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| Committee | Date |
| Bridge House Estates Grants Committee | 9 March 2022 |
| Subject: Budget monitoring report for City Bridge Trust (CBT): period ended 31 January 2022. | Public |
| Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support? | 1, 2 and 3 |
| Report of: The Managing Director of BHE and The BHE & Charities Finance Director (representing the Chamberlain) | For Information |
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Summary

This report provides a year to date (April 2021 to January 2022) financial position of City Bridge Trust (CBT) and an updated forecast for the financial year ending 31 March 2022.

CBT's latest approved budget is £109.7m comprising of £106.3m allocated to grants programme and £3.4m (net of income) to operational costs. Operational costs are split across local risk, central risk, and recharge risk. The updated forecast is £34.8m; £74.9m below an overly ambitious original budget. For the 10 months to January 2022, there was an underspend of £82.9m to budget.

The updated forecast and underspend are mainly because of a pause on funding programmes whilst an interim review of the Bridging Divides Programme took place (in light of the changed operating context resulting from the pandemic); planning and development work in framing the uplift in grant budget; and the Philanthropy House strategic initiative being under reconsideration pending greater certainty on demand and rental rates for office co-location hubs post pandemic.

Included in the year-to-date analysis is a £3m spend driven by London Community Response Fund (LCRF) commitments which were funded from BHE restricted fund held at the end of financial year 2020/21

Recommendation

- i) The Bridge House Estates Grants Committee are asked to note the report.

Main Report

Background

1. In support of the budget monitoring oversight responsibilities of the Grants Committee of Bridge House Estates Board, this report presents a financial update on CBT activities and the latest financial forecast for the year.
2. BHE holds a grant-making designated fund which represents surplus income (after meeting the responsibilities for the bridges) set aside for funding grant-making activities in the name of CBT. At the beginning of the year, the grant-making designated fund was £219.2m. This included the additional allocation of £200m

approved by the March 2020 Court of Common Council in support of both CBT's Bridging Divides grant commitments and associated operational spend. CBT's 2021/22 budget included £75m of the additional £200m allocation.

3. Table 1 below provides an overview of CBT's financial results as at the end of January 2022 and a forecast position for the 2021/22 financial year as compared to the annual budget.

