

Committee:	Date:
City Bridge Trust (CBT)	17 th September 2020
Subject: Financial Update of CBT in respect of 1st April 2020 to 31 st July 2020	Public
Report of: Chief Grants Officer and Director of CBT The Chamberlain	For Information
Author Nathan Omane, Finance Manager (Charities)	

Summary

This paper provides a financial update of CBT's activities for the first four months of the 2020/21 financial year to 31st July 2020. CBT's approved budget for the 2020/21 financial year is £30.070m, made up of an allocation of £27.438m to the grants programme and £2.632m (net of income) to operational costs (split across central risk, local risk and recharge budget lines). This paper notes this is an exceptional financial year with the impact of the pandemic and the consequential establishment of the new Bridge House Estates (BHE) collaborative fund – the London Community Response Fund (LCRF); and also the BHE review enabling the March 2020 Court of Common Council to agree an additional allocation of £200M to support delivery of the charity's ancillary objects. As a result, the financial update includes the new LCRF's activity and an initial forecast commitment of £45m of the £200m additional allocation (£15m of which to be considered elsewhere in these papers and the balance, later this financial year n.b to emphasis, no decisions at all have been taken in respect of this sum and all will be subject to CBT committee's discussion and agreement). The forecast outturn for the 2020/21 financial year is therefore £71.859m. This sum comprises the forecast grant commitments of £68.710m (net of third-party donations income of £15.359m) and £3.149m in forecast operational costs.

As at the end of July 2020, there is a net underspend in Local Risk of £326k when compared to the approved budget for the first four months. This underspend is mainly from Employee Costs and Supplies and Services and results from the impact of the pandemic: significant employee costs were re-allocated to the LCRF and two major projects (Philanthropy House & the CBT website re-design) were delayed. Other costs have not been incurred due to current arrangements with staff working remotely.

Overall, there is a net over-delivery of £4.644m as at the end of July 2020. This is due to increased activities (both in respect of the Bridging Divides pipeline of grant applications and the new LCRF grant-making) as CBT responded to support London communities during the pandemic.

Summary forecasts by Committee and by Fund (i.e. Local Risk and Central Risk) are set out in Appendices 1 and 2. Appendix 3 sets out the breakdown of forecast grant expenditure for the 2020/21 financial year.

Recommendation

- a) That the report be noted.

Main Report

Introduction

This paper provides the financial update of CBT's activities for the first four months of this financial year. It has been an exceptional year with both the impact of the pandemic and also the BHE review enabling an increased allocation of £200m to the ancillary objects. CBT has also further increased its activity to include an expanded Central Grants Unit with responsibility for distribution of resources from the Community Interest Levy. All this results in a more complex reporting picture. Table 1 therefore provides a consolidated financial update for all CBT activities; there then follows a more detailed breakdown.

Table 1: CBT Budget v Actual Spend, Period Ended 31st July 2020.

Table 1 below presents a consolidated financial update for all CBT activities, including LCRF, as at 31st July 2020.

	Year to Date				Annual			
	Actual	Budget	Variance to Budget	Variance to Budget	Budget	Forecast	Variance to Forecast	Variance to Forecast
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Local Risk								
Employees	(709)	(875)	166	19	(2,655)	(2,846)	(191)	(7)
Transport	(1)	(3)	2	69	(9)	(4)	5	56
Supplies and Services	(159)	(339)	180	53	(759)	(870)	(111)	(15)
Total Expenditure	(868)	(1,217)	349	29	(3,423)	(3,720)	(297)	(8)
Income	17	39	(22)	58	503	405	(98)	19
Total Local Risk	(851)	(1,178)	326	28	(2,920)	(3,315)	(395)	(12)
Central Risk								
Grants	(21,944)	(9,409)	(12,535)	(133)	(27,438)	(84,069)	(56,631)	(206)
Depreciation	(10)	(10)	-	-	(31)	(31)	-	-
Donations	7,559	-	7,559	-	0	15,359	15,359	-
Social Investment Income	100	94	6	(7)	409	286	(123)	30
Total Central Risk	(14,295)	(9,325)	(4,970)	(53)	(27,060)	(68,455)	(41,395)	(153)
Recharges								
Admin Buildings	(30)	(30)	-	-	(90)	(90)	-	-
Support Services	(55)	(55)	-	-	(164)	(164)	-	-
Corporate & Democratic Core	55	55	-	-	164	164	-	-
Total Recharges	(30)	(30)	-	-	(90)	(90)	-	-
GBT Net Expenditure	(15,176)	(10,533)	(4,644)	(26)	(30,070)	(71,859)	(41,789)	(165)

