

# Report – Bridge House Estates Board

## Bridge House Estates (BHE) – 2023/24 Budget and Financial Forecasts

*To be presented on Thursday, 9<sup>th</sup> March 2023*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### SUMMARY

This report presents an update on the financial position for 2022/23, the 2023/24 budget and detailed financial forecasts for the period 2024/25 – 2026/27, alongside a summary of forecast funds to 2031/32 for Bridge House Estates (BHE). The latest forecast for 2022/23 presents net expenditure of £71.2m, reflecting a decrease of £52.0m from the original approved budget net expenditure of £123.2m. For 2023/24, the charity's proposed budget is a net expenditure of £121.4m comprising income of £36.4m and expenditure of £157.8m, including charitable funding of £106.8m (including grant commitments of £101.5m) and £22.1m on repair and maintenance of bridges.

The past year has been one of consolidation and evolution for the charity, as the BHE Board continues to embed the charity's new governance arrangements and ways of working, following the implementation of various organisation-wide exercises in 2021 and the formal establishment of the charity as an institution. Despite the challenges of the wider economic context, the charity continues to have sufficient funds available to meet its primary objective - the support and maintenance of its five Thames bridges, and its ancillary objective - charitable funding for broad charitable purposes for the general benefit of the inhabitants of Greater London, in line with the *Bridging Divides* funding policy, which this Court has agreed to extend until 2028.

However, this is also a significant moment in the charity's history, following the approval by His Majesty the King on 15 February of a Supplemental Royal Charter for the charity. Pending the sealing of this Supplemental Charter, various opportunities will become available to the charity through the express grant of relevant powers. Amongst these is the power to take a total return approach to investment of the permanent endowment fund. Whilst approval to adopt this power will be brought to a future meeting of this Court, the budget and financial forecasts have been prepared on the basis that adoption of this power is agreed.

The charity's 2023/24 budget and financial forecasts have been scrutinised and endorsed by your BHE Board, and are now presented to this Honourable Court for approval.

## Recommendations

Following the Bridge House Estates Board's consideration of this report, it is recommended that the Members of the Court of Common Council, acting for the City Corporation as the charity trustee of Bridge House Estates and solely in the charity's best interests:

- i. Note the updated financial forecast for 2022/23 (**paragraphs 4 – 18**);
- ii. Approve the 2023/24 budget and financial forecasts for the period 2024/25 – 2026/27 (**paragraphs 4 – 18**);
- iii. Approve the release of the Bridge Replacement designated fund, upon the adoption of total return investment for the permanent endowment fund (**paragraph 23**);
- iv. Approve the release of the designation of unrestricted income funds relating to amounts allocated for Social Investment (the Social Investment Fund) (**paragraph 24**); and
- v. Approve a level of £55m of free reserves to be maintained over and above the agreed minimum policy of £35m due to the slowdown in economic growth alongside inflationary pressures (**paragraph 28**).

## Main Report

### Background

1. Bridge House Estates (BHE) is an unincorporated charitable trust and a registered charity (Registered Charity Number 1035628). The charity is permanently endowed which imposes particular restrictions and legal duties on the charity's trustee. In acting as charity Trustee, the City Corporation has a legal obligation to always act solely in the best interests of BHE. Consistent with their duties, trustees are required to:
  - a. administer their charity with reasonable care and skill;
  - b. act responsibly and honestly and demonstrate that they are complying with the law.
2. The purpose of this report is to present the latest financial forecasts for 2022/23, the budget for 2023/24, financial forecasts for the period 2024/25 – 2026/27 and an overview of the charity's reserves to 2031/32. These have been prepared in line with the policy guidelines and assumptions as set out in **Appendix 1**.
3. 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 overarching strategy for BHE '*Bridging London*' has the vision that '*Every person in London becomes truly connected*'. To achieve this vision, BHE delivers upon its primary object by supporting and maintaining its five Thames bridges and

utilises any available surplus income each year to advance its secondary purposes – being charitable funding under the ‘*Bridging Divides 2018-28*’ funding policy aimed at tackling inequality. The charity must also ensure that at all times it retains sufficient free reserves to meet its required policy level (see paragraph 28).

