

<b>Committee:</b>	<b>Date:</b>
Bridge House Estates (BHE) Grants Committee	30 September 2021
<b>Subject:</b> Budget monitoring report for City Bridge Trust (CBT): period ended 31 August 2021.	Public
<b>Report of:</b> The Managing Director, Bridge House Estates Head of Charity & Social Investment Finance	For Information
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### Summary

To support the BHE Grants Committee in the discharge of its budget monitoring oversight responsibilities for City Bridge Trust (CBT), this report provides a financial update for the period ended 31 August 2021. The report also provides an updated forecast outturn for the financial year ending 31 March 2022.

CBT's original budget is £109.55m, made up of an allocation of £106.27m to the grants programme and £3.28m (net of income) to operational costs (split across local risk, central risk and recharge budget lines). The updated forecast as at 31 August 2021 is £113.221m; £3.67m above the original budget. This is driven by London Community Response Fund (LCRF) commitments funded from the BHE restricted fund held as at the year-end.

At the end of August 2021, there is an underspend to the budget of £34.107m. This underspend is as a result of a pause on grants commitments in regular reactive programmes and the additional uplift in grant budget allocation yet to be committed. There were also some underspends in Professional Fees and Services.

### Recommendation

- a) That the report be noted.

### Main Report

#### Background

1. This is the first CBT budget monitoring report to the BHE Grants Committee. Equivalent reports were regularly reviewed by the former CBT Committee. The CBT Committee, following review, recommended the 2021/22 budget to Finance Committee and Court of Common Council for approval in February 2021 and March 2021, respectively.
2. This report provides an update of the approved budget position. It is intended to provide context to Members of the Grants Committee in your discharge of your oversight responsibilities and challenge of budgets held by CBT. It is

proposed that budget monitoring reports will be presented regularly to this Committee.

3. As Members may be aware, BHE holds a grant-making designated fund which represents surplus income (i.e. income not required by BHE's primary object, the bridges, and reasonable reserves) set aside for funding grant-making activities in the name of CBT (BHE's ancillary object). The March 2020 Court of Common Council agreed an additional allocation of £200m to the grant-making designated fund for support of both grant commitments and associated operational spend under CBT's funding strategy, Bridging Divides.
4. CBT's 2021/22 budget included £75m of the additional £200m allocation. Of the £75m, £30m was allocated to be spent in the first five months of the year. Grants are yet to be committed from this £30m as a result of the impact of Covid-19 and the interim review of Bridging Divides.
5. Table 1 below provides an overview of CBT's financial results as at the end of August 2021 and a forecast position for the 2021/22 financial year as compared to the annual budget.

