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| Committees: | Date: |
| City Bridge Trust (CBT) | 26th November 2020 |
| Subject: CBT High Level Summary Business Plan & Budget Estimates 2021/22 | Public |
| Report of: David Farnsworth, Chief Grants Officer & Director of City Bridge Trust (CGO) | For Decision |
| Report author: Scott Nixon, Head of Director's Office Nathan Omane, Finance Manager, (Charities) Charities Finance Team, Chamberlains | |

Summary

This report presents for approval the CBT high-level summary Business Plan and budget estimates for 2021/22.

To reflect CBT's position as the centre of philanthropic and charitable excellence within the City of London Corporation (the Corporation), the business plan and budget cover all areas of CBT activity and associated costs. This includes the delivery of:

- a) the Philanthropy Strategy;
- b) the Bridge House Estates (BHE) charitable funding strategy, Bridging Divides (BD);
- c) the BHE Social Investment Fund;
- d) the Central Grants Programme;
- e) the Wembley National Stadium Trust contract; and
- f) the BHE and wider Charity reviews.

In governance terms, it is highlighted in the paper which areas the CBT Committee is responsible for within its agreed terms of reference.

Recommendations

Members are asked to:

- i) approve, subject to the incorporation of any changes sought by this Committee, the final high-level summary Business Plan for 2021/22 in respect of those areas within the CBT Committee terms of reference;
- ii) review and approve CBT's proposed revenue budget for 2021/22 in respect of those areas within the CBT Committee terms of reference for submission to Finance Committee;

- iii) authorise the Chamberlain, in consultation with the CGO, to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme;

Main Report

Background

1. As part of the new framework for corporate and business planning, CBT and Corporation departments were asked to produce standardised high-level, 2-side Business Plans for the first time in 2017 for the 2018/19 year. Members generally welcomed these high-level plans for being brief, concise, focused and consistent statements of the key ambitions and objectives.
2. For 2021/22, the high-level summary Business Plan has been further evolved to make use of the information now available and give a better overview of CBT's work. It provides an overview of CBT's activity and resources, mainly but not limited to the forthcoming 12 months. As a high-level summary, this document does not capture the granularity of work but gives the overall picture of CBT's activity, customer feedback, trends where applicable and direction of travel.
3. High-level summary Business Plans are now being presented alongside budget estimates to inform medium-term financial planning and the development of spending priorities. This report therefore presents the budget estimates and draft final high-level summary Business Plan together as appendices.
4. This report presents, at Appendix 1, CBT's draft high-level summary Business Plan for 2021/22. This includes all areas of activity located within the CBT team to reflect CBT's position as the centre for charitable excellence within the Corporation. Whilst it is important for the CBT Committee to be aware of the full scope of all the work and its inter-connections, the work which the CBT Committee is directly responsible for in governance terms is highlighted in Appendix 1.
5. It is important to note that given the uncertainties of the current Covid and Brexit related operating context some of the work streams included in the draft high-level Business Plan may need to be re-prioritised/rescheduled/re-costed during the course of the coming financial year. This may have impacts on resourcing which are as yet not possible to predict. The medium-term financial plan for BHE, which sets the context for available funding for CBT, is yet to be approved by Members. Surplus income will be reduced in the coming years. This plan will be cognisant of the impacts of this, although expectation remains that the previously identified unrestricted income funds of £200m remain available to fund CBT activities. The Committee will of course be kept apprised and appropriate consultation undertaken and agreements sought.
6. It is also important to note that whilst additional resource requests have been built into the 2021/22 CBT Budget (namely additional grant funding, related operational capacity and additional resources to embed the communication); there is more

work to be done on the optimal configuration of this resource – this will be informed by the CBT Committee’s discussions of relevant papers at this committee.

7. Whilst CBT is guided by the Corporation’s Corporate Plan and will align wherever feasible, governance requirements (namely the Corporation being the sole corporate trustee of BHE) mean that CBT is required to follow the charity’s over-arching strategy, Bridging London, and its charitable funding strategy approved by the Court of Common Council, on recommendation of the CBT Committee. This strategy is currently BD.

Draft high-level summary Business Plan for 2020/21

8. At Appendix 1, this report presents the draft CBT high-level Business Plan for 2021/22 (the Plan).
9. The Plan reflects the key areas of CBT’s activity, namely the delivery of:
 - a. the Philanthropy Strategy;
 - b. the BHE charitable funding strategy, BD;
 - c. the BHE Social Investment Fund (operational budget);
 - d. the Central Grants Programme;
 - e. the Wembley National Stadium Trust contract; and
 - f. the BHE and wider charities reviews.

