



# Bridge House Estates Board

## Supplementary Agenda

**Date:** WEDNESDAY, 16 FEBRUARY 2022  
**Time:** 1.45 pm  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL /  
MICROSOFT TEAMS

### AGENDA

- 6. BHE BOARD GOVERNANCE ARRANGEMENTS 2022/23**  
Report of the Managing Director of BHE
- For Decision**  
(Pages 3 - 28)
- 19. BHE - PETITION FOR GRANT OF SUPPLEMENTAL ROYAL CHARTER**  
Report of the City Remembrancer, the Comptroller and City Solicitor and the  
Managing Director of BHE
- For Decision**  
(Pages 29 - 48)
- 28. BHE: CANDLEWICK HOUSE, 116-126 CANNON STREET, LONDON EC4 -  
ISSUES REPORT - DELEGATED AUTHORITY REQUEST**  
Report of the City Surveyor
- For Decision**  
(Pages 49 - 50)
- 29. BHE: REFURBISHMENT OF TOWER CHAMBERS, 74 MOORGATE, EC2 -  
GATEWAY 4 ISSUES REPORT**  
Report of the City Surveyor
- For Decision**  
(Pages 51 - 64)

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**John Barradell  
Town Clerk**

Committee	Date
Bridge House Estates Board	16 February 2022
<b>Subject:</b> Bridge House Estates Board Governance Arrangements 2022/23	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?</b>	1, 2 and 3
<b>Report of:</b> David Farnsworth, Managing Director of Bridge House Estates	<b>For decision</b>
<b>Report Author:</b> Milly Ehren, Head of Strategy & Governance (BHE)	

## Summary

This report sets out matters for decision which are recommended to support the Bridge House Estates Board (“the BHE Board/ “the Board”) in the ongoing effective administration and governance of Bridge House Estates (“BHE”), consistent with the City Corporation’s legal obligations as Trustee of the charity. The creation of the BHE Board in April 2021 has supported the charity in reforming its governance arrangements and has enabled a more joined-up and cohesive approach to decision-making across the whole charity. The creation of the Board has also deepened the relationship between Members acting for the Trustee and the Executive/ Leadership Team over the past year, thus better supporting the effective management and administration of the charity. The matters set out in the report will help ensure the continued good governance of the charity in the second year of the Board’s constitution. The options presented in the report are intended to help set the future direction of travel for the charity but are intended to be kept under regular review. The Board, acting within scope of its delegated authority, may choose to adopt any new governance arrangements at any time throughout the next civic year that are deemed to be in the best interests of the charity.

Specifically, the report sets out an overview of the current arrangements, reviews the current BHE Board’s Terms of Reference and provides recommendations for changes to be adopted by the Court in April 2022, and sets out options on the creation of further Committees to support the Board in best discharging its functions and fulfilling its responsibilities for the Trustee. The options presented in the report have been developed with principles of charity governance best practice in mind, as set out in the Charity Governance Code and Charity Commission Guidance. The options presented have also been informed by learnings from the past year and informed by the findings of the recent ‘Skills & Experience Audit’ and ‘Board Effectiveness Audit’ undertaken by the Board.

## Recommendations

It is recommended that Members, in the discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity no. 1035628) and solely in the charity’s best interests:

1. Review the Terms of Reference of the Bridge House Estates Board and consider the proposed amendments outlined in **Appendix 1** for submission to the Court in April 2022;

2. Consider the proposals set out at paragraphs 17 – 22 in relation to other arrangements of the BHE Board relating to levels of delegations, co-option, frequency of meetings, agendas, style of reports and culture;
3. Consider the options set out at paragraphs 27 – 31 in relation to the discharge of functions pertaining to the primary object of the charity, either by retaining all functions at the Board level or by establishing and making further delegations to a Bridge Management Committee;
4. Consider the options set out at paragraphs 32 – 37 in relation to the discharge of functions pertaining to the ancillary object of the charity; either by re-constituting the Grants Committee in April 2022, or by retaining all functions at the Board level;
5. Consider the recommendation within the City Corporation’s Lisvane Review at paragraphs 38 – 46, to:
  - a. Participate in a joint informal investment meeting of Resource Allocation Sub Committee, together with the Chairs and Deputy Chairs of Finance Committee and the Financial Investment Board (“FIB”) and Property Investment Boards (“PIB”); and/or,
  - b. Establish PIB and FIB as a formal joint sub-committee of P&R, Finance and the BHE Board;
6. To help inform the decision at recommendation 5, and consequent to that decision, to consider the four other options in relation to the discharge of the charity’s finance and investment functions set out at paragraphs 47 – 65;
7. Consider retaining all audit & risk functions at the Board level and continue to seek advice from the City Corporation’s Audit & Risk Management Committee as appropriate, as set out at paragraphs 66 – 68.

## **Main Report**

### **Background**

1. On 15 April 2021, the Court of Common Council (“Court”) for the City Corporation as charity trustee of Bridge House Estates (“BHE”) formally constituted the Bridge House Estates Board (“the BHE Board”/ “the Board”) to exercise the day-to-day management and administration of the charity, on behalf of and under the oversight of the Court. The creation of the BHE Board consolidated oversight of the administration of the charity’s strategic and operational activities to support its more effective governance, and to help ensure that decisions by the City Corporation as Trustee could clearly be demonstrated to have been taken in the best interests of the charity.
2. The BHE Board (per its current Terms of Reference) is responsible for keeping the charity’s effective management and administration under review and for making associated recommendations to the Court. In discharging this responsibility, the BHE Board at its inaugural meeting in May 2021, considered such matters. Notably the Board resolved to proactively consult with, and seek the advice of, other Committees of the Court, drawing on their skills, knowledge and experience, to facilitate delivery of existing workstreams and to better inform the Board’s decision-

making on certain matters for BHE - it being considered to be in the charity's best interests to do so. Consequently, the BHE Board also resolved to make a 'reference' (the process of formal inter-committee consultation) in each case to the Policy and Resources Committee (and its sub-committees), the City of London Police Authority Board, and the Investment Committee (and its sub-committees) - which those Committees and sub-committees accepted.

3. Furthermore, in keeping the charity's management and administration under review, including governance and operational matters, the BHE Board held a Strategic Away Half Day in June 2021 to discuss options for the Board's own governance and delegation arrangements to be adopted in its first year. The Board endorsed a set of recommendations which were formally presented to the BHE Board Meeting in July 2021 for approval. The BHE Board agreed the following:
  - a. To establish a 'Grants Committee' to have oversight of activities directly advancing the charity's ancillary object and (subject to Court approval of the BHE Co-Option Protocol) to appoint the two external co-opted members of the previous City Bridge Trust Committee to the new BHE Grants Committee for one year.
  - b. To retain at Board level, until at least April 2022, all other functions (i.e., relating to the Primary Object; and as well as the charity's general management and administration – including oversight of finance, investments, and audit & risk, etc), keeping such matters under regular review.
  - c. To explore further the option to establish a Bridge Management Committee of the Board from April 2022 with the relevant skills, knowledge and experience drawn from elected Members and external co-optees.
  - d. To explore further the option to establish an Investment Committee of the Board from April 2022, in alignment with the outcomes of the Lisvane Review for the City Corporation.
  - e. To explore further an appropriate governance framework for the administration and management of the charity's social investments in anticipation of the expected grant of the Supplemental Royal Charter (e.g., whether through an Investment Committee and/or the Grants Committee, or otherwise).
  - f. To seek appropriate advice of the City Corporation's Audit & Risk Management Committee and otherwise to continue to adopt the City Corporation's audit and risk operational and management framework for the charity, keeping such matters under review.
4. Throughout the first year of its constitution, the BHE Board has regularly considered governance matters and has sought to make in-year improvements where they have been identified to support the effective management and administration of the charity. In January 2022, the BHE Board completed a 'Skills & Experience Audit' and a 'Board Effectiveness Audit' to ensure that any gaps in the Board's skills, knowledge and experience, and/ or effectiveness, were

identified; and further to ensure that the charity continuously models good governance in line with the Charity Governance Code.

