

Committee:	Date:
Grants Committee of the Bridge House Estates Board	6 December 2021
Subject: CBT Budget 2022/23 and Budget monitoring for the period ended 31 October 2021	Public
Report of: The Managing Director, Bridge House Estates Head of Charity & Social Investment Finance	For Decision: Budget 2022/23 For Information: Budget monitoring 2021/22
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Summary

This report presents for approval of the Grants Committee of the Bridge House Estates (BHE) Board, the City Bridge Trust (CBT) budget for 2022/23. It further provides an update on the year-to-date financial position of CBT.

CBT's original budget for 2021/22 was £109.5m. With the pause in most reactive grant giving programmes and the decision to undertake an interim review of Bridging Divides as a result of the Pandemic and its impacts, the current year is now forecast at £43.2m. Comparisons within this report will be made to the 2021/22 forecast, as this provides more useful management information. Members should note that the 2022/23 proposed budget reflects an increase of £64.3m to the 2021/22 forecast. This increase arises from grants funding and an increase in the administrative capacity to support the increased grant programme.

Recommendations

Members are asked to:

- i) review and recommend CBT's proposed revenue budget for 2022/23 for inclusion in the charity's overall Budget to be presented to the BHE Board;
- ii) agree that minor amendments for 2022/23 budgets arising during budget setting be delegated to the Head of Charity and Social Investment Finance; and
- iii) note the aspects of the report providing information on the updated financial position for 2021/22 (paragraphs 30 and 31).

Main Report

Background

1. The former CBT Committee annually reviewed CBT's proposed budget and recommended this to Finance Committee and subsequently, to the Court of Common Council, for approval. To support the BHE Grants Committee in the discharge of its oversight responsibilities for CBT, this report presents the 2022/23 CBT revenue budget for review and recommendation for approval to the BHE Board. The report further provides an update on the financial position for 2021/22.
2. Under the Bridging Divides strategy, £125m was approved to support BHE's ancillary objects over the 5 years with flexibility in committing the funds subject to annual reviews. A further £200m was approved by the March 2020 Court of Common Council to support both grant commitments and associated operational spend. These funds are held in a designated fund which represents surplus income set aside for funding grant-making activities in the name of CBT. At the beginning of the 2021/22 financial year, the balance held in this designated fund representing uncommitted funding was £206.9m.
3. The proposals set out in this paper aligns with BHE's aims and objectives as set out in its overarching strategy, *Bridging London 2020 – 2045*. Specifically, the budget set out in this paper will support the delivery of the charity's funding strategy, currently *Bridging Divides*. Additionally, the proposal is supportive of the vision and those outcomes set out within the City Corporation's Corporate Plan for 2018-23 – in so far as they are considered to be aligned with outcomes which are in the best interest of the charity to support in pursuing its own strategic objectives.

Revenue Budget 2022/23

4. The Revenue budget for 2022/23 to be recommended for approval is analysed between:
 - a) Local Risk budget - these are for the budgets deemed to be largely within the Chief Officer's control, covering operational spend;
 - b) Central Risk budget - these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside his/her control or are budgets of a corporate nature. Examples include. interest on balances, rent income from investment properties and in the case of CBT, the grants budget and income receivable from the Social Investment Fund (SIF); and
 - c) Support Services and Capital recharges - these cover budgets for services provided covered by central departments in the Corporation.

5. A summary of the 2022/23 budget is set out in Appendix 1.

Central Risk

6. CBT's proposed Central Risk budget for 2022/23 covers grants commitments, associated fees and services, grant income, and interest income from the Social Investment Fund. The proposed budget is £103.3m and is £64.1m higher than the forecast for 2021/22. This increase reflects reactive grant making coming off pause and the crystallisation of some strategic initiative proposals.

