



## Bridge House Estates Board

**Date:** TUESDAY, 4 MAY 2021  
**Time:** 1.45 pm  
**Venue:** VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

**Members:** Henry Colthurst  
Alderman Emma Edhem  
Alderman Alison Gowman  
Deputy Jamie Ingham Clark  
Paul Martinelli  
Dhruv Patel  
John Petrie  
Judith Pleasance  
Deputy Henry Pollard  
Deputy Dr Giles Shilson

**Enquiries:** Joseph Anstee  
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### Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

<https://youtu.be/Rx5lccrzKYU>

This meeting will be a virtual meeting and therefore will not take place in a physical location following regulations made under Section 78 of the Coronavirus Act 2020. A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

**John Barradell**  
**Town Clerk**

# **AGENDA**

## **Part 1 - Public Agenda**

**1. APOLOGIES**

**2. MEMBERS' DECLARATION UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

**3. ORDER OF THE COURT OF COMMON COUNCIL**

To receive the Order of the Court of Common Council on 15 April 2021.

**For Information**  
(Pages 1 - 4)

**4. ELECTION OF CHAIR**

To elect a Chair in accordance with Standing Order 29.

**For Decision**

**5. ELECTION OF DEPUTY CHAIR**

To elect a Deputy Chair in accordance with Standing Order 30.

**For Decision**

**6. INDUCTION: BRIDGE HOUSE ESTATES (BHE) TRUSTEE DUTIES AND GOVERNANCE ARRANGEMENTS**

Report & Presentation of the Managing Director of BHE

*To be considered in conjunction with the non-public appendices at Item 14.*

**For Information**  
(Pages 5 - 6)

**7. MANAGING DIRECTOR'S UPDATE REPORT**

Report of the Managing Director of Bridge House Estates (BHE)

*To be considered in conjunction with the non-public appendix at Item 15.*

**For Information**  
(Pages 7 - 26)

**8. BHE STRATEGIC GOVERNANCE REVIEW UPDATE REPORT**

Joint Report of the Town Clerk & Chief Executive and the Managing Director of BHE

**For Information**  
(Pages 27 - 34)

**9. BHE FINANCIAL POSITION AND BUDGET REPORT**

Report of the Chamberlain

**For Information**  
(Pages 35 - 42)

**10. BHE RISK PROTOCOL AND RISK REGISTER**

Report of the Managing Director of BHE

**For Decision**  
(Pages 43 - 64)

**11. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

**12. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

**13. EXCLUSION OF THE PUBLIC**

MOTION – With the Court of Common Council for the City Corporation as Trustee of Bridge House Estates (Charity No. 1035628) having decided to treat these meetings as though Part VA and Schedule 12A of the Local Government Act 1972 applied to them, it now be moved that the public be excluded from the meeting for the following items of business on the grounds that their consideration will in each case disclose exempt information of the description in paragraph 3 of Schedule 12A, being information relating to the financial and business affairs of any person (including the City Corporation as Trustee of the charity) which it would not be in the charity's best interests to disclose.

**For Decision**

**Part 2 - Non-Public Agenda**

**14. NON-PUBLIC APPENDICES - INDUCTION: BHE TRUSTEE DUTIES AND GOVERNANCE ARRANGEMENTS**

To be considered in conjunction with the report and presentation at Item 6.

**For Information**  
(Pages 65 - 78)

**15. NON-PUBLIC APPENDIX: MANAGING DIRECTOR'S REPORT**

To be considered in conjunction with the report at Item 7.

**For Information**  
(Pages 79 - 80)

**16. SUB COMMITTEES, APPOINTMENTS, CO-OPTION PROCESS AND FREQUENCY OF MEETINGS**

Report of the Managing Director of BHE

**For Decision**  
(Pages 81 - 92)

**17. REFERENCES TO OTHER GRAND COMMITTEES**

Report of the Managing Director of BHE

**For Decision**  
(Pages 93 - 102)

**18. BLACKFRIARS BRIDGE PARAPET REFURBISHMENT AND BRIDGE RE-PAINTING**

Report of the Director of the Built Environment

**For Information**  
(Pages 103 - 118)

**19. TOWER BRIDGE HV SYSTEM REPLACEMENT AND INCREASING RESILIENCE**

Report of the City Surveyor

**For Information**  
(Pages 119 - 138)

**20. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

**21. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

RUSSELL, Mayor	<b>RESOLVED:</b> That the Court of Common Council holden in the Guildhall of the City of London on Thursday 15 <sup>th</sup> April 2021, doth hereby appoint the following Committee until the first meeting of the Court in April, 2022.
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## **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 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.
- 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*<sup>1</sup>

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) Approval of the budget for the Charity;
  - (v) 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");

<sup>1</sup> NB – following an equality of votes for the final vacancy, the Court on 15 April 2021 instructed that a further ballot be held to identify the successful candidate and the individual be appointed under urgency procedures in line with the outcome of that ballot. This Court Order has been updated to include the successful candidate, Paul Martinelli, for the sake of completeness and in accordance with the Court's instructions.