5. The results of the Audits will be made available in full to the Board, following completion of the audits by all Members of the Board in due course. The findings of the 'Audits' used in this report today have been based on an 80% response rate at the time of writing. Therefore, the Board should note that the findings of the 'Audits' may be subject to change. Also, the skills and effectiveness of the Board will be kept under further review – particularly as the composition (and therefore skillset) of the Board may change following the City of London Common Council Elections in March 2022.
6. The creation of the BHE Board in April 2021 has supported the charity in reforming its governance arrangements and has enabled a more joined-up and cohesive approach to decision-making across the whole charity. The creation of the Board has also deepened the relationship between Members acting for the Trustee and the Executive/ Leadership Team over the past year, thus better supporting the effective management and administration of the charity.
7. As the Board is now reaching the end of its first year since it was constituted by the Court, this report sets out matters for consideration and decision by the Board to inform decisions on the governance arrangements to be adopted for and by the Board from April 2022, with the commencement of the next civic year for the City Corporation. The proposals presented in this report have been developed with the recommendations previously agreed in July 2021 in mind, and have been informed by the outcomes of the January 2022 Audits and the learnings from the Board and officers in the first year. The proposals have also been developed in line with principles of charity governance best practice in mind, as set out in the Charity Governance Code and Charity Commission Guidance. The options presented in the report are intended to help set the future direction of travel for the charity but are intended to be kept under regular review.
8. Additionally, the recommendations in the report should be read in mind of the fact that the City Corporation as Trustee of BHE is currently seeking new express governance powers by way of a grant of a Supplemental Royal Charter, anticipated in Spring 2022. The Supplemental Charter will, amongst other things, provide the City Corporation with more modern and flexible powers in relation to the administration of BHE and better reflect good charity governance practice. The grant of the Charter may impact upon some of the decisions presented in this report, particularly in relation to the establishment of a potential BHE Investment Committee. Furthermore, the City Corporation's review of its own governance arrangements, and the adoption and implementation of a new Target Operating Model, continue. Therefore, consistent with a charity trustee's duties, the Board for the Trustee should continue to keep the governance arrangements adopted for the charity's effective administration under review as the charity's governance and operations evolve over the next 12-months.

#### **Review of the BHE Board's Terms of Reference**

9. All the Court's committees are invited to review their Terms of Reference on an annual basis prior to those committees being reconstituted by the Court when it

meets in April each year. This section of the report presents proposals for changes/ amendments to the BHE Board's current Terms of Reference to take effect from April 2022, subject to Court approval.

10. The views of the Board on the current Terms of Reference are sought, in addition to those matters highlighted by officers below. In the 'Board Effectiveness Audit' 33% of Members neither agreed nor disagreed that *'the BHE Board is clear about its role and responsibilities'*, with 17% disagreeing entirely. This suggests that more can be done to bed down and better articulate the new consolidated governance arrangements adopted for the charity through the wide delegations from the Court to the new BHE Board operating within the City Corporation's wider corporate governance framework and alongside other Court committees.
11. Following feedback from the Board, officers will work with the Board to finalise any agreed amendments to the Terms of Reference to be presented in the Court White Paper for consideration at the Court's first meeting in April 2022. The proposed revised Terms of Reference for the Board can be found at **Appendix 1**, with tracked changes shown. A summary of the revised Terms of Reference proposed by officers are highlighted below.
12. Proposed Change 1: Provision of Co-opted Members: it is proposed that the Board increase the maximum number of co-opted members to three, rather than two. This could help increase the mix of skills, experience and diversity of the Board.
13. However, this decision may be dependent on other recommendations set out in this report. For example, if the Board choose to establish further Committees, the Board may choose to keep the maximum number of co-opted members at the Board level to two – and increase the maximum number of co-opted members at Committee level instead.
14. Regardless of the outcome of this decision, consistent with the BHE Co-Option Protocol approved by the Court, it is recommended that the BHE Board advertise the two currently available external co-opted positions for appointment (informed by the composition of the Board at the time). The recent 'Skills & Effectiveness Audits' highlight that there are gaps in the Board's skills and experience and a targeted recruitment approach for co-opted members would support filling this gap. For example, the 'Effectiveness Audit' highlighted that 50% of the Board neither agreed or disagreed that *'the BHE Board has the right mix and depth of knowledge, skills and experience to support the discharge of the trustee's functions'*, and 17% disagreed entirely. The 'Skills Audit' demonstrated that the Board felt they had least experience in the following areas (ranked from 1-4, with 1 being least experienced and 4 being highly experienced): Bridge engineering (average score 1.43); Domestic and international tourism, education, retail and events (average score 1.86); and environmentally aware grant making (average score 2.14).
15. Proposed Change 2 - Quorum: Members of the Board have previously expressed that the quorum (currently being any five Members) may be too high. However, this number was arrived at due to substantive nature of the Board's functions for the City Corporation as BHE's trustee, noting broad delegated authority given to the Board and the significant and weighty legal responsibilities attached to the

discharge of the charity trustee functions delegated to the Board. Additionally, on the current membership it also ensures that the quorum always includes a majority of elected Members of the Court, rather than external co-optees. The Board are therefore asked to carefully consider any changes to the quorum.

16. Proposed Change 3 – Approval of Annual Report and Financial Statements: Currently the “approval of the annual report and financial statements for the Charity” is expressly reserved to the Court of Common Council. To support greater efficiencies, the Board may wish to consider amending this matter to be the express responsibility of the BHE Board. The Annual Report and Financial Statements could then be reported to the Court for information, following approval by the BHE Board. The Board should note that, as with any delegation from the Court, the City Corporation acting by the Court is Trustee and remains ultimately responsible for the discharge of these charity trustee functions and compliance with the relevant duties of a charity trustee, including retaining sufficient oversight of the BHE Board’s activities and finances.

