



Resource Allocation Sub (Policy and Resources) Committee

Date: THURSDAY, 19 OCTOBER 2017

Time: 12.00 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members: Deputy Catherine McGuinness (Chairman)
Jeremy Mayhew (Deputy Chairman)
Sir Mark Boleat
Alderman Charles Bowman
Deputy Jamie Ingham Clark
Henry Colthurst
Simon Duckworth
Deputy the Revd Stephen Haines
Christopher Hayward
Deputy Edward Lord
Hugh Morris
Deputy Dr Giles Shilson
Deputy Tom Sleigh
Sir Michael Snyder
Deputy John Tomlinson
Alderman Sir David Wootton

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Lunch will be served in the Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio visual recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 – Public Agenda

1. **APOLOGIES**

2. **MEMBERS DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

3. **MINUTES**

To agree the public minutes of the Sub-Committee meeting held on 20 July 2017.

For Decision

(Pages 1 - 2)

4. **BANK JUNCTION IMPROVEMENTS: EXPERIMENTAL SAFETY SCHEME**

Report of the Director of the Built Environment.

NB: This report has been considered and approved by the Streets and Walkways and Projects Sub-Committee.

For Decision

(Pages 3 - 16)

5. **DESIGNATION OF FUNDS FOR BRIDGING DIVIDES, CITY BRIDGE TRUST GRANTS PROGRAMME 2018-2023**

Joint report of Chief Grants Officer and the Chamberlain.

NB: This report has been approved by the City Bridge Trust and is due to be considered by the Grand Committee later this day

For Decision

(Pages 17 - 24)

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

8. **EXCLUSION OF THE PUBLIC**

MOTION – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of the Schedule 12A of the Local Government Act.

Part 2 – Non-Public Agenda

9. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the Sub-Committee meeting held on 20 July 2017.

For Decision
(Pages 25 - 26)

10. **POLICE ACCOMMODATION STRATEGY: GENERAL UPDATE REPORT**

Joint report of the City Surveyor, the Chamberlain and the Commissioner of the City of London Police.

NB: This report has been approved by the Projects Sub-Committee and is scheduled to be considered by the Police Committee.

For Decision
(Pages 27 - 34)

11. **1/5 LONDON WALL BUILDINGS EC2 - STRATEGY REPORT**

Report of the City Surveyor.

NB: This report will also be considered by the Grand Committee later this day. It is also scheduled to be considered by the Property Investment Board and the Finance Committee.

For Decision
(Pages 35 - 48)

12. **SECURITY PROGRAMME**

Report of the Director of the Built Environment.

NB: This report will also be considered by the Grand Committee later this day. It is also scheduled to be considered by the Streets and Walkways and Projects Sub-Committees.

For Decision
(Pages 49 - 58)

13. **PROJECT FUNDING UPDATE**

Report of the Chamberlain.

NB: This report will also be considered by the Grand Committee later this day.

For Decision
(Pages 59 - 66)

14. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

RESOURCE ALLOCATION SUB (POLICY AND RESOURCES) COMMITTEE

Thursday, 20 July 2017

Minutes of the meeting of the Resource Allocation Sub (Policy and Resources) Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Thursday, 20 July 2017 at 12.00 pm

Present

Members:

Deputy Catherine McGuinness (Chairman)	Christopher Hayward
Jeremy Mayhew (Deputy Chairman)	Deputy Edward Lord
Sir Mark Boleat	Deputy Dr Giles Shilson
Deputy Jamie Ingham Clark	Sir Michael Snyder
Henry Colthurst	Deputy John Tomlinson
Simon Duckworth	Alderman Sir David Wootton

In Attendance

Roger Chadwick
Philip Woodhouse

Officers:

John Barradell	- Town Clerk & Chief Executive
Peter Lisle	- Assistant Town Clerk
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Roger Adams	- City Surveyors' Department
Andrew Shorten	- City Surveyors' Department
Emma Sawers	- Town Clerk's Department

1. APOLOGIES

Apologies were received from Alderman Charles Bowman, Deputy the Revd Stephen Haines and Hugh Morris.

2. MEMBERS DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES

The public minutes of the Sub-Committee meeting held on 6 July 2017 were approved.

4. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

5. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business.

6. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item Nos.

7 – 8

Paragraph(s) in Schedule 12A

3 and 7

7. **NON-PUBLIC MINUTES**

The non-public minutes of the Sub-Committee meeting held on 6 July 2017.

8. **CITY OF LONDON FREEMEN'S SCHOOL MASTERPLAN FUNDING**

The Sub-Committee considered and agreed a joint report of the Chamberlain and the Headmaster of the City of London Freemen's School on the School's Main House (Phase 2).

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were no items of urgent business.

The meeting ended at 12.21 pm

Chairman

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Committees:	Dates:	
Streets and Walkways Sub-Committee	05/09/2017	
Projects Sub-Committee	07/09/2017	
Resource Allocation Sub-committee	19/10/2017	
Subject: Bank Junction Improvements: Experimental Safety Scheme	Issue Report: Regular	Public
Report of: Director of the Built Environment Report Author: Gillian Howard	For Decision	
<u>Summary</u>		
<ul style="list-style-type: none"> • Last Gateway approved: Gateway 4/5 December 2016 • Progress to date including resources expended: The experimental scheme was implemented on the 22 May 2017, public consultation is open until the 24 November 2017. <p>The total approved budget is £1,179,100; of which £1,159,901 is funded. To date £905,377 has been spent.</p> <p>There is a short update on progress of the experiment in Appendix 3 regarding vehicular numbers, compliance and operational matters.</p> <ul style="list-style-type: none"> • Summary of issue At the Gateway 4/5 report, staff expenditure had been estimated to cover resourcing through the experimental period. However the level of interest in the experiment has been significantly higher than originally anticipated. Additional resources were required at the beginning of the calendar year to cover the increased level of interest from external parties in the scheme, additional briefings, meetings and correspondence. Whilst the decision to proceed with the experiment had been taken, officer time was consumed reiterating the decision and explaining the reasoning behind it to interested third parties. The approach taken to implement the experiment in the first few weeks and to be responsive to any changes that were needed also required more staff hours than originally estimated in November 2016. As a consequence, the staff expenditure is significantly higher at this stage of the project than expected. <p>There is also a significant expectation that comprehensive traffic counts and survey work will be undertaken as part of the monitoring work to show the impact in the surrounding area and whether the scheme is operating in a similar way to the traffic modelling forecast.</p> <p>Therefore to undertake all of the survey work that would be beneficial for monitoring the experiment, and provide the level of staff resource necessary to reach the conclusion of this experiment; a further increase of the overall allocation of £208,306</p>		

is sought.

• Proposed way forward

Seek Members approval to draw a further £208,306 From the On-Street Parking Surplus account, subject to the recommendation of the Officer Priorities Board, to cover the anticipated increased staff cost and monitoring fees. The total estimated Project cost is now £1,368,207. The additional funding will be offset by the expected revenue generated by Penalty Charge Notices for contravening the experimental order.

Recommendations

Streets and Walkways and Projects Sub Committee

1. Approve the revised estimated project cost of £1,355,403 for the Bank junction experimental scheme (as set out in appendix 1).

Resource Allocation Sub Committee

2. Approve the allocation of £208,306 from the On Street Parking Reserve account to the Bank junction experimental scheme