Grants Budget

7. Table 1 below sets out the proposed grant commitments and associated fees and services budget for 2022/23.

Table 1: Grants Budget

Grants, Fees and Services	Proposed Budget 22/23	Forecast 21/22	Variance to Forecast	Original Budget 21/22
<i>Bridging Divides</i>	£000s	£000s	£000s	£000s
Core Programmes	28,600	25,870	2,730	105,300
Transition Funding	13,400	7,400	6,000	-
The Vehicle (LCRF v2.0)	25,000	-	25,000	-
Funder Collaborations	10,300	4,700	5,600	-
Anchor Project	8,000	300	7,700	-
Test and Discover	4,000	-	4,000	-
Development Projects	6,940	-	6,940	-
London's Giving	5,250		5,250	
Responding to Resilience Risk v2.0	83	227	(143)	
			-	
<i>Anniversary Programmes</i>			-	
Cornerstone	1,000	509	491	870
Bridge to Work	41	29	12	100
			-	
<i>Fees and Services</i>	939	515	424	-
<i>Staff Costs</i>	481	269	212	
Total Grants	104,034	39,818	64,216	106,270

8. The full proposed budget for grants in 2022/23 is £104.1m, an increase of £64.2m compared to the forecast for 2021/22. Details of the proposed budget for the

various funding programmes are explained in paragraphs 9 to 17. Appendix 2 shows the movements on the Designated Fund held by BHE for grants.

Core programmes

9. As of November 2021, 11 of the 19 Bridging Divides strands have been opened following a thorough review and update as outlined in the Interim Review of Bridging Divides (IRBD) presented at March 2021 CBT Committee. Remaining strands are subject to a review in early 2022/23, following on from which recommendations will be made to Committee on those strands to be re-opened and/or replaced with strands which better fit CBT's mission and vision. The proposed Core Programmes budget for 2022/23 is £28.6m compared to the £25.9m forecast to be committed for 2021/22. The 2021/22 amount includes the £3m commitment to The Prince's Trust which was delayed from 2020/21 as agreed by the former CBT Committee.

Transition Fund

10. Whilst some of the Bridging Divides strands remain paused, transition funding of £7.4m is earmarked for 2021/22 and a further £13.4m proposed for 2022/23. This fund will have a flexible and responsive approach to ensure that the work supported by CBT has tapered ending rather than support being abruptly removed. This will enable organisations to continue to provide support and look to adapt their future work to meet the changing needs and aspirations of London's communities.

The Vehicle - London Community Response v2.0

11. London Community Response (LCR) was an unprecedented collective emergency response grant programme coordinated by London Funders, which saw collaboration between over 60 funders to respond to the emergent needs of Londoners during the Covid pandemic. CBT played a key role, operating a fund into which other donors could donate - the London Community Response Fund (LCRF) and awarded about half of the grants (£28.3m of a £57m total). By working together, funders were able to pilot more progressive approaches to funding, testing their individual and collective appetite for embracing greater levels of risk and shaping appropriate mitigations.
12. CBT are working with London Funders and a number of the statutory, corporate, and independent funders, which played a leading role in LCR, to shape how the collaborative model might adapt for non-emergency contexts with a soft launch currently imminent. There is clear enthusiasm within this core group to support the evolution of the model and to contribute funding in support of it with a likely focus on Children and Young People, amongst other things in the immediate term. CBT is likely to make a leading contribution.

13. The amounts that each organisation might contribute are still being discussed, and a paper is planned for this Committee in early 2022/23 to seek approval to allocate up to £25m towards this initiative.

The Anchor Project

14. The Anchor Project work stems from the IRBD. The former CBT Committee approved in principle, to long-term (up to 10 years) core fund a cohort of London's representative anchor organisations vital to supporting the conditions for a progressive and inclusive civil society, and crucial to tackling inequality across the capital. Following development work in 2021/22, it is anticipated that awards in the first tranche of grants will total up to £8m.

Test and Discover

15. Test and Discover describes an approach initially developed for the social investment fund, and since broadened to cover the grant-funding work of the Trust, to explore new initiatives. The earliest versions were presented to the Social Investment Board, and it was since put forward under the IRBD recommendation paper. CBT will begin work on this approach in early 2022, with £4m budgeted as commitments for 2022/23.

