

<b>Committee:</b> Grants Committee of the Bridge House Estates (BHE) Board	<b>Date:</b> 6 March 2023
<b>Subject:</b> Budget Monitoring Report for BHE Funding activities: Period Ended 31 January 2023	<b>Public</b>
<b>Report of:</b> The BHE & Charities Finance Director (representing the Chamberlain)	<b>For Discussion</b>
<b>Authors:</b> Helen Martins, Business Partner: Grant Funding, Philanthropy & Communications and Sacha Rose-Smith, BHE Chief Funding Director	

### Summary

This report provides a financial update on BHE Funding activities to 31 January 2023 and an updated forecast for the financial year ending 31 March 2023.

BHE Funding's latest approved budget is net expenditure of £107.6m, comprising of £103.2m allocated to grant commitments & related income, £4.1m to operational costs, and £0.34m to recharges. The updated grants forecast is £60m, an almost £4m increase from the December 2022 forecast. This updated forecast is a decrease of £42.5m from original budget. As previously reported, the reduction in spend has arisen due to delays in anticipated grant commitments across various strands, including the Anchor Programme, Collaborative Action for Recovery and Grants Test and Discover. Full details are provided at paragraphs 14 to 16 of this report.

### Recommendation

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 and solely in the charity's best interests:

- i) Note the contents of the report.

### Main Report

#### Background

1. In support of the budget monitoring oversight responsibilities of the Grants Committee, this report presents a financial update on funding activities and the latest financial forecast for the year.
2. BHE holds a grant-making designated fund which represents surplus income set aside for funding grant-making activities in the name of City Bridge Trust (CBT). At the beginning of the year, the grant-making designated fund was £210.3m.
3. This report also covers the following areas: Corporate Volunteering, Impact and Learning, Philanthropy Strategy, funding related Communications which are managed by other BHE Directors outside the Funding Team.

4. Table 1 below provides an overview of BHE Funding's financial results as at 31 January 2023 and a forecast position for the 2022/23 financial year as compared to the latest approved budget.

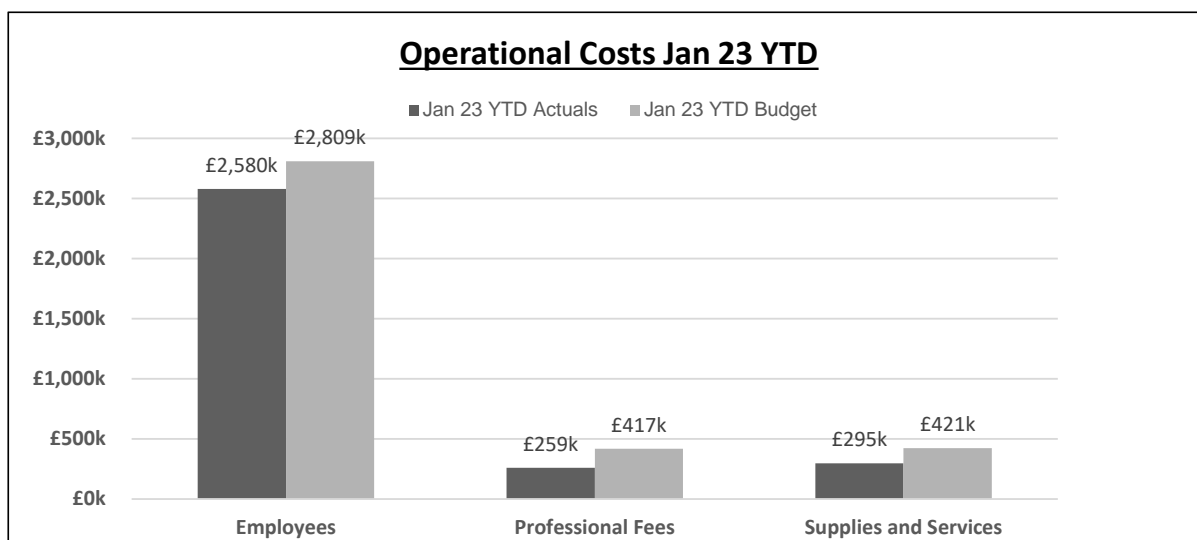
**Table 1: BHE Funding's Actual Spend v Budget and Latest Forecast**