### **Other BHE Board Arrangements**

17. Levels of Board delegations – It is recommended that the Board continue to keep under review the delegations to both its Committee(s) and the delegations to officers (alongside those officer delegations approved separately by the Court through the City Corporation’s wider corporate governance framework), for example delegations on spending levels and project procedures. In considering other options presented in this report, the Board are asked to keep this matter in mind, particularly when considering the establishment of new Committees of the Board. In the ‘Board Effectiveness Audit’ 84% of Members either disagreed (17%) or neither disagreed nor agreed (67%) that *‘the BHE Board understands how delegated decision-making from the Court operates alongside the decision-making and operational day-to-day management of the charity by staff under their delegated authority’*. Therefore, it is recommended that officers enhance the summary of the delegation arrangements for BHE in the BHE Members’ Handbook to provide more detail in both signposting Members and officers to the relevant references in the City Corporation’s wider corporate governance framework documents, and in summarising any specific standing officer delegations which the Board or its Committees have agreed in respect of the functions delegated to them.
18. Protocol for Co-option for External Members – It is recommended that no changes are made to the current Protocol for Co-option for External Members to the BHE Board and its Committees, approved by the Court.
19. Frequency of meetings – It is proposed that the BHE Board continue to meet at least six times each year, with an additional strategic away half-day. It is also recommended that the Board reserve the right to hold an additional away half-day if required. It is further recommended that the frequency of meetings is kept under review in light of options presented elsewhere in the report. If the Board choose to constitute additional Committees with delegated decision-making authority, then the BHE Board may not be required to meet as frequently. Therefore, it is recommended that the Board review the frequency of meetings of the Board following any other decisions taken today. The timing of meetings of the Board and any of its Committees will be considered when setting the forward plan for the year



to ensure that decisions from Committees can be reported to the Board promptly consistent with a trustee's duties in setting a delegation framework. Where Committee recommendations will inform Board decisions, this will also ensure that there are not significant delays to decision-making for the charity.

20. Agendas – Officers will continue to work with the Board to find the most appropriate way to organise the agendas of the Board meeting. Following feedback from the Board throughout the year, current agendas are split between public and non-public session (with a desire from the Board to conduct as much business in public as possible, subject to consideration as to the charity's best interests in so doing). The agenda is currently then split into the following six sections: 1) Governance and Strategy, 2) Finance, 3) Primary object – Bridges, 4) Ancillary Object – Charitable Funding, 5) Investments, and 6) Other (i.e. procedural matters such as any other business).
21. Style of Reports – Officers continue to welcome feedback from the BHE Board on the style of reports, noting that the Board have previously expressed a desire for shorter, concise reports that better reflect the style of charity Trustee reports, rather than that of local authority style of reports (it is recognised that this report does not meet that requirement today). Officers will work with the Committee & Member Services Team to ensure current report writing guidance is reflective of the requirements of the BHE Board. The updated guidance is not intended to 'reinvent the wheel' or deviate drastically from City Corporation guidance, particularly for Gateway Projects which have a dictated style, but rather will provide clarity for BHE matters such as consistency in report headings, length of reports, style of writing and consistent language.
22. Culture – As mentioned above, officers will continue to work with the Board throughout the year to adopt arrangements that are appropriate for the charity and help to embed a 'one-charity' culture within BHE, across all its functions and with the Board/ its Committees. This will include ongoing review of matters such as Diversity, Equity and Inclusion (DEI), Board induction materials, strategic away days, engagement with staff, location of meetings, and Board effectiveness etc. In terms of DEI, the findings from the 'Skills Audit' show that the Board have a high level of expertise/ experience in DEI (referring to understanding, knowledge, active commitment, and/or lived experience) scoring on average 3.17 (from a scale of 1-4, with 4 being highly experienced).

### **Committees of the Board**

23. The BHE Board (in accordance with its Terms of Reference) has the express delegated authority from the Court to appoint such Committees of the Board as are considered necessary for the most effective discharge of BHE functions within the remit of the Board. This allows the Board the freedom to determine how best to discharge its charitable functions, to assess the charity's operation and activities as a whole, and to determine the best Member structure for the expedient and effective administration of the charity's business by the Board in compliance with the trustee's legal obligations. It provides flexibility for the Board and allows those arrangements to be adopted expediently as required for the charity's good administration.

24. This section of the report thus sets out options for consideration in relation to the creation of Committees of the Board. Having regard to the need to ensure that any new governance arrangements support seamless operational delivery of the charity's activities and reflect optimal arrangements for the charity's administration, several options are presented below for each potential Committee.
25. In considering the options set out below, the BHE Board will need to consider the number of Committees it wishes to constitute. There is a risk that if the BHE Board constitutes several Committees, its role could be limited to strategic oversight of the exercise of delegated decision-making authority, and/or signing off and scrutinising recommendations from those Committees, rather than playing an active role in operational decision-making, which could lead to a fractured rather than a cohesive approach in managing the charity across the whole. The creation of several additional Committees also would add significantly to the administration of the charity's business by Members which is not in keeping with the Lisvane Review recommendations or the direction previously expressed by the Board. Also, it would have a considerable impact on the time required of Members and that of officers in effectively servicing the Committees, which may divert resources from core activities, or otherwise require an increase in expenditure on the charity's administration.
26. Additionally, upon reviewing each of the options presented below, the Board will need to consider other factors such as the exact purpose of the Committee (advisory or decision-making), its composition, frequency of meetings and levels of delegations/ reporting to the Board. These matters will be considered further by officers, in collaboration with the Board, following deliberation of the options below. Once the Board have expressed their recommendations for each potential Committee, officers will work with the Board to develop draft Terms of Reference (as required) which will be presented to the BHE Board for approval in April 2022 when it constitutes its Committees for the following civic year (2022/23).

#### Bridge Management Committee

27. The BHE Board previously agreed to explore further the option to establish a Bridge Management Committee of the Board from April 2022 with the appropriate mix of Members and external co-optees, having the relevant skills, knowledge and experience required. Consequently, two options are presented below for the Board to further consider:
- a. Option 1 – Bridge Management Committee: establish a Bridge Management Committee to be responsible, in furthering the charity's primary object, for the administration and management of the charity's functional and operational assets, the five Thames Bridges (inclusive of the visitor, events, learning and educational elements at Tower Bridge); including the scrutiny, management and delivery of major projects and/or programmes of work relating to the five Thames bridges (operating within the scope of the relevant strategies and policies set by the Court and as relevant the Board, and making any recommendations to the Board relating thereto).
    - i. Advantages: This option would allow for focussed oversight of activities in furthering the charity's primary object through a dedicated

Committee, after previous diffuse governance arrangements (prior to the constitution of the BHE Board). It could also enable greater level of scrutiny on the primary purpose of the charity and could support expedient and high-quality decision-making as a Bridge Management Committee would provide for more dedicated time to discuss matters relating to the Bridges. This option would also allow for the Board to co-opt external members with the required specialist skillset on the Committee and use their time and expertise more efficiently in the Bridge Management Committee, rather than at the Board level. '*Bridge engineering*' skills and experience in '*domestic and international tourism, education, retail and events*' (i.e. experience relevant to the management of Tower Bridge) ranked low<sup>1</sup> on the 'Skills Audit' and has been identified as an area for improvement on the Board.

- ii. Disadvantages: This option would require further time of Members and officers in supporting an additional Committee, although this could be potentially mitigated by a reduction in BHE Board meetings. Arguably with this option, the Board may feel limited in taking key decisions on the primary object if these functions are delegated to a Committee – however, this could be mitigated by setting appropriate terms of reference and levels of delegation, and noting that strategic and policy decisions within which the charity's operational activities are delivered remain with the Board or the Court, as relevant.
- b. Option 2 – Retain bridge functions at Board level: As an alternative, the Board may consider retaining all its functions for the advancement of the charity's primary object (the maintenance and support of the five Thames bridges), rather than delegating these to a Committee, to ensure its primacy remains at the Board level and integrated into wider decision-making in administering the charity.
- i. Advantages: This option would enable the Board to retain cohesive and consolidated oversight of the management of activities in furthering the charity's primary purpose, ensuring appropriate scrutiny by the full Board. It is worth noting that prior to the Board's establishment these functions were delegated to a number of different Grand Committees of the Court and the Board's constitution has brought them together, consistent with overall objectives of the BHE Governance Review. Currently, the number of reporting relating to the Bridges presented to the Board is not substantive (*see Table 1 at Appendix 2*), which may indicate that a dedicated Committee would not be required to meet on a regular basis. However, it is recognised that the Board may feel that the current level of reporting and scrutiny on the primary purpose is not sufficient and so may not see this as a benefit of the current arrangements.