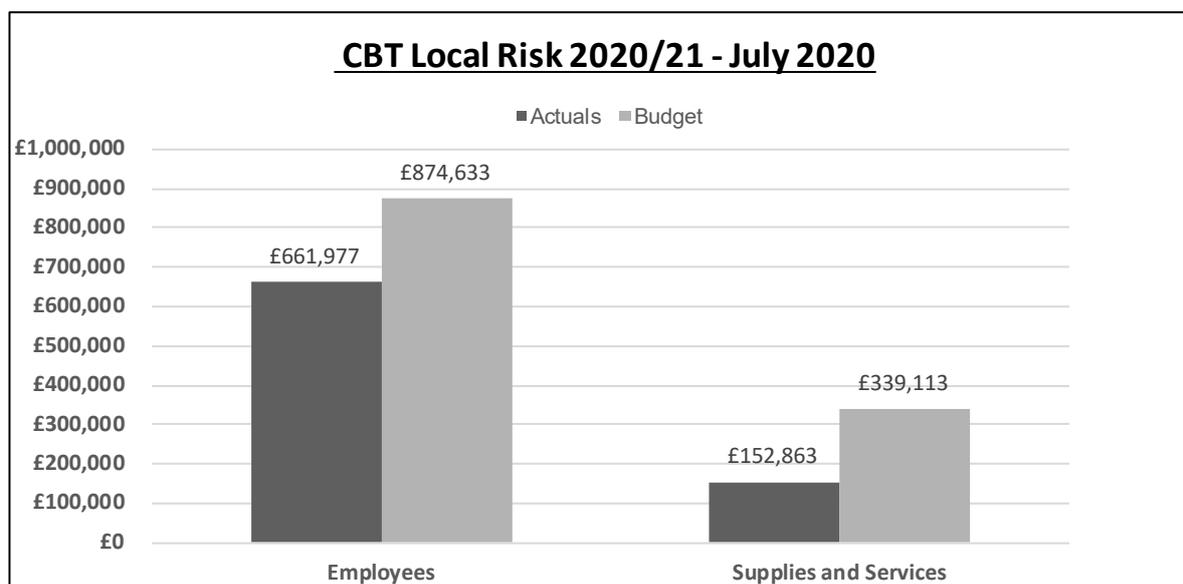
Table 2: CBT Activities Budget v Actual Spend, Period Ended 31st July 2020 excluding LCRF

Table 2 below presents a financial update of CBT activities, excluding LCRF, as at 31st July 2020 and is discussed in detail in sections 1 to 15.

	Year to Date				Annual			
	Actual	Budget	Variance to Budget	Variance to Budget %	Budget	Forecast	Variance to Forecast	Variance to Forecast
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Local Risk								
Employees	(662)	(875)	213	24	(2,655)	(2,297)	358	13
Transport	(1)	(3)	2	69	(9)	(4)	5	56
Supplies and Services	(153)	(339)	186	55	(759)	(685)	74	10
Total Expenditure	(816)	(1,217)	401	33	(3,423)	(2,986)	437	15
Income	17	39	(22)	58	503	405	(98)	19
Total Local Risk	(799)	(1,178)	379	32	(2,920)	(2,581)	339	13
Central Risk								
Grants	(8,979)	(9,409)	430	5	(27,438)	(58,944)	(31,506)	(115)
Depreciation	(10)	(10)	-	-	(31)	(31)	-	-
Donations	-	-	-	-	-	500	500	-
Social Investment Income	100	94	6	(7)	409	286	(123)	30
Total Central Risk	(8,889)	(9,325)	436	5	(27,060)	(58,189)	(31,129)	(115)
Recharges								
Admin Buildings	(30)	(30)	-	-	(90)	(90)	-	-
Support Services	(55)	(55)	-	-	(164)	(164)	-	-
Corporate & Democratic Core	55	55	-	-	164	164	-	-
Total Recharges	(30)	(30)	-	-	(90)	(90)	-	-
CBT Main Net Expenditure	(9,718)	(10,533)	815	37	(30,070)	(60,860)	(30,790)	(102)

Local Risk

The graph 'CBT Local Risk 2020/21 – 31st July 2020' shown below, compares the year-to-date (YTD) spend and latest approved budget for Local Risk for only CBT main activities, excluding LCRF.