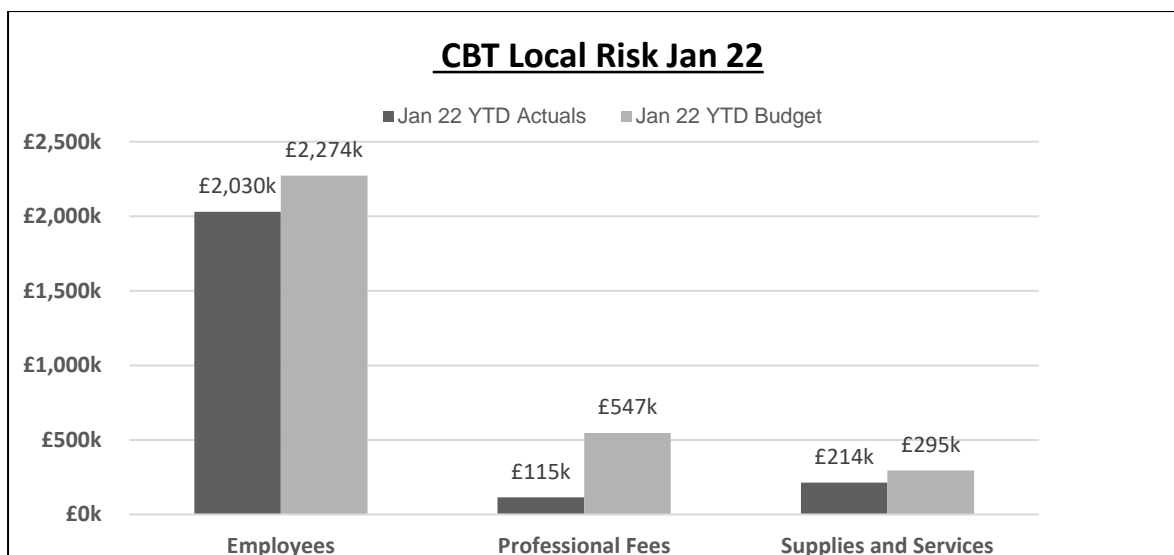
Table 1: CBT Actual Spend v Budget

| | Year to Date 31 Jan 2022 | | | | Annual - 2021/22 | | | |
|---|--------------------------|------------------|---------------|-------------|------------------|------------------|---------------|-----------|
| | Actual | Budget | Variance | Variance | Forecast | Latest | Variance | Variance |
| | £'000 | £'000 | £'000 | % | Outturn | Approved Budget | £'000 | % |
| Local Risk | | | | | | | | |
| Employees | (2,030) | (2,274) | 244 | 11 | (2,714) | (2,720) | 6 | - |
| Professional Fees | (115) | (547) | 432 | 79 | (558) | (702) | 144 | - |
| Supplies and Services | (214) | (295) | 81 | 27 | (278) | (318) | 40 | - |
| Total Expenditure | (2,359) | (3,116) | 757 | 24 | (3,550) | (3,740) | 190 | 5 |
| Income | 34 | 25 | 9 | (38) | 194 | 179 | 15 | - |
| Total Local Risk | (2,325) | (3,091) | 766 | 25 | (3,356) | (3,561) | 205 | 6 |
| Central Risk | | | | | | | | |
| Grants (includes non-grant expenditure) | (19,156) | (101,260) | 82,104 | 81 | (31,608) | (106,296) | 74,688 | 70 |
| Depreciation | (19) | (19) | - | - | (23) | (23) | - | - |
| Social Investment Income | 199 | 215 | (16) | 7 | 228 | 250 | (22) | 9 |
| Grants Income | - | - | - | - | 200 | 200 | - | - |
| Total Central Risk | (18,976) | (101,064) | 82,088 | 81 | (31,203) | (105,869) | 74,666 | 71 |
| Recharges | (187) | (187) | - | - | (224) | (224) | - | - |
| Total Net Expenditure | (21,488) | (104,342) | 82,854 | 79 | (34,783) | (109,654) | 74,871 | 68 |

Analysis of Table 1

Local Risk

4. The graph 'CBT Local Risk Jan 22' shown below, compares the year-to-date (YTD) spend and budget for Local Risk.



Employee Costs

- There have been changes in the CBT team with some long-serving employees either retiring or taking flexible retirement alongside recent successful recruitment of Funding Managers and Funding Officers.
- Employee costs benefitted from budget virements of £366k from the budget earmarked to support the administration of the additional uplift in grant spend. As of 31 January 2022, there was an underspend of £244k in employee costs. With the recent recruitment, the budget should be utilised by the end of the year.

Professional Fees

- Professional fees underspend as of 31 January 2022 was £432k. Some part of the consultancy budget earmarked to support the administration of the additional uplift in grant spend has not been incurred. Due to covid-related restrictions over the year, unannounced and compliance visits to funded organisations did not take place.
- Philanthropy House project fees were not incurred. The project is under reconsideration due to the impact of the pandemic pending greater certainty on demand and rental rates for office co-location hubs post-pandemic.
- Social Investment Fund advisory fees were not incurred. New social investment considerations were put on hold awaiting formal approval from the Privy Council on the completion of work on the BHE Supplemental Royal Charter and subsequent agreement of any new focus areas.

