

MEETING: 06/07/2018

Ref: 14657

ASSESSMENT CATEGORY - Reducing Poverty

Cambridge House

Adv: Julia Mirkin

Amount requested: £146,389

Base: Southwark

Benefit: Southwark

Amount recommended: £146,500

The Applicant

Cambridge House (CH) was established in 1889 as part of the international Settlement Movement. Spanning five Georgian houses on Camberwell Road, CH was set up by students from Trinity and Magdalene Colleges, Cambridge, who lived in the Settlement and undertook voluntary work to address the social problems and widespread urban poverty caused by industrialisation. Toynbee Hall, with which Members will be familiar, was the UK's first settlement. Today, CH provides frontline services to realise 'a society without poverty where all people are valued, treated equally and lead fulfilling and productive lives.' Services include the legal representation and advocacy offered by the Law Centre; an advice service and a range of empowering education and inclusion activities for disadvantaged adults and children. 1,500 people use CH weekly and CH's Law Centre, which has a 100% success rate in possession/eviction proceedings, homelessness challenges and welfare benefits appeals, works with 2,500 clients annually; and is accredited by Lexcel, the Law Society's legal practice quality mark for excellence in legal practice, management and client care. 16 charities and community organisations rent office space at CH, forming a community hub for Southwark.

The Application

CH requests funding for a Crisis Prevention Navigator, a skilled legal advocate or advisor, who will undertake triage, casework, signposting and offer support for litigants-in-person, allowing the Law Centre's solicitors to focus on complex cases.

The Recommendation

CH is a well established and networked organisation, working at the heart of one of London's deprived communities. It is faced with difficulties arising from over-reaching on a major capital programme in 2013 which has threatened its sustainability. However, it continues to be supported by 'Futurebuilders' which continues to offer a capital-only repayment deal for its loan. CH has presented budgets that project growing surpluses in 18-19, 19-20 and 20-21, the period for which the majority of requested funding would be spent. It is your officer's recommendation that any grant be contingent on sign-off of quarterly management accounts and the achievement of overall surpluses (after depreciation) for every year of the grant.

£146,500 over three years (£48,100; £49,000; £49,400) for the post of Crisis Prevention Navigator, NI, pension, travel cost, subscriptions and a 12.5% contribution to core costs. Release of the grant is contingent on satisfactory quarterly management accounts until further notice; updates on any change to the terms of loans held by CH; and the achievement of overall surpluses (after depreciation) in years two and three of the grant.

Funding History

Meeting Date	Decision
20/10/2011	£45,000 towards a fully accessible signage and wayfinding system.
11/11/2010	£4,984 for the costs of an access audit and design appraisal.

Background and detail of proposal

Minor issues are escalating into emergencies due to insufficient capacity in the legal and advice services in Southwark. This situation results in specialist solicitors undertaking work that only requires the knowledge and ability to chase and follow up queries. The knock-on effect of this is that clients with complex legal issues cannot access the required specialist support. Increased self-representation by unprepared clients at tribunals or appeal hearings is a further consequence of this lack of capacity and coordination, resulting in poor outcomes and a perpetuation of preventable problems.

Three wards in direct proximity to CH score at the bottom of the national Index of Multiple Deprivation 2015: Faraday ward is in the bottom 7% nationally for income deprivation; Faraday and Camberwell Green wards are in the bottom 10% nationally for barriers to housing services and East Walworth is in the bottom 1% nationally for crime. 35% of Southwark residents live in these three wards, indicating the density of Southwark's population in close proximity to CH. 64% of Southwark residents live in rented accommodation, with 41% living in social housing, considerably higher than the London average of 26% (*Housing Tenure by Borough*, ONS) and are disproportionately affected, therefore, by the 28% increase in rents seen between 2012 and 2017 (*Average Private Rents, Borough*, Valuation Office Agency), which outstrip increases seen in wages and benefits (Trust for London 2017). According to Southwark Council's Homelessness Review 2017, homelessness applications rose between 2015 and 2016 in Southwark by 100%.