Main Report

<p>1. Issue description</p>	<ol style="list-style-type: none">1. Staff hours have been significantly higher than originally anticipated at this stage of the project.<ol style="list-style-type: none">a. The enforcement solution was more onerous to tender and commission than envisaged;b. There was an increase in the number of staff hours required to manage the media, stakeholder and freedom of information requests following the decision in December 2016 to proceed with the experiment;c. More hours to agree the final monitoring strategy with TfL than estimated; andd. The 'going live' period was more intensely staffed for the first couple of weeks to ensure a smooth transition and to be reactive over the 12 hour period of the operational hours of the experiment.2. In the gateway 4/5 report in December, a total of £121,052 of S106 deposits had been identified to be utilised by the project. It transpired after Committee that an error had been made and £20,000 of those funds had already been allocated. The staff cost budget was therefore reduced to reflect the funds available, £1,159,901.3. Overall to the end of Q1 (end of June 2017) it is
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	<p>anticipated that the project would have expended £489,287 of the available £514,601 staff budget. The remaining £25,304 for staff costs will not be sufficient to see the experimental period through to its conclusion. This report seeks additional funds to cover the anticipated expenditure in this area. It is anticipated that the staff budget allocation, will require a further £267,397. Some of this this cost can be accommodated within the overall project budget following some adjustment.</p> <ol style="list-style-type: none"> 4. It is assumed that the level of interest in the experiment from Members and external stakeholders is sustained and frequent updates are desired. Whilst agreement has been made to report back formally to Committee in December 2017 on the progress of the monitoring work, it is anticipated that there will be other less formal updates expected in between the formal committee papers. 5. The public consultation is underway, with 628 responses to the online questionnaire to date (16-08-17). A big push to encourage a wide response from the community will be undertaken in September and October. Consultation is planned to close 24 November 2017 and will require a number of officer hours to review the responses and form a public consultation report of the findings. There is also the significant amount of monitoring work that is being undertaken which requires reviewing and summarising in order for Officers to report back to Members and other stakeholders on progress. 6. The continued level of stakeholder engagement and ongoing review of the arrangements is considered consistent with the City's duties as traffic authority regarding the efficient use of the road network, avoiding congestion and disruption (S. 16 Traffic Management Act 2004), and securing the expeditious, safe and convenient movement of traffic (S. 122 RTRA 1984). 7. It has also become clearer that the level of scrutiny that this experiment is under, that more traffic surveys for monitoring and comparison will be required than originally envisaged at the previous gateway.
<p>2. Last approved limit</p>	<p>£1,179,100 was approved at 4/5 December 2016, £1,159,101 of which is currently funded.</p>
<p>3. Options</p>	<ol style="list-style-type: none"> 1. Originally £288,000 was allocated to the Works line of the budget at the gateway 4/5 in December 2016. Of this £28,000 was allocated for traffic signal alterations to the

	<p>physical traffic light structure as part of the experiment. In the end there were no physical changes necessary as we were able to design them all out. TfL gave their time in kind in implementing the signal timing changes and monitoring of them. It is proposed to utilise this £28,000 funding for staff costs.</p> <ol style="list-style-type: none"> 2. The remaining £260,000 of the works budget was for City of London to implement the physical works. To date £119,125 has been expended. There are still works taking place at the time of writing this report as the project is trialling how to improve the visibility of the enforceable signs to help improve compliance levels further. At the time of writing, compliance against the previous traffic levels is now around 90%. Improvements to the carriageway/'gateway' markings are also being considered. However these alterations are not estimated to utilise all of the remaining budget. It is proposed to reduce the works budget to an allocated total of £167,625 and move the remaining funds to the staff costs line (£120,375). 3. By moving the money from the works budget, to cover the anticipated shortfall in staff costs, it may require further funds to be sought at a later date should necessary works be highlighted which have not yet been identified. 4. For the remaining funding gap of £208,306, it is proposed to draw down additional funds from the On Street Parking Reserve. This cost will be covered by the revenue generated from the penalty charge notices from enforcing the experiment. This sum also includes the £20,000 from the S106 shortfall explained in section 1 paragraph 2.
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Appendices

Appendix 1	Finance Table 1
Appendix 2	Funding Sources
Appendix 3	Progress update

Contact

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Appendix 1

Finance table 1

Description	Approved Budget (a)	Spend *	Total Estimated Cost (b)	Increase (b-a)
Highways Staff Cost	100,000	66,399	89,364	(10,636)
P&T Staff Cost	414,601	422,898	692,634	278,033
Staff Cost Total	514,601	489,297	781,998	267,397
Highways Works	260,000	119,125	167,625	(92,375)
Signals Works	28,000	0	0	(28,000)
Total Works	288,000	119,125	167,625	(120,375)
Fees	357,300	296,956	418,584	61,284
Total Project Cost	1,159,901	905,377	1,368,207	208,306

* includes commitments

Budgets to be revised to reflect the total estimated cost (b)