NB a, b, c and e in bold above are within the direct governance oversight of the CBT Committee; d and f are both relevant and the inter-connections important for this Committee but are themselves subject to different governance oversight.

Departmental budget estimates for 2021/22

10. In line with the Business Plan, this report presents the budget estimates for 2021/22 in respect of all the activities undertaken/hosted by CBT. The only exception to this is the BHE review activity as this is supported by a dedicated BHE review fund which is separately budgeted and accounted for.
11. A summary of the 2021/22 budget is set out in Appendix 2.

Central Risk

12. The Central Risk budget contains specific items where the Chief Officer manages the underlying service, but where the eventual financial outturn can be influenced by factors outside his control or are budgets of a corporate nature.
13. The 2021/22 budget for Central Risk includes grants and non-grant commitment expenditure (i.e. expenditure in furtherance of BD other than that included in the Local risk budget), social investments income, voluntary income and depreciation charges.

Table 1: Grants and non-grants expenditure

| Grants and non-grants expenditure | Bridging Divides | Cornerstone | Bridge to work | LCRF | Total |
|--|-------------------------|--------------------|-----------------------|-------------|----------------|
| | £000s | £000s | £000s | £000s | £000s |
| 2021/22 Proposed Budget | 105,300 | 870 | 100 | - | 106,270 |
| 2020/21 Forecast Outturn | 75,862 | - | 262 | 25,375 | 101,499 |

14. Table 1 sets out the proposed commitments for 2021/22 and the forecast grants commitments outturn for the preceding year. The 2021/22 proposed budget includes a provisional allocation of £75m in grants from the £200m fund approved in March 2020 for Bridging Divides programme in addition to a £30m allocation from the remainder of the £125m approved under the 5-year Bridging Divides programme. The forecast outturn for 2020/21 also includes the forecast commitment of £45m of the £200m additional allocation.

15. Table 1 also includes:

- a. A second round of the Cornerstone Fund (Anniversary Funds/Infrastructure) is now planned to take place in the 2021/22 financial year. It will be launched following consultation with existing aligned funders, potential new funders, Round 1 grant-holders and potential beneficiaries for funding from Round 2. Trust for London has agreed to support the second round of Cornerstone Fund with a £0.5m grant over 3 years, £0.2m is expected to be received in the 2021/22 financial year.
- b. Bridge to Work was established as a 5-year programme. A grant award of £100k to Inclusion London was approved by your May 2020 Committee under this. The programme continues to support a range of activities to help tackle unemployment amongst young disabled Londoners.
- c. The activity of the LCRF is expected to take place within 2020/21 only. The amount shown above is the total grant commitments funded by both BHE and other third-party donations.

Social Investment Fund Income

16. Income from Social Investments budget for 2021/22 is £250k, a decrease of £159k compared to the original budget for 2020/21. Covid and the associated economic downturn means there are fewer investible opportunities than we would otherwise expect, alongside reduced rates of return on some investments, resulting in lower budgeted income for the 2021/22 financial year.

Local Risk Budget 2021/22

17. The Local Risk budgets are deemed to be largely within the control of the Chief Officer and cover operational spend.
18. The Local Risk budgets comprise employee costs, fees and services, subscriptions, communications and computing and other operational spends.
19. At Appendix 3, the Summary Budget by Committee sets out the elements of the budget for which the CBT Committee has responsibility for, alongside the split for other Committees.

Employee Costs

20. The proposed employee budget for 2021/22 is £2,790k, an increase of £40k compared to the latest approved budget for 2020/21, mainly due to approved salary increases. Of the proposed employee costs, £2,296k are costs where the postholder is either working exclusively for CBT, the charitable funding arm of the BHE, or has a significant portion of their tasks and duties related to this work. Appendix 6 -Staffing Statement presents the split of employee costs across responsibilities.
21. A proportion of some senior staff costs where responsibilities cover non-CBT activities is allocated to BHE. Similarly, a proportion of the costs of the Charities Finance Team which relates to their other work on BHE matters are also budgeted as non-CBT specific costs.
22. The balance of the proposed uplift in employee costs outside of the governance purview of the CBT Committee relates to an additional resource to support the work of the Central Grants Unit.