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<sup>1</sup> The Board were asked to rank their skills and experience from 1-4 (1 being no experience and 4 being highly experienced). The average number for 'Bridge engineering' experience was 1.5 and domestic and international tourism, education, retail and events was 1.83.

- ii. Disadvantages: Although the BHE Board may seek to co-opt either external members or wider Members of the Court on to the Board to help fill the gap in bridge management expertise, the Board may feel that the skills of any such co-optees would be better utilised in a more focused setting of a Bridge Management Committee rather than engaging them in wider matters at Board level.
28. To support the Board in considering the two options presented, an analysis of reports presented to the past five Board meetings on specific Bridges items (including the tourism and events activities at Tower Bridge) is shown at **Table 1 at Appendix 2** to highlight the time that has currently been spent on such matters at the Board.
29. The average number of items on the agenda (across five Board meetings to date) spent on Bridge matters is 10%. Of the 15 bridge-focused reports presented to the Board over the last five meetings, 40% of reports (6 items) were presented for decision, and the remaining 60% (9 items) were presented for information.
30. The analysis above demonstrates that (based on current levels of reporting) the Board would not save a substantial amount of time by establishing a Bridge Management Committee. If the Board retained all its functions relating to the primary object, there would be sufficient time to appropriately scrutinise the activities. Retention at Board level would also help retain the primacy of the maintenance and support of the Bridges in decision-making by the Board on wider and strategic matters for the charity's administration and management.
31. **Officers therefore recommend Option 2 (to retain all its functions for advancement of the charity's primary object at Board level) for the reasons outlined above.**

#### Grants Committee

32. The Grants Committee was established by the BHE Board in July 2021, with its first meeting taking place in September 2021. Given that the Grants Committee is still in the early stages of its operation, it is the view of officers that Option 1 presented below (to re-constitute the Grants Committee) is the preferred option. This would allow for continuity in the discharge of these functions, at a time when the Board, Committee and officers are 'getting to grips' with the new arrangements. However, for completeness an alternative option has been presented.
- a. Option 1 – Re-constitute the Grants Committee of the BHE Board in April 2022, to discharge operational functions in advancing the ancillary object of BHE. The BHE Board would, as always with the exercise of any delegated authority, retain responsibility and accountability for all decisions taken by the Grants Committee, with ultimate responsibility and oversight for the City Corporation as Trustee of BHE remaining vested in the Court.
  - b. Option 2 – Do not re-constitute the Grants Committee of the BHE Board in April 2022, and instead have the Board retain all its functions in furthering the charity's ancillary object.

33. If the BHE Board approve the re-constitution of the Grants Committee from April 2022, it is recommended that the Board re-consider the Grants Committee's Terms of Reference and make any recommended changes. Some minor amendments to the Grants Committee's Terms of Reference have been presented by officers at **Appendix 3** for consideration. Following feedback from the Board, officers will prepare a final draft version of the Terms of Reference to be formally adopted by the BHE Board in April 2022.
34. For clarity, the current officer delegations from the Grants Committee are shown at **Appendix 4**. Given that these officer delegations were recently approved by the BHE Board upon the recommendation of the Grants Committee (in January 2022), it is proposed that no significant changes are made at this stage. However, two small changes have been proposed in relation to financial thresholds shown at **Appendix 4**. The BHE Board and Grants Committee agreed to a trial period of these arrangements lasting two committee cycles subject to Court approval in respect of the proposed consultation with the full Committee in the exercise of officer delegated authority for grant/funding decisions between £100,001 and £250,000 in value. At the end of the trial period, if the new processes are deemed successful by the Grants Committee Chair and Deputy Chair, the changes will be implemented on a permanent basis and will, for on-going transparency and clarity, be incorporated in the Chief Officer Scheme of Delegations. If they are not successful, the Grants Committee will recommend adjustments to the BHE Board for consideration (and onward to the Court, as required).
35. In considering the arrangements of the Grants Committee, it is also proposed that the BHE Board nominate a Member to fulfil the vacant position on the Grants Committee (following Dhruv Patel OBE's resignation) from April 2022. It is recommended that an election for this position is held at the Board meeting in April.
36. Additionally, the BHE Board are required to consider the arrangements for the two co-opted members of the Grants Committee. The two current co-opted Members terms were extended to provide continuity and to support with the appropriate diversity of skills, knowledge and backgrounds required by the Committee. As such, the two co-opted Members were appointed to the Grants Committee for a further term until the 2022/23 civic year. As the governance arrangements of the Board are currently under review during this transition period, and to provide the continued mix of skills and experience, officers recommend a further extension to the terms (on a staggered basis) of the current two co-opted Members. Such a decision would require approval from the Court, in accordance with the current BHE Protocol for Co-Option of External Members.
- 37. In summary, officers recommend Option 1 (to re-constitute the Grants Committee in April 2022) for the reasons outlined above; and if approved, officers recommend an extension of the terms of the two current co-opted Members of the Grants Committee.**

#### BHE Investments

38. The governance of BHE investment portfolio (property, financial and social) has previously been considered by the Board and in July 2021 it was agreed to retain all BHE investment functions at the Board level, and to put a formal reference in

place to the City Corporation's Investment Committee (and its sub-committees – PIB and FIB) to seek their advice, as appropriate.

39. This matter has been discussed further by the Board throughout the year, particularly as the outcomes of the City Corporation's Lisvane Review have come to fruition in relation to recommendations on the City Corporation's Investment Committee<sup>2</sup>, and as work progresses in seeking the grant of a further Supplemental Royal Charter for BHE. The Supplemental Charter, amongst other governance changes, would provide BHE with more modern and flexible powers in relation to its investments, including a new social investment power for the ancillary object, a bespoke power to take a total return approach to investment of the permanent endowment to permit both capital appreciation and income to be applied, and a broad investment power which reflects the Trustee Act 2000 standard investment powers.
40. As a result of the City Corporation's Lisvane Review, in December 2021 the Court of Common Council considered, amongst other things, matters in relation to its Investment Committee, which would have consequences for BHE. The report clearly outlined that the BHE Board retains the power to make all relevant decisions for BHE, and therefore the Board's views and approval would need to be sought as to whether it would be supportive of the recommendations set out in the report. Consequently, the Board's views on the Court's recommendations, with the Board acting independently for the charity and taking decisions in the charity's best interests, are now sought in the respect of two proposals put forward.
41. Only once a decision has been taken by the Board on these recommendations, can any further discussions take place on other options, as clearly the outcome of the decision on the proposal below will have consequential impacts for the other options presented at paragraphs 47 – 65.