## Overview

4. An overview of the proposed budget for 2023/24 and financial forecasts for the period 2024/25- 2026/27 is shown in Table 1 below, with further detail in Appendix 2:

**Table 1**

### Summary budget and forecasts

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original budget	latest forecast	budget	forecast	forecast	forecast
	£m	£m	£m	£m	£m	£m
Income	32.0	34.8	36.4	37.9	42.2	43.7
Expenditure	(155.2)	(106.0)	(157.8)	(150.5)	(110.6)	(94.3)
Surplus/(deficit)	(123.2)	(71.2)	(121.4)	(112.6)	(68.4)	(50.6)
Net gains/(losses) on investments/pension scheme	93.3	1.2	82.4	92.1	104.1	107.2
Net movement in funds	(29.9)	(70.1)	(39.0)	(20.5)	35.7	56.6
Funds b/fwd as 1 April	1,675.0	1,720.2	1,650.1	1,611.1	1,590.6	1,626.3
Total funds c/fwd	<b>1,645.1</b>	<b>1,650.1</b>	<b>1,611.1</b>	<b>1,590.6</b>	<b>1,626.3</b>	<b>1,682.9</b>
<b>Funds of the charity:</b>						
Permanent endowment funds	1,030.1	1,031.7	1,092.5	1,168.0	1,256.9	1,347.6
Restricted Funds	0.5	0.0	0.0	0.0	0.0	0.0
Designated funds	494.8	503.8	167.1	105.9	91.5	90.5
Free reserves	194.8	114.6	351.5	316.8	277.9	244.9
<b>Total charity funds</b>	<b>1,720.2</b>	<b>1,650.1</b>	<b>1,611.1</b>	<b>1,590.6</b>	<b>1,626.3</b>	<b>1,682.9</b>

## Income

5. The charity’s total income budget for 2023/24 is proposed at £36.4m, an increase of £1.6m on forecast income for 2022/23. The variances within this increase are explained below.
6. Tower Bridge tourism continues the recovery in income to almost pre-pandemic levels. The income forecast of £6.6m for 2022/23 is a 51% overperformance against the original budget of £4.1m. Admission levels are higher than anticipated at approximately 82% of pre-pandemic visitor figures. Retail income has performed well, with the gift shop and online retail provision experiencing high levels of sales.
7. Based on performance for 2022/23, and factoring admission/event price increases, the income target of £7.3m for 2023/24 is an uplift of 11% on this year’s latest forecast. Despite the expected impact of the cost-of-living crisis on the domestic tourism market in 2023/24, industry predictions suggest visitors within the UK will still prioritise access to culture and heritage, and numbers of international visitors to the UK and London continue to increase.

8. Although most of the charity's financial investments are currently held on an absolute return basis (seeking to maximise returns to the charity through increases in growth or income reinvestment), there has been an increase in the forecast yield from those investments which generate income due to an improved market for income returns, reaching £3.9m by 2026/27 on forecast holdings. Similarly, the anticipated yield on cash held via Treasury deposits has significantly increased in recent months, with investment income increasing despite BHE's relatively low cash balances held.
9. Property investment income, made up of rental and other related income from the property portfolio holdings of the charity is budgeted at £24.2m, matching 2022/23 forecasts. The known rental income reduction from Salisbury House of £1.0m, following the recent re-gear, is offset by increases as more refurbished properties come back on stream. Property income is expected to increase from £25.3m to £30.7m over the period of financial forecasts presented.

