

Committee:	Date:
City Bridge Trust (CBT)	14 th November 2018
Subject: Proposed Revenue Budget 18/19 and 19/20	Public
Report of: The Chamberlain and The Town Clerk	For Decision
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Summary

19/20 is the second year of CBT's new 5-year funding strategy, Bridging Divides. This report provides the annual submission of the revenue budget overseen by the City Bridge Trust (CBT) Committee in the context of CBT's strategic and business priorities. It also highlights adjustments made to the 18/19 budget since it was originally presented in November 2017.

This report reflects:

- a) The original 18/19 budget, along with an explanation of the net adjustment to this original budget of £352k. This is mainly due to the inclusion of an income budget for social investment.
- b) A request for an increase in the Local Risk budget for 19/20 of £94k due to increased activity in Philanthropy and an increase in employee costs due to global corporation salary increases and current market conditions.
- c) A reduction in the Central Risk budget, which covers the charitable funding for the CBT, due to the majority of existing designated funds being utilised in 18/19.

Recommendations

Members are asked to:

- a) Review and approve the updated 18/19 revenue budget.
- b) Approve the 19/20 revenue budget.

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 to fund charitable purposes across Greater London. An amount of £100m has previously been approved to fund the 5-year Bridging Divides strategy. Any

uncommitted funding at the year-end will be held within a designated fund for the purposes of future charitable funding under the strategy agreed by the Court of Common Council.

Revenue Budget 18/19

2. Table 1 shows the original budget which was presented to this committee in November 2017. During the financial year 18/19 some adjustments were made to the original budget. These are as follows:
 - Carry forwards were agreed against local risk supplies and services totalling £54k, now forming part of the adjusted 18/19 budget.
 - Income generated by the Social Investment Fund is now included in the adjusted central risk budget (£400k) to match where the responsibility for generating this income lies.
 - A mid-year adjustment to our support services and capital recharges has reduced the original budget from £131k to £106k.
 - A mid-year adjustment to our depreciation charge has reduced the original budget from £31k to £25k.
 - An amount equal to the level of contribution pay paid in October has been added to the 18/19 budget salary from a centrally held budget.
3. The employee forecast now includes £30k for temporary staff to support the work on Philanthropy House. Details on all other variances can be found within the Management Accounts paper (Period 6) which forms part of your committee papers.
4. No additional resources are required for 18/19. The additional forecast spend of £599k is mainly due to designated funds, agreed by this committee for grant-making, being utilised earlier than anticipated in response to need.

Table 1: 18/19 Annual budget v Forecast 18/19

	Original Budget 18/19		Adjusted Budget 18/19	Forecast 18/19	Variance
Local Risk					
	£000s		£000s	£000s	£000s
Employees	(1,888)		(1,913)	(1,853)	60
Transport	(6)		(6)	(6)	-
Supplies and Services	(455)		(509)	(500)	9
Total Expenditure	(2,349)		(2,428)	(2,359)	69
Income					
Wembley National Stadium Trust	111		111	111	-
CGU Support	85		85	85	-
Total Local Risk	(2,153)		(2,232)	(2,163)	69
Central Risk					
Grants / Supplies and Services	(21,495)		(21,495)	(22,163)	(668)
Depreciation	(31)		(25)	(25)	-
Income					
Social Investment Income	-		400	400	-
Total Central Risk	(21,526)		(21,120)	(21,788)	(668)
Recharges	(131)		(106)	(106)	-
Total Net Expenditure	(23,810)		(23,458)	(24,057)	(599)

Revenue Budget 19/20

5. The Revenue budget for 19/20 to be approved is analysed between:
 - Local Risk budget - these are for the budgets deemed to be largely within the Chief Officer's control, covering operational spend.
 - Central Risk budget - 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 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 grants budget and income earned from the Social Investment Fund (SIF).

- Support Services and Capital recharges - these cover budgets for services provided by one activity to another, covered by central departments in the Corporation.

Table 2: 19/20 Revenue Budgets for the City Bridge Trust Committee

	Adjusted Budget 18/19	Proposed Budget 19/20	Variance
Local Risk			
	£000s	£000s	£000s
Employees	(1,913)	(2,065)	(152)
Transport	(6)	(9)	(3)
Supplies and Services	(509)	(450)	59
Total Expenditure	(2,428)	(2,524)	(96)
Income			
Wembley National Stadium Trust	111	113	2
CGU Support	85	85	-
Total Local Risk	(2,232)	(2,326)	(94)
Central Risk			
Grants / Supplies and Services	(21,495)	(21,338)	157
Depreciation	(25)	(31)	(6)
Income			
Social Investment Income	400	530	130
Total Central Risk	(21,120)	(20,839)	281
Recharges	(106)	(107)	(1)
Total Net Expenditure	(23,458)	(23,272)	186

Analysis of the 19/20 Budget

Local Risk

Employee Costs

- 7) The proposed employee budget for 19/20 is £2,065k an increase of £152k compared to the 18/19 budget. This is due to the agreed Corporation salary increase for 18/19 and 19/20 being higher than the original budget and market conditions driving an increase in salaries offered above the starting point of the relevant grade. It is anticipated that CBT will recharge a proportion of the cost of

roles which now have pan-Corporation responsibilities which will reduce the net cost of employees, with the methodology for calculating this recharge currently being developed. This budget area also covers training costs to support what is now a larger team.