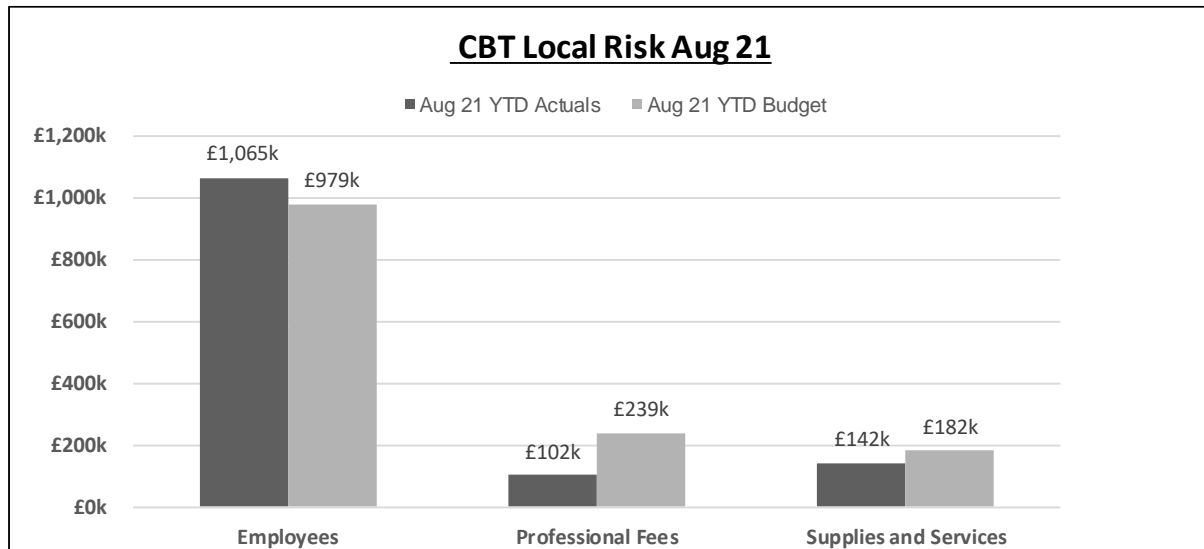
**Table 1: CBT Actual Spend v Budget**

	Year to Date 31 Aug 2021				Annual - 2021/22			
	Actual	Budget	Variance	Variance %	Forecast Outturn	Budget	Variance	Variance %
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<b>Local Risk</b>								
Employees	(1,065)	(979)	(86)	(9)	(2,746)	(2,555)	(191)	(7)
Professional Fees	(102)	(239)	137	57	(847)	(847)	-	-
Supplies and Services	(142)	(182)	40	22	(321)	(321)	-	-
<b>Total Expenditure</b>	<b>(1,309)</b>	<b>(1,400)</b>	<b>91</b>	<b>7</b>	<b>(3,914)</b>	<b>(3,723)</b>	<b>(191)</b>	<b>(5)</b>
<b>Income</b>	<b>15</b>	<b>12</b>	<b>3</b>	<b>(25)</b>	<b>179</b>	<b>179</b>	<b>-</b>	<b>-</b>
<b>Total Local Risk</b>	<b>(1,294)</b>	<b>(1,388)</b>	<b>94</b>	<b>7</b>	<b>(3,735)</b>	<b>(3,544)</b>	<b>(191)</b>	<b>(5)</b>
<b>Central Risk</b>								
Grants (includes non-grant expenditure)	(7,013)	(41,021)	34,008	83	(109,664)	(106,270)	(3,394)	(3)
Depreciation	(10)	(10)	-	-	(23)	(23)	-	-
Social Investment Income	121	116	5	(5)	227	250	(23)	9
Grants Income	-	-	-	-	137	200	(63)	31
<b>Total Central Risk</b>	<b>(6,902)</b>	<b>(40,915)</b>	<b>34,013</b>	<b>83</b>	<b>(109,323)</b>	<b>(105,843)</b>	<b>(3,480)</b>	<b>(3)</b>
<b>Recharges</b>	<b>(68)</b>	<b>(68)</b>	<b>-</b>	<b>-</b>	<b>(163)</b>	<b>(163)</b>	<b>-</b>	<b>-</b>
<b>Total Net Expenditure</b>	<b>(8,264)</b>	<b>(42,371)</b>	<b>34,107</b>	<b>80</b>	<b>(113,221)</b>	<b>(109,550)</b>	<b>(3,671)</b>	<b>(3)</b>

## **Analysis of Table 1**

### **Local Risk**

The graph 'CBT Local Risk Aug 21' shown below, compares the year-to-date (YTD) spend and budget for Local Risk.



### **Employee Costs**

6. During the first five months of this financial year, the CBT team experienced changes with some long-serving employees either retiring or taking flexible retirement. There have also been additions to the team to cover for employees on maternity leave.
7. As at 31 August 2021, there was an overspend of £86k in employee costs. This is attributed to recharges for employees on the London Community Response Fund (LCRF) programme. Likewise, the full year forecast of £191k above budget arises from recharges for employees on the LCRF programme and will be funded from the balance on LCRF carried over from March 2021 in the BHE restricted fund.

### **Professional Fees**

8. Professional fees underspend as at 31 August 2021 is £137k. The element of the consultancy budget earmarked to support the administration of the additional uplift in grant spend is yet to be incurred, with consideration of new activities currently underway.

9. Advisory fees relating to the Social Investment Fund are yet to be incurred as new social investment considerations were put on hold pending completion of work on the Supplemental Royal Charter and subsequent agreement of any new focus areas.