### **Expenditure**

10. The charity's total expenditure budget for 2023/24 is presented at £157.8m compared to a 2022/23 forecast of £106.0m. The increase versus current year of £51.8m arises mainly from increases in expenditure on charitable activities. Grant commitments originally budgeted for 2022/23 have been deferred to be committed across the next three financial years alongside increases in expenditure for repairs and maintenance of bridges for 2023/24.
11. The 2023/24 proposed budget for repairs and maintenance of bridges of £22.1m includes planned spend on projects such as the refurbishment of Blackfriars Bridge, Fire System Replacement, Hydraulic and Power Pack Replacement and resurfacing works at Tower Bridge. The Blackfriars Bridge refurbishment project which commenced in 2021/22 is on schedule with the remaining budgeted spend to be incurred across the next two financial years.
12. The increase in charitable funding includes a number of significant new programmes commencing or continuing in 2023/24. This includes a further £12.5m expected spend via the collaborative project Propel, and over £8m through the new Anchor Programme. Grant spending will continue at a similar level of c.£100m in 2024/25, including another £24m through these two programmes and an ongoing main grants programme budget of £40m, before tapering back to a regular rate of approx. £40m per year from 2026/27 onwards.
13. Tower Bridge tourism expenditure forecasts for 2021/22 represent an increase on the original year budget led by a growth in retail purchasing activity and restarting several important projects which had been paused due to the financial impact of the pandemic, including a new attraction and events lighting system, and an air conditioning feasibility study for the Walkways. The Bridge is expected to generate a surplus by year end, a positive deviation from its original 2022/23 budget which anticipated a break-even position.

14. The Tower Bridge tourism expenditure budget for 2023/24 includes increases in employee budgets, materials/stock costs and expenditure on several improvement projects as part of work to develop a long-term strategic plan for the growth of the visitor attraction, including facilities upgrade, new attraction content, and business-enabling technologies.
15. The £15.6m budget for the cost of raising funds in 2023/24 is an £0.5m increase on the latest forecast for 2022/23. Overall, fees for financial investment management remain broadly in line with previous years including a management fee of 0.56% on net asset value, which will reduce costs as drawdowns are made over the coming years. Property investment spend includes the charity's allocation of the proposed market forces supplement for the Investment Property Group.
16. Allocated to the various activities are management and administration costs provided directly by the charity and support costs for activities undertaken by the City Corporation on behalf of BHE. For 2023/24, these costs account for £4.5m of total budgeted expenditure with similar levels of spends predicted for the financial forecasts period 2024/25 – 2026/27. Recharges from the City Corporation have been provided on the same basis as in previous years, although BHE is now undertaking an increasing number of activities itself. The Chamberlain has committed to undertake a review of the basis of recharges during 2023/24, with changes resulting from this to be including as an in-year adjustment to budgets.
17. Given the ongoing economic uncertainty, the charity continues to hold contingency budgets at similar levels across the budget/forecast period. These will continue to be reviewed throughout the period. The 2023/24 budget and future years forecasts include provision for a central contingency of £900k, together with separate amounts for the provision of apprentices, provision for restructures within directorates yet to consider future plans, an allowance for inflation and utilisation of the climate action strategy designated fund.

### **Capital Expenditure**

18. BHE's capital expenditure is reflected in forecasts for the charity's funds within the Balance Sheet. Total capital expenditure for 2023/24 is budgeted at £1.0m. The main area of spend relates to BHE's share of implementation costs for the City Corporation's Enterprise, Resource and Planning (ERP) system, following a review of existing key support systems which were found to be leading to inefficiencies in many tasks. The total capital budget for the project was confirmed in 2022 to be £9.8m; the allocation to BHE is forecast at £441k over 3 years 2022/23 to 2024/25, 4.5% of the total.

### **Funds**

19. Key assumptions relating to long-term investment performance are set out in **Appendix 1**. For 2022/23, no gains or losses are forecast, with the exception of a small, realised gain on property sales. Financial investments held

(excluding private equities) were valued at £769.9m as at 31 December 2022, following £30m drawdowns during the year to date. Such holdings were £854m as at 31 March 2022. Some recovery has been reported in recent weeks. Advice was received from the City Surveyor in January 2023 that no increase in the value of BHE's property portfolio should be factored in for the year to 31 March 2023.

