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| <b>Committee(s):</b><br>Finance Committee-For Decision  | <b>Dated:</b><br>4 June 2024 |
| <b>Subject:</b> Central Contingencies 2024/25   | <b>Public</b>                |
| <b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b> | n/a                          |
| <b>Does this proposal require extra revenue and/or capital spending?</b>                                  | N                            |
| <b>If so, how much?</b>   | n/a                          |
| <b>What is the source of Funding?</b>   | n/a                          |
| <b>Has this Funding Source been agreed with the Chamberlain's Department?</b>                             | n/a                          |
| <b>Report of:</b> The Chamberlain   | <b>For Decision</b>          |
| <b>Report author:</b> Laura Yeo, Group Accountant, Financial Services Division                            |                              |

### Summary

This report has been produced to provide Members with an anticipated year-end position for 2023/24 Contingencies and an update on the uncommitted balances for 2024/25 Contingencies.

Of the previous allocations agreed by Committee, a sum of £2,686,000 will be required in future years, therefore it is proposed that these committed sums are carried forward from 2023/24 to 2024/25, thereby ensuring that a full year's contingency provision is available during 2024/25.

Due to expected increased revenue pressures it is also proposed that the uncommitted balances for Central Contingencies 2023/24 of £523,000 are ring-fenced for inflationary pressures and carried forward from 2023/24 to 2024/25.

### Recommendation(s)

Members are asked to:

- Agree to carry forward sufficient resources of £2,686,000 to meet existing allocations and £523,000 uncommitted balances to meet expected increased revenue pressures thereby providing sufficient contingencies for funding requirements that may arise during 2024/25.

### Main Report

#### Background

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies.

The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.

2. In addition to the Central Contingencies, the Committee has a specific City's Estate Contingency of £125,000 to support humanitarian disaster relief efforts both nationally and internationally.
3. The Project Reserve Contingency previously under the remit of Policy and Resource Committee was transferred to Finance Committee in 2023/24, it is a specific contingency for project type spend and is one-off sum.

## Current Position

### 2023/24 Contingency Balances

4. The year-end position of the 2023/24 Central Contingencies and Specific Contingencies are set out in Tables 1 and 2 respectively. Appendix 1 provides details of the sums the Committee has previously allocated from the 2023/24 Contingencies.

| <b>Table 1: 2023/24 Central Contingencies</b>                                  |                        |                    |                 |
|--|------------------------|--------------------|-----------------|
|  | City's Estate<br>£'000 | City Fund<br>£'000 | Total<br>£'000  |
| 2023/24 Provision  | 950                    | 800                | 1,750           |
| 2022/23 Provision brought forward to fund allocations agreed in previous years | 427                    | 390                | 817             |
| 2022/23 Provision brought forward to fund future years                         | 504                    | 660                | 1,164           |
| <b>Total Provision</b>   | <b>1,881</b>           | <b>1,850</b>       | <b>3,731</b>    |
| Less Allocations   |                        |                    |                 |
| 2023/24 financial year   | (666)                  | (199)              | (865)           |
| To be carried forward to fund allocations agreed                               | (855)                  | (1,631)            | (2,486)         |
| For future financial years to be carried forward                               | (360)                  | (20)               | (380)           |
| <b>Total Allocations</b>   | <b>(1,881)</b>         | <b>(1,850)</b>     | <b>(3,731)</b>  |
| <b>Uncommitted Balances</b>  | <b><u>0</u></b>        | <b><u>0</u></b>    | <b><u>0</u></b> |

| <b>Table 2: 2023/24 Specific Contingencies</b>             |                        |
|--|------------------------|
| <b>National and International Disaster Fund</b>            | City's Estate<br>£'000 |
| 2023/24 Provision  | 125                    |
| Less Allocations   |                        |
| 2023/24 financial year                                     | (50)                   |
| <b>Uncommitted Balance</b>                                 | <b><u>75</u></b>       |
| <b>Project Reserve Contingency</b>                         |                        |
| 2023/24 Provision – Balance transferred from P&R Committee | 343                    |
| Less Allocations   |                        |
| To be carried forward to fund allocations agreed           | (200)                  |
| For future financial years to be carried forward           | (143)                  |
| <b>Uncommitted Balance</b>                                 | <b><u>0</u></b>        |

5. Of the previous allocations agreed by Committee, a total sum of £2,686,000 as listed below will be required in future years. Therefore, it is proposed that these sums are carried forward from 2023/24 to 2024/25, thereby ensuring that a full year's contingency provision is available during 2024/25.