Employee Costs

1. The period, April to July 2020, witnessed considerable staff movements. These movements were due to some CBT staff being re-directed to support the LCRF and appointments to some posts notably the Finance Manager (Charities), Funding Managers and Funding Officers. Staff costs for those supporting the LCRF project have been redirected to the LCRF with a consequential underspend in employee costs of £213k as at 31st July 2020 against the CBT local risk budget.
2. Forecasts employee costs for main CBT activities is £2.297m, a saving of £358k compared to the approved budget for 2020/21. Again, this is due to the redirection of resources towards LCRF with costs of staff identified to be working of LCRF activities duly charged to LCRF. It is estimated that employee costs for LCRF activities will be £549k resulting current reported savings of £191k for all CBT activities for the financial year.
3. Due to current working arrangements, with CBT staff working from home, some indirect employee costs relating to staff travel, training and development will not be incurred.

Supplies and Services

4. Supplies and Services which includes consultancy, software maintenance and support, subscriptions, events and conferences, were underspent by £186k as at the end of July 2020. Of this underspend, £69k relates to fees and services for the Philanthropy House (PH) project. The outcomes of planning applications and associated design work for a key potential building have taken longer than anticipated to materialise. With limited project management capacity within the team owing to Covid-19-related priorities, it has made sense to delay some of the onward planning relating to this project whilst the market for co-location has been adapting to the impact of Covid-19 on working practices.
5. Significant underspend in Local Risk Supplies and Services is also due to the delay in redesigning and building a new CBT website. This was originally planned to commence in July 2020. The delay is due to COVID-19, as other communications-related activities took priority. However, with the BHE Positioning Project scheduled for the 3rd quarter of 2020-21, it is now expected that the CBT website redesign will flow from that exercise. The spend for the new website is expected to be incurred in the last quarter of 2020-21.

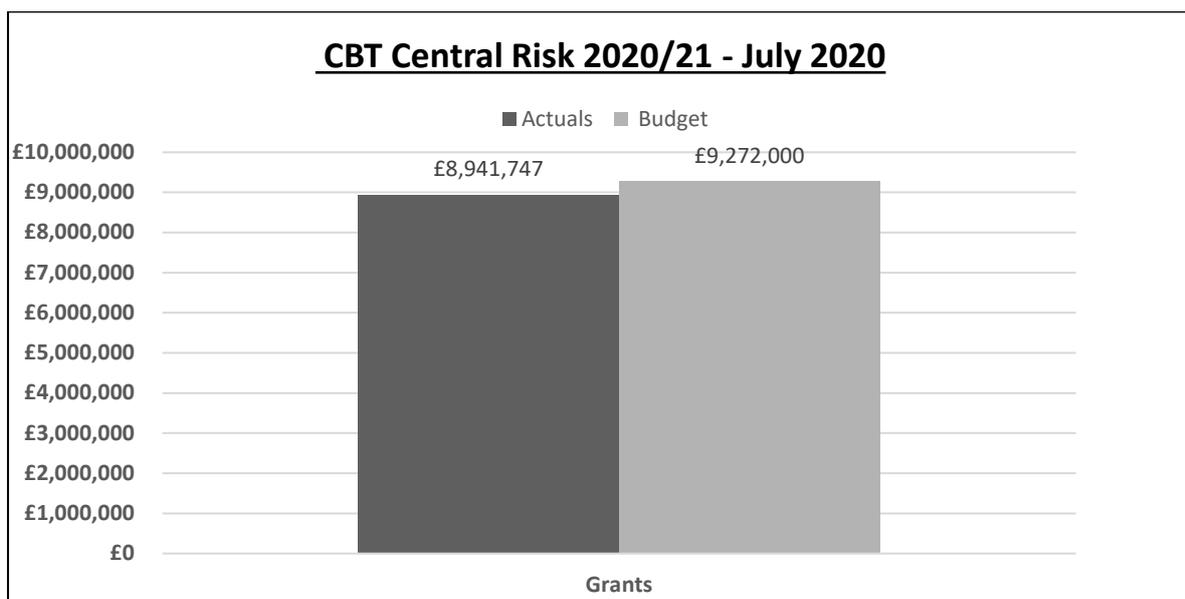
6. Forecasts supplies and services spend for the 2020/21 financial year is £685k and is a net saving of £74k compared to the latest approved budget. This net decrease comprises:
 - a. Costs for communication and learning events, conferences, hospitality and subsistence of £71k which will not be incurred by the end of March 2021.
 - b. Office accommodation costs of £30k and printing and stationery costs of £13k as approved for 2020/21 financial year will now not be incurred as staff continue to work remotely.
 - c. An additional £40k in consultancy fees is estimated to be spent by the end of March 2021 to provide additional capacity for the CBT team.
 - d. There are other minor forecasts increases and decreases across other areas.