Appendix 2

Funding Sources to date

	Contribution from	Amount £
Approved	Transport for London	168,529
Approved	S106 contributions	320,424
Approved	On Street Parking Reserve	670,948
Approved	Total	1,159,901
Sought	Additional On Street Parking Reserve	£208,306
Sought	Project total	1,368,207

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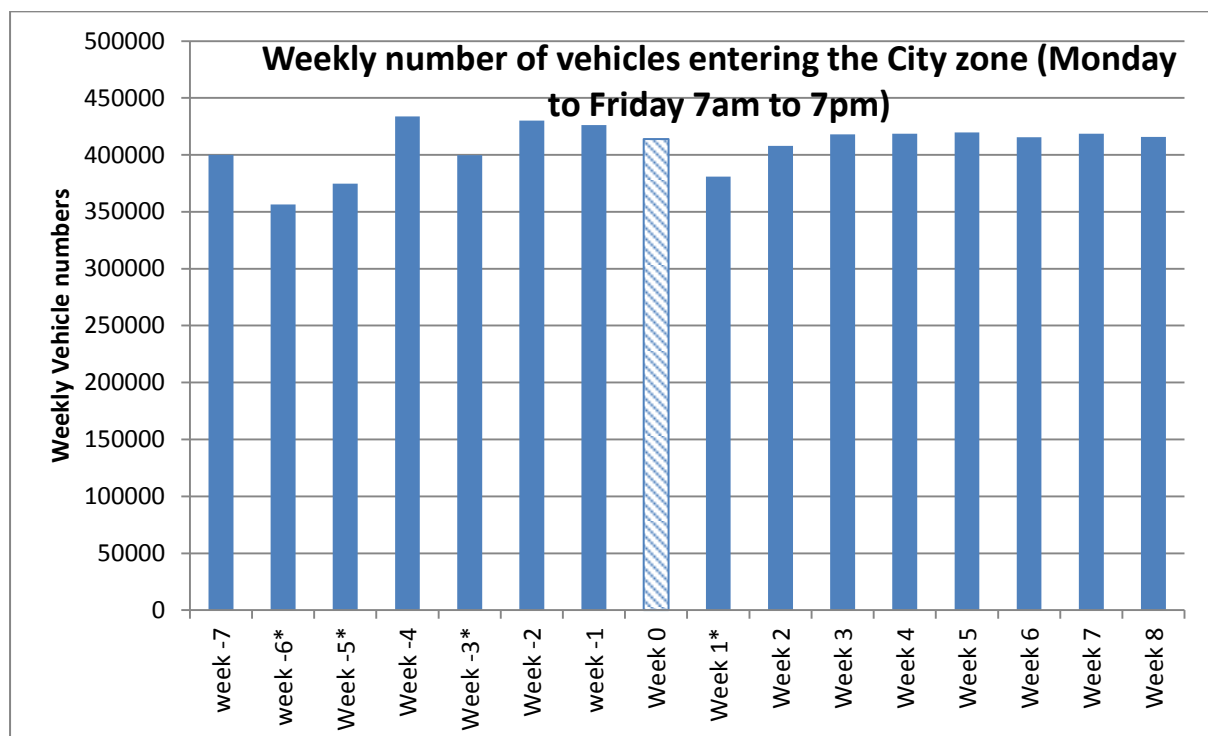
This note provides an update on how the experiment at Bank Junction is observed to be working. A more detailed update is planned to be provided to Members at the end of the calendar year.

Progress of the experiment after 8 weeks.

Compliance levels have been improving. By the end of the first week of operation, compliance levels were at 79%; by the end of week 8 (14 July), compliance levels were around 87%. At the time of writing this note, compliance levels are now over 90% meaning that currently fewer motor vehicles are traversing the junction over the whole of the 12 hour restriction than used to traverse each hour. This is a significant reduction in traffic volumes in this area.

Since the experiment started, officers are aware of one recorded collision at the junction (in a single node) between the 22 May and the 18 August between Monday to Friday 7am to 7pm. In the same time period an average of 3.7 casualties, over the previous 3 years, had occurred at the same node. This is a promising start in terms of casualty reduction for the experiment.

