

<b>Committee(s):</b>	<b>Date(s):</b>
Resource Allocation Sub-Committee Policy and Resources Finance Committee	18/01/2018 18/01/2018 23/01/2018
<b>Subject:</b> Bridge House Estates Strategic Review Fund	<b>Public</b>
<b>Report of:</b> The Chief Grants Officer and Chamberlain	<b>For Decision</b>
<p><b>Summary</b></p> <p>This paper proposes the establishment of a Bridge House Estates (BHE) Strategic Review Fund totalling up to £1m, to support wider impacts of the implementation of Bridging Divides. The purpose of the fund is to facilitate a detailed operational review of BHE to consider its underlying asset position in relation to income, its investment strategy, and reserve position of the charity. This paper further sets out the planned governance arrangements for the use of the proposed fund.</p> <p><b>Recommendation</b></p> <p>Members are recommended to:</p> <ul style="list-style-type: none"> <li>• Agree the creation of the BHE Strategic Review Fund, totalling up to £1m;</li> <li>• Agree the governance arrangements for the approval of bids against the above Fund, whereby delegation is given to the Town Clerk in consultation with the Committee Chairman of Policy &amp; Resources, Finance and City Bridge Trust, in consultation with the Chief Grants Officer and Deputy Chamberlain.</li> </ul>	

## Main Report

### Background

1. BHE is currently the 7<sup>th</sup> largest charity in the UK by way of the value of its assets. The total assets of BHE have grown significantly over recent years, due to an increase in market valuations but also through surplus income being retained within reserves. Whilst the prime objective of BHE is to maintain the 5 bridges crossing the River Thames into the City of London, the Cy Pres agreement of 1995 permits surplus income to be used for grant-making, via the City Bridge Trust. The expectation of our regulatory body – the Charity Commission – is that surpluses would be applied against charitable purposes within a reasonable time-period, not being accumulated as we are currently doing.
2. Against the increased recognition within the sector felt by BHE, and in light of the wider impact of ‘Bridging Divides’ work is being undertaken to answer the

Town Clerk's question: "how can the Corporation be the best possible trustee to support delivery of 'Bridging Divides'?" This work is being delivered through a task and finish group, overseen by Summit Group, anchored in the Charity Commission's guidance on good governance, with a view to making recommendations to Members (in their capacity as representing the Corporation as the corporate trustee of BHE). A priority area for this work is to consider BHE's underlying asset position in relation to income, its investment strategy, and the reserve position of the charity.

### **BHE Strategic Review Fund**

3. Undertaking a detailed review such as this, involving a charity with a value of £1.34bn as at 31/03/2017, will incur costs. BHE is an historic charity, with its governing documents including various instruments dating back to 1282. Delivering change against such a complex background will require close attention to detail across a number of departments within the Corporation. As this has been identified as a priority for the Corporation to progress, external advice and additional resource will be a necessary requirement.
4. Provision has been included in the medium term financial forecast for the BHE Strategic Review Fund at an initial level of £1m, to be funded from BHE. To enable the various work streams required within this change project to commence immediately, drawdown against this fund will start from January 2018. Expectation is that most of this fund will be utilised in 2018/19.
5. The purpose of the BHE Strategic Review Fund is to provide funding for:
  - a. Additional resources across various departments to enable:
    - i. a detailed review of the legal and governance activities within BHE, requiring additional legal support within City Solicitors & Comptrollers and Remembrancers;
    - ii. external expertise for financial modelling to confirm the appropriate level of reserves and assets required on an ongoing basis to enable the prime charitable purpose to be undertaken alongside a potential increase in charitable grant-making;
    - iii. additional communications support to appropriately provide the level of external engagement that the expected changes will require;
    - iv. other activities to be identified by the Task & Finish Group in consultation with the Town Clerk and Chief Grants Officer.
  - b. Potential disposal of BHE assets to release funds for further grant-making activity:
    - i. dependent upon recommendations to be made concerning the potential disposal of BHE assets, funding will be required to cover costs incurred in relation to either equities or property disposals.
6. The fund will not be used as a means of achieving departmental local risk budget savings, with bids to this fund required to demonstrate a clear link to the BHE review currently being undertaken.

## **Approval of Bids from BHE Strategic Review Fund**

7. Approval to bids from this Fund will be by means of a short business case. Approval of these will be delegated to the Town Clerk, in consultation with the Committee Chairman of Policy & Resources, Finance and City Bridge Trust, in consultation with the Chief Grants Officer and Deputy Chamberlain.
8. The business case will set out:
  - Purpose for which funding will be used, demonstrating clear link to the BHE review;
  - Cost and timing, with reasonable evidence to support expenditure.

A short template will be used to standardise the business case information for the bid.

9. When bids are put forward for consideration of approval, an analysis will be provided of bids already committed and other potential bids from the BHE Strategic Review Fund which are known to be in development.

## **BHE Strategic Review Fund Utilisation Monitoring**

10. The Chamberlain's and Town Clerk's Departments will monitor the utilisation of agreed bids to the BHE Strategic Review Fund with regular reports provided to relevant Committees.

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