

Report – Bridge House Estates Board

Request for Uplift to the Central Contingency Budget

To be presented on Thursday, 7th October 2021

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

This report has been produced to update Members on the central contingency budgets held by Bridge House Estates (BHE) within the original 2021/22 budget, with approval sought for an uplift to enable the BHE Board to meet unforeseen and/or exceptional items that may be identified during the year. This request has been scrutinised and is endorsed by your Bridge House Estates Board.

RECOMMENDATIONS

The Court of Common Council is **recommended**, 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, to:

- a) Approve an uplift in central contingency budgets of £810,000; and
- b) Approve the use of currently held contingency budgets of £108,000 as stated in this report.

MAIN REPORT

Background

1. With the constitution of the Bridge House Estates Board ("BHE Board") on the 15 April 2021, unless expressly reserved to the Court of Common Council, the discharge of all the City Corporation's functions as Trustee of BHE are now the responsibility of the BHE Board.
2. Approval of the budget for the charity is amongst the items reserved to the Court of Common Council. The BHE Board is responsible for the determination of resource allocation for the charity in accordance with its strategic policies and any budget set by the Court of Common Council, and making relevant recommendations to the Court of Common Council for the charity's good administration.
3. 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.

4. The central contingency budget held for BHE for 2021/22 is £50,000. In comparison, the contingency budgets held by City Fund and City's Cash for 2021/22 are £1 million and £950,000, respectively. In addition to the above central contingency, the BHE budget includes provisions of £175,000 for apprentice costs and £40,000 for contribution pay.
5. To enable smooth decision making for cross-cutting Corporation projects, it was agreed by your BHE Board that the original central contingency budget of £50,000 should be 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.

Current Position

6. 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.
7. 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.
8. It is therefore proposed that an uplift of £810,000 is requested to the current contingency budget of £50,000 which, together with the £40,000 originally set aside for contribution pay, will provide a total contingency for unidentified requirements of £900,000. As stated, £50,000 of this will be ring-fenced for joint projects of the City Corporation.
9. 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.
10. 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.
11. Considering decisions agreed at the July and September meetings of the BHE Board, the current position of the central contingency funds held is 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 |

12. The commitments stated within the above table cover:

- a. Revenue budget for the year 1 costs of the Climate Action Strategy;
- b. Maintenance costs for Bridgemasters and Horace Jones House, alongside survey and design fees for future required works; and
- c. Costs to support the ongoing implementation of the BHE Strategic Review.

Corporate & Strategic Implications

13. 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*.
14. If approved, an adjusted forecast for 2021/22 of £810,000 as a centrally held contingency budget, alongside transfer of £40,000 previously set aside for contribution pay, will be funded from unrestricted income funds held, which are above the minimum reserves policy level.

Duties and Powers of the Trustee

15. Except for those matters reserved to the Court of Common Council, the Board will be responsible for all aspects of Bridge House Estates' day-to-day management and administration in the discharge of the City of London Corporation's functions as Trustee of the charity, acting solely in the best interests of the charity, subject always to the delegated authority being exercised in accordance with any strategy, policy and/or procedure set by, or other direction of, the Court.
16. The recommendations have been considered by your BHE Board and are put to this Honourable Court for approval, being in the best interests and for good administration of the charity.

Conclusion

17. This Honourable Court is 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, and approve an uplift in the level of

contingency held, as well as commitments against the revised contingency budget. Your BHE Board has agreed that these decisions are in the best interests of the charity and seeks the approval of the Court of Common Council to enable important work on behalf of the charity to continue.

All of which we submit to the judgment of this Honourable Court.

DATED this 15th day of September 2021

SIGNED on behalf of the Board.

Deputy Dr Giles Robert Evelyn Shilson
Chair, Bridge House Estates Board