We are reviewing data from 24 of the City’s Ring of Steel entry cameras for the number of vehicles entering the City zone, Monday to Friday 7am to 7pm. From this we can see that traffic volumes within the City have remained fairly consistent since the scheme went in. Week 0 in the below graph is the week of the experimenting starting operation (22 May 2017).



* includes a bank holiday

Week -7 was the first week of April, with Easter weekend falling at the end of week -6. There is some fluctuation in flow in the weeks before the experiment went live, largely

because of the number of Bank Holidays that were experienced. However the data does show that there has been consistency in volume of vehicles since the experiment went in.

Operational matters of the experiment

There has been no need to change anything fundamental with the scheme.

Following a sign audit by an independent consultant, there were a few minor recommendations to improve compliance. Therefore some modification to the temporary red signage on the approach to the enforceable gateway points has been made. Following feedback from the consultant we have enlarged the enforceable sign on Queen Victoria Street and placed it on a yellow backing board to improve the signs visibility against the streetscape. We have also placed the enforceable gateway signs in the junction for the Threadneedle Street/Cornhill point onto a yellow board. We are monitoring these sites to see if there is an improved compliance rate and will modify the other signs to be bigger if necessary (and physically possible), and on yellow backing boards if it appears to improve compliance further.

We have reviewed some of the loading restrictions and modified to better meet the needs of the local businesses and to improve pedestrian sight lines. These are minor modifications.

Observations of how the experiment is working from a traffic perspective

Largely, traffic appears to be flowing reasonably well for most of the time on the alternative routes. There have been some issues on Cannon Street with slower moving traffic, but this appears to have eased since the left turn lane on the approach to Queen Victoria Street re-opened recently. Cannon Street remains under careful watch by both the City and Transport for London.

General traffic journey time information is not yet available to be able to make comparisons. Information is sourced via a dataset collated by the Department for Transport and licensed to Transport for London. Data should be available for the first three to four months of operation at the end of the year.

Bus Journey times

In terms of data, the only 'live data' that we currently have is regarding bus journey times. Looking specifically at Cannon Street, as this is where observed issues of slower moving traffic has reoccurred, and comparing the observed journey times for the two peaks to the traffic modelled outcomes for two routes; the actual journey times are an improvement on what was forecast. See Table 1

Work with Transport for London regarding assessing Bus journey times against actual previous performance is on-going. There have been significant road works impacting on performance and routing of services for some time prior to the experiment, so agreement on the best time period to use as the baseline is required.

Overall, observations in the first couple of months of operation of the experiment have not indicated anything fundamentally wrong with the forecasts of how traffic would operate. Officers continue to monitor the situation closely.

Table 1: Preliminary bus journey times on key corridors versus the traffic modelled outcome.

			Modelled Journey times	Observed average journey time
Cannon Street (St Paul's to Monument – East Cheap)			Journey time forecast with Bank operational (2018)	Average Journey Time of the first 10 weeks of operation
route 15	EB	AM	7-10 mins	10-15 mins
		PM	20-30 mins	10-15 mins
route 15	WB	AM	10-15 mins	7-10 mins
		PM	7-10 mins	5-7 mins

			Modelled Journey times	Observed average journey time
Cannon Street (St Paul's to Monument – London Bridge)			Journey time forecast with Bank operational (2018)	Average Journey Time of the first 10 weeks of operation
route 17	EB	AM	7-10 mins	10-15 mins
		PM	20-30 mins	10-15 mins
route 17	WB	AM	10-15 mins	7-10 mins
		PM	10-15 mins	5-7 mins

Journey time data for the observed comes from the I-Bus data collated by Transport for London for the first 10 weeks of operation of the experiment.

Whilst these two route traverse most of the same route along Cannon Street, the different bus stops to the east do make subtle changes to the journey times, which is why both routes have been displayed.

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Committee:	Dated:
City Bridge Trust Committee Resource Allocation (Policy and Resources) Sub – Committee Policy & Resources Committee	20 th September 2017 19 th October 2017 19 th October 2017
Subject: Bridge House Estates – Designation of Funds for <i>Bridging Divides</i> , City Bridge Trust Grants Programme 2018-2023	Public
Report of: Chief Grants Officer & The Chamberlain	For Decision

Summary

The City of London Corporation is the corporate trustee of Bridge House Estates (1035628), one of the largest charities in England and Wales and, through the activities of the charity’s grant giving arm, City Bridge Trust (CBT), is now London’s largest independent grant-maker. CBT has been increasing the strategic approach to its grant making, including more long-term, proactive grants developed in partnership with experts and based on evidence of need. With this change comes an increasing scrutiny and further impetus to exemplify good governance within the charity sector.

