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| Committee(s): Finance Committee – For Decision | Dated: 4 June 2025 |
| Subject: Central Contingencies 2025/26 | Public report: For Decision |
| This proposal: <ul style="list-style-type: none"> provides business enabling functions | |
| Does this proposal require extra revenue and/or capital spending? | No |
| If so, how much? | n/a |
| What is the source of Funding? | n/a |
| Has this Funding Source been agreed with the Chamberlain's Department? | n/a |
| Report of: | Chamberlain |
| Report author: | Laura Yeo, Financial Services Division |

Summary

This report has been produced to provide Members with an anticipated year-end position for 2024/25 Contingencies and an update on the uncommitted balances for 2025/26 Contingencies.

Of the previous allocations agreed by Committee, a sum of £1,587,000 will be required in future years, therefore it is proposed that these committed sums are carried forward from 2024/25 to 2025/26, thereby ensuring that a full year's contingency provision is available during 2025/26.

Due to expected increased revenue pressures it is also proposed that the uncommitted balances for Central Contingencies 2024/25 of £923,000 are ring-fenced for inflationary pressures and carried forward from 2024/25 to 2025/26.

Recommendation(s)

Members are asked to:

- Agree to carry forward sufficient resources of £1,587,000 to meet existing allocations and £923,000 uncommitted balances to meet expected increased revenue pressures thereby providing sufficient contingencies for funding requirements that may arise during 2025/26.
- Support the proposal that during the carry forward process consideration is given to top up the project reserve contingency to ensure adequate funding is available in future years.

- Note a future bid will be coming forward to support a version upgrade to the MRI Horizon system in the region of £250k which is required due to Microsoft server moving out of support in 2026.

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 two specific City's Estate Contingencies, an International Disasters Fund (IDF) of £100,000 to support humanitarian emergency funding appeals, and a Project Reserve to support project type spend.

Current Position

2024/25 Contingency Balances

3. The year-end position of the 2024/25 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 2024/25 Contingencies.

| Table 1: 2024/25 Central Contingencies | | | |
|--|------------------------------------|----------------------------|------------------------|
| | City's Estate £'000 | City Fund £'000 | Total £'000 |
| 2024/25 Provision | 950 | 800 | 1,750 |
| Provision brought forward to fund allocations agreed in previous years | 855 | 1,631 | 2,486 |
| Provision brought forward to fund future years | 0 | 20 | 20 |
| Total Provision | 1,805 | 2,451 | 4,256 |
| Less Allocations | | | |
| 2024/25 financial year | (1,593) | (778) | (2,371) |
| To be carried forward to fund allocations agreed | (128) | (1,244) | (1,372) |

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|--|-----------------|-----------------|-----------------|
| For future financial years to be carried forward | (84) | (429) | (513) |
| Total Allocations | (1,805) | (2,451) | (4,256) |
| Uncommitted Balances | <u>0</u> | <u>0</u> | <u>0</u> |

| Table 2: 2024/25 Specific Contingencies | |
|--|--------------------------------|
| International Disaster Fund | City's Estate £'000 |
| 2024/25 Provision | 100 |
| Provision brought forward | 0 |
| Less Allocations | |
| 2024/25 financial year | (100) |
| Uncommitted Balance | <u>0</u> |
| Project Reserve Contingency | |
| 2024/25 Provision | 0 |
| Provision brought forward to fund allocations agreed in previous years | 200 |
| Provision brought forward to fund future years | 143 |
| Additional allocation brought forward to fund future years | 710 |
| Total Provision | <u>1,053</u> |
| Less Allocations | |
| 2024/25 financial year | (428) |
| To be carried forward to fund allocations agreed | (215) |
| For future financial years to be carried forward | (410) |
| Total Allocations | <u>(1,053)</u> |
| Uncommitted Balance | <u>0</u> |

4. Of the previous allocations agreed by Committee, a total sum of £1,587,000 as listed below will be required in future years. Therefore, it is proposed that these sums are carried forward from 2024/25 to 2025/26, thereby ensuring that a full year's contingency provision is available during 2025/26.

- £128,000 towards the National Environment Charities fundamental review support from City's Estate Contingency.
- £215,000 towards Puddle Dock options analysis from Project Reserve
- £239,000 towards housing additional funding external review findings from City Fund Contingency
- £150,000 towards London Metropolitan Archives feasibility works from City Fund Contingency
- £20,000 towards Barbican Centre fire detection and alarm system works from City Fund Contingency

5. Members will note that there are expected increased revenue pressures that may arise during 2025/26. Although measures have been taken in the 2025/26 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 £923,000 are ring-fenced and carried forward to meet these pressures.

2025/26 Contingency Balances

6. If the proposed sums to be carried forward are agreed, the uncommitted balances that are available for 2025/26 Contingencies are set out in the table below.

| Table 3: 2025/26 Central Contingencies | | | |
|---|------------------------------------|----------------------------|------------------------|
| | City's Estate £'000 | City Fund £'000 | Total £'000 |
| Central Contingencies | | | |
| 2025/26 Provision | 950 | 800 | 1,750 |
| 2024/25 Brought forward | 212 | 1,673 | 1,885 |
| Total Provision | 1,162 | 2,473 | 3,635 |
| Previously agreed allocations | (128) | (1,244) | (1,372) |
| Pending request on the agenda | (0) | (0) | (0) |
| Total Commitments | (128) | (1,244) | (1,372) |
| Uncommitted Balances | 1,034 | 1,229 | 2,263 |
| Specific Contingency - International Disaster Fund | | | |
| 2025/26 Provision | 100 | 0 | 100 |
| 204/25 Brought forward | 0 | 0 | 0 |
| Total Provision | 100 | 0 | 100 |
| Previously agreed allocations | (25) | 0 | (25) |
| Pending requests on the agenda | 0 | 0 | 0 |
| Total Commitments | 0 | 0 | 0 |
| Uncommitted Balance | 75 | 0 | 75 |

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|---|-------------------|-----------------|-------------------|
| | | | |
| Specific Contingency – Project Reserve | | | |
| 2025/26 Provision | 0 | 0 | 0 |
| 2024/25 Brought forward | 625 | 0 | 625 |
| Total Provision | 625 | 0 | 625 |
| Previously agreed allocations | (215) | 0 | (215) |
| Pending request on the agenda | (0) | 0 | (0) |
| Total Commitments | (215) | 0 | (215) |
| Uncommitted Balance | <u>410</u> | <u>0</u> | <u>410</u> |

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

Corporate & Strategic Implications

Strategic Implications – Contained within the body of the report
Resource Implications – Contained within the body of the report
Legal Implications - None
Risk Implications - None
Equalities Implications - None
Climate Implications - None
Security Implications - None

Conclusion

9. Members are asked to agree to carry forward resources of £1,587,000 to meet existing allocations and £923,000 uncommitted balances to meet expected increased revenue pressures, and to support the top up of the project reserve, thereby providing sufficient contingencies for funding requirements that may arise during 2025/26.

Appendices

- Appendix 1 - 2024/25 Contingencies
- Appendix 2 – 2025/26 Contingencies

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