20. Underlying these assumptions are challenging market conditions arising from a combination of high inflation and economic uncertainty, driven by factors including the after-effects of the covid-19 pandemic and the war in Ukraine, but long-term recovery in both property and financial assets is forecast.
21. Total funds held by BHE as at March 2023 are expected to reduce by £70.1m compared to last year-end, with a £28m forecast decrease in the designated fund for grant making and a net reduction in free reserves of £80.2m as a result of the in-year deficit and the need to increase the bridge replacement fund by £47.8m to £239.0m. The latter increase reflects the high level of inflationary pressures on construction projects, making it prudent for BHE to set aside further funds for its primary object.
22. The new Supplemental Royal Charter, which is due to be sealed, following assent from His Majesty the King, provides for a number of changes to BHE's governing documents, including providing the Trustee with the power to adopt a total return approach to investment of its permanent endowment fund. This approach allows for increases in the value of endowment assets to be accessed as income, regardless as to whether returns are capital or income, subject to the adoption of a policy to determine how these returns are to be applied. The forecast movement in funds (**Appendix 3**) anticipates that this power will be adopted, but no drawdown on the endowment fund is built in until 2028/29.
23. The adoption of total return enables provision for the cost of future bridge replacement to be held in the endowment fund. Required amounts for replacing individual bridges will be transferred from the endowment fund as income at future dates to match bridge build plans. With this in place, and the comfort that sufficient funds are held to meet the most significant expenditure towards the charity's primary object when it becomes necessary, there will no longer be a need to hold part of the charity's unrestricted income funds as a designated fund for bridge replacement. It is therefore recommended that the current designation be released at the date at which total return accounting is formally adopted (in 2023/24). As a result, subject to agreement, the charity's free reserves will significantly increase in 2023/24, followed by a gradual reduction as a result of expected annual expenditure followed by stabilisation with the commencement of income being transferred from the endowment to meet costs.
24. In considering the charity's funds and investment allocations alongside new powers that are anticipated to be granted under the Supplemental Charter, and to ensure a consistent approach, it is recommended that the Social Investment designation within unrestricted income funds is released in

2022/23. It is not consistent with the Trustee's approach to allocation of investment assets between funds that it sets aside a specific designated fund for social investments. Each fund of the charity is held in a variety of investments classes (financial, property or social), rather than any specific class representing a fund.

25. Returns of 7.9% on financial investments from 2023/24 onwards are based on investment consultant Mercer's rolling 20-year forecast and anticipate inflation settling at a higher level than previously anticipated. Alongside forecast ongoing capital growth returns of 5% on property investments (from 2024/25 onwards), current assumptions are based on the Transitional Investment Strategy Statement (ISS) and will be subject to change when the revised ISS is implemented. Based on current assumptions, it is expected that total funds will reduce in both 2023/24 and 2024/25. From 2025/26 onwards increases are predicted, with growth seen in the endowment as no transfers to income are proposed until 2028/29, with free reserves available to be used for expenditure needs up to that point.
26. Future fund balances reflect current available information on the costs of maintaining the bridges and of future bridge replacement, with grant making assumed at an annual level of £40m. The assumptions relating to the future costs of the bridges are included in BHE's financial model which calculates the present value required to be invested to be able to cover the real value of rebuild costs at forecast replacement dates.
27. In light of changes in economic conditions and BHE's increased prioritisation of net zero commitments, the BHE Board has approved that a further in-depth report be commissioned to revisit the assumptions currently used. In addition, officers will be undertaking an in-depth review of the existing 50-year plan for bridge maintenance during 2023/24, to ensure that assumptions and timings are robust. Following this work, the level of annual charitable funding commitments can also be reviewed, with any proposed changes to this allocation to be brought before the Court for approval within the annual budget setting report.
28. In 2022/23, the target level of free reserves was set at £90m. This was based on a minimum policy requirement of £35m agreed by this Court in March 2020, plus an additional £55m, reflecting growth uncertainties across the forecast period. The BHE Board recommends retaining this policy as at 31 March 2023, with future consideration to take place given the number of significant matters for resolution highlighted within this paper – notably the planned adoption of the total return approach to investing the endowment, movement of the bridge replacement costs to the endowment and the reconsideration of the future costs of bridge replacement. Uncertainties of future inflation levels and investment returns further justify the continued higher level of free reserves as being a prudent approach for the Trustee to take.