Non-Employee Costs

23. The proposed 2020/21 budget for non-employee (supplies and services) costs is set out in Table 2 below:

Table 2 Non-employee costs – CBT and activities hosted by CBT

| Supplies and services | Latest Approved Budget 20/21 | Proposed Budget 21/22 | Variance |
|--|-------------------------------------|------------------------------|-----------------|
| Local Risk | | | |
| | £000s | £000s | £000s |
| Equipment, furniture, materials | 41 | 12 | 29 |
| Clothes, Uniforms | 1 | 1 | - |
| Printing, stationery, general office | 15 | 28 | (13) |
| Fees & Services | 413 | 1,323 | (910) |
| Communications & Computing | 208 | 116 | 92 |
| Hospitality/Events/Conference Expenses | 140 | 120 | 20 |
| Subscriptions | 31 | 36 | (5) |
| | | | |
| Total Local Risk | 849 | 1,636 | (787) |

Of the proposed budget of £1,636k for non-employee costs, £1,629k are CBT specific with a provisional allocation of £750k estimated as costs relating to the administration of additional grants out of the £200m approved allocation.

24. The proposed budget for 2021/22, supplies and services has a net increase of £787k compared to the latest approved budget for 2020/21. The actual costs include the following key activities, which have been set against other savings made across the various spend types:

- a. A £750k provisional allocation to support the administration of additional grants out of the £200m approved fund;
- b. £94k for the Philanthropy Strategy's Philanthropy House project. This budget ensures funding is available to support any additional property search and initial architectural, design and anchor engagement fees to support the required business modelling for the property. It also makes provision for legal and other professional fees necessary for the successful crystallisation and initial marketing of the concept (NB given the uncertainty of Covid-related working practices and the London property market, the timing of this project may change).

- c. £39k budgeted spend for CBT's participation in the *2027 Programme* for the second year running. The 2020/21 financial year is the first year City Bridge Trust participated in the 2027 programme, a cross-funder initiative aiming to increase opportunities for people from working-class backgrounds in grant-making bodies and to increase the diversity of experience within those organisations. Our participation sits squarely within our values and will increase our capacity. Our 2027 Associate is currently working on our LCRF Programmes and will be engaging further with our Bridging Divides pipeline in the coming months.
- d. £25k to undertake a CRM system needs analysis. As our range of operations has expanded to encompass non-grant assistance, corporate volunteering, the management of high-profile schemes such as LCRF, and with the uplift in funds agreed by March 2020 Court, we will take stock of our business needs to inform a decision on either an upgrade on the current grants database or recommend a new grants database.

Corporate & Strategic Implications

25. The high-level Business Plan and estimated budget support the delivery of the new over-arching BHE strategy, Bridging London, and the Philanthropy and BD strategies. Within the bounds of the governance imperatives (set out above), the plan is mindful of the Corporation's own strategic plan and looks to align where feasible and appropriate. For example, CBT's work aligns with the Corporation's KPIs to:
- a) Promote and champion diversity, inclusion and the removal of institutional barriers and structural inequalities;
 - b) Provide inclusive access to facilities for physical activity and recreation;
 - c) Advocate and facilitate greater levels of giving time, skills, knowledge, advice and money.
26. The benefits for having the Corporation as trustee of BHE continue to be further reflected in the 'total assets approach' embedded in the BD funding strategy – using all our assets to achieve positive impact for London's communities.

Conclusion

27. This report presents the high-level summary Business Plan and associate budget for 2021/22 for Members' consideration and approval. The plan and budget reflect the increased range of inter-related activities which position CBT as a centre of charitable excellence within the Corporation. The plan and budget have been prepared in an extraordinary operating context with a number of Covid and Brexit-related variables. It also takes account of the planned expenditure of a significant proportion of the additional funding approved for expenditure through BD and allows CBT to continue its core business of charitable funding in a flexible, impactful way – all now framed by the BHE over-arching strategy 'Bridging London'.

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Appendices

- Appendix 1 – Draft high-level summary Business Plan 2021/22
- Appendix 2 – Budget estimates 2021/22 summary – CBT and activities hosted by CBT
- Appendix 3 – 2021/22 Summary Budget by Committee
- Appendix 4 – 2021/22 Summary Budget by Fund
- Appendix 5 – Original Budget 2020/21 to Latest Approved Budget 2020/21 – CBT and activities hosted by CBT
- Appendix 6 – Staffing Statement – CBT and activities hosted by CBT