



Joint Report – Policy & Resources Committee and The City Bridge Trust Committee

Bridge House Estates Revenue Surplus

To be presented on Thursday, 23rd July 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons of
the City of London in Common Council assembled.*

SUMMARY

Owing to careful stewardship of Bridge House Estate's charitable assets, surplus income is forecast over the next three years in addition to the £14.95M previously agreed for the baseline grants budget and the £1M for the Prince's Trust's grant. Your Policy and Resources Committee and City Bridge Trust Committee have considered proposals for an additional allocation from the surplus income of the charity Bridge House Estates (BHE) to the City Bridge Trust (CBT) over the next three years; at least £3M this financial year; at least £4M next financial year; and at least £5M in financial year 2017-18 inclusive. Your approval is now sought to the allocation of the additional £3M for this year only together with £265,000 for the associated costs of management, administration and financial support. The allocation for the remaining years will be dealt with in the usual manner as part of the City Corporation's resource allocation process.

It is proposed that this should be spent for the benefit of the most disadvantaged Londoners. A three-pronged approach is proposed: increased funding to the main Investing in Londoners grants programme; strategic funding to support the most disadvantaged into work; and strategic funding to strengthen London's charitable sector.

RECOMMENDATION

It is recommended that approval be given to the following:-

- (a) an additional allocation of at least £3M from the surplus income of Bridge House Estates to the City Bridge Trust grants budget for this financial year.

- (b) an additional allocation of £200,000, for this financial year, from the surplus income of Bridge House Estates to City Bridge Trust to fund the officer time and evaluation costs relating to the management and administration of the increased, largely pro-active, grants budget; and
- (c) an allocation of £65,000, for this financial year, for an accountant dedicated to City Bridge Trust and specialising in charity accounts.

MAIN REPORT

Background

1. BHE is a charity of which the City of London Corporation is its corporate trustee. The Court of Common Council settles the policy for the application of any surplus BHE income, following consultation, upon the recommendation of its City Bridge Trust Committee. The policy currently provides for any surplus income to be applied by way of charitable grants under a number of grants programmes, including by way of strategic grants.
2. The Policy and Resources Committee decides how much of the BHE surplus is released for charitable grant making each year through the City Corporation's normal resource allocation processes and the City Bridge Trust Committee considers the grants to be made. The City Bridge Trust Committee takes decisions on grants up to £500,000. On the rare occasion that a grant proposal exceeds £500,000, the City Bridge Trust makes a recommendation to the Court of Common Council for decision.

Current Position

3. Since 1995, BHE charitable grants programmes have been anchored in the needs of London's communities. This continues today: BHE, through CBT, runs a London-wide, broad-based, grants programme called 'Investing in Londoners' targeted at tackling disadvantage in London. This policy was settled in 2013 for a five year period and the process for review will be initiated at the appropriate time.
4. This is a time of great need in London. The fiscal position has meant that the cuts from Central Government to London Boroughs are unprecedented and further cuts from 2015/16 onwards mean their impact will be deeper still. As a result, the statutory provision for the most disadvantaged, and the funding available for the Voluntary and Community sector, has reduced. This is at a time when the needs of some of the most disadvantaged Londoners have increased.
5. In this context, the City of London Corporation's continued, careful stewardship of BHE's charitable assets is more important than ever. It is enabling what now stands at an annual £15M charitable grant spend, meaning that CBT is now London's largest independent grant-maker. The estimated additional monies available for charitable activities (including any additional administration and management costs) are shown in this forecast and are summarised in Table 1 below.

Table 1: BHE estimated forecast revenue surplus above CBT's existing budget

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Total BHE income	(32,777)	(33,889)	(35,974)	(36,167)
Expenditure excluding grants	13,179	12,784	12,829	12,856
Grants	15,950	15,950	15,950	15,950
Surplus	(3,648)	(5,155)	(7,195)	(7,361)

Proposal

6. Mindful of the needs of London, the surplus income projections, and the Charity Commission's advice on the accumulation of reserves, it is considered that the charity can best achieve its charitable purposes, and make the most effective use of these additional resources, by applying them under the existing policy: specifically through strategic grant-making for the benefit of disadvantaged Londoners.
7. It is therefore proposed that an additional allocation is made from the BHE surplus income to CBT grants budget. Based on current estimates of the forecast surplus, it is proposed that this be at least £3M this financial year; at least £4M next financial year; and at least £5M in financial year 2017 - 2018 (resulting in a total average grants budget of £20M per year through to 2018, including the existing main grants budget, the annual £1M grant to the Prince's Trust, and the proposed uplift). The additional surplus income available from BHE is an opportunity to make an even greater difference for disadvantaged Londoners; the Court is asked to approve the allocation for this year, with the remaining years dealt with in the usual manner as part of the City Corporation's resource allocation process. A three-pronged approach is proposed: increased funding to the main Investing in Londoners grants programme; strategic funding to support the most disadvantaged into work; and strategic funding to strengthen London's charitable sector.
8. CBT grant programmes have always drawn on external evidence and expertise, as well as using the data and intelligence from its grants programme to assist in defining their focus and structure. In a similar vein, it is proposed that, across all these areas of funding, an intelligent, considered approach is undertaken: drawing on internal and external expertise over a six month time frame; making the most of CBT's links with the City and its locus between the voluntary, private, and statutory sectors; and focusing the grant spend strategically where it is most needed for the benefit of disadvantaged Londoners.
9. During this six month process, officers will be alert to the possibility of leveraging in additional funds to ensure BHE grant funds achieve maximum value and impact. Following this process, it is proposed that the resulting first set of grant proposals will be considered, and grant decisions announced at the culmination of CBT's 20th anniversary in March 2016.

10. It is proposed that from the BHE surplus income, an additional allocation of £265,000 per year be made to CBT's budget to fund:

(a) the officer time and evaluation costs relating to the management and administration of the increased, largely pro-active grants budget; and

(b) an accountant dedicated to CBT and specialising in charity accounts. The current arrangement whereby the financial support available to CBT has to compete with other priorities within the reducing resources of the Chamberlain's Department is affecting the operational efficiency of CBT. With the existing grant programmes, the service provided is under unsustainable pressure and an increased workload could not be accommodated. As well as undertaking the financial appraisals of applicants for all grant programmes as part of a more integrated process, the new post would provide a broader source of advice and support to grants officers. The post holder should also be able to assist if the cross-cutting Grants Review being undertaken as part of the Service Based Review recommends that CBT officers are well placed to undertake a more corporate role.

Conclusion

11. The size of BHE's grants budget, combined with its links with the City of London Corporation, its locus between the voluntary, statutory, and private sectors, and its ability to bridge the three and draw on the best of each, means the charity is particularly well placed to use its financial and its non-financial assets to effect positive change for disadvantaged Londoners. The additional surplus income available from BHE is an opportunity to make an even greater difference for disadvantaged Londoners

All of which we submit to the judgement of this Honourable Court.

DATED this 23rd day of June, 2015.

SIGNED on behalf of the Committee.

Mark Boleat

Chairman, Policy & Resources Committee

Jeremy Mayhew

Chairman, The City Bridge Trust Committee