## **Conclusion**

29. The budget and forecast reflect the changing economic environment and impacts of high inflation on charitable activities in a post-pandemic world, as well as, over the longer-term, the new opportunities for BHE as a result of the anticipated power to adopt a total return approach to investment of the permanent endowment fund.
30. Members are therefore asked to note the reserves forecast for the period to 2031/32, and, subject to the approval of the Supplemental Royal Charter and adoption of the power of total return investment of the permanent endowment, to approve the recommendations to release the designations over both the bridge replacement fund (from 2023/24 onwards) and the social investment fund (as at 31 March 2023). As a further mitigation against risk, Members are recommended to approve the retention of the current reserves policy, at an additional £55m above the minimum reserves policy of £35m.
31. Your BHE Board has considered and endorsed the budget for 2023/24 and ongoing forecasts for the period 2024/25 to 2026/27, as well as the related recommendations outlined, as being in the best interests of the charity, and asks that this Honourable Court approve them, in order that important work at this crucial moment for the charity may continue.

All of which we submit to the judgement of this Honourable Court.

DATED this 22<sup>nd</sup> day of February 2023.

SIGNED on behalf of the Board.

**Deputy Dr Giles Shilson**  
Chair, Bridge House Estates Board

## **Appendices**

- Appendix 1 – Key Assumptions
- Appendix 2 – 2023/24 Budget & Financial Forecasts 2024/25 – 2026/27
- Appendix 3 – Forecast Movements in Funds to 2031/32



## Appendix 1

### Key Assumptions:

	22/23	23/24	24/25	25/26	26/27	Ongoing
Returns on cash held	3.95%	4.40%	3.30%	2.60%	2.50%	2.80%
Securities growth	0.00%	7.90%	7.90%	7.90%	7.90%	7.90%
Securities fees	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
Property growth	0.00%	3.00%	5.00%	5.00%	5.00%	5.00%
Property yields	Forecast	Forecast	Forecast	Forecast	Forecast	Flat

### General

- Cash returns reflect the Treasury management team's anticipation that it will be able to benefit from elevated interest rates although these will fall back by 2025/26.
- Securities growth is based on the investment consultant's annualised average returns over a 20-year rolling period.
- Securities fee % linked to net asset value are expected to remain consistent, with other costs of management not linked as a % of net asset value.
- Property growth is expected to be reduced over 2022/23 and 2023/24 as a result of challenging market conditions, based on advice from the Surveyor, although recovery is forecast from 2024/25 in line with recent year's returns.
- Property income forecasts are developed based on rental income estimates for each property and tenant held over the next four years and are then assumed to remain flat.

### Inflation

- Inflation on staff related costs has been included at 4% from 23/24 to 26/27, reducing to 2% on an ongoing basis (in line with the other City Corporation Funds).
- With BHE undertaking zero based budgeting, specific costs (such as utilities & construction costs) have been included at higher inflation levels as deemed appropriate. Inflation on other costs of the organisation has been included at 3% from 23/24 to 26/27, reducing to 2% on an ongoing basis.
- Contingency calculations reflect additional inflation risk in particular operational areas notably staffing (in line with the other City Corporation Funds) alongside provision for potential future directorate restructures.
- Inflation on bridges maintenance has been budgeted for 23/24 based on available information on the specific pricing for planned projects. Future rates of inflation for both bridge maintenance and bridge replacement are set out in the table below, reflecting higher inflation risks associated with construction costs.

