

<b>Committee:</b> Grants Committee of the Bridge House Estates Board	<b>Date:</b> 5 December 2022
<b>Subject:</b> BHE Funding Budget 2023/24	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	2
<b>Report of:</b> The BHE & Charities Finance Director (representing the Chamberlain)	<b>For Decision</b>
<b>Authors:</b> Helen Martins, Finance Business Partner and Dinah Cox, Associate Director, City Bridge Trust (CBT)	

## Summary

This report presents for review and recommendation of the Grants Committee of the Bridge House Estates (BHE) Board, the BHE Funding budget for 2023/24.

The 2023/24 proposed budget reflects an increase of £45.33m in comparison to the 2022/23 forecast. This increase arises from two grants programmes Propel and Anchor, with the majority of commitments for these being made in 2023/24. Recruitment to funding manager vacancies and expansion of charity’s freelance assessor pool will also increase operational capacity to deliver more responsive grant making.

## Recommendations

It is recommended that the Grants Committee of the Bridge House Estates Board, in the discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity no. 1035628) and solely in the charity’s best interests:

- i) Review and recommend the proposed BHE Funding budget for 2023/24 for inclusion in the charity’s overall Budget to be presented to the BHE Board in February 2023;
- ii) Agree that minor amendments for the 2023/24 grants budget arising during the budget setting process be delegated to the BHE & Charities Finance Director.

## Main Report

### Background

1. To support the BHE Grants Committee in the discharge of its oversight responsibilities for CBT, this report presents the 2023/24 BHE Funding budget for review and recommendation for approval to the BHE Board.
2. The proposals set out in this paper align with BHE’s aims and objectives as set out in its overarching strategy, *Bridging London 2020 – 2045*. The proposed budget 2023/24 will support the delivery of the charity’s funding strategy, currently *Bridging Divides*. Additionally, the proposal is in line with 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 in the best interest of the charity.

- At the beginning of the 2022/23 financial year, the unaudited grant-making designated fund held £210.3m available for future commitments. The 2022/23 forecast position of £56.17m for grant commitments is due to delays in a number of programme strands in the current year. The majority of the deferred spend is earmarked for the next three financial years. The grants budget for 2023/24 is proposed to be £101.5m as shown in Table 1. The proposed budget for 2023/24 would bring the cumulative balance in the BHE grant-making designated fund down to £120.83m as at 31/03/2024, as shown in Table 2.

### Grants Budget 2023/24

- Table 1 below sets out the proposed budget for 2023/24 and forecast for 2022/23.

**Table 1: Grants Budget**

<b>Bridging Divides</b>	<b>Proposed Budget 23/24</b>	<b>Forecast 22/23</b>	<b>Variance to Forecast</b>
	£000s	£000s	£000s
Responsive Grant making	48,000	33,390	14,610
Bridge Programme	1,000	-	1,000
Transition funding	-	1,060	(1,060)
<b>Responsive Grant-making</b>	<b>49,000</b>	<b>34,450</b>	<b>14,550</b>
Cornerstone additional funding	-	2,520	(2,520)
The Prince's Trust	1,000	-	1,000
London's Giving	3,480	3,500	(20)
LocalMotion	5,000	-	5,000
Alliance Partnerships	1,200	10,560	(9,360)
Every Voice Counts Special launch grants	5,000	-	5,000
Propel	12,500	5,000	7,500
Anchor Projects	8,320	140	8,180
Test & Discover (Social Investment)	4,500	-	4,500
Test & Discover (development projects)	5,500	-	5,500
Alliance Partnership Part 2	6,000	-	6,000
<b>Proactive Strategic Initiatives</b>	<b>52,500</b>	<b>21,720</b>	<b>30,780</b>
<b>Total Grants</b>	<b>101,500</b>	<b>56,170</b>	<b>45,330</b>

- The full proposed budget for grants in 2023/24 is £101.5m, an increase of £45.3m compared to the forecast for 2022/23. Details of the proposed budget for the various funding programmes are explained in paragraphs 6 to 18.

## **Responsive Grant-making & Bridge Programme**

6. The proposed Responsive Grant-making and Bridge Programme budget for 2023/24 is £49m comprising of £48m for the Responsive grant-making and ad hoc strategic initiatives throughout the year, and £1m for Bridge programme.

### Responsive grant-making

7. Responsive grant-making are open grants rounds and account for the routine grant offer. The proposed grant budget for 2023/24 is £48m, £14.6m higher than 2022/23 forecast. The higher proposed grants offer for 2023/24 reflects the expected strong and increased applicants' demand. The recruitment to Funding Manager vacancies and the expansion of the charity's freelance assessor pool will increase capacity to deliver the higher proposed grant commitments for 2023/24.

### Bridge Programme

8. This programme follows a Funder Plus approach. This connects grant-funded organisations with a range of free, non-financial support to help address a specific issue, whilst enhancing the organization's capacity, resilience, and longer-term sustainability. The proposed budget for 2023/24 is £1m.

