

<b>Committee:</b> Bridge House Estates Board	<b>Date:</b> 13 September 2022
<b>Subject:</b> Update on BHE Contingency Funds	<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> Karen Atkinson, BHE & Charities Finance Director (representing The Chamberlain)	<b>For information</b>
<b>Report Author:</b> Sachin Shah, BHE Transformation Project Accountant	

### Summary

This report provides an update on the Bridge House Estates (BHE) Central Contingency balances held for 2022/23. It further provides detail of new requests being made against these balances.

Since the last report to the Board in July 2022, three bids have been approved under delegated authority:

1. £47k for the IT Managed Service transition project, enabling IT services to be moved back in-house.
2. £43k additional amount for the proposed pay review for staff across BHE.
3. £72k relating to the finalised TOM proposal for the BHE and Charities Finance Team.

### Recommendations

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:

- i) Note the BHE Contingency budgets currently held for 2022/23 (para 4); and,
- ii) Note that a total of £162k has been approved under delegated authority for the three items included in the summary above.

### 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 central contingencies 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.

3. In addition to the above Central Contingency, the BHE budget includes specific provisions for various activities as listed below, with further details stated in **Appendix 1**:
  - a. Joint projects with the City Corporation
  - b. Apprentice salaries
  - c. Climate Action Strategy
  - d. Investment Properties – refurbishment of void spaces
  - e. Inflationary increases on revenue expenditure

### Current position

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

2022/23 BHE Contingency Funds - uncommitted balances 13 September 2022							
	Central Provision	Apprentice costs	Joint Projects with City Corporation	Investment Properties - refurbishment of void spaces	Climate Action Strategy	Inflationary increases	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'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>
Previously agreed allocations @ July 2022	(43)	(27)	-	-	(123)	(120)	(313)
Approved under delegated authority post 5 July 2022	(119)	-	-	-	-	(43)	(162)
<b>Total commitments</b>	<b>(162)</b>	<b>(27)</b>	<b>0</b>	<b>-</b>	<b>(123)</b>	<b>(163)</b>	<b>(475)</b>
<b>Uncommitted balances @ 13 September 2022</b>	<b>688</b>	<b>115</b>	<b>50</b>	<b>500</b>	<b>377</b>	<b>1,096</b>	<b>2,826</b>

The amounts which are pending approval are detailed in **Appendix 1** of this paper, alongside detail of amounts previously approved either by this Board or under delegated authority.

5. The TOM proposal for the BHE & Charities Finance Team, as approved by the BHE Board in April 2022, included total additional staff related costs of £44k - £75k for 2022/23. With recruitment for new roles now in progress, there is more clarity on the actual costs required, which total £72k. This approved amount is funded from the Contingency Fund Central Provision.
6. In May 2022 approval under urgency was granted by the Town Clerk, in consultation with the Chair and Deputy Chair of the Board, for the value of the original pay offer – estimated to be £120k by the Human Resources team. Following detailed calculations undertaken by the BHE & Charities Finance Team, the estimated overall cost of the proposed pay offer across BHE amounted to £163k, allocated to the Inflationary Increases Contingency Fund.
7. The additional request over and above the previously approved £120k at £43k was approved under delegated authority in July 2022.
8. Discussions with unions over the pay award are ongoing. A further update will be provided to the Board at the conclusion of these discussions, should there be any changes to the amounts previously approved from the Contingency Fund.

9. The July Contingency Fund update to the Board noted that a request for the IT Managed Service transition project, enabling IT services to be moved back in-house, was in the process of being drafted. The request has since been completed and BHE's share of the cost is calculated to be £47k, approved under delegated authority and allocated from the Central Provision.
10. At the time of preparing this report, there is early consideration being given to the possibility of a further request for an allocation from the Contingency Funds as noted within paper 16 within the non-public section of the agenda.

### **Corporate & Strategic Implications**

11. 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*.
12. Resource implications: nil.
13. Legal implications: nil.
14. Equalities implications: nil.
15. 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 reserves held by the charity.
16. Climate implications: nil
17. Security implications: nil

### **Conclusion**

18. The BHE Board are asked to note the current contingency budgets held by BHE, and the amounts approved under delegated authority, amounting to a total of £162k referenced in paragraphs 5 to 9 of this report.

### **Sachin Shah**

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