- £621,000 towards the IT Service Transition Programme split £194,000 and £427,000 from City Fund and City's Estate Contingencies respectively.
- £196,000 in support of the proposed Rough Sleeping Assessment Centre from City Fund Contingency.
- £504,000 towards Phase 2 of MRI Horizon split £261,000 and £243,000 from City's Estate and City Fund Contingencies respectively.
- £167,000 towards the National Environment Charities fundamental review support from City's Estate Contingency.
- £835,000 towards Barbican Residential Estate non recovery of service charge from City Fund Contingency.
- £163,000 towards addressing HR external review findings from City Fund Contingency.
- £200,000 towards Puddle Dock options analysis from Project Reserve Contingency.

6. Members will note that there are expected increased revenue pressures that may arise during 2024/25. Although measures have been taken in the 2024/25 budget and part of medium-term financial planning, the external environment is becoming increasingly more challenging, especially for inflationary pressures. Therefore, it is proposed that the uncommitted balances of £523,000 are ring-fenced and carried forward to meet these pressures.

## 2024/25 Contingency Balances

7. If the proposed sums to be carried forward are agreed, the uncommitted balances that are available for 2024/25 Contingencies are set out in the table below.

| <b>Table 3: 2024/25 Contingencies</b>                              |               |              |              |
|--|---------------|--------------|--------------|
|  | City's Estate | City Fund    | Total        |
|  | £'000         | £'000        | £'000        |
| <b>Central Contingencies</b>                                       |               |              |              |
| 2024/25 Provision  | 950           | 800          | 1,750        |
| 2023/24 Brought forward  | 1,215         | 1,651        | 2,866        |
| <b>Total Provision</b>   | <b>2,165</b>  | <b>2,451</b> | <b>4,616</b> |
| Previously agreed allocations                                      | (1,621)       | (1,857)      | (3,478)      |
| Pending requests on the agenda                                     | (0)           | (0)          | (0)          |
| <b>Total Commitments</b>   | <b>1,621</b>  | <b>1,857</b> | <b>3,478</b> |
| <b>Uncommitted Balance</b>   | <b>544</b>    | <b>594</b>   | <b>1,138</b> |
| <b>Specific Contingency - National and International Disasters</b> |               |              |              |
| 2024/25 Provision  | 125           | 0            | 125          |
| 2023/24 Brought forward  | 0             | 0            | 0            |
| <b>Total Provision</b>   | <b>125</b>    | <b>0</b>     | <b>125</b>   |
| Previously agreed allocations                                      | 0             | 0            | 0            |
| <b>Uncommitted Balance</b>   | <b>125</b>    | <b>0</b>     | <b>125</b>   |
| <b>Specific Contingency – Project Reserve</b>                      |               |              |              |
| 2024/25 Provision  | 0             | 0            | 0            |
| 2023/24 Brought forward  | 343           | 0            | 343          |
| <b>Total Provision</b>   | <b>343</b>    | <b>0</b>     | <b>343</b>   |
| Previously agreed allocations                                      | (200)         | 0            | (200)        |
| <b>Uncommitted Balance</b>   | <b>143</b>    | <b>0</b>     | <b>143</b>   |

8. In the case of a request for additional funding for a project from all three funds, the Bridge House Estates Board would approve its portion of any such joint project. All requests specific to Bridge House Estates only, are considered solely by the Bridge House Estates Board.
9. At the time of preparing this report, there are no requests for allocations from contingency funds elsewhere on the agenda.

## **Conclusion**

10. Members are asked to agree to carry forward resources of £2,686,000 to meet existing allocations and £523,000 uncommitted balances to meet expected increased revenue pressures thereby providing sufficient contingencies for funding requirements that may arise during 2024/25.

## **Appendices**

- Appendix 1 – 2023/24 Contingencies
- Appendix 2 – 2024/25 Contingencies

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