

Committee(s) Resource Allocation Sub Committee Policy & Resources Committee Finance Committee	Dated: 18/01/2018 18/01/2018 23/01/2018
Subject: City Bridge Trust: Proposed Revenue Budget - 2018/19	Public
Report of: The Chamberlain and The Town Clerk	For Decision
Report authors: Karen Atkinson, Chamberlain's Department David Farnsworth, City Bridge Trust	

Summary

This report provides the submission and seeks approval of the 2018/2019 revenue budget overseen by the City Bridge Trust (CBT) Committee in the context of CBT's strategic and business priorities, for subsequent submission to the Finance Committee.

Summary Revenue Budget for the City Bridge Trust Committee	Latest Budget 2017/18 £'000	Original Budget 2018/19 £'000	Movement £'000
Expenditure	(27,047)	(23,844)	3,203
Income	219	196	(23)
Support Services and Capital Charges	(159)	(162)	(3)
Total Net Expenditure	(26,987)	(23,810)	3,177

2018/2019 is the first year of CBT's new 5-year funding strategy, Bridging Divides (BD). Following extensive consultation and approval by the Court of Common Council in July 2017, BD commits CBT to supporting Londoners and London's communities, who are experiencing inequalities, to thrive. During 2018/19 priorities will include working collaboratively to: implement the BD strategy; ensure CBT is led by strategic decisions and is customer focused; model/encourage/and celebrate more and more effective philanthropy; and grow the social investment market.

The provisional budgeted net expenditure for 2018/19 is estimated to be £23.810m, a decrease of £3.177m compared with the budget for 2017/18. The main driver for this is a reduction in expected grant commitments, following commitments against anniversary funding during 2017/18, alongside the next 3 years' funding to the Prince's Trust being committed in the current year. NB the provisional nature of the budget reflects the fact that the following are still under consideration: the level of BHE charitable funding anticipated to be available for distribution; the resource requirements to deliver the BD strategy; the Central Grants Programme pilot; and how to make the most impact through the charitable funding of the Corporation both directly, through its trusteeships and relationships with arms-length charities.

Recommendations

The Committee is requested to:-

- a) approve the provisional 2018/19 revenue budget for submission to Policy & Resources Committee and Finance Committee;
- b) authorise the Chamberlain to revise these budgets to allow for any necessary realignment of funds resulting from corporate projects.

Main Report

Background

1. A cy près scheme agreed by the Charity Commission in 1995 enables Bridge House Estates (BHE) to distribute the charity's surplus income for charitable purposes across Greater London. The amount available for charitable funding from the surplus income is determined each year by the Policy and Resources Committee. Any uncommitted funding at the year-end will be held within a designated fund for the purposes of charitable funding under BD.
2. This report sets out a summary of CBT's 2018/2019 business planning priorities (more detail is set out in the business plan paper) and the provisional, associated revenue budget for approval and submission to the Finance Committee.

Summary CBT Business Planning Priorities 2018/2019

3. CBT's 2018/2019 priorities include:
 - To increase the quality and impact of its charitable funding
 - To grow the social investment market
 - To ensure the Trust is led by strategic decisions and is customer focused
 - To encourage more giving of time, money and skills in an effective way to enable individuals and communities to thrive.

Proposed Revenue Budget for 2018/19

4. The proposed Revenue Budgets for 2018/19 are analysed between:
 - Local Risk budgets – these are the budgets deemed to be largely within the Chief Officer's control.
 - Central Risk budgets – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances, rent incomes from investment properties and in the case of CBT, the charitable funding budget).
 - Support Services and Capital Charges – these cover budgets for services provided by one activity to another.

5. The provisional 2018/19 budgets have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees.
6. The budgets are set out in Table 2. Expenditure and unfavourable variances are presented in brackets. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.

Analysis of Service Expenditure	Local or Central Risk	Actual 2016-17 £'000	Budget to be Approved 2017-18 £'000	Original Budget 2018-19 £'000	Movement 2017-18 to 2018-19 £'000	Para- graph Ref
EXPENDITURE						
Employees	L	(955)	(1,214)	(1,888)	(674)	7(i)
Transport Related Expenses	L	(4)	(4)	(6)	(2)	
Supplies & Services (note i)	L	(430)	(543)	(455)	88	7(ii)
Total Local Risk		(1,389)	(1,761)	(2,349)	(588)	
Supplies & Services (note i)	C	(103)	(230)	(82)	148	7(ii)
Grants	C	(16,881)	(25,056)	(21,413)	3,643	7(iii)
Total Central Risk		(16,984)	(25,286)	(21,495)	3,791	
Total Expenditure	L&C	(18,373)	(27,047)	(23,844)	3,203	
INCOME						
Wembley National Stadium Trust	L	107	108	111	3	
3rd Party Income	C	200	51	0	(51)	
CGU Support	L		60	85	25	
Total Income		307	219	196	(23)	
TOTAL NET EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		(18,066)	(26,828)	(23,648)	3,180	
Support Services & Capital Charges		(142)	(159)	(162)	(3)	
TOTAL NET EXPENDITURE		(18,208)	(26,987)	(23,810)	3,177	

Notes

- (i) Supplies & Services – Equipment, furniture, materials, printing, stationery and professional fees.

7. Overall there is a decrease of £3.177m between the 2017/18 budget and the 2018/19 proposed budget. The budget movements are a result of:

- i) Employees – this has provisionally increased by £674k from £1.214m to £1.888m. The proposed uplift reflects:
 - Resourcing to support the effective delivery of the BD strategy; and
 - Resourcing to support the work anchored in CBT but with broader scope (the philanthropy, social investment and wider Corporation charity/charitable funding agendas).
- ii) Supplies and Services - this has decreased by £236k, from £773k to £537k in total across both local and central risk, as per Table 3. This variance is split as £88k under local risk, and £148k against central risk, as shown within Table 2.

