

<b>Committee</b>	<b>Date:</b>
Finance Committee	2 May 2017
<b>Subject:</b> Central Contingencies	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Decision</b>
<b>Report author:</b> Philip Gregory	

### Summary

At your Committee's November meeting, queries were raised on the apparently high level of contingencies and whether the amount should be reduced. However, this is the contingency budget for the entire organisation, so flexibility is desirable particularly as local risk budgets have decreased in 2017/18 following implementation of the service based review. A review of central risk budgets, including Finance Committee contingency, is planned for the summer in preparation for the 2018/19 budget setting process.

In light of the central risk review, it is proposed that no adjustments are made yet to the 2017/18 contingency budget. Allocations of £85,000 have been approved in previous financial years from the City's Cash Contingency Fund. In view of this quantified need, it is proposed that £85,000 from the City's Cash central Contingency Fund is carried forward to 2017/18.

### Recommendation

Members are asked to agree to carry forward £85,000 from the City's Cash 2016/17 Central Contingency Fund to meet existing allocations which have been agreed in previous years and thereby providing a full year's contingency for funding requirements that may arise during 2017/18.

### Main Report

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources Committee; such budgets do not include any contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. In addition to the central contingencies, the Committee has a specific City's Cash contingency of £100,000 to support humanitarian disaster relief efforts both nationally and internationally.
3. The anticipated year-end positions of the 2016/17 central contingencies and the national and international disasters contingency are set out in tables 1 and 2 respectively.

Table 1: 2016/17 Central Contingencies at 31 March 2017				
	City's Cash	City Fund	Bridge House Estates	Total
	£'000	£'000	£'000	£'000
2016/17 Provision	950	800	50	1,800
2015/16 Provision brought forward to fund allocations agreed in previous financial years	310	118	0	428
Total Provision	1,260	918	50	2,228
Less Allocations				
2016/17 financial year	871	132	2	1,005
Agreed for future financial years- carry forward	85	0	0	85
Agreed for future financial years- not carried forward	0	95	0	95
<b>Uncommitted Balances</b>	<b>304</b>	<b>691</b>	<b>48</b>	<b>1,043</b>

Table 2: 2016/17 National and International Disasters Contingency at 31 March 2017	
	City's Cash £'000
2016/17 Provision	100
2015/16 unspent provision brought forward	80
Less Allocations	180
<b>Uncommitted Balances</b>	<b>0</b>

4. At your Committee's November meeting, queries were raised on the apparently high level of contingencies and whether the amount should be reduced. However, this is the contingency budget for the entire organisation, so flexibility is desirable, particularly as local risk budgets have decreased following implementation of the service based review. A review of central risk budgets, including Finance Committee contingency, is planned for the summer in preparation for the 2018/19 budget setting process. This review will assess spending trends to date and potential calls on contingency funding.
5. In light of the central risk review, it is proposed that no adjustments are made yet to the 2017/18 contingency budget.
6. Allocations of £85,000 have been approved in previous financial years from the City's Cash Contingency Fund. In view of this quantified need, it is proposed that £85,000 from the City's Cash Contingency Fund is carried forward to 2017/18

thereby ensuring that funds are available during 2017/18. There are no proposed carry forward requests for City Fund Contingency.

7. There has been one approved request for funding from the Finance Committee's 2017/18 City Fund contingency, totalling £90,000. This is detailed in the non-public report of action taken elsewhere on the agenda
8. At the time of writing this report, there was one request for funding from the 2017/18 Contingency Budgets, for £375k of funding, split between City's Cash, City Fund and Bridge House Estates. This request is set out in a report within the non-public part of the agenda. Assuming the proposals outlined in paragraph 6 are agreed the uncommitted balances that are available for 2017/18 are set out in Table 3 below.

Table 3: Uncommitted Balances and requests against 2017/18 Contingencies at 31 March 2017

	City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Total £'000
General Contingencies	950	615	50	1,705
National and International Disasters	100	0	0	100
<b>Uncommitted Balances</b>	<b>1,050</b>	<b>615</b>	<b>50</b>	<b>1,705</b>
Requests for contingency allocations	66	218	15	0
<b>Balances pending approval</b>	<b>984</b>	<b>397</b>	<b>35</b>	<b>1,416</b>

## Conclusion

9. Members are asked to agree to carry forward sufficient resources from the City's Cash 2016/17 Central Contingency Fund to meet existing allocations and thereby providing a full year's contingency for funding requirements that may arise during 2017/18.

## Appendices

- Appendix 1 2016/17 Contingencies
- Appendix 2 2017/18 Contingencies

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