#### Option 1 – Lisvane Recommendations

42. The overarching recommendation in the Court Report was for a co-ordinating body to replace the nominal role of the current City Corporation Investment Committee in monitoring overall investment performance across the City Corporation's Funds but, more importantly, to provide a significantly enhanced role in the joint development of investment strategies for consideration by Policy & Resources Committee ("P&R"), Resource Allocation (P&R) Sub-Committee ("RASC") and the BHE Board. The recommendation is further broken down into two proposals for the BHE Board to consider, being:
  - a. A proposal to arrange informal joint meetings of RASC (as the designated P&R Sub-Committee with responsibility for such activity) and the BHE Board, alongside the Chairs and Deputy Chairs of Finance Committee and the Chairs and Deputy Chairs of the refreshed Property Investment Board ("PIB") and the Financial Investment Board ("FIB"); and,

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<sup>2</sup> In December 2021, the Court of Common Council received a report of the Policy & Resources Committee which presented the outcomes of the City Corporation's Governance Review. The report entitled 'Governance Review: Committee Structure' can be found [here](#). The recommendations in relation to the City Corporation's Investment Committee can be found at page 41 of the report.

- b. A proposal to establish PIB and FIB as formal joint sub-committees of P&R, Finance and the BHE Board, with each nominating representatives to collectively undertake the operational management of each portfolio for their appointing committees in the joint discharge of those committees' functions.
43. It was clearly set out in the Court report that any investment strategy and asset allocation decisions would continue to be taken by RASC for City Fund and City's Cash, and by the BHE Board for BHE – rather than by the joint sub-committees.
44. The BHE Board are asked to carefully consider the recommendations of the Court report as set out at paragraph 42 - 43. It is the view of officers that there is a merit in participating in informal joint meetings of RASC and the BHE Board to consider matters of strategy development, drawing on lessons learned across all three Funds (City's Fund, City's Cash and BHE) – as described at paragraph 42a. With regards to the proposal at paragraph 42b, the Board are asked to consider whether the establishment of this sub-committee would be in the best interests of the charity and consider how the governance arrangements would work in practice.
- 45. In summary, the Board are asked to carefully consider the Court's recommendations arising from the Lisvane Review (as set out at paragraphs 42 – 43) and make a decision on these matters before considering the further options presented below. The two Court proposals are independent of one another, so the Board may approve one proposal and not the other, or alternatively approve/ reject both.**
46. To help the Board in considering the Court these decisions, alternative options for the governance and administration of BHE's investments are presented below (nothing that a decision on the Court recommendations are required first). Further details of each option would need to be carefully considered and thought-through, such as size and composition of Committees, depending on the outcome of the decision taken above.

Further options for consideration: BHE Finance & Investment Committee

47. The BHE Board previously considered whether a dedicated Investment Committee and a dedicated Finance Committee were required to support the Board in the effective discharge of its functions. This matter has been discussed by the Board throughout the year, and therefore several options are presented below for the Board to further consider.
48. As at 31 March 2021, BHE held assets to the value of £1.64bn. Details of the split between BHE funds can be found at **Appendix 5**.
49. The total value of the charity's investments as at 31 March 2021 was £1.64bn (of which £979.5m is permanent endowment, required to be retained and invested to generate income for the charity's primary purpose first and foremost, both now and in the future). It is the financial needs of the charity that determine what is required from the investments held by the charity. The required investment strategy with regards to factors such as capital appreciation versus income, liquidity considerations and the risk level to be adopted are all driven by the future spend patterns in administering the charity and furthering its objects. Bringing together

Member consideration of financial plans and the investment strategy to achieve these will address what has previously been a key missing link in the governance of the charity.

50. The Board have expressed throughout the year support towards establishing a dedicated BHE Investment Committee which would provide the appropriate time and space to oversee the charity's investment matters, whilst remaining accountable to the Board (and ultimately the Court). A BHE Investment Committee could be constituted with the appropriate diversity of skills, knowledge and experience required to discharge the specific investment duties and exercise the powers of the City Corporation as Trustee. The results of the recent 'Skills Audit' demonstrate that the Board currently has a strong skillset in relation to Investments, with an average experience across the Board being 3.57 (from 1 – 4, with 4 being highly experienced). This skill ranked the joint highest in experience across the Board on the 'Skills Audit' – along with 'Governance and Policies' also at 3.57. However, it should be noted that the Skills Audit did not break this question down into 'property investment experience', 'financial investment experience' and 'social investment experience' – some Members may therefore have experience in one investment type but not the other.
51. The BHE Board have also expressed an interest in exploring the option of a combined BHE Finance & Investment Committee to focus on driving forward the link between the charity's financial and investment matters, as noted in paragraph 49. This option would combine responsibility for overseeing key matters that are closely connected, allowing scrutiny of the charity's financial position and enabling the Board to make informed and joined-up decisions in delivering the required income and capital growth to advance its primary and ancillary objects. In the context of its role, the Committee could also make recommendations to the Board in reviewing the charity's annual budget and medium-term financial plan and in setting the required investment strategy (and associated policies) to achieve this.
52. However, the results of the recent 'Board Effectiveness Audit' show that 100% of Members agree that *'the BHE Board ensures that it satisfactorily monitors the charity's finances'* and therefore arguably changing the governance arrangements for the charity's financial and investment matters is not required and could remain at Board level (rather than their delegation to a Committee).
53. With the options below, the BHE Board should also consider the optimal governance for the administration and management of the charity's social investments, and whether it is optimal for these to be delegated to a Committee responsible for the charity's investments (as was the case under the previous governance arrangements prior to the BHE Board's establishment) or alternatively to the Grants Committee. The former would ensure that one Committee is responsible and has the oversight across all of the charity's investments. However, the latter would enable grant-making and social investment to become more closely aligned with the current activity of City Bridge Trust in supporting social investment funding activity in furtherance of the ancillary object under the current funding policy.



54. In considering these matters regard must be had to the fact that at the current time the charity does not have an express social investment power (although one is sought through the Supplemental Royal Charter, which is expected to be granted imminently). Therefore, any social investment activity is currently limited to investing for a financial return first and foremost (as required in the discharge of the Trustee's charity investment duty), or when investing the charity's income funds using a combination of the charity's investment and other powers to expend or apply funds to further the charity's purposes. The BHE Board may therefore choose to consider the governance arrangements of social investments once the Supplemental Royal Charter has been granted, and in the interim continue to retain all functions relating to social investments at the Board level. It is worth noting that the drafting of the new bespoke social investment power for the purposes of the ancillary object in the Supplemental Charter reflects that BHE has a primary object which takes precedence over the ancillary object and that the charity holds permanent endowment. The proposed bespoke social investment power must be made to **both** directly further the ancillary object (which functions currently lie with the Grants Committee) **and** achieve a financial return.

**55. Officers recommend that the administration and management of the charity's social investments are retained at the Board level until such a time as the Supplemental Royal Charter has been granted and the Board consider the future strategic direction of the charity's Social Investment Fund.**

56. Given the above information, four further options to those recommended by the Court (at paragraphs 42 – 43) are presented below for consideration by the BHE Board in relation to the governance of the charity's finance and investments.

a. Option 2 – Retain finance and investment functions at the Board level or any alternative combination:

The Board may consider retaining all functions pertaining to the charity's financial affairs and investments at the Board level, rather than delegating these to a Committee. The Board could retain the status quo for the next 12-months and further consider its arrangements throughout the year. Additionally in considering this arrangement, and sticking with the status-quo, the Board could continue to seek the advice from PIB and FIB on its investment matters (a process which is deemed to be currently working well by investment officers).

