

Committee	Date
Bridge House Estates Board – For Decision Court of Common Council – For Decision	15 September 2021 07 October 2021
Subject: Request for uplift to the Central Contingency Budget	Public
Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?	All
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£810k
What is the source of Funding?	BHE Unrestricted Income Funds
Has this Funding Source been agreed with the Chamberlain’s Department?	Yes
Report of: Managing Director, BHE and The Chamberlain	For decision
Report Author: Karen Atkinson, Head of Charity and Social Investment Finance	

Summary

This report has been produced to update Members on the central contingency budgets held by BHE within the original 2021/22 budget, with a request for an uplift to be approved to enable the BHE Board to meet unforeseen and/or exceptional items that may be identified during the year.

Recommendation

It is recommended that Members, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity reg. no. 1035628) and solely in the charity’s best interests:

- a) Note the central contingency budgets currently held by BHE for 2021/22 (paras 1-3);
- b) Approve that £50k be held as a contingency for consideration for joint projects undertaken with the City Corporation (para 4);
- c) Approve that £40k originally held as contingency for contribution pay be transferred to a central contingency fund (para 6).

It is recommended that Members, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity reg. no. 1035628) and solely in the charity’s best interests endorse the following for onward approval by the Court of Common Council:

- d) Approve an uplift in central contingency budgets of £810k (paras 5-6);
- e) Approve the use of currently held contingency budgets of £108k as stated in this report (para 7).

Main Report

Background

1. The annual budgets prepared by departments for the activities of BHE that are within their responsibility do not hold any significant contingencies. A central

contingency budget has previously been overseen by the Finance Committee to meet unforeseen and/or exceptional items that may be identified across the range of activities undertaken by the charity.

2. The central contingency budget held for BHE for 2021/22 is £50k. In comparison, the contingency budgets held by City Fund and City's Cash for 2021/22 are £1.0m and £950k, respectively.
3. In addition to the above central contingency, the BHE budget includes provisions of £175k for apprentice costs and £40k for contribution pay. A review is taking place to determine if the apprentice costs budget will be utilised during this year, however a decision has been made by the City Corporation that contribution pay will not be awarded to staff in the year, hence this amount is no longer required for the original purpose.
4. To enable smooth decision making for cross-cutting Corporation projects, it is recommended that the original central contingency budget of £50k is ring-fenced in case of a request for additional funding for a project that affects all three funds, enabling the Finance Committee to consider the impact of the total request. The BHE Board would approve its portion of any such joint project. To date in 2021/22, there have been no new requests for joint funding that affects all three funds, hence this balance remains held in full.

Requested position

5. The establishment of the BHE Board, drawing together in a single committee all decisions relating to the charity, has both increased the level of focus on activities undertaken and drawn attention to new priorities. As a result, it has become clear that the BHE Board would benefit from holding an increased level of central contingency budget, which would be available for both revenue and capital spend. Such a budget would be directly overseen by the BHE Board, responsibility having been transferred from Finance Committee, with requests to the Board for allocations being required to demonstrate why the costs cannot, or should not, be met from existing budget provisions in the usual way.
6. It is therefore proposed that an uplift of £810k is requested to the current contingency budget of £50k which, together with the £40k originally set aside for contribution pay, will provide a total contingency for unidentified requirements of £900k. As stated in paragraph 4, £50k of this will be ring-fenced for joint projects of the City Corporation. Whilst in-year revenue spend by the other two main funds of the City Corporation is higher than that for BHE, Members will note that this is a period of significant change for the charity during which new ways of working are being considered which may require decisions to be taken in-year. Consideration will be given within the 2022/23 budget process for an appropriate recommendation for the BHE Board to consider as to an ongoing level of contingency budget to be held, taking account of the level of free reserves available.
7. Considering decisions proposed at today's board meeting, alongside those from the July meeting, the current position of the central contingency funds held would be as follows:

2021/22 Central Contingencies - Uncommitted Balances 15 September 2021					
	BHE Specific £'000	Contribution Pay £'000	Apprentice costs £'000	Joint Projects with City Corporation £'000	Total £'000
Contingencies:					
2021/22 Provision approved		40	175	50	265
2021/22 Provision requested @ Sept 2021	810				810
2021/22 Transfers	40	(40)			0
Total Proposed Provision	850	0	175	50	1,075
Previously agreed allocations @ July 2021	(160)	0	0	0	(160)
Pending request on Sept 21 agenda	(108)	0	0	0	(108)
Total commitments	(268)	0	0	0	(268)
Uncommitted Balances	582	0	175	50	807

The amounts which the Board has either previously allocated or are pending approval are detailed in **Appendix 1**, within the non-public agenda.

8. Strategic implications: The provision of a suitable contingency budget held by the BHE Board as outlined in this paper support the aims and objectives of BHE's overarching strategy, *Bridging London 2020 – 2045*.
9. Resource implications: nil.
10. Legal implications: nil.
11. Equalities implications: nil.
12. Financial implications: An adjusted forecast for 2021/22 of £810k as a centrally held contingency budget to be approved, alongside transfer of £40k previously set aside for contribution pay. This amount to be funded from unrestricted income funds held which are above the minimum reserves policy level.
13. Climate implications: nil
14. Security implications: nil

Conclusion

15. Members are asked to note the current contingency budgets held by BHE and to approve a suitable level of centrally managed contingency as befits a charity of its' scale of operations. Approval of commitments against the revised contingency budget is further requested, noting that approval will be requested from Court for the uplift in the level of contingency held.

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