Income

7. Income of £17k relates to the Wembley National Stadium Trust (WNST) contract for the first four months of the year and is £22k adrift from the budgeted income for the period. Covid-19 has had a significant impact on the activities of WNST such that lesser management and administration support is now required.
8. The lesser support to WNST has necessitated a £74k downward variation in the contract for the financial year.

Central Risk

The graph 'CBT Central Risk 2020/21 – July 2020' shown below compares the year-to-date (YTD) commitment and approved budget for CBT Grants, excluding LCRF.



Grants

9. Grant expenditure commitments approved at the first two CBT Committees for the financial year was £8.942m against a budget of £9.272m. The commitment represents grants approved for CBT main grants programmes and the Bridge to Work programme. The launch of the second round of Cornerstone Fund (Anniversary Funds/Infrastructure) programme is now planned to take place later in the year.
10. As at the end of July 2020, £11m from the Bridging Divides agreed 5 -year budget, had been approved for transfer to LCRF. The initial £1m transfer was agreed in March 2020, and a further two tranches of £5m with the most recent £5m transfer agreed at the July 2020 CBT Committee. Following these transfers to the LCRF programme, less funds were available to support CBT's existing Bridging Divides grants portfolio and grant application pipeline. CBT committee approved an additional allocation of £5m from the Bridging Divides agreed 5-year budget to the 2020-2021 CBT Bridging Divides budget allocation to partially replenish the transfers to LCRF during 2020/21. A further request for funding of £15m to support CBT's existing Bridging Divides grants portfolio and application pipeline for the remainder of the financial year is made in the paper 'Redesigning the Trust's work for the Covid-19 health crisis and beyond'.
11. At present the regular funding programmes operated by CBT have been 'paused' to enable staff to focus on the LCRF, provide support to the existing portfolio of 600+ grantees and work through the considerable number of applications that were already in the pipeline.
12. A more detailed analysis of the grants budget can be found within the Grants Budget and Applications report.

Voluntary Donations

13. CBT received a £500k pledge from Trust for London (TfL) to support the Cornerstone programme. Should CBT be ready to launch the second round of the Cornerstone Fund programme by the end of this calendar year, entitlement to this pledge will be in place for 2020/21.

Depreciation

14. The charge for depreciation represents a general allocation of depreciation on the Guildhall facility.

Social Investment Fund

15. Income on Social Investments for the 2020/21 financial year is forecast at £289k, being £123k less than the approved budget. Due to market conditions, returns are expected to be significantly less than the original budget.

London Community Response Fund

Table 3: CBT LRCF Budget v Actual Spend, Period Ended 31st July 2020

Table 3 below presents a financial update of LRCF activities, including the £7m received under agreement with the National Lottery Community Fund which is discussed in detail below.

LRCF	Year to Date			Annual		
	Actual	Budget	Variance to Budget	Budget	Forecast	Variance to Forecast
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	(47)	-	(47)	-	(549)	(549)
Supplies and Services	(6)	-	(6)	-	(185)	(185)
Grants	(12,965)	-	(12,965)	-	(25,125)	(25,125)
Total Expenditure	(13,018)	-	(13,018)	-	(25,859)	(25,859)
Donations ^a	7,559	-	7,559	-	14,859	14,859
CBT/BHE Transfers ^b	11,000	-	11,000	-	11,000	11,000
BHE LRCF	5,541	-	5,541	-	-	-

a. Includes £1.8m third party donations received in March 2020.
b. Includes £1m BHE transfer made in March 2020.

16. Since its inception, LRCF has received donations income from third parties of £14.859m and a transfer of £11m from BHE, making total funds available to the programme of £25.859m. Administrative costs of £0.734m is forecast to be incurred in running the LRCF with £25.125m to be committed as grants by the end of the 2020/21 financial year.

17. Applications were submitted via the London Community Response portal, which is hosted by London Funders and reviewed by the LRCF Advisory Panel. The Advisory Panel comprises of staff members from CBT and donor organisations, as well as independent experts. Grants were awarded in two “waves”. Wave 1 grants of £906k were awarded to 219 applicants between 6 April 2020 and 1 May 2020. Wave 2 grants of £12.059m were awarded to 754 applicants between 20 April 2020 and 12 June 2020. Wave 3 is current.