	Year to Date 31 Jan 2023			Annual - 2022/23		
	Actual	Latest Approved Budget	Variance	Forecast Outturn	Latest Approved Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operational Costs</b>						
Employees	(2,580)	(2,809)	229	(3,082)	(3,390)	308
Professional Fees	(259)	(417)	158	(338)	(474)	136
Supplies and Services	(295)	(421)	126	(535)	(540)	5
Depreciation	(16)	(16)	-	(19)	(19)	-
<b>Total Expenditure</b>	<b>(3,150)</b>	<b>(3,663)</b>	<b>513</b>	<b>(3,974)</b>	<b>(4,423)</b>	<b>449</b>
<b>Income</b>	229	61	168	335	286	49
<b>Total Operational Costs</b>	<b>(2,921)</b>	<b>(3,602)</b>	<b>681</b>	<b>(3,639)</b>	<b>(4,137)</b>	<b>498</b>
<b>Grant Commitments &amp; Related Income</b>						
Grants	(41,639)	(71,540)	29,901	(60,000)	(102,530)	42,530
Non-Grant expenditure	(132)	(698)	566	(294)	(940)	646
Social Investment Income	152	106	46	189	165	24
Grants Income	-	-	-	100	100	-
<b>Total Grant Commitments &amp; Related Income</b>	<b>(41,619)</b>	<b>(72,132)</b>	<b>30,513</b>	<b>(60,005)</b>	<b>(103,205)</b>	<b>43,200</b>
<b>Recharges</b>	-	-	-	(340)	(340)	-
<b>Total Net Expenditure</b>	<b>(44,540)</b>	<b>(75,734)</b>	<b>31,194</b>	<b>(63,984)</b>	<b>(107,682)</b>	<b>43,698</b>

### Analysis of Table 1

#### **Operational Costs**

5. The graph 'Operational Costs Jan 23 YTD' shown below, compares the year-to-date (YTD) spend and budget for Operational Costs.



### Employee Costs

6. The year-to-date underspend of £229k on employee cost is due to Funding Manager vacancies, the vacant Social Investment Associate post and the appointment to Chief Funding Director post with a much later start date than anticipated. The vacancies within the team are partly covered by externally appointed assessors and other consultants. The Social Investment Associate role is being reviewed.

### Professional Fees

7. The Professional Fees underspend as at 31 Jan 2023 was £158k. Fees earmarked for the Philanthropy House proposal and the Social Investment Fund have not been incurred due to reasons outlined in paragraphs 8 and 9 below.

8. The Philanthropy House project is currently being reviewed whilst the co-location rental market adjusts to a post covid/increased inflation reality. The review of the Philanthropy Strategy will consider this project.

9. The Social Investment Fund remains closed to new proposals pending the development and presentation of future plans to the BHE Board for approval. This is dependent upon the development of the new policy for BHE's Social Investment Fund. The portfolio balance has required minimal cost to manage, hence the limited spend incurred year to date.

### Supplies and Services

10. The £126k underspend in Supplies and Services is due to a delay in the procurement of the new software for the grants management system. With agreements now in place, the forecast reflects the expected spend.

