

<b>Committee:</b> Bridge House Estates Board	<b>Date:</b> 15 November 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>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 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 September 2022, two bids have been approved under delegated authority:

- i) £79k additional amount for the approved pay review for staff across BHE.
- ii) £100k to support the development and implementation of the new CRM database for BHE.

### 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:

- i) Note the BHE Contingency budgets currently held for 2022/23 (para 4); and,
- ii) Note that a total of £179k has been approved under delegated authority for the two items included in the summary above (para 5-11).

### 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 15 November 2022							
	Central Provision £'000	Apprentice costs £'000	Joint Projects with City Corporation £'000	Investment 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>
Previously agreed allocations @ September 2022	(162)	(27)	-	-	(123)	(163)	(475)
Approved under delegated authority post 13 September 2022	(100)	-	-	-	-	(79)	(179)
<b>Total commitments</b>	<b>(262)</b>	<b>(27)</b>	<b>0</b>	<b>-</b>	<b>(123)</b>	<b>(242)</b>	<b>(654)</b>
<b>Uncommitted balances @ 15 November 2022</b>	<b>588</b>	<b>115</b>	<b>50</b>	<b>500</b>	<b>377</b>	<b>1,017</b>	<b>2,647</b>

Detail of amounts previously approved either by this Board or under delegated authority are provided in **Appendix 1** of this paper.

5. 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. This was subsequently amended by the City Corporation's revised offers, initially in June and then in September 2022, on behalf of all staff. Following payment to staff in October, the final overall cost of the pay offer across BHE amounted to £242k, allocated to the Inflationary increases Contingency Fund.
6. A recent procurement exercise via the City of London Corporation has been undertaken to commission both a new software package and an organisation to support the Funding Team with its development and implementation. For this financial year the costs are now approximately £115k.
7. In order to ensure business continuity, the new system will be developed and implemented in parallel to the old one, hence why the costs for this year are higher than expected. It is imperative that work commences in this financial year as the existing CRM contract expires in August 2023, and it will take at least 6-8 months to implement the new system.
8. The forecast cost for 2022/23 for this project is £115k, with some costs brought forward from 2023/24 alongside the increase due to the need for parallel running. An amount of £100k has been requested from the Central Contingency Provision and was approved under delegated authority in October 2022. The remaining £15k is funded from within from this year's CRM budget. Subsequent costs will be included in future year's planned budgets as part of the budget setting process.
9. At the time of Board papers submission, three new Contingency Fund requests from the BHE Chief Operating Officer are in the process of being drafted. The first is for the proposed role of BHE Head of People. This role is to provide strategic advice on BHE's people function and served within the charity rather than delivered by the City Corporation. It is anticipated that the funding for the role would be met, in part, by a reduction in the Corporate HR recharges. At present the value of the

reduction has not yet been confirmed. The anticipated contingency request is approx. £30k and therefore will be managed under the delegated authority process to the Managing Director of BHE.

10. The second role is for a proposed Project Manager for Bridges. This role is to provide dedicated project management to the primary objective of the charity. Whilst the role would encompass all five bridges, the role would initially focus on the actions required following the conclusion of the condition survey that is currently taking place at Tower Bridge. The anticipated contingency request is approx. £22k and therefore will be managed under the delegated authority process to the Managing Director of BHE.
11. As reported at the September meeting, the BHE Board will be aware that officers are continuing to progress the agreement of a Service Level Agreement (SLA) with the City of London Police (CoLP). The costs of the policing services provided by the CoLP to BHE are to be met on a cost recovery basis and will be reviewed in-year under the terms of the SLA. The current budget for 2022/23 is £433,900 but additional costs have been identified in-year and a contingency request will therefore be requested shortly. The anticipated costs of the contingency request is currently £150k, with final confirmation of costings being worked through with the CoLP. Given the level of the request, it will be presented to the BHE Board for approval in due course.

### **Corporate & Strategic Implications**

12. 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*.
13. Resource implications: nil.
14. Legal implications: nil.
15. Equalities implications: nil.
16. 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.
17. Climate implications: nil
18. Security implications: nil

### **Conclusion**

19. 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 £179k referenced in paragraphs 5 to 11 of this report.

### **Sachin Shah**

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