Cambridge House (CH) requests funding for a Crisis Prevention Navigator, a skilled legal advocate or advisor who will relieve CH's Law Centre solicitors by undertaking casework for welfare clients and assisting with tribunals and appeals; undertaking triage services, signposting and referring clients to the most appropriate support services; and by building capacity in other local non-specialist advice services, supporting them to help their clients, avoiding unnecessary and time-consuming referrals to CH. It is proposed that the Crisis Prevention Navigator delivers: a new drop-in service six times per month from the CH Law Centre reception; offers practical support to litigants-in-person; undertakes casework and collaborates with frontline advisors at partner agencies, offering support for complex cases and smoothly managing handover arrangements where appropriate. It is hoped that this post will improve the efficiency and effectiveness of CH's services and those of the legal and advice sector locally; build capacity in local advice agencies; reduce instability and stress for local people and, ultimately, reduce preventable destitution and poverty. Over the proposed three-year duration of the grant, output targets include: 220 clients supported through the drop-in advice service; 170 clients supported before, during or after their court hearings; and 12 cases being brought to tribunals or appeals at court.

Financial Information

CH's funding from Southwark Council has dropped from £905.6K in 2012 to £343.2K in 2017. In 2013, CH completed a major capital redevelopment project for which it secured loan finance of £4.1m and grants of £1.64m (including a capital grant from CBT). At 31.03.17, the value of CH's loan was £3,715,266 and its building was valued at £7.4m. The loan is currently offered at 0% interest, which is agreed until March 2019 and reviewed annually thereafter.

There was an overspend on the redevelopment project, which led to significant deficits and the depletion of reserves, reaching a high of 40% of turnover in 2014.

CH continues to have negative free reserves but the accounts to 31 March 2017 have been prepared on a going concern basis. The independent auditor's report by Sayer Vincent, signed in December 2017, is not modified, although it does contain an emphasis of matter statement on the going concern of the organisation and refers to the steps being taken to improve the financial position of the charitable company.

A number of cost-saving measures are being implemented during 18-19: CH has divested itself of underfunded contracts and served notice to the relevant staff; it has retendered its facilities contracts; increased its rental charges by between 5-10% from July 2018; and it has frozen staff salaries apart from those on the London Living Wage, who will receive a cost of living increase. As a result of these changes, CH hopes to prevent the deficits it incurred on restricted funds, which have had to be absorbed using unrestricted funds in 2018. A modest surplus is now budgeted for 2019. Building on these costs cutting measures and by focusing on activity that contributes to core costs, CH has produced budgets for 19-20 and 20-21 that project surpluses of £15,640 and £175,076 respectively.

Year end as at 31 March	2017	2018	2019
	Audited Accounts	Forecast	Budget
	£	£	£
Income & expenditure:			
Income	1,751,396	1,715,080	1,699,028
- % of income confirmed as at xx	n/a	n/a	96%
Expenditure	(1,893,595)	(1,893,320)	(1,696,644)
Total surplus/(deficit)	(142,199)	(178,240)	2,384
Split between:			
- Restricted surplus/(deficit)	(45,355)	(299,380)	0
- Unrestricted surplus/(deficit)	(96,844)	121,140	2,384
	(142,199)	(178,240)	2,384
Cost of Raising Funds	1,997	3,834	2,000
- % of income	0.1%	0.2%	0.1%
Operating expenditure (unrestricted funds)	1,560,127	1,440,243	1,483,189
Free unrestricted reserves:			
Free unrestricted reserves held at year end	(274,976)	(453,216)	(450,832)
No of months of operating expenditure	(2)	(4)	(4)
Reserves policy target	340,000	340,000	340,000
No of months of operating expenditure	2.6	2.8	2.8
Free reserves over/(under) target	(614,976)	(793,216)	(790,832)