### Depreciation

11. The charge for depreciation represents a general allocation of depreciation on the Guildhall facility.

### Income

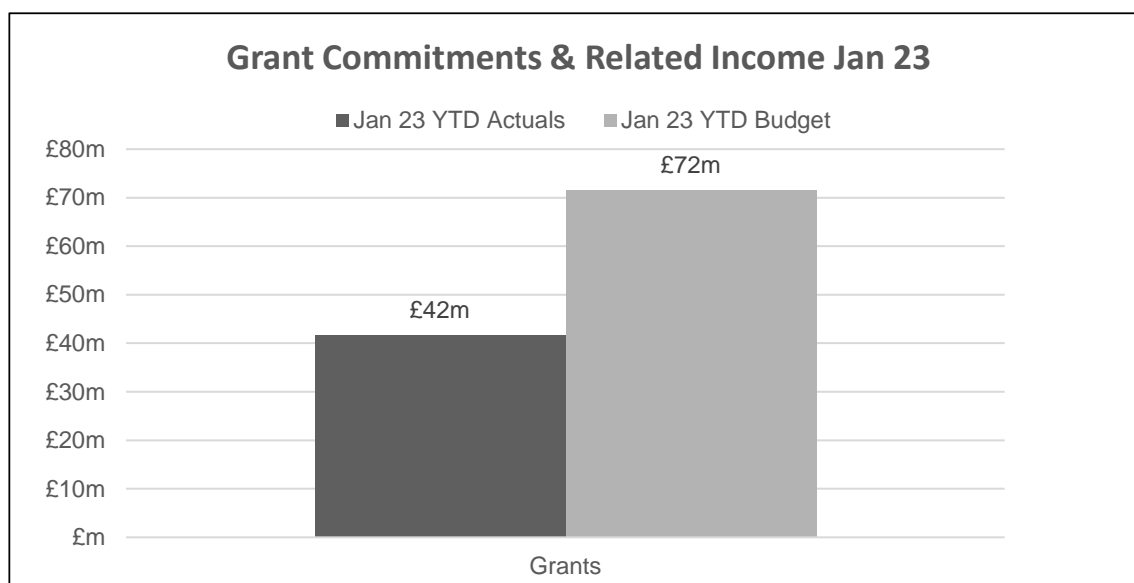
12. As previously reported, activity at Wembley National Stadium Trust returned to full capacity, following recovery from the pandemic. This has seen actual income

higher than budgeted as the contract in place reverts to its previous basis of time incurred and recharged.

13. Full year forecast income of £335k also includes the expected recharge due to CBT for the support provided to the Central Grants Unit.

### Grant Commitments & Related Income

14. The graph 'Grant Commitments & Related Income Jan 23' shown below compares the year-to-date (YTD) commitment and latest approved budget for Grants.



### Grants

15. Grant commitments and associated costs are £41.6m at the end of Jan 2023, an under spend of £30.5m in comparison to budget.
16. Following review, grant commitments for the year are now forecasted at £60m, an almost £4m increase from the December 2022 forecast mostly due to a successful first round with Propel. This updated forecast is adrift by £42.5m from the original budget. These funds will be committed over the next three financial years following revisions to the funding workplan and consideration of the available resources. Alterations to funding programme timelines including to the Anchor Programme followed consultations with the sector, the start date for funding commitments has been updated to enable enough time for appropriately robust funding design and assessment guidance to be developed.
17. The launch of the Propel funder collaboration programme, decisions in respect of which are at Item 9 of today's agenda, was also amended to a later date by the Propel Strategy group, again to enable sufficient planning, robust programme design, and diligent assessment processes to be developed.
18. The Grants Test and Discover strand spend is deferred with further internal planning being undertaken as to how this programme is to be resourced.

19. Detailed analysis of the grants budget can be found within Appendix 1 of the Grant Funding Activity Report (Item 12 on the agenda).

#### Social Investment Fund

20. Income on Social Investments year to date as at 31 Jan 2023 was £152k against a budget of £106k. This is due to income received from investments held following a detailed reconciliation.

#### Grants Income

21. Grants income of £100k is the final instalment from Trust for London as their contribution towards the Cornerstone programme. Payment is due to be received at the end of February 2023.

#### Recharges

22. Recharges include activities undertaken by the City Corporation on behalf of CBT, including recharges for human resources, digital services, committee administration and premises costs. These are accounted for at year-end.

#### **Conclusion**

23. Grant Funding commitments are behind year to date against budget due to delays in a number of programme strands. This has resulted in a full year forecast reduction in expenditure of £42.5m, with the majority of the deferred spend now earmarked for the next three financial years.

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