

CABINET

12<sup>th</sup> October, 2005

WINCHESTER TOWN FORUM

13<sup>th</sup> OCTOBER, 2005

PRINCIPAL SCRUTINY COMMITTEE

17<sup>th</sup> October, 2005

CARROLL YOUTH CENTRE – EMERGENCY GRANT REQUEST

REPORT OF THE CHIEF EXECUTIVE

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

Under the Council Constitution, decisions made under Section A.2 of the Scheme of Delegation to Officers (use of Chief Executive's emergency delegated powers) should be reported to Cabinet or the appropriate Committee as soon as practicable after the decision was taken.

The Council received a request from the Carroll Youth Centre for an emergency grant of £19,000. It was clear that the Centre was in a serious situation and the Council's immediate actions would determine whether the charity could continue to operate.

The Centre provides a range of valuable services for children and young people in one of the most deprived areas of the District. The impact of its work in terms of addressing social inequalities and meeting the needs of vulnerable young people should not be underestimated. Following consultation with the Leader and the Chairman of Principal Scrutiny Committee the Chief Executive authorised the award of an emergency grant of £19,000 to the Carroll Youth Centre.

RECOMMENDATIONS:

- 1 That the decision made under Section A.2 of the Scheme of Delegation to Officers, as detailed in the report, be noted.

CABINET12<sup>th</sup> October, 2005WINCHESTER TOWN FORUM13<sup>th</sup> OCTOBER, 2005PRINCIPAL SCRUTINY COMMITTEE17<sup>th</sup> October, 2005CARROLL YOUTH CENTRE – EMERGENCY GRANT REQUESTREPORT OF THE CHIEF EXECUTIVEDETAIL:1 Introduction

- 1.1 The Council received a request from the Carroll Youth Centre (CYC) for an emergency grant of £19,000. The need for an urgent response necessitated a decision by the Chief Executive under delegated emergency powers, following consultation with the Leader and the Chairman of Principal Scrutiny. This request was considered and approved.
- 1.2 Under the Council's Constitution, decisions made under Section A.2 of the Scheme of Delegation to Officers (use of Chief Executive's emergency delegated powers) should be reported to Cabinet or the appropriate Committee as soon as practicable after the decision was taken.
- 1.3 This report sets out the background to that approval.

2 Carroll Youth Centre – Background

- 2.1 The Carroll Youth Centre is a voluntary organisation that has charitable status and is a non-profit making company limited by guarantee. The Centre opened in 1993 after a major fund raising effort by the local community of Stanmore, a mainly council built estate on the south side of Winchester. The land upon which the Centre is built is leased from the Council. If the Company ceases trading the ownership of the building will either revert to the Council, who would assume responsibility for it, or be assigned to another similar voluntary organisation.
- 2.2 The Centre receives support from the City Council, as well as the County Council and a number of other organisations such as the National Lottery, Hampshire Police Authority Crime Prevention Panel and local parish councils.
- 2.3 The Centre gives a number of reasons for experiencing cash flow problems with fundraising difficulties being frustrated by a death at the end of 2004 and the loss of other senior staff. A new Head of Centre was appointed recently and also a new Company Secretary who has a financial background. The Centre reports that, since her appointment, the Head of Centre has made a number of successful applications for funding and is reviewing the Business Plan.

### 3 Background to the Request

- 3.1 The Council provides a payroll service for the Centre which has a staff of 13 and a monthly pay bill of around £11,000. The invoice for the July payroll was not paid on time and subsequently £5,000 was paid. There was concern over the Centre's ability to pay the August payroll when it became due and, in line with the Council's payroll policy and the Agreement with the Centre, the Centre was advised that the September payroll would not be run unless the arrears were cleared.
- 3.2 As reported above, the Centre gives a number of reasons for experiencing cash flow problems and it submitted a request to the Council for an emergency grant of £19,000.

### 4 Consideration of the Request

- 4.1 It was clear that the Centre was in a serious situation and the Council's immediate actions would determine whether the Charity could continue to operate. The additional funding provided breathing space for it to put a recovery plan in place and to allow the Council to enter a dialogue about its future with the Charity and its other funders.
- 4.2 The Centre provides a range of valuable services for children and young people in one of the most deprived areas of the District. The impact of its work in terms of addressing social inequalities and meeting the needs of vulnerable young people should not be underestimated. The Centre has worked in partnership with a range of statutory and voluntary bodies over the years and has undertaken much valuable work with young people.
- 4.3 There are other reasons why the application was considered favourably:
- The Council has a statutory duty to co-operate locally with a range of partners to meet the five priority outcomes for children and young people as set out in the Children Act and Every Child Matters
  - The recently published Green Paper Youth Matters gives local authorities a statutory duty to provide positive activities for teenagers
  - In the context of the Change Up agenda, the Government is encouraging local authorities to recognise the value of the Voluntary and Community Sector and to build capacity by supporting core costs.
- 4.4 Considering the important work that the Centre undertakes, the immediate difficulties it faced and the effect that the loss of such a service would have on the neighbourhood of Stanmore, the request for an emergency grant was approved by the Chief Executive, under delegated emergency powers, following consultation with the Leader and the Chairman of Principal Scrutiny.
- 4.5 The current annual grant to the Centre of £5,000 is funded from the Winchester Town Account. Thus, consultation was also undertaken with Cllr Ray Pearce, the Town Forum's Vice Chairman. Following consultation with the three Members, the Chief Executive determined that the grant should be met from the Council's general Grants Reserve and the Winchester Town Account in a ratio of 1:2.

- 4.6 Whilst the grant is not specifically to cover payroll costs, there is no doubt that they make up a key part of the Centre's current financial need.

## 5 Financial Background

- 5.1 The cash flow projections for the Centre show that their income is all unsecured – as with most charities. They generate some income from activities but are reliant on grants and bids to funding bodies. They have operated successfully for several years until recent circumstances left them in a difficult position.
- 5.2 There is a new Centre Manager who is actively seeking additional funding streams and is concerned to put the charity in order. The cashflow forecasts provided to the Council indicate that this can be achieved and in making the grant they will be expected to make progress towards the stability they have enjoyed until recently. That will include them examining both income and expenditure, and the Centre intends, *inter alia*, to press the County Council for grant funding. The Council will be supportive in trying to resolve the current problems and will provide help and advice as appropriate, particularly from Communities.
- 5.3 The Centre provides an important service to Stanmore and communities beyond, and the grant is intended to help secure those services. It is not, of course, a guarantee, and the staff and Trustees still have much work to do. Officers have made clear that the Council cannot be expected to make further emergency grants simply to support the Centre's payroll, and they appreciate that there are unique circumstances surrounding the decision to agree support.
- 5.4 In considering the grant request the service and financial risks have been considered and balanced. Without the grant, a valuable service to the community may have been interrupted or may have ceased.

## OTHER CONSIDERATIONS:

### 6 CORPORATE STRATEGY (RELEVANCE TO):

- 6.1 Carroll Youth Centre provides services to the local community that accord with the Council's priority of *Social Inclusion*.

### 7 RESOURCE IMPLICATIONS:

- 7.1 The additional grant of £19,000 will be funded from the Winchester Town Account (£12,000) and the Council's general Grants Reserve (£7,000). The uncommitted balances on these reserves, before the grant, were £188,000 and £21,000 respectively.
- 7.2 If the Charity ceased operation, the Council could have been liable for other costs, particularly in relation to the building that is on Council land.

## BACKGROUND DOCUMENTS:

Papers held in the Finance Directorate (other than exempt papers)