

<b>Committee:</b>	<b>Date:</b>
City Bridge Trust (CBT)	9 <sup>th</sup> May 2019
<b>Subject:</b> Financial Position of CBT in respect of the year ended 31 <sup>st</sup> March 2019	Public
<b>Report of:</b> Chief Grants Officer and Director of CBT The Chamberlain	For Information
<b>Author</b> Nathan Omane, Interim Senior Accountant (Charities)	

### Summary

This paper sets out CBT's position against budget for the year ended 31<sup>st</sup> March 2019. CBT was allocated a total budget of £23,458k with £21,495k of this budget allocated to the grants programme and £1,963k (net of income) to operational costs (local risk, central risk and recharges). At the end of the year, CBT is overall underspent against budget by £457k with a £19k underspend on grants (including fees and services) and £438k underspend on operations.

At the end of the year operational spend was under budget by £438k. Of this underspend, £208k relates to staff costs as new roles were not filled or filled much later in the year than originally anticipated. The remaining underspend primarily relates to the delay in the implementation of the new CRM system and non-system related consultancy.

Grant Income was £215k with £175k receivable from the Greater London Authority towards the Anniversary Programme and £40k received in October 2018 from UBS as their contribution towards Stepping Stones within the Bridging Divides Programme.

### Recommendation

- a) That the report be noted.

## Main Report

**Table 1: CBT Budget v Actual Spend, Year Ended 31<sup>st</sup> March 2019.**

	ACTUAL YTD	BUDGET YTD	VARIANCE	VARIANCE %
	£'000	£'000	£'000	%
<b>Local Risk</b>				
Employees	(1,705)	(1,913)	208	11
Transport	(5)	(6)	1	20
Supplies and Services	(318)	(509)	191	38
<b>Total Expenditure</b>	<b>(2,027)</b>	<b>(2,428)</b>	<b>401</b>	<b>17</b>
<b>Income</b>	182	196	(14)	7
<b>Total Local Risk</b>	<b>(1,845)</b>	<b>(2,232)</b>	<b>387</b>	<b>17</b>
<b>Central Risk</b>				
Grants	(21,476)	(21,495)	19	0
Depreciation	(25)	(25)	-	-
Social Investment Income	308	400	(92)	23
Grant Income	215	-	215	-
<b>Total Central Risk</b>	<b>(20,979)</b>	<b>(21,120)</b>	<b>141</b>	<b>1</b>
<b>Recharges</b>	<b>(178)</b>	<b>(106)</b>	<b>(72)</b>	<b>(68)</b>
<b>Total Net Expenditure</b>	<b>(23,001)</b>	<b>(23,458)</b>	<b>457</b>	<b>2</b>

## **Analysis of Table 1**

### **Local Risk**

#### **Employee Costs**

1. At the end of the year staff costs were underspent by £208k against budget. Implementation of Bridging Divides created a new staffing structure with new roles to be recruited to. A combination of roles being recruited later than planned and some new roles being filled by existing staff members creating vacancies in their old roles has resulted in an underspend. Vacancies still to be filled on a permanent basis include Data Analyst, Corporate Volunteering Manager, and Funding Officer. Following an unsuccessful recruitment campaign, there is also a vacancy for a permanent Senior Accountant – Charities. This is currently filled on an interim basis.

#### **Supplies and Services**

2. At the end of the year Supplies and Services, which include consultancy, software maintenance and support, subscriptions, and events and conferences, were underspent by £191k. Of this underspend £105k relates to the project to implement a new grants CRM system which is behind the original schedule, and £58k was underspend on consultancy costs.

Procurement and installation of the CRM system was delayed due to a complex procurement process reflecting the relatively specialist nature of the system to be purchased. With the final proposal from the preferred provider, Blackbaud Grantmaking, received and approved in early March 2019 the system will now go live in 2019/20. A budget carry forward request has been submitted for the new CRM system.