Analysis of Supplies & Services	Budget to be Approved 2017/18			Original Budget 2018/19			Variance £
	Local £	Central £	Total £	Local £	Central £	Total £	
Equipment, furniture, materials	4,000	-	4,000	4,000	-	4,000	-
Printing, stationery, general office	14,000	5,000	19,000	19,000	-	19,000	0
Fees & Services	407,000	200,000	607,000	219,000	62,000	281,000	326,000
Communications & computing	60,000	10,000	70,000	122,000	12,000	134,000	(64,000)
Expenses	26,000	15,000	41,000	61,000	8,000	69,000	(28,000)
Subscriptions	32,000	-	32,000	30,000	-	30,000	2,000
Total	543,000	230,000	773,000	455,000	82,000	537,000	236,000

iii)

Considering local and central risk separately in relation to Table 3 above:

a. Local risk:

- i. Fees and services - as noted above, several roles – notably Head of Projects and Head of Philanthropy Strategy – have largely been covered by consultants during 2017/18. Costs for these are included within the 2018/19 provisional employment budget line, so reducing consultancy spend. Other changes include: the cost of the monitoring activity of the core grants programme is decreasing - following discussions with internal audit, CBT plan to reduce the number of days consultancy directed at this work; 2017/18 includes a one-off budget of £50k relating to the Social Investment Fund; under Bridging Divides, CBT is appointing a learning partner to undertake an evaluation of the programme to improve impact – a new activity within the budget;
- ii. Communications and computing - CBT is currently reviewing options to upgrade or replace its grants management database. A provisional estimate of costs for both software and consultancy have been included in the 2018/19 budget;
- iii. Expenses – the proposed increased headcount within the team requires further travel and subsistence costs to support activities

being undertaken. The team are also commencing an annual series of learning events, enabling learning from activities to be shared with grantees and partners to improve impact.

- b. Central risk – 2017/18 costs include 3 areas of funding: approval and implementation of the strategic review, the Lord Mayor’s Show float and support for the 20th anniversary programmes. For 2018/19, just the costs related to the 5-year Employability anniversary programme will continue.

- iv) The Grants & Strategic Initiatives budget has decreased by £3.791m, from £25.286m to £21.495m, as set out in Table 4 below:

Table 4 - Grants & Strategic Initiatives Budget Analysis (Central Risk)	Latest Budget 2017-18 £'000	Original Budget 2018-19 £'000
Standard grants programme (Investing in Londoners/Bridging Divides)	20,000	20,000
Strategic grant towards the Princes Trust to continue for a period of 10 years	1,000	1,000
Original funding	21,000	21,000
Investing In Londoners - approved carry forward from 2016/17	274	0
Third party income	51	0
Strategic grant towards the Princes Trust - covering latest 3 year commitment (2017/18 - 2019/20)	2,000	(1,000)
CBT Anniversary Programmes - approved carry forward from 2016/17	4,448	0
CBT Anniversary programme: employability - amount to be committed across the remainder of the 5 year programme	(1,184)	192
CBT Anniversary programme: infrastructure support - amount to be committed in 2018/19	(1,303)	1,303
Total Grants & Strategic Initiatives budget (Central Risk)	25,286	21,495

- a. The original budget for 2018/19 started as £21m, with the proposed amount now standing at £21.495m. Reasons for change are:
- i. The annual £1m set aside for The Prince’s Trust now forming part of the 3-year commitment to be approved in 2017/18; and
 - ii. Total funding of £1.495m for the 2015 Anniversary programmes now expected to be awarded in the year. The majority of this relates to the Cornerstone Fund, part of the Infrastructure Support programme: this involves multiple stakeholders across London in its development and so awards will be made over a longer time period than originally expected.

8. Analysis of the proposed movement in headcount and related staff costs is shown in Table 5 below:

Table 5 - Headcount Statement	Budget to be approved 2017-18		Original Budget 2018-19	
	Headcount Full-time equivalent	Estimated cost £000	Headcount Full-time equivalent	Estimated cost £000
City Bridge Trust (note i)	19.1	1,034	25.9	1,699
Wembley National Stadium Trust (note ii)	1.3	90	1.3	95
Central Grants Unit (note iii)	0.8	48	1.2	68
Training and Recruitment Advertising		17		26
TOTAL EMPLOYEE COSTS	21.2	1,189	28.4	1,888

Notes

- i) The proposed increase in headcount is explained in paragraph 7(i);
- ii) Funding is provided by the Wembley National Stadium Trust through its contract with CBT (see income in Table 2);
- iii) Staff within CBT provide support for the Central Grants Unit (see income in Table 2 – NB this is subject to review).

Potential Further Budget Developments

9. The provisional nature of the revenue budgets particularly recognises that further revisions may arise from:
- the necessary realignment of funds resulting from corporate projects including:
 - (i) on-going corporate efficiency projects; and
 - (ii) central and departmental support service apportionments.
 - the resource implications/decisions on implementing CBT's 2018-2023 BD strategy along with the social investment work and increased importance of the philanthropy agenda given the external context;
 - the work to improve the strategic alignment, quality and impact of the charitable funding undertaken by the Corporation directly or through its trusteeships (including the review of the Central Grants Programme and the introduction of a central charities database).

Contact Officers:

Town Clerks Department:

David Farnsworth (Chief Grants Officer), david.farnsworth@cityoflondon.gov.uk

Chamberlain's Department:

Karen Atkinson (Head of Charity & Social Investment Finance)

Karen.atkinson@cityoflondon.gov.uk