing Foundation (LHF), an endowed charity that supports homelessness agencies. However, LHF raised concerns about DR's plans: early development work revealed that DR's existing building is unsuitable for development and would need to be demolished to allow a new building to be built from scratch, halting DR's day-to-day operations. LHF suggested DR seek a new site in the local area that could be converted and developed to provide a larger and more adaptable space, allowing for an expansion of DR's activities but importantly, also allowing DR's operations to continue whilst the new site's development is undertaken. Finally, LHF suggested DR sell its current site to help fund the purchase and also provide an endowment of approximately £500,000, providing some regular income in future years.

Following significant developments of DR's Board, including the Secretary of LHF taking on the Chairmanship of DR, the strategy proposed by LHF has been adopted. Garfield Weston has awarded a capital grant for £100k, which is currently held on receipt; London Borough of Lewisham are keen for DR to remain in the north of the borough and having initially offered considerable grant and loan finance for DR's original proposal, remain interested in supporting the project. Disposal of the current site is expected to raise between £2.5 - £3m and the budget for the purchase, conversion and development of a new site is estimated to cost £2.2m.

The Application: This request is to fund the salary and on-costs of a full-time Crisis Intervention Advice Worker to offer one-to-one advice sessions, tackling food poverty through the provision of money, debt and housing advice.

The Recommendation

Given the uncertainty of DR's situation during 2018-19, your officer's recommendation is that only one-year of funding be awarded and any potential continuation funding request be assessed in the context of DR's progress and circumstances at that time.

£31,000 for one year towards the salary and on costs of the full-time Crisis Intervention Advice Worker.

Funding History

Meeting	Decision
09/07/2015	£50,000 to enable Deptford Reach to explore purchasing its own site.

Background and detail of proposal

In the last year, DR has seen a significant increase in beneficiaries seeking support, many of whom struggle to access mainstream services due to being new to the area, having refugee status or being ex-offenders and therefore, feeling disinclined to engage with the authorities. Nearly 12% of the working-age population in Lewisham are in receipt of out-of-work benefits, the 4th highest in London and DR is the only organisation offering drop-in advice services in the borough. With its 27-year track record, DR staff have detailed knowledge of referral pathways for clients within the borough and beyond and are well-positioned to tackle the multiple and increasingly complex needs of the beneficiaries that seek its support. DR has good working relationships with other local charities; with other homeless and transitional housing providers and with the local authority. It has an Advice Quality Mark and other professional quality standards that demonstrate the high standard of its work.

Financial Information

DR advises that the surplus on restricted funds in 16-17 offsets the deficits incurred in 17-18 and 18-19. DR has forecast to use all its remaining unrestricted reserves to offset the budgeted deficit on restricted funds for 18-19. The charity advises that its deficits on restricted funds have been caused by reductions in its contract income from Lewisham Council and from its focus on its capital project. DR commenced with the capital project in 16-17, incurring costs for legal fees and a fundraising consultant, resulting in higher unrestricted expenditure and the cost of raising funds during that year. £100,000 awarded from Garfield Weston towards capital costs was also awarded during 16-17, which explains the inflated income figure for that year. In the context of DR's capital project – and its new association with London Housing Foundation that has offered DR up to £250,000 per year for running costs between 18-19 and 21-22 - DR has not prioritised recovering its reserves and intends to adjust its reserves target in 18-19, the new figure not being available currently.

Year end as at 31 March	2017 Examined Accounts	2018 Forecast	2019 Budget
Income & expenditure:			
Income	285,356	185,000	189,000
- % of income confirmed as at 07/02/18	n/a	95.88%	16%
Expenditure	(266,469)	(208,000)	(283,000)
Total surplus/(deficit)	18,887	(23,000)	(94,000)
Split between:			
- Restricted surplus/(deficit)	86,356	(48,000)	(94,000)
- Unrestricted surplus/(deficit)	(67,469)	25,000	0
	18,887	(23,000)	(94,000)
Cost of Raising Funds	61,820	23,000	29,000
- % of income	21.7%	12.4%	15.3%
Operating expenditure (total funds)	266,469	208,000	283,000
Free unrestricted reserves:			
Free unrestricted reserves held at year end	24,911	49,911	0
No of months of operating expenditure	1.1	2.9	0.0
Reserves policy target	110,000	110,000	110,000
No of months of operating expenditure	5.0	6.3	4.7
Free reserves over/(under) target	(85,089)	(60,089)	(110,000)