Consultancy spends in relation to the Philanthropy House (PH) project were not incurred as more time was needed to develop a detailed business case as required by the Policy and Resources Committee. The delay of the PH project is also due to extensive oversight from a range of committees requiring a longer time frame for the commission of the design work for the project. A budget carry forward request has also been made for this project.

The remainder of the underspend relate to cumulative small underspends spread across various areas, where costs were not incurred.

#### **Income**

3. Income relates to the Central Grants Programme (CGP) and the Wembley National Stadium National Trust (WNST) contract. The £14k variance between budget and actual at the end of the year relates to the CGP support recharge. During the financial year, despite a growth in the corporate reach of the CGP, less work than was estimated at the start of the year was

undertaken for other City of London charities. There was also a delay in the recruitment of the Central Grants Funding Officer.

## **Central Risk**

### **Grants**

4. Grant expenditure as recorded in CBT's financial records for the year ended March 2019 was £21,476k against a budget of £21,495k. There was an overspend on Main Grants of £356k and an underspend on both Anniversary Programmes of £378k. Underspends within Anniversary Programmes will be carried forward within the grant-making designated fund into 2019/20 as they represent funds already agreed by CBT Committee to achieve specific purposes. The overspend on the main grants programme leads to a reduction in the allocation available across the next 4 years of Bridging Divides, with the total available for this remaining at £80m.