	As at 23/24 5 Year Plan					
	22/23	23/24	24/25	25/26	26/27	Ongoing
Bridges	Forecast	Budget	7.00%	6.00%	5.00%	4.00%

## Appendix 2

Detailed budget and forecast figures	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	unaudited actuals £m	latest forecast £m	budget £m	forecast £m	forecast £m	forecast £m
Voluntary income	0.2	0.1	0.0	0.0	0.0	0.0
Charitable activities - Tower Bridge Tourism	3.1	6.6	7.3	7.7	8.1	8.5
Investment income:						
- Property Investments	26.2	24.2	24.2	25.3	29.2	30.2
- Financial Investments	3.9	3.0	3.5	3.7	3.9	3.9
- Interest receivable	0.3	0.5	1.2	1.0	0.8	0.8
Total Investment income	30.4	27.7	28.8	30.0	33.8	34.9
Other income	0.4	0.4	0.2	0.2	0.2	0.3
<b>Total income</b>	<b>34.1</b>	<b>34.8</b>	<b>36.4</b>	<b>38.0</b>	<b>42.2</b>	<b>43.7</b>
Raising funds:						
- Property Investments	(8.4)	(9.1)	(8.7)	(9.2)	(9.4)	(9.6)
- Financial Investments	(6.9)	(6.0)	(6.9)	(6.5)	(6.3)	(6.3)
Total expenditure on raising funds	(15.3)	(15.1)	(15.6)	(15.7)	(15.7)	(15.9)
Charitable activities:						
- Repair & maintenance of bridges	(9.8)	(19.6)	(22.1)	(16.0)	(16.5)	(17.0)
- Tower Bridge Tourism	(4.7)	(6.4)	(7.5)	(7.5)	(7.8)	(8.1)
- Charitable funding	(34.5)	(60.0)	(106.8)	(105.3)	(63.9)	(45.4)
Total expenditure on charitable activities	(49.0)	(86.0)	(136.4)	(128.9)	(88.2)	(70.6)
Other expenditure - pension scheme costs	(2.3)	(2.8)	(3.1)	(3.2)	(3.3)	(3.4)
Other expenditure - contingencies	0.0	(2.1)	(2.8)	(2.8)	(3.3)	(4.4)
<b>Total expenditure</b>	<b>(66.6)</b>	<b>(106.0)</b>	<b>(157.8)</b>	<b>(150.6)</b>	<b>(110.6)</b>	<b>(94.3)</b>
Net (expenditure)/income	(32.5)	(71.2)	(121.4)	(112.6)	(68.4)	(50.6)
Gains/(losses) on investments/pension scheme	109.5	1.2	82.4	92.1	104.1	107.2
Net movement in funds	77.0	(70.1)	(39.0)	(20.5)	35.7	56.6
Funds b/f as 01 April	1,643.2	1,720.2	1,650.1	1,611.1	1,590.6	1,626.3
Total funds c/f	<b>1,720.2</b>	<b>1,650.1</b>	<b>1,611.1</b>	<b>1,590.6</b>	<b>1,626.3</b>	<b>1,682.9</b>
<b>Funds of the charity:</b>		(28.0)				
Permanent endowment funds	1,030.1	1,031.7	1,092.5	1,168.0	1,256.9	1,347.6
Restricted Funds	0.5	0.0	0.0	0.0	0.0	0.0
<i>Designated funds:</i>						
Bridges repairs	56.2	45.3	32.8	33.0	37.9	39.1
Bridges replacement	191.2	239.0	0.0	0.0	0.0	0.0
Grant-making	210.3	182.3	119.4	58.5	40.2	40.0
Climate Action	15.0	15.0	14.5	14.0	13.0	11.0
Social investment fund	21.7	21.9	0.0	0.0	0.0	0.0
Property dilapidations/service charges	0.4	0.4	0.4	0.4	0.4	0.4
	494.8	503.8	167.1	105.9	91.5	90.5
General funds	219.8	143.5	384.5	353.9	319.4	290.8
Pension reserve	(25.0)	(28.8)	(32.9)	(37.1)	(41.5)	(45.9)
Free reserves	194.8	114.6	351.5	316.8	277.9	244.9
	<b>1,720.2</b>	<b>1,650.1</b>	<b>1,611.1</b>	<b>1,590.6</b>	<b>1,626.3</b>	<b>1,682.9</b>
Free reserves held	194.8	114.6	351.5	316.8	277.9	244.9
Deduct amounts in social investments (illiquid)*	n/a	(5.9)	(12.7)	(19.8)	(22.8)	(29.8)
Deduct amounts relating to fixed assets (illiquid)	(3.1)	(2.9)	(3.6)	(3.3)	(3.1)	(2.9)
<b>Total available free reserves</b>	<b>191.7</b>	<b>105.9</b>	<b>335.3</b>	<b>293.7</b>	<b>252.0</b>	<b>212.2</b>
Free reserves minimum	90.0	90.0	90.0	90.0	90.0	90.0
<b>Variance</b>	<b>101.7</b>	<b>15.9</b>	<b>245.3</b>	<b>203.7</b>	<b>162.0</b>	<b>122.2</b>