## **Proactive Strategic Initiatives**

9. The proposed Proactive Strategic Initiatives budget for 2023/24 is £52.5m compared to the £21.7m forecast to be committed in 2022/23. Following confirmation of the new Supplemental Royal Charter and subject to the BHE Boards approval for the charity's future social investment work, Test & Discover streams will go live in 2023/24. The various grant programmes are explained below:

### London's Giving

10. The proposed grants budget for 2023/24 is £3.48m, similar to the forecast of £3.5m in 2022/23, to support and grow place-based giving across London by running forums and events to share learning, developing a toolkit of case studies, advice and other resources; and by providing one-to-one support.

### LocalMotion

11. An initiative using six funders' collective experience and resources to support local people to address social, environmental, and economic priorities selected. This approach is locally driven and will focus on deriving learning from this process. The proposed grant budget for 2023/24 is £5m.

### Alliance Partnerships

12. Alliance funding will be awarded to established funders, with a track record of delivering grant funding programmes, where the organisation's primary aim is funding. The 2023/24 proposed budget is £1.2m.

### Alliance Partnership Part 2

13. Alliance Partnerships Part 2 represents funds earmarked, and subject to agreement of the Grants Committee, for future grant-making via appointed

delegates who may not necessarily be established funders but whose work helps further the charity's vision and mission. The budget proposed for 2023/24 is £6m.

#### Every Voice Counts Special Launch Grants

14. A budget of £5m for 2023/24 is proposed to be allocated to work on Every Voice Counts. It 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.

#### Propel

15. A budget of £12.5m for 2023/24 is proposed for Propel. This funding constitutes of the next iteration of the London Community Response work which provided a pioneering and widely celebrated vehicle for funder collaboration and innovation in response to the Covid pandemic. Propel would focus on three areas which are Children and Young People, Support to alleviate financial hardship and Provision to enable a more inclusive and equal city.

#### The Anchor Project

16. The Anchor Project work is a co-designed programme to provide long term funding to anchor organisations in London with a proposed budget in 2023/24 of £8.32m.

#### Test and Discover (Development Projects)

17. Test and Discover describes an approach initially developed for the social investment fund, and since broadened to cover the grant-funding work of CBT, to explore new initiatives. The proposed budget for 2023/24 is £5.5m for Test & Discover (development projects).

#### Test and Discover (Social Investment)

18. This is a grant facility in support of the development of ideas and enterprise which might lend themselves to repayable finance. Plans would be subject to the approval of the Grants Committee. The proposed budget for 2023/24 is £4.5m

### **Designated Fund – Grant-making**

19. Table 2 shows the proposed movements on the BHE grant-making designated fund up to 2027/28. The additional operational costs arising from commitments made from the £200m approved by Court in March 2020 is covered within this uplift, and is in line with the agreement that was given.

**Table 2: Designated Fund – Grant-making**

Designated Fund - Grant-making	Forecast 2022/23	Budget 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
	£000s	£000s	£000s	£000s	£000s	£000s
Balance brought forward	210,300	183,730	120,830	60,250	41,200	40,800
Grant commitments	(56,170)	(101,500)	(99,780)	(58,250)	(40,000)	(40,000)
Additional operational costs due to uplift in grants	(1,400)	(1,400)	(800)	(800)	(400)	-
Transfers as at 31/03	31,000	40,000	40,000	40,000	40,000	40,000
<b>Cumulative grants balance</b>	<b>183,730</b>	<b>120,830</b>	<b>60,250</b>	<b>41,200</b>	<b>40,800</b>	<b>40,800</b>

20. For 2023/24 and subsequent years, the annual transfer of £40m is provisional and subject to budget setting across BHE. The transfer is confirmed as at 31 March each financial year.

### Operational Costs

21. Operational costs associated with the various grant-making programmes are proposed to be £3.7m for 2023/24. This compares to a forecast of £3.5m for the current year and reflects the additional grant commitments being proposed for 2023/24 alongside the recent pay review for staff and expected inflationary impacts for the new year. Operational costs across BHE continue to be reviewed for consistency and appropriateness as the full budget for the charity is developed.

22. Table 3 below shows grant commitments and operational costs for the previous three years alongside the current year forecasts, the proposed budgets for 2023/24 and a forecast for 2024/25.

**Table 3: Grant commitments and operational costs**

	<b>Actual 2019/20</b>	<b>Actual 2020/21</b>	<b>Actual 2021/22</b>	<b>Forecast 2022/23</b>	<b>Budget 2023/24</b>	<b>Forecast 2024/25</b>
	£000s	£000s	£000s	£000s	£000s	£000s
Grant commitments	30,500	54,700	29,800	56,170	101,500	99,780
Operational costs	2,500	2,700	3,548	3,464	3,724	3,850
Operational costs as a % of Grant Commitments	8%	5%	12%	6%	4%	4%

### Conclusion

23. This report presents the 2023/24 budget for the Grants Committee's consideration and recommendation to the BHE Board for approval to include within the BHE detailed budget. 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.

#### **Helen Martins**

Business Partner – Grant Funding, Philanthropy & Communications

[Helen.Martins@cityoflondon.gov.uk](mailto:Helen.Martins@cityoflondon.gov.uk)

#### **Dinah Cox**

Associate Director, City Bridge Trust (CBT)

[Dinah.Cox@cityoflondon.gov.uk](mailto:Dinah.Cox@cityoflondon.gov.uk)