As part of the implementation of CBT’s new five year funding strategy *Bridging Divides*, which informs the grant expenditure for 2018 - 2023, consideration is being given as to how the City Corporation’s internal governance arrangements might be improved to better support the delivery of high impact, longer-term charitable grant-making over a five year grant programme and therefore the effective operation of the charity consistent with the City Corporation’s duties as trustee.

This report recommends that the City Corporation, in line with its trustee duties to be transparent in the effective management of the charity’s funds in achieving its purposes for the public benefit, formally establishes a further designated fund out of the unrestricted funds of the charity from the income surplus to that required for the maintenance and support of the five bridges. It is recommended that the designation be for a five year period for the purposes of the new *Bridging Divides* grants programme 2018-2023, thereby properly reflecting the charity’s existing commitment to a five-year strategy to deliver these activities (adopted by the Court of Common Council on 20th July 2017) which, under current corporate governance arrangements, is reliant upon annual budget allocation decisions which create a ‘false barrier’ to the management of funds available for grant-making.

Recommendations

Members are asked to:

- a) Recommend to the Court of Common Council that a designated fund be established for Bridge House Estates (1035628) out of the charity’s unrestricted funds and from the income surplus to that required to maintain and support the

bridges for the purposes of the five-year 'Bridging Divides' grants programme 2018-2023; and

b) Delegate authority to the Chamberlain in consultation with Chairman and Deputy Chairman of the City Bridge Trust Committee, to agree the amounts to be held within this designated fund.

Background

1. Bridge House Estates (1035628) (BHE, the charity) is the seventh largest charity in England and Wales, established for the purposes of the maintenance and support of London Bridge. It is now responsible for five bridges. It is an ancient charity and the City of London Corporation is the sole corporate trustee having had stewardship of the charity for some 800 years. The charity is administered in accordance with its various governing documents and the City's corporate governance framework.
2. In 1995 as the charity's income had exceeded that required for the bridges and was accumulating, consistent with the City's duties as trustee, a cy-près Scheme was sought from the Charity Commission to amend the charitable trusts to allow the charity's funds to be applied for other charitable purposes. Since the Scheme was made, it has been the City Corporation's practice to settle policies which provide for grant-making to address identified needs in London. These activities of the charity are undertaken by City Bridge Trust (CBT), the charitable funding arm of BHE. A policy, approved by the Court of Common Council and based on consultation and evidence of need, sets out the spending parameters of this charitable funding.
3. As London's largest independent grant-maker, CBT works to ensure it has the most impact with the funds available. Over recent years CBT has moved to a more strategic approach to grant-making, reflecting changes to charitable needs in London over the last 25 years. Longer grants (of up to 5 years, and exceptionally 10 years) have been agreed and the proportion of the grants budget available for 'proactive' grant-making has also increased – i.e. grants worked up with invited partners to target specific issues within the agreed policy.
4. The City Corporation has recently, at the Court of Common Council on 20 July 2017, settled the new policy to guide the application of the charity's income surplus to that required to maintain and support the bridges for a five year period (2018 – 2023): *Bridging Divides*. The strategy's mission is to reduce inequality and grow more cohesive communities for a London that serves everyone. This will be achieved by using all of our knowledge, networks and assets to champion London's biggest asset – its people. The full version of the strategy is available on the CBT website www.citybridgetrust.org.uk.
5. At their June 2017 RASC Away Day, Members indicated their support for allocating the expected future BHE surplus income to CBT grant giving, with the proviso that the funds would be directed to charitable objectives decided on by Court of Common Council in line with BHE objectives and the Quinquennial review of CBT. Current forecasts from the medium term

financial plan for BHE suggest that this allocation of income to grant-making would provide an additional £13.9m over a 2-year period from 2019/20, with the potential of further funds in future years.