Table 3: Headcount Statement

	Headcount Full-time Equivalent Budget 18/19	Forecast Cost 18/19	Headcount Full-time Equivalent Budget 19/20	Estimated Cost Budget 19/20
	£000	£000	£000	£000
City Bridge Trust-Staff in post *	19.6	1,369	27.4	1,868
Wembley National Stadium Trust	1.3	95	1.3	97
Central Grants Unit	0.8	49	1.1	64
Vacant Posts- City Bridge Trust	5.1	171	-	-
Training and Recruitment Advertising	-	26	-	36
Temporary Staff	3	143	-	-
Total	29.8	1,853	29.8	2,065

*19/20 headcount and costs assume all staff will be in post.

Non- Employee Costs

Table 4: Detailed analysis of supplies and services.

	Adjusted Budget 18/19	Proposed Budget 19/20	Variance
	£	£	£
Equipment, furniture, materials	(4,000)	(3,000)	1,000
Printing, stationery, general office	(18,000)	(21,500)	(3,500)
Clothes, Uniforms	(1,000)	(1,000)	-
Fees & Services	(273,000)	(246,000)	27,000
Communications & Computing	(122,000)	(73,950)	48,050
Hospitality/Events/Conference Expenses	(61,000)	(70,200)	(9,200)
Subscriptions	(30,000)	(34,000)	(4,000)
Total	(509,000)	(449,650)	59,350

- 8) The proposed 19/20 budget for supplies and services has reduced when compared to 18/19, mainly due to the £103k included in the 18/19 budget for the new grants data base.
- 9) The 19/20 proposed budget includes a request for funding to support delivery of your agreed philanthropy strategy. The original model for philanthropy involved a grant to ACF which was budgeted for under central risk. Following an external review, activity to encourage more and higher impact philanthropy has been brought more in-house. The Philanthropy Director's salary is included in the employee budget line. The table above includes the proposed initial funding for the development and implementation of the philanthropy strategy and does not include any potential operational costs associated with Philanthropy House. This gives an overall operating expenditure budget request for philanthropy strategy, in addition to salary costs, in 19/20 of £92,150 including £30k to support due diligence around the role modelling pillar of the philanthropy strategy.

Income

- 10) The 19/20 budget shows a small increase in income from the Wembley National Stadium National Trust (WNST), as per the agreement covering the period 2018-2022. The budget also includes income from the Central Grants Unit. The level of staff time needed in this area is expected to be similar as 18/19, therefore the budget remains at the same level for 19/20.

Central Risk

Table 5: Grants Budget Analysis

	Proposed Budget 19/20
	£'000
Standard grants programme -Bridging Divides	(20,000)
Existing Designated Fund Spend:	
The Mayor's Fund for Young Londoners	(300)
Anniversary Programme/Employability	(195)
Anniversary Funds /Infrastructure	(843)
Total	(21,338)

- 11) The standard grants programme budget (Bridging Divides) remains at the same level as last year, being the annual amount of the £20m available for this programme. At the end of 18/19 it is anticipated that designated funds will continue to be available for the 20th Anniversary programmes. The first tranche of the Mayor's Fund for Young Londoners is expected to be committed by the end of 18/19, the remaining uncommitted balance will form part of the designated fund at the year end and is expected to be spent in 19/20.

Table 6: Movement in Designated Fund

	£
	£'000
Opening balance 01/04/18	3,735
18/19 Spend:	
Investors in London	(27)
Strategic Review	(58)
Anniversary Programmes	(2,462)
18/19 inflow:	
The Mayors Fund for Young Londoners	300
Estimated closing balance 31/03/19	1,488
19/20 Spend	
Anniversary Programmes	(1038)
The Mayor's Fund for Young Londoners	(300)
Estimated closing balance 31/03/20 *	150

*This closing balance represent the remainder of the previously agreed 5 year 20th Anniversary programme for Bridge to Work. This expected top be spent by the end of 21/22.

Depreciation

12)The depreciation charge has been confirmed at £31k for 19/20.

Social Investment Income

13)The social investment budget for 19/20 shows an increase of £130k when compared to 18/19. This amount includes an estimate for income expected from newly placed investments.