Development Projects

16. A budget of £6.94m for 2022/23 is proposed to be allocated to work on Development Projects. These stem from the IRBD recommendation paper and includes the development of an "*Every Voice Counts*" funding priority, redevelopment of the core offer, initiatives which develop from the work of the Environmental Responsibility and Diversity, Equity and Inclusion working groups, and new sub-initiatives which emerge from the Anchor Project or other initiatives.

Cornerstone

17. The Cornerstone Fund is a funder collaboration with external funders including the Greater London Authority, the National Lottery Community Fund, and the John Lyons Charity. It aims to bring about systemic change, enabling civil society support organisations to work in partnership to tackle deep seated structural inequalities to improve outcomes for Londoners and to support a thriving civil society that is adaptable, resilient, collaborative, sustainable and driven by communities. During 2021/22 Round 2 Cornerstone programme started, with organisations receiving funding to develop their partnerships and the projects they will deliver. In 2022/23 the projects will be assessed at stage two and funding of £1m awarded to carry out the work.

Fees and Services

18. Fees and services associated with the various grant-making programmes are budgeted at £0.9m. This is earmarked for consultancy and other operational spend for the above-mentioned programmes alongside the *Responding to Resilience Risk 2* (RRR2) programme (whereby grants were awarded in 2021/22). A significant proportion of this proposed budget is earmarked for the administration and additional resource required for the LCR v2.0. It is expected that there will be a higher unit cost (administration cost per grant) in this initiative, due to its innovative nature, its commitment to robust learning and evaluation, and its ambitions to work in a way which is more equitable, and shares power.
19. CBT aims to bolster its role as an influencer in the sector. A budget of £30k is proposed to undertake a deep dive research around a theme of critical significance to stakeholders and audiences.

Social Investment Fund Income

20. Income receivable from Social Investments for 2022/23 is budgeted at £166k, a decrease of £63k compared to the 2021/22 forecast. This decrease is due to the current pause on new social investment placements, pending the receipt of additional powers under the Supplemental Royal Charter, and agreement of any new social investment focus areas.

Grants Income

21. Grants income of £100k is the third and final instalment expected from Trust for London as their contribution towards the Cornerstone programme.

Local Risk

22. CBT's proposed Local Risk budget for 2022/23 includes employee costs, fees, computing and software, printing, subscriptions for operational spend on CBT main activities, Philanthropy House Strategy, Impact and Learning, Marketing and Communications, Corporate Volunteering.
23. The proposed budget of £3.9m, net of income, is £162k higher than the 2021/22 forecast. The increase in spend is due to the need to increase operational capacity to support the higher level of grant funding activities. This increase is funded from the additional £200m allocation held within the designated fund for grant-making.

Employee Costs

24. The proposed employee budget for 2022/23 is £3.3m, an increase of £0.4m compared to the 2021/22 forecast. Of the proposed employee costs £2.9m are direct employee costs where the postholder is either working exclusively for CBT

or has a significant portion of their tasks and duties related to this work. Appendix 3 shows the employee costs and presents the split of costs across responsibilities.

25. Compared to the 2020/21 forecast for similar posts, the proposed budget has increased by £0.3m. This increase comprises: additional Funding Managers, Funding Officers and a finance assessment role, alongside additional administrative capacity to help support the increased level of grant funding reflected in this budget.
26. The balance of the proposed uplift in employee costs is for recruitment costs and staff training costs.