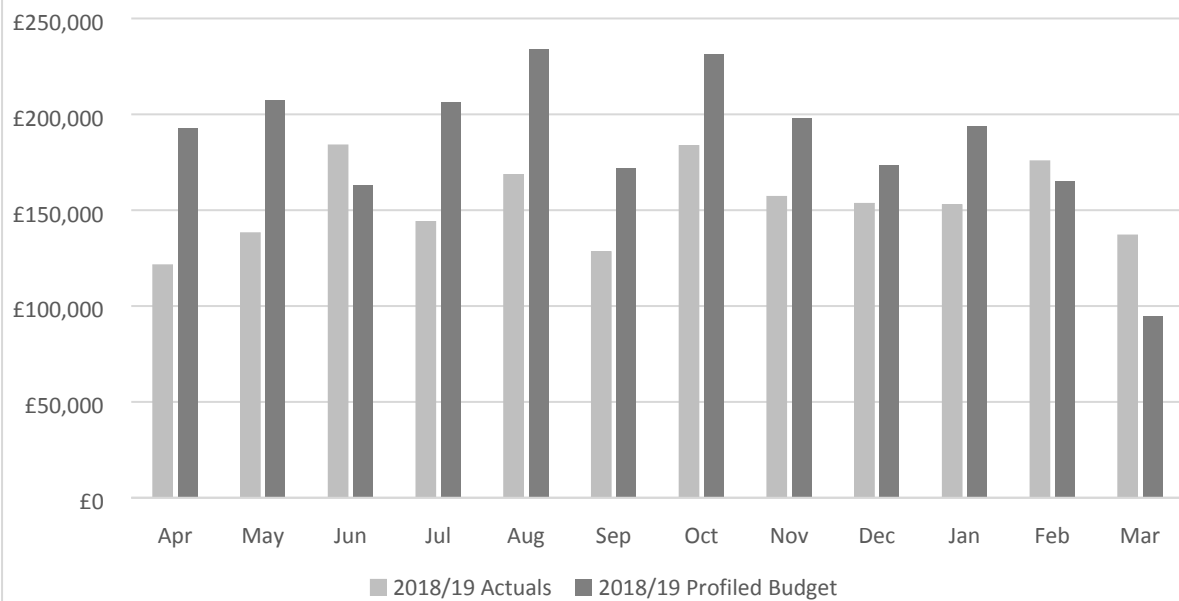
### **Depreciation**

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

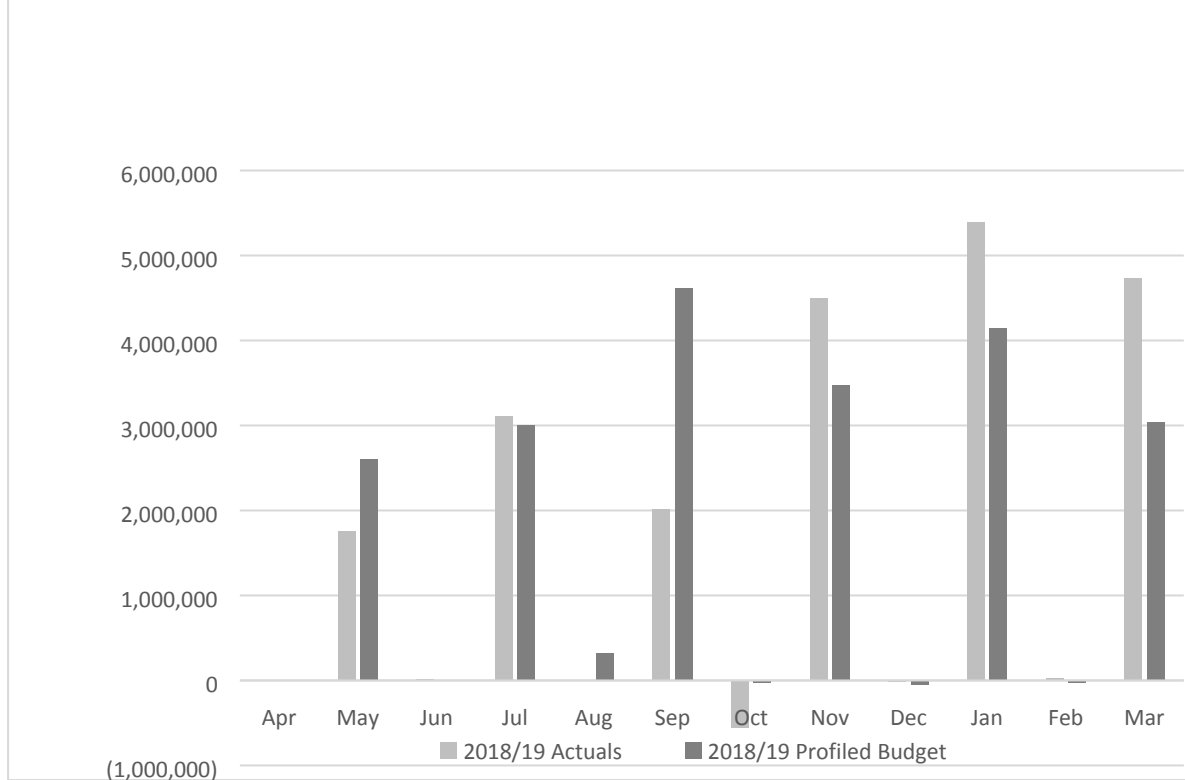
### **Social Investment Fund**

6. Income on Social Investments was £393k. There is some variation on the return of individual holdings as some investments performed better or worse than anticipated, but the overall performance across the portfolio was in line with expectations.
7. For the year ended March 2019, there was an overall net loss of £85k (with a total loss on some portfolio funds of £130k offset by gains of £45k on others). Of the loss on funds, a significant proportion was a provision against one active investment. Officers are monitoring this investee closely and the loss may not materialise, but to be prudent a provision of £101k was recognised and approved by the Social Investment Board.
8. The IRR on the total portfolio remains above the Social Investment Board's current target of 2.5% and a full update on this, along with any points of clarification on individual investment holdings, can be provided to Members in the non-public section of today's meeting or via email by Tim Wilson.

**Table 2 : CBT Local Risk Budget v Actual Spend,Year Ended 31st March 2019**



**Table 3 : CBT Central Risk Budget v Actual Spend,Year Ended 31st March 2019**



Net income in October 2018 relates to income within Social Investment Fund being received out of line with budget profile.