6. In 2015, the Court of Common Council agreed an uplift to the CBT core grants budget (known as 'Anniversary funding'), totalling £12m, with £9.6m to be applied to specific programmes on employability and infrastructure support, split over 3 budget years. In each successive year, CBT was required, under the City Corporation's corporate governance framework, to formally request approval of a 'carry-forward' of these funds to continue these programmes where current and prior-year funding had not been committed in-year. As of September 2017, it is expected that £1.59m of this total amount will be committed in 2018/19, being the final grant awards within the Infrastructure Support programme.
7. Indicative funding for the next 5 year period is as per Table 1.

Table 1: CBT Funding 2018/19 – 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Bridging Divides	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	100,000,000
The Prince's Trust *	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Anniversary funding: Infrastructure Support	1,590,000					1,590,000
Indicative additional funding**		6,900,000	7,000,000			13,900,000
	22,590,000	27,900,000	28,000,000	21,000,000	21,000,000	120,490,000

*The Princes' Trust funding is for 10 years, and commenced in financial year 14/15

** Per RASC AwayDay July 2017

Current position

8. The current budgeting process for CBT grant-funding allocates an agreed amount to a specific financial year. If the amount set-aside is not fully utilised in-year, a further decision is required under the City Corporations' financial management framework (carry-forward process) for the remaining balance to be made available for the following year. Should an overspend occur, this would be deducted from the subsequent years' resource allocation. Decisions on carry-forwards are usually made in July of each year; hence requests under urgency procedures have been made in the past to enable grant programmes to take place in a timely manner.
9. The utilisation of the carry-forward process from a charity perspective has led to various internal issues in the efficient and effective administration of the charity's grant-making activities:
 - a. Difficulties in making plans ahead of the relevant funding year, as technically CBT do not have future funding available;
 - b. Upfront analysis by the CBT team to inform plans, involving external experts, collaboration and feedback from Members takes time to undertake. Whilst this activity takes place, an impression is given that CBT is under-spending as the year one allocation of a programme is not being spent;

- c. Where 'big impact' programmes are being developed, CBT can only confirm funds with potential partners that relate to in-year budgets, and previously agreed carry-forward amounts. This leads to the team delaying plans until the full amount of funding is available – as happened with the majority of the 2015 anniversary funding;
 - d. Grants worthy of funding will not be brought to the March CBT Committee for approval, as these may push the total approved above available annualised funding for that year so creating a reported 'overspend'. Financial year-end becomes an artificial barrier, preventing CBT from supporting potentially life-changing projects, which can often be time critical.
10. A carry-forward process for grant-making is not a familiar concept within the charity sector. Inefficiencies have arisen where officers and Members look to balance an annual grants budget within a five-year strategy, deciding which applications to hold back from approval. This has caused concerns with potential grantees, where the processes can be seen as unhelpful, effectively 'shutting the door' at financial year-end and preventing the charity's funds from being applied to the intended purposes because of management processes adopted by the trustee. Larger charitable foundations tend to work over longer time horizons (as CBT has been seeking to do in recent years), with designations being a useful enabling tool. Use of such tools exemplifies good governance, so also building and protecting the reputation of the charity. CBT need to have the confidence to discuss plans with certainty, in order to move forward their vision for London to be a city where all individuals and communities can thrive.
11. Financial Regulations, as approved by the Court of Common Council, deal with budget management and carry-forward arrangements. These expressly provide that the Deputy Chamberlain be consulted on all matters of interpretation of the Regulations, with the Deputy Chamberlain's decision as to their meaning and application being final, providing such decision does not have the effect of altering the meaning of a standing order, other regulation or other contract approved by a Committee or the Court of Common Council (Part 2, paragraph 1.1).
12. Per Standing Order 48, the Court of Common Council has agreed that budget allocation decisions for BHE, as for other funds, are reserved to Policy and Resources Committee, following consideration by the Policy and Resources Resource Allocation Sub-Committee.