Alternatively, the Board may consider retaining only the investment functions at Board level and establishing a dedicated Finance Committee (as set out at option 3 below), or only retaining all financial functions at Board level and establishing a dedicated Investment Committee (as set out at option 4 below).

b. Option 3 – Finance Committee:

Establish a dedicated BHE Finance Committee to be responsible for reviewing and recommending to the BHE Board annual budgets, forecasts and reporting of in-year financial performance, scrutinising the financial impact of major projects and ensuring effective arrangements are made for the proper administration of BHE's financial affairs.

c. Option 4 – Investment Committee:

Establish a dedicated BHE Investment Committee to be responsible for overseeing the implementation of the charity's investment strategy (to be set by the Court upon the recommendation of the Board), managing overall asset allocation and monitoring investment performance across the charity's property and financial investments, and making any relevant recommendations to the Board in reviewing and making recommendations to the Court as to the investment strategy to be set for the charity on an ongoing basis. In discussing this option, the Board are asked to consider:

- i. The role of PIB and FIB. For example, the Board could continue with the process of having PIB and FIB act in an 'advisory' capacity (as per the current reference in place with the former Investment Committee), with final decision-making for BHE being for the BHE Board.
- ii. The option of co-opting/ appointing Members of PIB and FIB (including external co-optees on those Boards) to a BHE Board Investment Committee so as to draw on the skills, knowledge and experience represented on those Boards in the effective and independent discharge of the Trustee's BHE functions acting through the BHE Board and its Committees.

d. Option 5 – Finance & Investment Committee

Establish a combined BHE Finance & Investment Committee to be responsible for matters relating to the operational management of charity's financial and investment affairs and in proposing strategies to achieve the expenditure plans of the charity. In discussing this option, the Board are asked to consider:

- i. The role of PIB and FIB. For example, the Board could continue with the process of having PIB and FIB act in an 'advisory' capacity (as per the current reference in place with the former Investment Committee), with final decision-making for BHE being for the BHE Board.
- ii. The option of co-opting/ appointing Members of PIB and FIB (including external co-optees on those Boards) to a BHE Board Investment Committee so as to draw on the skills, knowledge and experience represented on those Boards in the effective and independent discharge of the Trustee's BHE functions acting through the BHE Board and its Committees.

57. If any of options are endorsed today, as noted above, the Board will also need to consider whether it wants to continue with the current reference to Investment Committee, and its sub-committees PIB and FIB (noting that the Investment Committee will soon be abolished and therefore the current reference would need amending regardless). If any form of Committee of the BHE Board is established with responsibility for the charity's investments (be it a dedicated Investment Committee or a combined Finance & Investment Committee), the BHE Board should consider whether it would continue to benefit from the formal advice of PIB and FIB and whether those arrangements would be in the charity's best interests.

58. In particular, the Board will need to consider the efficiency of this process which would likely require officers to regularly present a report to three Committees – to PIB/ FIB for advice, to the BHE Investment Committee/ or BHE Finance & Investment for endorsement/ approval and to the BHE Board for final approval (depending on the decision to be taken). In some instances, decisions would also require approval from the Court. The levels of delegations to any new Committee would therefore need to be carefully considered. This process would likely cause inefficiencies, rather than streamlining the governance, and would have an impact on officer and Member time. This needs to be carefully considered by the Board in the discussion of any options.
59. To mitigate against any inefficiencies in process, and to minimise the additional time required of officers and Members, the Board may instead consider continuing to draw upon the significant skills, knowledge and experience of PIB and FIB by co-opting/ appointing Members of those Boards to a BHE Board Finance & Investment Committee/ or BHE Board Investment Committee. This option would help streamline the process whilst still utilising the expertise represented on PIB and FIB.
60. To support the BHE Board in considering these options, an analysis of the past five Board meetings agendas is shown in **Table 2 at Appendix 2** to highlight the time spent on operational investment (i.e., property, financial and social investments) and finance matters.
61. The average number of items on the agenda (across five Board meetings to date) spent on investment (i.e., property, financial and social investments) & finance matters is 26%. Of the 27 investment reports presented to the Board over the last five meetings, 40% of reports (11 items) were presented for decision and the remaining 60% (16 items) were presented for information. Of the 14 finance reports, 43% of reports (6 items) were presented for decision and the remaining 57% of reports (8 items) were presented for information.
62. The benefits of establishing a Finance & Investment Committee of the Board would be to greater draw out the links between such reports as described at Table 2, being the links between the financial plans of the charity and the investment strategies required to deliver against this.
63. If the Board consider the number of items as being substantial, and a key driver for the establishment of a further Committee, there are alternative ways of reducing the number of items discussed by the Board. For example, an option could be to explore whether ‘for information’ reports are circulated to the Board in a separate pack to only be considered in the Board meeting if any Member wished to discuss it further. Such matters could be explored in the report guidance referred to in paragraph 21. The number of reports may also reduce through the Board agreeing to increased levels of delegations to officers.
64. **In summary, the Board are asked to consider the five options presented in respect of the governance of the charity’s investments – firstly the Lisvane/ Court recommendations at paragraphs 42 – 43, and secondly the alternative four options at paragraphs 47 – 63.**

**65. Whilst a decision is clearly required today on the Lisvane/ Court recommendations, the Board should note that it can and should continue to keep such matters under review, and it may take a decision on the governance arrangements for the administration and management of the charity's finances and investments at a later date, should it so wish.**

#### Audit & Risk Committee

66. The BHE Board previously considered whether it was appropriate to establish an Audit & Risk Committee of the Board to be responsible for reviewing and recommending to the Board systems of internal control of financial and governance issues, and for overseeing risk management. The Committee could also be responsible for reviewing the charity's draft annual report and financial statements, and for making recommendations on the appointment of BHE's external auditor and other related matters.

67. In considering this option previously, the BHE Board expressed that such a Committee was not required and instead put in a place a formal reference to the City Corporation's Audit & Risk Management Committee to seek their advice where appropriate. The Board has expressed that this arrangement currently works well. However, for completeness two options are presented below in relation to oversight of these responsibilities.

- a. Option 1 – No change: continue to retain all functions relating to audit & risk at the Board level and continue to seek the advice from the City Corporation's Audit & Risk Management Committee as appropriate.
- b. Option 2 – Audit & Risk Committee: establish a BHE Audit & Risk Committee to be responsible for matters as described at paragraph 66.

**68. Officers recommend Option 1 (no change – retain all audit & risk functions at Board level) for the reasons given above.** This option would retain these at Board level, recognising that they are fundamental to the charity's administration, at both a strategic and operational level.

#### Informal Focus/ Consultative Groups

69. In considering the above options in relation to the establishment of Committees of the Board, the Board may also wish to consider whether it may benefit from the creation of informal focus/ consultative groups with its stakeholders to support in identifying recommendations for the advancement of the primary and ancillary objects. Such groups could consist of external representatives with relevant skills, knowledge and experience; and of people with lived experiences and from a diverse range of backgrounds, helping to advance the Board's commitments to DEI principles and better reflecting the diversity of London.