Nathan Omane
Finance Manager (Charities)
nathan.omane@cityoflondon.gov.uk

Appendices

Appendix 1: Summary forecast by committee: 2020/21 financial year

	CBT Committee	CBT Committee (LCRF)	Finance Committee	Community Infrastructure Levy (Committee to be identified)	Policy & Resources Committee	Total
Local Risk						
	£000s	£000s	£000s	£000s	£000s	£000s
Employees	(1,852)	(549)	(251)	(77)	(117)	(2,846)
Transport	(4)	0	-	-	-	(4)
Supplies and Services	(627)	(185)	(10)	(15)	(115)	(952)
Total Expenditure	(2,483)	(734)	(261)	(92)	(233)	(3,802)
Income						
Wembley National Stadium Trust	42					42
Total Local Risk	(2,441)	(734)	(261)	-	(233)	(3,760)
Central Risk						
Grants/ Supplies and Services	(58,944)	(25,125)	-	-	-	(84,069)
Depreciation	(31)		-	-	-	(31)
Income						
Donations	500	14,859				15,359
Transfers	(11,000)	11,000				0
Social Investments Fund	286		-	-	-	286
Total Central Risk	(69,189)	734	-	-	-	(68,455)
Recharges	(90)		-	-	-	(90)
Total Net Expenditure	(71,720)	-	(261)	-	(233)	(72,305)

Appendix 2: Summary forecast by fund: 2020/21 financial year

	BHE				City Fund	City's Cash	CoL Charities	Total
	CBT	CBT LCRF	Non-CBT	BHE Total	CIL	Grants/CoL Charities Review	CoL Charities	
Local Risk								
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employees	(1,852)	(549)	(201)	(2,602)	(77)	(158)	(8)	(2,846)
Transport	(4)	-	-	(4)	-	-	-	(4)
Supplies and Services	(626)	(185)	-	(812)	(15)	(124)	(2)	(952)
Total Expenditure	(2,483)	(734)	(201)	(3,418)	(92)	(282)	(10)	(3,802)
Income								
Wembley National Stadium Trust	42		-	42				42
Total Local Risk	(2,441)	(734)	(201)	(3,376)	(92)	(282)	(10)	(3,760)
Central Risk								
Grants/ Supplies and Services	(58,944)	(25,125)	-	(84,069)	-	-	-	(84,069)
Depreciation	(31)		-	(31)	-	-	-	(31)
Income								
Donations	500	14,859		15,359				15,359
Transfers	(11,000)	11,000		-				
Social Investments Fund	286		-	286	-	-	-	286
Total Central Risk	(69,189)	734	-	(68,455)	-	-	-	(68,455)
Recharges	(90)		-	(90)	-	-	-	(90)
Total Net Expenditure	(71,720)	-	(201)	(71,921)	(92)	(282)	(10)	(72,305)

Appendix 3: CBT Grants forecast: 2020/21 financial year

Grants Forecast 2020/21	CBT main activities	LCRF	Total CBT
	£'000	£'000	£'000
Grants expenditure			
2020/21 Budget	20,000		20,000
2019/20 additional allocation spend	(9,858)		(9,858)
Additional - due to increase to £125m over 5 yrs	8,333		8,333
Cornerstone	870		870
Bridge to Work	262		262
Additional allocation approved- CBT Committee July 20	5,000		5,000
Forecast allocation from the £200m	45,000		45,000
Budget transfer to LCRF	(11,000)	11,000	-
TNLF donation (net admin costs £235k)		6,765	6,765
LCRF 3rd party donations (net of admin costs £500k)*		7,360	7,360
Non-grants expenditure			
Bridge to work- consultancy, events, evaluation	99		99
BD additional capacity building	98		98
Rocket Science	80		80
Training grantees in comms skills	10		10
Corporate volunteering brokerage	50		50
Total grants expenditure forecast 2020/21	58,944	25,125	84,069
LCRF 3rd party donations (net of admin costs £500k)*			
<i>Greater London Authority</i>		5,000	
<i>Paul Hamlyn Foundation</i>		500	
<i>The Clothworkers' Foundation</i>		200	
<i>Bloomberg</i>		100	
<i>Quadrature Capital Limited</i>		800	
<i>Macquarie Group Foundation</i>		500	
<i>Fidelity UK Foundation</i>		300	
<i>Julia and Hans Rausing Trust</i>		200	
<i>Individual donations less than £100k</i>		260	
<i>Admin costs</i>		(500)	
Total LCRF 3rd party donations (net of admin costs £500k)		7,360	