Proposal for a change in treatment of uncommitted grant funding

13. Up to 2015/16, CBT focussed on shorter term grant funding. Grants approved covered a 1-3 year funding timeframe, with pre-award discussions taking place over several months. With increased strategic focus and the provision of an increasing grants budget, CBT is now in a position to fund higher value programmes that will have significant reach and impact over a longer time period. The agreed programmes require investment in upfront analysis by the CBT Team, with this spread over a longer period than that relating to the previous funding model.

14. The trustees of a charity may choose to set aside, or ring-fence, part of their unrestricted funds to be used for a particular future project. By earmarking funds in this way, the trustees set up a designated fund that remains part of the unrestricted funds of the charity. Designations have an administrative purpose only, and do not legally restrict the trustees' discretion in how to apply the unrestricted funds that they have previously earmarked. If circumstances or plans change, the designation may be changed or removed, with funds returned to the general income fund for future determination of use. This would enable the City as trustee of BHE to react, should future investment performance reverse recent gains experienced.
15. Transparency around designated funds is a helpful tool when explaining a charity's reserve policy and the level of reserves held, and is consistent with the City's duties as trustee to demonstrate accountability in the proper management of the charity's funds in accordance with established charity accounting practice. Disclosure of designated funds within the Trustee's Annual Report depicts future commitments that a charity intends to make, clearly telling the story about future plans and demonstrating good stewardship.
16. BHE currently holds £741.2m as designated funds. With total unrestricted funds as at 31 March 2017 being £1,341.3m, this represents 55.3% of total funds held. The highest value designated fund is the property revaluation fund, at £568.8m, representing unrealised gains made on investment properties held which only become available for other purposes should properties be sold. Six other designated funds cover on-going projects such as bridge repairs and property dilapidations, alongside the £20m set aside for the Social Investment Fund. Despite grant-making representing the most significant area of expenditure for BHE, there is no designation for future grant expenditure at present. Commitments made as a result of a grant-making policy which operates over a five year period would normally be reflected as a designation in a charity's accounts.

17. Table 2 – Bridge House Estates: Funds held as at 31/03/17

Bridge House Estates	
Funds held as at 31/03/17	£m
Designated Funds:	
Property Revaluation	568.8
Bridges Repairs	147.8
Social Investment Fund	20.0
Property Sales Pool	1.9
Property Dilapidations	1.5
Tower Bridge Tourism	1.0
Finsbury House	0.2
Total designated funds	741.2
General Fund	612.0
Pension Reserve	(11.9)
Total unrestricted funds	1,341.3

18. A designated fund set-up specifically for the grant-making funds provided to CBT by the Trustee for their approved funding strategy would enable plans to be confidently developed ahead of commitments being made, alongside seamless continuation of agreed programmes once partners have been selected. In practice, CBT would continue to work to an approved annual budget/forecast, however would be able to make decisions relating to approved programmes that cross over financial year-ends agreeing needs with The Chamberlain as necessary under his delegated authority.
19. Such a designation would allow the CBT team to apply improved operational management to year-end processes, in the best interests of the grantees that the charity supports, rather than by the requirement to follow internal accounting carry-forward processes. As noted in paragraph 18, an approved annual budget/forecast would continue to apply, however the CBT Committee would have the ability to approve time-critical grants to charities ahead of the financial year-end. Such approvals would utilise in advance the grants budget set aside for the following financial year, held within the core grants designated fund.
20. Controls would be put in place to ensure that grant commitments approved come within the available designated amounts within each fund. The creation of grants-related designated funds is not about increasing reserves, but about providing greater flexibility in the timing of decision-making and the adoption of procedures which support the effective administration of the charity consistent with the City Corporation's duties as trustee. Routine reporting to CBT Committee would include balances in designated funds, with this also provided to Chamberlains to enable forecasts to be updated.

21. As the awarding of a grant does not usually result in an immediate outflow of cash, the flexibility that use of a designated fund will bring will not have an immediate adverse impact on treasury management.

Conclusion

22. To enable seamless continuation of long-term grant giving programmes, the creation of a designated fund for the new *Bridging Divides* strategy will more effectively support the activities of the charity, allowing improved decision-making processes. Such a designation supports good governance of the charity, demonstrating management of reserves held.
23. Delegating authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the CBT Committee, to agree the annual amounts to be held within the designated fund will enable the charity to be reactive to the needs of its beneficiaries.

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