## **Supplies and Services**

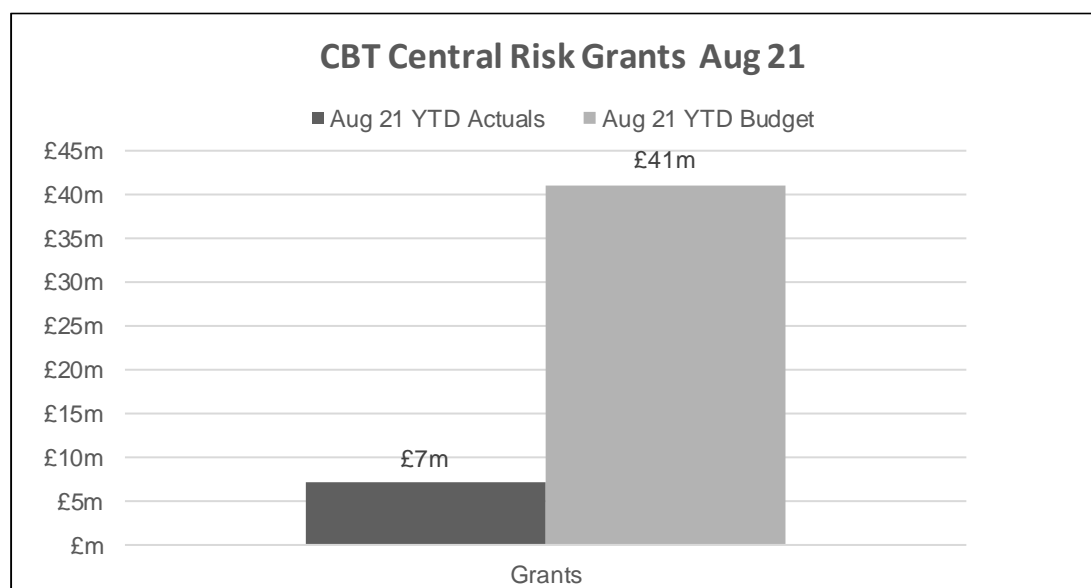
10. Supplies and Services underspend to date of £40k was driven by a prolonged tender process for the new website, a pause on events previously planned for grantees due to remote working and reconsideration of the Philanthropy House project due to the impacts of the pandemic.

## **Income**

11. The original management and administration contract with Wembley National Stadium Trust (WNST) allowed for the full-time secondment of one senior staff member plus other full cost recovery. During the pandemic, and WNST operating in much reduced circumstances, the terms of the contract have been amended by mutual agreement. The secondment has been for 1.5 days per week since May 2020 with the balance of 3.5 days per week being used by CBT to support the LCRF and more recently, to enhance CBT's in-house senior management capacity. This has been further amended to an equal split from October 2021, to help support WNST's move back into a greater level of post-pandemic activity.
12. Income of £15k relates to the WNST contract for the five months to 31<sup>st</sup> of August 2021.
13. Full year income of £179k includes the expected recharge due to CBT for the support provided to the Central Grants Unit.

## **Central Risk**

The graph 'CBT Central Risk Grants Aug 21' shown below compares the year-to-date (YTD) commitment and latest approved budget for Grants.



## **Grants**

14. Grant commitments for the five months ended 31 August 2021 were £7m against a budget of £41m. The expenditure commitments to date represent grants approved for the CBT main grant programmes in addition to those of the LCRF. The lower expenditure is due to the pause in most reactive programmes during the year and grants yet to be committed from the additional allocation of £200m.
15. Other than continuation funding, small grants programme and access audits, which remained open throughout the period, most reactive grant programmes were paused during the first five months of the year. This was due to the impact of Covid-19 and the decision to undertake an interim review of Bridging Divides.
16. Funding for place-based giving schemes, food poverty and advice and other reactive grant programmes resumed recently. The expectation is that applications will filter through with an uptake in commitments towards the latter part of this financial year.
17. LCRF grants of £2.9m were made in the first five months of the year. These relate to awards made in the final wave of the LCRF programme and are funded from the balance held in this restricted fund as at 31 March 2021.

18. The National Lottery Community Fund (NLCF) programme is now complete with £6.7m awarded in 2020/21, with the unspent balance of £63k returned to the NLCF in September 2021.
19. Detailed analysis of the grants expenditure to date can be found within Appendix 1 of the Grant Funding Activity Report (NB: the figures in that report also include all grants approved to 16 September 2021, including the BHE board decisions on grants taken on 15 September).

### **Social Investment Fund**

20. Income on Social Investments for the first five months of the year was £121k against a budget of £116k, including two new placements from late 2020/21.
21. The full year forecast is a shortfall of £23k due to the early repayment of a substantial portion of one investment.

### **Grants Income**

22. Grants income includes the second instalment of £200k expected from Trust for London as their contribution towards the Cornerstone programme, with the full year forecast noted as £137k as a result of the refund provided to the NLCF as stated in para 17.

### **Depreciation and recharges**

23. The charge for depreciation represents a general allocation to CBT of depreciation on the Guildhall facility.
24. Recharges include activities undertaken by the City Corporation on behalf of CBT, including recharges for human resources, digital services, committee administration and premises costs.

### **Conclusion**

25. Modelling is currently underway to forecast the expected grant commitments for the full financial year which will be reflected in the next budget monitoring report. With the re-opening of the main grant programme, significant increase in both grant commitments and operational spend are expected for the second half of the financial year.

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