#### Summary of recommendations relating to Committees

70. Having set out a number of options above in relation to Committees of the Board, this section summarises the recommended approach by officers. The recommendations below are considered to be in the best interests of the charity and reflect the Board's discussions over the past year and the feedback received during the Skills & Effectiveness Audits. The summarised recommendations are:

- a. Retain all functions for the charity's the primary object at the Board level, rather than delegating responsibilities to a Bridge Management Committee;
- b. Re-constitute the Grants Committee in April 2022, to continue to discharge functions relating to the ancillary object of BHE;
- c. Consider the five options presented in respect of the governance for the administration and management of the charity's finances and investments – first, the Lisvane/ Court recommendations at paragraphs 42 – 43, and secondly, the alternative four options at paragraphs 47 – 63; and in doing so, agree to retain the administration and management of the charity's social investments at the Board level until such a time as the Supplemental Royal Charter is granted, as anticipated, and the future strategic direction of the Social Investment Fund has been considered; and,
- d. Retain all functions pertaining to audit & risk at the Board level and continue to seek the advice from the City Corporation's Audit & Risk Management Committee as appropriate.

## **Conclusion**

71. This report provides the BHE Board with an extensive review of the Board's governance arrangements and presents a series of possible options to be considered and discussed, with a view to ensuring the Trustee has in place governance arrangements which will strengthen its oversight of the charity as a whole, and best support its effective administration and management of BHE upon commencement of the next civic year in April 2022. The report is intended to provide stimulus for discussion and further recommendations from the Board are welcomed in relation to the governance arrangements to be adopted for the charity in its best interests.

## **Appendices**

- Appendix 1 – Proposed amendments to the BHE Board's Terms of Reference
- Appendix 2 - Analysis of the BHE Board's Agenda Items
- Appendix 3 – Proposed amendments to the Grants Committee's Terms of Reference
- Appendix 4 – Grants Committee Officer Delegations and Financial Thresholds
- Appendix 5 - BHE Assets by fund as 31 March 2021

## **Background Papers**

- Report to the Bridge House Estates Board, entitled 'Governance Arrangements: Establishment of a Grants Committee and Co-Option Protocol', dated 14 July 2021 (Item 9).
- Report to the Bridge House Estates Board, entitled 'Sub-committees, appointments, co-option process and frequency of meetings', dated 4 May 2021 (Item 16).
- Report to the Bridge House Estates Board, entitled 'References to Other Grand Committees', dated 4 May 2021 (Item 17).

## **Milly Ehren**

Head of Strategy & Governance (BHE)

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## **Appendix 1 – Proposed amendments to the BHE Board’s Terms of Reference**

### **BRIDGE HOUSE ESTATES BOARD**

#### **1. Constitution\***

A Non-Ward Committee discharging charity trustee functions independently for the City Corporation as Trustee of Bridge House Estates (Charity Registration No. 1035628), acting solely in the best interests of the charity, consisting of,

- 8 Commoners appointed by the Court of Common Council for a four-year term
- 2 Aldermen nominated by the Court of Aldermen and appointed by the Court of Aldermen for a four-year term
- 2-3 external co-opted members (with full voting rights, recruited by the Board in accordance with the procedure approved by the Court)

and each is a “Member”.

*\*Appointments from each category of Member will be on a staggered basis to ensure continuity in the discharge of the Board’s business over the medium term. Any person appointed to the Board may only serve for a maximum of two consecutive terms.*

#### **2. Quorum**

The quorum consists of any five Members of the Board.

#### **3. Membership 2021/22**

##### ALDERMEN

- 1 Alison Gowman
- 1 Emma Edhem

##### COMMONERS

- 1 (1) Henry Nicholas Almroth Colthurst
- 1 (1) Deputy Jamie Ingham Clark
- 1 (1) ~~Dhruv Patel, O.B.E.~~ Jeremy Mayhew, O.B.E
- 1 (1) Deputy Dr Giles Robert Evelyn Shilson
- 1 (1) John Petrie, O.B.E., *for two years*
- 1 (1) Judith Lindsay Pleasance, *for two years*
- 1 (1) Deputy James Henry George Pollard, *for two years*
- 1 (1) Paul Martinelli, *for two years*

together with the two external Co-opted Members referred to in paragraph 1 and appointed by the Court of Common Council at the recommendation of this Board, in accordance with the procedure for their appointment approved by the Court which provides that Co-opted Members will be selected on the basis of their skills, knowledge and experience in order to ensure that the Board is made up of those with an appropriate balance of skills, knowledge and experience necessary to administer the charity on behalf of the Court:

#### **4. Terms of Reference of the Delegated Authority**

- (a) For the avoidance of doubt, consistent with the responsibilities of the City of London Corporation acting by the Common Council, as charity Trustee of Bridge House Estates (Charity Registration No. 1035628) (“the Charity”), the Court of Common Council must at all times retain proper oversight of the functions delegated to this Board, with certain matters reserved to the Court of Common Council as stated in these Terms of Reference or by a separate decision of the Court.
- (b) The following matters are reserved to the Court of Common Council:
- (i) Appointment and removal of members of the Board and ensuring that the Board retains appropriate skills, knowledge and experience;
  - (ii) Amendment of the governing documents of the Charity;
  - ~~(iii) Approval of the annual report and financial statements for the Charity;~~
  - ~~(iv)~~(iii) Approval of the budget for the Charity;
  - ~~(v)~~(iv) Approval of the amount of income considered surplus to the requirements of the Charity’s primary object to be allocated for application to the ancillary object each year (“surplus income”);
  - ~~(vi)~~(v) Annual approval of the Charity’s Risk Register;
  - ~~(vii)~~(vi) Appointment of auditors;
  - ~~(viii)~~(vii) Approval of the Charity’s strategy, including its overarching strategy, investment strategy, bridge replacement strategy, charitable funding strategy and communications strategy;
  - ~~(ix)~~(viii) Approval of the Charity’s conflict of interest policy, reserves policy, investment policy, and policy for the application of surplus income;
  - ~~(x)~~(ix) Approval of the process to be adopted for the appointment of co-opted independent members to the Board and its sub-committees, ensuring that those appointed have regard to diversity and inclusion on the Board;

**Generally**

- (c) Except for those matters reserved to the Court of Common Council, the Board will be responsible for all aspects of Bridge House Estates’ day-to-day management and administration in the discharge of the City of London Corporation’s functions as Trustee of the Charity, acting solely in the best interests of the Charity, subject always to the delegated authority being exercised in accordance with any strategy, policy and/or procedure set by, or other direction of, the Court.

**Specifically**

- (d) Except for those matters reserved to the Court of Common Council, the Board will be responsible for:
- (i) Ensuring governance & regulatory compliance - including compliance with the Charity’s governing documents, all relevant legal and regulatory requirements, and the governance framework adopted by the City Corporation in its administration of the Charity as Trustee – and for keeping such matters under review making relevant recommendations to the Court of Common Council for the Charity’s good administration;
  - (ii) Considering, consulting upon, settling and keeping under review, matters of policy and/or strategic importance to Bridge House Estates, and making relevant recommendations to the Court of Common Council for the Charity’s good administration;

- (iii) monitoring the integrity of and preparing and approving the Charity's financial statements, including its Annual Report, to ensure they conform with applicable accounting standards, for ~~recommendation~~presentation to the Court of Common Council for ~~approval~~information;
- (iv) overseeing the Charity's external and internal audit functions, and making appropriate recommendations on the appointment of an auditor of the Charity's Accounts Annual Report and financial statements;
- (v) appointing any investment or fund managers, nominees or agents to act for the Trustee and keeping their activities under review to ensure their compliance with any authority, mandate, policy or requirements which have been set for that purpose;
- (vi) all functions relating to the administration of any of the Charity's assets and property held in any asset class, whether functional assets (including the five bridges), operational assets or investment assets;
- (vii) determining resource allocation for the Charity in accordance with its strategic policies and any budget set by the Court of Common Council, including making recommendations to the Court on the allocation of surplus income;
- (viii) all decisions relating to the application of surplus income;
- (ix) scrutiny, management and delivery of major projects and/or programmes of work for the Charity;
- (x) identifying, managing, mitigating against, monitoring, reviewing and reporting to the Court on any risks relating to the administration of the Charity;
- (xi) ensuring effective operational arrangements are in place for the proper administration of the Charity, and to support expedient and efficient delivery of the Charity's objects and activities, including the overall organisation and structure of delivery of the Charity's business within the City Corporation's business operating model, and the appointment of contractors and suppliers.

