

Committee: Funding Committee of the Bridge House Estates Board	Date: 11 September 2023
Subject: Budget Monitoring Report for BHE Funding Activities: Period Ended 31 July 2023	Public
Report of: The Chief Funding Director & The BHE & Charities Finance Director	For Information
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Summary

This report provides a financial update on Bridge House Estates (BHE) Funding activities to 31 July 2023 and an updated forecast for the financial year ending 31 March 2024.

BHE Funding's approved budget is £105.67m comprising of £101.5m allocated to grant commitments, £3.85m to operational costs, and £0.32m to recharges. Revised grants forecast for the year is £99.47m. Further details are provided at paragraphs 4 to 8 of this report.

Recommendation

It is recommended that the Funding Committee, in 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 Funding Committee of the BHE Board, 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 unaudited grant-making designated fund was £179.9m.
3. Funding Dashboard at **Appendix 1** shows expenditure on grants, year-to-date grants spend by programme area, and Funding Directorate's expenditure year-to-date actual and high-level expenditure summary. BHE Funding's Actual Spend v Budget and Latest Forecast at **Appendix 2** provides an overview of BHE Funding's financial results as at 31 July 2023, and a forecast position for the 2023/24 financial year as compared to the latest approved budget.

Grants

4. At the end of July 2023, grant commitments were £22.45m, an underspend of £4.13m in comparison to the year-to-date budget.
5. Following reviews, grant commitments forecast for the year is revised to £99.47m, against a budget of £101.50m. The revised forecast considers the analysis of the first quarters grant commitments, current assessments in hand, and application trends across the last six months to produce a more robust forecast.
6. A change in Propel programme design timeline has led to some of the proposed spend being deferred to the next financial year with a reduced forecast of £7.6m due to a revised programme design (see agenda Item 12 on today's agenda).
7. A change in the Anchor programme timeline has led to an increase forecast of £7.68m, due to revised programme design leading to a frontloading of the budget (see Agenda item 8 on today's agenda).
8. As a result of increased pressure on the voluntary sector, the continued closure of several significant funders, inflationary pressures and the cost-of-living crisis, the responsive grant making forecast has been revised upward by £16m against the original budget. These factors have led to adjustments in individual grant amounts during assessment and an increase in demand for many of the services funded under our responsive programmes.
9. Appendix 1 is a graphic representation of grants information and the funding directorate's finance summary for the year 2023/24.
10. Detailed analysis of the grants can be found within the Grant Funding Activity Report (Item 11 on today's agenda).

Operational Costs

Employee Costs

11. The year-to-date underspend of £85k on employee cost has arisen due to vacancies in posts, namely Social Investment Associate, and Apprentice posts.

Professional Fees

12. The Professional Fees underspend as at 31 July 2023 was £135k. Fees earmarked for operational cost due to the uplift in grants expenditure is forecasted to underspend by £310k. This is in line with the reduction in grants forecast, with consultant and other operational costs forecasted to be less than previously budgeted.

Supplies and Services

13. Supplies and Services is overspent year-to-date due to the invoicing pattern for the new grants management system software. With the new system in place, the forecast reflects the full year expected spend.

Depreciation

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

Recharges

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

Conclusion

16. Funding is delivering strongly on responsive grant programmes, and large grant spend anticipated through the Anchor programme, with the Propel programme also forecasted to award large amount of grant funding in Q3 and Q4. For these reasons, funding commitments are almost in line with budget with a forecasted variance of £2.0m underspend.

Appendices

- Appendix 1 – Funding Dashboard at 31 July 2023
- Appendix 2 – BHE Funding's Actual Spend v Budget and Latest Forecast

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