Please refer to **paragraphs 23 and 24 above** for recommendations relating to the designated funds for bridge replacement and social investment. Forecast figures assume that recommendations have been approved.

## Appendix 3

### 2023/24 Budget and future reserves forecast

#### Statement of Financial Activities

	2022/23 latest forecast £m	2023/24 budget £m	2024/25 forecast £m	2025/26 forecast £m	2026/27 forecast £m	2027/28 forecast £m	2028/29 forecast £m	2029/30 forecast £m	2030/31 forecast £m	2031/32 forecast £m
Surplus/(Deficit) prior to charitable giving	(11.2)	(14.6)	(7.3)	(4.5)	(5.2)	(0.6)	(1.2)	(8.3)	(13.4)	(10.4)
Charitable giving	(60.0)	(106.8)	(105.3)	(63.9)	(45.4)	(45.6)	(45.7)	(45.9)	(46.0)	(46.1)
	(71.2)	(121.4)	(112.6)	(68.4)	(50.6)	(46.3)	(46.9)	(54.2)	(59.3)	(56.4)
Net gains/(losses) on property investments	2.2	26.9	47.0	50.0	52.5	53.6	54.3	55.0	55.7	56.5
Net gains/(losses) on financial investments	0.0	56.5	46.1	55.2	55.8	59.0	63.4	68.3	73.0	78.4
Net gains/(losses) on social investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Gains) / Losses on Pension Fund	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)
Net movement in funds	(70.1)	(39.0)	(20.5)	35.7	56.6	65.3	69.7	68.1	68.4	77.3
Funds b/fwd as 1 April	1,720.2	1,650.1	1,611.1	1,590.6	1,626.3	1,682.9	1,748.3	1,818.0	1,886.0	1,954.4
Total funds c/fwd	1,650.1	1,611.1	1,590.6	1,626.3	1,682.9	1,748.3	1,818.0	1,886.0	1,954.4	2,031.7

#### Funds of the charity:

Permanent endowment funds	1,031.7	1,092.5	1,168.0	1,256.9	1,347.6	1,438.7	1,472.2	1,504.3	1,535.2	1,565.9
Restricted Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Designated funds	503.8	167.1	105.9	91.5	90.5	93.3	99.8	98.9	92.2	84.4
Free reserves	114.6	351.5	316.8	277.9	244.9	216.2	246.0	282.8	327.0	381.4
	1,650.1	1,611.1	1,590.6	1,626.3	1,682.9	1,748.3	1,818.0	1,886.0	1,954.4	2,031.7

#### Split between assets:

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Investment properties	895.6	952.4	999.4	1,049.4	1,071.9	1,085.5	1,099.8	1,114.7	1,130.5	1,187.0
Financial investments	849.5	781.0	737.1	712.3	738.0	757.0	790.5	828.8	861.8	900.2
Other net assets/(liabilities)*	(94.9)	(122.3)	(145.9)	(135.4)	(127.0)	(94.3)	(72.2)	(57.5)	(37.9)	(55.4)
<b>Total</b>	1,650.1	1,611.1	1,590.6	1,626.3	1,682.9	1,748.3	1,818.0	1,886.0	1,954.4	2,031.7

\* including grant commitments and deferred income