

<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	27 April 2022
<b>Subject:</b> BHE Contingency Funds Update	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?</b>	<b>All</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of:</b> The BHE & Charities Finance Director (representing The Chamberlain)	<b>For information</b>
<b>Report Author:</b> Sachin Shah, BHE Transformation Project Accountant	

### Summary

This report has been produced to provide the Bridge House Estates Board with an overview of the BHE Contingency balances held for 2022/23. It further provides detail of new requests being made against these balances.

Following the start of the new financial year, there have been no bids approved under urgency. A separate request is being presented at this meeting for consideration relating to:

- i) A Tower Bridge Programme Coordinator within the City Surveyors team for £43k, and
- ii) A Business Administration Apprentice to support the newly established BHE Leadership Team, for £27k.

### 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 BHE Contingency budgets for 2022/23 (para 4);
- b) Note that £70k is being requested from the Central Contingency & Apprentices Contingency Funds at Item 17 on the agenda for the Tower Bridge Programme Coordinator and the BHE Business Administration Apprentice roles.

### Main Report

#### Background

1. The annual budgets prepared by departments for the activities of BHE that are within their responsibility do not hold any contingencies. The budgets directly overseen by the BHE Board include contingency funds to meet unforeseen and/or exceptional items that may be identified across the range of activities undertaken by the charity. Requests for allocations should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. BHE's Central Contingency budget for 2022/23 is £850k, matching that provided for 2021/22.

3. In addition to the above Central Contingency, the BHE budget includes provisions of:
  - a) £50k for joint projects with the City Corporation, held to enable smooth decision making for cross-cutting City Corporation projects that affect all three funds, enabling the Finance Committee to consider the impact of the total request. The BHE Board approves its portion of any such joint project.
  - b) £142k to cover the salaries of four apprentice posts. Staff are requested to complete a form to apply for funding from the BHE Apprentices Contingency Fund, to be endorsed by their department Director and with final approval being made by the Managing Director of BHE.
  - c) £500k of revenue spend relating to the Charity's Climate Action Strategy (CAS). This will be funded from BHE's designated fund for the CAS of £15m, created following Court approval in March 2022.
  - d) £500k to allow for the refurbishment of premises during void periods to improve the property's energy rating and maximise the appeal and therefore the income from potential tenants. These funds will only be utilised if voids increase during the year from that within the original budget.
  - e) With current levels of UK inflation higher than in recent years, potential inflationary increases of up to 5% for all BHE operational spend amounting to £1.3m is provided for. This is consistent with the approach taken for inflationary increases to all funds across the Corporation. BHE departments will be invited to apply for funds to cover the cost of inflationary increases in their budgets later in the financial year once impacts become apparent.

### Current position

4. The uncommitted balances that are currently available for 2022/23 are set out in the table below:

<b>2022/23 Contingency Funds - uncommitted balances 27 April 2022</b>							
	Central Provision £'000	Apprentice costs £'000	Joint Projects with City Corporation £'000	Properties - refurbishment of void spaces £'000	Climate Action Strategy £'000	Inflationary increases £'000	Total £'000
<b>Contingencies:</b>							
2022/23 Provision approved	850	142	50	500	500	1,259	3,301
<b>Total Provision</b>	<b>850</b>	<b>142</b>	<b>50</b>	<b>500</b>	<b>500</b>	<b>1,259</b>	<b>3,301</b>
Pending request on Apr 22 agenda	(43)	(27)	0	0	0	0	(70)
<b>Total commitments</b>	<b>(43)</b>	<b>(27)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(70)</b>
<b>Uncommitted balances @ Apr 2022</b>	<b>807</b>	<b>115</b>	<b>50</b>	<b>500</b>	<b>500</b>	<b>1,259</b>	<b>3,231</b>

The amounts which are pending approval are detailed in **Appendix 1** of this paper.

5. Within the reports presented at this meeting, a request is being made for continuation funding for a Programme Coordinator role at Tower Bridge in addition to a Business Administration Apprentice to support the BHE Leadership team.
6. At the time of preparing this report, there are no further requests for allocations from the Contingency Funds that have been discussed.

### Corporate & Strategic Implications

7. 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*.
8. Resource implications: nil.
9. Legal implications: nil.
10. Equalities implications: nil.
11. Financial implications: The contingency funds noted within this report are an approved element of the 2022/23 budget held by BHE. Applications to utilise these funds do not therefore create additional demand from the unrestricted income reserves held by the charity.
12. Climate implications: nil
13. Security implications: nil

## **Conclusion**

14. The BHE Board are asked to note the current contingency budgets held by BHE, and to note the request at Item 17 for £70k from Contingency Funds held.

## **Sachin Shah**

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