Supplies and Services

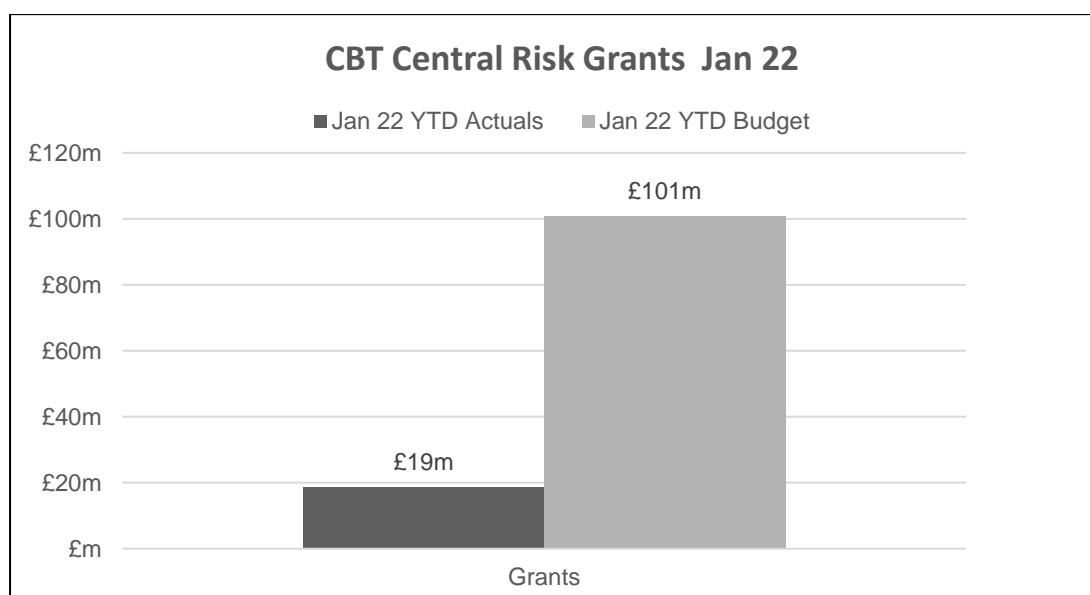
- Planned events for funded organisations did not take place. A lengthy bidding process for the new website further contributed to the underspend on Supplies and Services of £81k. With the new website development underway, forecast underspend is £40k.

Income

11. Income of £34k relates to the Wembley National Stadium Trust contract for the ten months to 31 January 2022. The improved performance is due to the lifting of covid restrictions on events.
12. Full year income of £179k includes the expected recharge due to CBT for the support provided to the Central Grants Unit.

Central Risk

13. The graph 'CBT Central Risk Grants Jan 22' shown below compares the year-to-date (YTD) commitment and latest approved budget for Grants.



Grants

14. Grant commitments year to date 31 January 2022 were £19m against a budget of £101m. The expenditure commitments to date represent grants approved for the CBT main grant programmes in addition to those of the London Community Response Fund (LCRF). The lower expenditure is due to programmes recently coming back online after a long pause whilst the agreed interim review of the Bridging Divides funding programmes was undertaken. Also, there was a slower uptake than expected with transition funding, the predicted uptick in Bridging Divides applications has taken longer to materialise and grants yet to be committed from the additional allocation of £200m.
15. The Small Grants programme, Steeping Stones and Strategic Initiatives remained open throughout the period. With the Interim Review of the Bridging Divides programme and the impact of Covid-19, most responsive grant programmes were paused to new applicants during a significant period of the year but remained open for continuation requests. Further information on Bridging Divides responsive grants programmes can be found in the Supplementary Agenda for this meeting.

16. 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 of 31 March 2021.
17. The National Lottery Community Fund (NLCF) programme completed with £6.7m awarded in 2020/21. An unspent balance of £68k was returned to the NLCF in August 2021.
18. Detailed analysis of the grants budget can be found within Appendix 1 of the Grant Funding Activity Report (noting that the appendix covers the period to the date of that report, being 24 February 2022, whilst this report covers the period to 31 January 2022).

Social Investment Fund

19. Income on Social Investments for the ten months to 31 January 2022 was £199k against a budget of £215k.
20. The full year forecast is a shortfall of £22k due to the early repayment of a large portion of one of the fund's investments.

Grants Income

21. Grants income of £200k is the second instalment expected from Trust for London as their contribution towards the Cornerstone programme.

Depreciation and recharges

22. The charge for depreciation represents a general allocation to CBT of depreciation on the Guildhall facility.
23. 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

24. The above is in line with the revised flexible grants spending plan. The re-opening of the main grant programme led to slight increases in both grant commitments and operational spend. However, the spends are significantly low in comparison to the budget. Members are to note the updated financial position for 2021/22.

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