

<b>Committee(s)</b> The City Bridge Trust Committee Finance Committee Resource Allocation Sub Committee	<b>Dated:</b> 23/11/2017 12/12/2017 14/12/2017
<b>Subject:</b> Proposed Revenue Budget – 2017/18	<b>Public</b>
<b>Report of:</b> The Chamberlain and The Town Clerk	<b>For Decision</b>
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### Summary

This report provides the annual submission of the revenue budget overseen by the City Bridge Trust (CBT) Committee in the context of CBT's strategic and business priorities. In particular, it seeks approval for the proposed budget for 2017/18 for subsequent submission to the Finance Committee and Resource Allocation Sub-Committee.

<b>Table 1</b>	
Summary Revenue Budget for the City Bridge Trust Committee	Budget 2017/18 to be approved £'000
Expenditure	(26,997)
Income	219
Support Services and Capital Charges	(159)
Total Net Expenditure	(26,937)

2017/2018 is the last year of CBT's existing funding strategy, Investing in Londoners. The latest proposed budget for 2017/18 reflects:

- a) An unchanged amount to be spent under local risk activities, although with variations between spend types (further detail of which is given in paragraph 4);
- b) A net increase of £4.286m against central risk activities, being the grant commitments of CBT, analysed in Table 3. Major contributors to this are the awarding of the latest 3-year funding tranche under The Prince's Trust funding agreement, alongside awards under the 20<sup>th</sup> anniversary programmes for the employability of disadvantaged Londoners and infrastructure support for London charities (including provision of expert advice on governance, financial management and ICT) – approved under the carry-forward process.

## **Recommendations**

The Committee is requested to:

- a) approve the revised 2017/18 revenue budget for submission to Finance Committee and Resource Allocation Sub-Committee;
- b) authorise the Chamberlain to revise this budget to allow for any necessary realignment of funds resulting from corporate projects.

## **Main Report**

### **Background**

1. A cy près scheme agreed by the Charity Commission in 1995 enables Bridge House Estates (BHE) to distribute the charity's surplus income for charitable purposes across Greater London. The amount available for charitable funding from the surplus income is determined each year by the Policy and Resources Committee. Any uncommitted funding at the year-end will be held within a designated fund for the purposes of charitable funding under the funding strategy agreed by the Court of Common Council.

### **Revenue Budget 2017/18**

2. The Revenue Budget for 2017/2018 to be approved is analysed between:
  - i. Local Risk budget – these are the budgets deemed to be largely within the Chief Officer's control.
  - ii. Central Risk budget – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances, rent incomes from investment properties and in the case of CBT, the grants budget).
  - iii. Support Services and Capital Charges – these cover budgets for services provided by one activity to another.
3. This report provides an update to the 2017/18 budget, and this is set out in Table 2 below. Expenditure and unfavourable variances are presented in brackets. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.
4. The local risk budget remains the same as originally set, however there have been some changes between budget headings:
  - i) Employment costs – these are £54k below original budget, as a result of consultants covering some roles within the team due to unfilled vacancies;
  - ii) Fees and services – consultancy costs are £68k above original budget, for reasons noted above, alongside the need to bring in additional resource due to a high level of staff involvement with the response to the Grenfell Fire Tragedy. The team had intended to develop a plan during the year to support the needed change in their grants management database. As a result of the change in priorities, this project has been moved to 2018/19,

- however costs set aside for this had to be utilised in staffing support for Grenfell;
- iii) Other minor savings have been made where possible to enable the budget to balance.

Table 2 Revenue Budget for the City Bridge Trust Committee			
Analysis of Service Expenditure	Local or Central Risk	Actual  2016-17 £'000	Budget to be Approved  2017-18 £'000
<b>EXPENDITURE</b>			
Employees	L	(955)	(1,269)
Transport Related Expenses	L	(4)	(6)
Supplies & Services (note i)	L	(430)	(436)
Supplies & Services (note i)	C	(103)	(230)
Grants	C	(16,881)	(25,056)
<b>Total Expenditure</b>		<b>(18,373)</b>	<b>(26,997)</b>
<b>INCOME</b>			
Wembley National Stadium Trust	L	107	108
3rd Party Income	C	200	51
CGU Support	L		60
<b>Total Income</b>		<b>307</b>	<b>219</b>
<b>TOTAL NET EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>		<b>(18,066)</b>	<b>(26,778)</b>
Support Services & Capital Charges		(142)	(159)
<b>TOTAL NET EXPENDITURE</b>		<b>(18,208)</b>	<b>(26,937)</b>

#### Notes

- (i) Supplies & Services – Equipment, furniture, materials, printing, stationery and professional fees.

5. The forecast outturn for the current year 2017/18 includes a net increase of £4.286m under central risk activities, being the grant programmes of CBT and which includes the £230k Central Risk costs for the approval and implementation of the strategic review, the Lord Mayor's Show float and support for the 20<sup>th</sup> Anniversary programmes. Table 3 sets out the reasons behind this variance.

<b>Table 3: Grants &amp; Strategic Budget Analysis</b>	<b>Budget 2017/18 to be approved £'000</b>
Standard grants programme (Investing in Londoners/Bridging Divides)	(20,000)
Strategic grant towards the Princes Trust to continue for a period of 10 years	(1,000)
<b>Original Funding</b>	<b>(21,000)</b>
Investing in Londoners – approved carry forward from 2016/17	(274)
Third party income	(51)
Strategic grant towards the Princes Trust – covering latest 3 year commitment (2017/18 – 2019/20)	(2,000)
CBT Anniversary Programmes – approved carry forward from 2016/17	(4,448)
CBT Anniversary Programmes: employability – amount to be committed across the remainder of the 5 year programme	1,184
CBT Anniversary Programmes: infrastructure support – amount to be committed in 2018/19	1,303
<b>TOTAL GRANTS BUDGET</b>	<b>(25,286)</b>

6. The Forecast total for grant commitments for 2017/18 has increased from the original budget of £21m to £25,286m, with the key drivers being:
- Commitments approved in-year against both the Employability and Infrastructure Support anniversary programmes, where funding was awarded by the Court of Common Council in 2015. Note that £2.487m of the original £9.6m anniversary funding will be committed over future years. Part of this relates to the bursary fund that is a key feature of the Employability programme, with bursaries made to employers throughout the length of the 5 year programme; and
  - The requirement, in accordance with the Statement of Recommended Practice (SORP) FRS102 (issued by the Charity Commission), to recognise the next 3 year commitment under The Prince's Trust 10-year agreement totalling £3m, covering our financial years 2017/18 – 2019/20. It is important to note that this will not be paid out upfront, but will continue to be paid in quarterly instalments across the 3 year period.

### Potential Further Budget Developments

7. The provisional nature of the revenue budgets particularly recognises that further revisions may arise from the necessary realignment of funds resulting from corporate projects including:
- on-going corporate efficiency projects; and
  - central and departmental support service apportionments.

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