Non-Employee Costs

27. The proposed 2022/23 budget for non-employee (supplies and services) costs is set out in Table 2 below:

Table 2: Non-employee costs

	Proposed Budget 22/23	Forecast 21/22	Variance to Forecast		Original Budget 21/22
Local Risk					
	£000s	£000s	£000s		£000s
Equipment, furniture, materials	12	11	1		11
Clothes, Uniforms	1	1	-		1
Printing, stationery, general office	4	14	(10)		6
Fees & Services	420	762	(342)		1,120
Communications & Computing	266	195	72		98
Hospitality/Events/Conference Expenses	159	36	122		99
Subscriptions	28	31	(3)		31
Public transport	8	7	1		10
Total Local Risk	898	1,057	(159)		1,376

28. The 2022/23 proposed budget of £0.9m is £0.2m lower than 2021/22 forecast. The 2021/22 forecast includes an allocation of £0.6m in grant-making administration costs out of the £200m approved in March 2020. With more refined grant spending plans in place now, the equivalent budget is now included in 2022/23 Central Risk fees budget. Excluding these administration costs from 2021/22 forecast, there is an increase of £0.4m in the proposed costs budget for 2022/23. This increase includes:
- A budget of £0.2m in external grants assessors' costs, social investment management fees, Philanthropy House research costs and other professional fees;

- b. A budget of £0.1m in communications and marketing to commission the visual and written content for the new website, and create new marketing materials to promote the opened funding streams and refreshed brand position; and
- c. Events and conferences expenses budgeted at £0.1m for a more ambitious learning and influencing strategy alongside plans to bring the sector together to share learning and encourage collaboration around priority themes.

29. Appendix 4 shows non-employee costs split by cost centre.

Budget Monitoring Update 2021/22

Table 3 below provides an overview of CBT's financial results as at the end of October 2021

Table 3: CBT Actual Spend v Budget

	Year to Date 31 Oct 2021				Annual - 2021/22			
	Actual	Budget	Variance to Budget	Variance %	Forecast	Latest Approved Budget	Variance to Budget	Variance %
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Local Risk								
Employees	(1,537)	(1,473)	(64)	(4)	(2,824)	(2,555)	(269)	-
Professional Fees	(183)	(465)	282	61	(762)	(847)	85	-
Supplies and Services	(153)	(205)	52	25	(295)	(321)	26	-
Total Expenditure	(1,873)	(2,143)	270	13	(3,881)	(3,723)	(158)	(4)
Income	17	17	-	-	179	179	-	-
Total Local Risk	(1,856)	(2,126)	270	13	(3,702)	(3,544)	(158)	(4)
Central Risk								
Grants	(11,900)	(60,870)	48,970	80	(39,149)	(105,899)	66,750	63
Non-Grant expenditure	(115)	(331)	215	65	(400)	(417)	17	4
Depreciation	(13)	(13)	-	-	(23)	(23)	-	-
Social Investment Income	155	160	(5)	3	229	250	(21)	8
Grants Income	-	-	-	-	200	200	-	-
Total Central Risk	(11,873)	(61,054)	49,180	81	(39,144)	(105,889)	66,745	63
Recharges	(132)	(132)	-	-	(388)	(224)	(164)	(73)
Total Net Expenditure	(13,861)	(63,311)	49,450	78	(43,233)	(109,657)	66,423	61

30. CBT's 2021/22 original budget included £105m for core grants. The year-to-date commitment £11.9m lags behind the allocated budget due to the impact of Covid-

19, the pause on reactive grant funding in the early part of the financial year and the interim review of Bridging Divides. Accordingly, operational spend earmarked to support grant funding and professional fees are yet to be incurred.

31. Year to date spend over budget of £64k in employee costs is attributed to recharges for employees on the LCRF programme. Similarly, the full year forecast above budget of £0.3m in employees costs arises from employees working on the LCRF programme and will be funded from the balance on LCRF carried over from March 2021 in the BHE restricted fund. Philanthropy House (PH) project is on pause pending greater clarity around rental rate in co-location hubs post-pandemic. Fees related to PH project would therefore not be incurred in this financial year.

Conclusion

32. This report presents the 2022/23 budget for Members' consideration and recommendation to the BHE Board for approval. The budget reflects a significant proportion of the additional funding approved within the designated grants fund and allows CBT to continue its core business of charitable funding in a flexible and yet impactful way.