#### **Delegation**

- (e) The Board may appoint such sub-committees as are considered necessary for the efficient and effective discharge of any of the functions conferred on the Board, and may appoint such members of the Board (including for the avoidance of doubt any of the co-opted members of the Board), and/or such elected Members serving on any other Committees of the Court of Common Council who are considered to have the necessary skills, knowledge and experience to better support the proper discharge of the relevant sub-committee's functions, and/or any co-opted member appointed by the Board to a sub-committee in accordance with the process adopted by the Court per paragraph 5(b)(x) above, subject always to elected Members forming the majority of those in attendance at any sub-committee meeting to form a quorum.

#### **Reporting**

- (f) The Board must report to the Court of Common Council at least biannually on the exercise of this delegated authority in such form as the Court requires.



## **Appendix 2 – Analysis of the BHE Board’s Agenda Items**

**Table 1 – Bridge items on Board agenda**

	<b>No. of Bridges items on agenda</b>	<b>% of Bridges items on agenda</b>
<b>May ‘21</b> (Total – 21 items)	2	9%
<b>July ‘21</b> (Total – 36 items)	4	11%
<b>September ‘21</b> (Total – 29 items)	3	10%
<b>November ‘22</b> (Total – 32 items)	4	12%
<b>January ‘22</b> (Total – 20 items)	2	10%
<b>Total items</b>		
	<b>15</b>	
<b>Average % on agenda</b>		
	<b>10%</b>	

**Table 2 – Finance and Investment (i.e., property, finance, and social investments) items on the Board’s agenda**

	<b>No. of investment items on agenda</b>	<b>% of investment items on agenda</b>	<b>No. of finance items on agenda</b>	<b>% of finance items on agenda</b>	<b>Total % of agenda spent on investment &amp; finance matters</b>
<b>May ‘21</b> (Total – 21 items)	0	0%	1	5%	<b>5%</b>
<b>July ‘21</b> (Total – 36 items)	13	36%	2	6%	<b>42%</b>
<b>September ‘21</b> (Total – 29 items)	5	17%	4	14%	<b>31%</b>
<b>November ‘22</b> (Total – 32 items)	9	28%	6	19%	<b>47%</b>
<b>January ‘22</b> (Total – 20 items)	0	0%	1	5%	<b>5%</b>
<b>Total items</b>					
	<b>27</b>		<b>14</b>		

## **Appendix 3 – Proposed amendments to the Grants Committee’s Terms of Reference**

### **GRANTS COMMITTEE OF THE BRIDGE HOUSE ESTATES BOARD**

#### **1. Constitution**

A Committee of the Bridge House Estates Board, and a sub-committee of the Court of Common Council, responsible for discharging functions of the Board in furthering the ancillary object of Bridge House Estates (charity reg. no. 1035628), consisting of:

- 4 Commoners/ or Alderman appointed by the Bridge House Estates Board, from the Bridge House Estates Board in the first instance or otherwise from the wider Court of Common Council if vacancies remain, to be appointed for a 1-year term.
- 2 external co-opted members (with full voting rights, recruited by the Board in accordance with the procedure approved by the Court) to be appointed for a 1-year term during 2021/22.

and each is a “Member”.

#### **2. Quorum**

The quorum consists of three members, although Members of the Court (Commoners or Alderman) must form the majority of those in attendance to form a quorum.

#### **3. Membership 2021/22**

Alison Gowman  
~~Dhruv Patel, O.B.E~~  
Judith Lindsay Pleasance  
Paul Martinelli

together with the two external co-opted members referred to in paragraph 1 appointed by the Bridge House Estates Board, in accordance with the procedure for their appointment approved by the Court which provides that co-opted members will be selected on the basis of their skills, knowledge and experience in order to ensure that the Board and its Committees have an appropriate balance of skills, knowledge and experience necessary to administer the charity on behalf of the Court.

#### **4. Terms of Reference**

In accordance with the Charities (The Bridge House Estates) Order 1995 (as amended) for the following purposes: -

- In or towards the provision of transport and access to it for the elderly or disabled people in the Greater London area; and/or,
- For other charitable purposes for the general benefit of the inhabitants of Greater London,

to be responsible for:

- (a) Implementing the policy settled by the Trustee for the application of funds allocated to further the ancillary object of Bridge House Estates (“the policy”), including to determine the application of funds in accordance with that policy other than decisions to apply £500,001<sup>9</sup> or more for a grant, project or activity, which decisions are reserved to the Bridge House Estates Board (“the Board”) upon this Committee’s recommendation;

- (b) Determining terms, conditions and other requirements to be imposed in applying the charity's funds in accordance with the policy; and
- (c) Reviewing and analysing the amounts, nature and spread of funding approved or refused by way of grants or otherwise applied under the policy;
- (d) Reviewing and making recommendations to the Board on the policy, and in so doing to undertake consultation with appropriate persons as required by Order of the Charity Commissioners, dated 10 July 1997;
- (e) Making recommendations on the management and the operation of administrative arrangements as they relate to furthering the ancillary object.

#### **Appendix 4 – Grants Committee Officer Delegations and Financial Thresholds**

- a. Application recommendations of up to £50,000 in total may be approved or rejected by the Managing Director of BHE or in their absence, the Associate Director of CBT or a CBT Funding Director;
- b. Application recommendations of between £50,001 and £100,000 in total to be approved or rejected by the Managing Director of BHE or in their absence the Associate Director of CBT, in consultation with the Chamberlain (acting by the Charities Finance Team) for recommendations;
- c. Application recommendations of between £100,001 and £250,000:
  - a. the full Grants Committee shall be consulted in writing on the decision prior to the exercise of the Chief Officer's delegated authority;
  - b. should any Member have a comment on the application to be considered, this should be forwarded directly to the Chair/Deputy Chair of the Grants Committee within 48 hours of the email being sent; and
  - c. the Chair and Deputy Chair of the Grants Committee have the authority to reject or accept any comments from the wider Committee as part of the decision-making process.
- d. Application recommendations of between £250,001 and ~~£499,999~~ £500,000 in total to be approved or rejected by the Grants Committee.
- e. Application recommendations of over £500,0010 in total to be approved or rejected by the BHE Board upon the recommendation of the Grants Committee.

#### **Appendix 5 – BHE Assets by fund as 31 March 2021**

	Unrestricted Income Funds	Restricted Funds	Endowment Funds	Total as at 31 March 2021
	£m	£m	£m	£m
Investment properties	-	-	843.8	843.8
Financial investments	727.8	-	106.2	834.0
Social investments	9.1	-	-	9.1
Other assets/liabilities	(77.0)	3.8	29.5	(43.7)
<b>Total</b>	<b>659.9</b>	<b>3.8</b>	<b>979.5</b>	<b>1,643.2</b>

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