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Appendices

- Appendix 1 – 2022/22 Budget summary
- Appendix 2 – Designated funds - grants
- Appendix 3 – Staffing statement
- Appendix 4 – Supplies and services by cost centre

Appendix 1: 2022/23 Budget summary

	Proposed Budget 22/23	Forecast 21/22	Variance to Forecast		Original Budget 21/22	Latest Approved Budget 21/22
Local Risk						
	£000s	£000s	£000s		£000s	£000s
Employees	3,252	2,824	428		2,347	2,555
Professional Fees	420	762	(342)		1,120	847
Supplies and Services	478	295	183		256	321
Total Expenditure	4,150	3,881	269		3,723	3,723
Income						
Wembley National Stadium Trust	(73)	(29)	(44)		(29)	(29)
Central Grants Unit Support	(123)	(67)	(56)		(67)	(67)
Community Infrastructure Levy Support	(90)	(83)	(7)		(83)	(83)
Total Income	(286)	(179)	(107)		(179)	(179)
Total Local Risk	3,864	3,702	162		3,544	3,544
Central Risk						
Grants, Fees and Services	103,553	39,549	64,003		106,270	106,316
Depreciation	19	23	(4)		23	23
Total Expenditure	103,572	39,572	63,999		106,293	106,339
Income						
Social Investments Fund	(166)	(229)	63		(250)	(250)
Grants Income	(100)	(200)	100		(200)	(200)
Total Income	(266)	(429)	164		(450)	(450)
Total Central Risk	103,306	39,144	64,163		105,843	105,889
Recharges	340	388	(48)		163	224
Total Net Expenditure	107,509	43,233	64,277		109,550	109,657

Appendix 2: Designated funds - grants

	Forecast 21/22	Budget 22/23
	£000s	£000s
<i>Balance brought forward</i>	206,874	195,389
<i>Transfers</i>	28,333	28,333
	235,207	223,722
<i>Bridging Divides</i>		
Core Programmes	(25,870)	(28,600)
Transition Funding	(7,400)	(13,400)
The Vehicle (LCRF v2.0)	-	(25,000)
Funder Collaborations	(4,700)	(10,300)
Anchor Project	(300)	(8,000)
Test and Discover	-	(4,000)
Development Projects	-	(6,940)
London's Giving	-	(5,250)
Responding to Resilience Risk v2.0	(227)	(83)
Cornerstone	(509)	(1,000)
Bridge to Work	(29)	(41)
Staff Costs	(269)	(481)
Fees and Services	(515)	(939)
Annual grants expenditure	(39,818)	(104,034)
Cumulative grants balance	195,389	119,688

Appendix 3: Staffing statement 2022/23

	Headcount Full-time Equivalent Proposed Budget 22/23	Proposed Budget 22/23	Headcount Full-time Equivalent Forecast 21/22	Forecast 21/22
	FTE	£000	FTE	£000
City Bridge Trust	48.82	2,723	41.14	2,388
Charity Finance (CBT)	2.98	190	2.70	179
Wembley National Stadium Trust	1.00	88	0.33	23
Central Grants Unit	2.00	126	2.00	126
Neighbourhood Community Infrastructure Levy	0.60	36	0.60	35
Total	55.40	3,163	46.77	2,751
Staff training		54		53
Recruitment		35		20
Total employee costs		3,252		2,824

Appendix 4: Supplies and services by cost centre

	Proposed Budget 22/23	Forecast 21/22	Variance to Forecast		Original Budget 21/22
Local Risk					
	£000s	£000s	£000s		£000s
CBT Funding Activities	365	809	(444)		954
Philanthropy Strategy	100	-	100		94
Impact and Learning	38	64	(26)		89
Communications and Marketing	147	70	77		36
Hospitality/Events/Conference Expenses	159	36	123		99
Social Investment Fund	79	53	26		79
CBT Corporate Volunteering	10	25	(15)		25
Total Local Risk	898	1,057	(159)		1,376