- (vi) Annual approval of the Charity's Risk Register;
- (vii) Appointment of auditors;
- (viii) Approval of the Charity's strategy, including its overarching strategy, investment strategy, bridge replacement strategy, charitable funding strategy and communications strategy;
- (ix) Approval of the Charity's conflict of interest policy, reserves policy, investment policy, and policy for the application of surplus income;
- (x) 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 the Charity's financial statements, including its Annual Report, to ensure they conform with applicable accounting standards, for recommendation to the Court of Common Council for approval;
  - (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;
  - (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.



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Committee	Date
Bridge House Estates Board	04 May 2021
<b>Subject:</b> Induction: Bridge House Estates Trustee Duties and Governance Arrangements – Summary Note and Presentation	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	1, 2 and 3
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact (<i>insofar as they are considered to be in the best interest of BHE to support?</i>)</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of:</b> David Farnsworth, Managing Director of Bridge House Estates	<b>For information</b>

## Summary

As a newly established Committee of the Court of Common Council, it is important that the Bridge House Estates Board (“the BHE Board”) understands its duties in respect of the discharge of functions, on behalf of the Court acting for the City Corporation as corporate trustee of Bridge House Estates (BHE). This report sets out a summary note and presentation, to be delivered by Bates Wells LLP (a leading charity specialist law firm), to support the newly established Bridge House Estates Board in the effective administration and governance of Bridge House Estates (BHE) (charity no. 1035628), consistent with the City Corporation's legal obligations as trustee to administer the charity effectively. Specifically, the summary note and presentation provide background information on BHE and its governance arrangements and outline the legal duties of the Bridge House Estates Board, acting on behalf of the City Corporation as trustee, in administering the charity. Bates Wells LLP have been instructed to produce a BHE Members' Handbook for the BHE Board. This is currently being prepared and will be circulated after the first meeting of the BHE Board, informed by decisions taken at this meeting.

## Recommendations

It is recommended that Members of the Bridge House Estates Board, in the discharge of functions for the City Corporation as trustee for Bridge House Estates (charity no. 1035628), and solely in the charity's best interests with a view to supporting the charity's effective administration:

- i. Note the Bridge House Estates Overview of Trustee Duties at Appendix 1; and,
- ii. Note the contents of the presentation at Appendix 2, to be delivered by Bates Wells LLP (a leading charity specialist law firm).

## Appendices

- Appendix 1 – Summary of Trustee Duties (non-public)
- Appendix 2 – Presentation Slides: Bridge House Estates Board Trustee Duties (non-public)

**David Farnsworth**

E: [David.farnsworth@cityoflondon.gov.uk](mailto:David.farnsworth@cityoflondon.gov.uk)

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<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	04 May 2021
<b>Subject:</b> Managing Director's Update Report	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	1, 2 and 3
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of/ report author:</b> David Farnsworth, Managing Director of Bridge House Estates	<b>For information</b>

## Summary

This paper is the first Managing Director's Update Report to the newly constituted Bridge House Estates Board. It is proposed that this report will become a standing item on the Board's agenda and is intended to provide an update on key areas of activity for Bridge House Estates (BHE) (charity no. 1035628), across the whole charity: its primary and ancillary objects, and its support functions. Specifically, this report sets out the strategic operating context for BHE and provides updates on the bridges, City Bridge Trust (the charity's funding arm) and BHE's investment portfolio. It also considers operational resources in the context of its trustee's, the City of London Corporation, Target Operating Model process.

## Recommendations

- i. Members are asked to note the report.

## Main Report

### Background

1. Bridge House Estates (BHE) is an unincorporated, and permanently endowed charitable trust, and a registered charity (no. 1035628). BHE is currently the 7<sup>th</sup> largest charity in the UK in terms of asset valuation. The City of London Corporation (City Corporation) is the corporate trustee of BHE, and the charity is administered by the City Corporation in accordance with the charity's own governing documents and the City Corporation's usual procedures and governance framework. As charity Trustee, the City Corporation has a legal obligation to always act in the best interests of BHE.
2. The primary object of BHE is to maintain and support five bridges crossing the River Thames - London Bridge, Blackfriars Bridge, Southwark Bridge, Tower Bridge and Millennium Bridge. A cy-près charity scheme of 1995 permits income surplus to that required for the bridges to be used for broader, and more general, charitable purposes within Greater London ("the ancillary object"). The income surplus is distributed in accordance with a policy agreed by the Court of Common Council and notified to the Charity Commission, following consultation with external and internal stakeholders. The current such policy is '*Bridging Divides, 2018-23*' delivered by City Bridge Trust (CBT), the charity's "funding arm".
3. In 2018, the BHE Strategic Governance Review was initiated to assess how the governance, management and administration of BHE could be enhanced, to

ultimately increase the reach and impact of the charity's activities and to model the review. To oversee the BHE Review, an officer Task & Finish Group (TFG) was created, chaired by the Head of the Town Clerk & Chief Executive's Office, to assess and make recommendations to Members. Further details of the scope, membership and progress of the BHE Review can be found at Agenda Item 8. The BHE TFG will work with the Bridge House Estates Board and executive team to drive forward the successful completion and implementation of activities resulting from the Review over the next 12-months.

4. A key outcome of the BHE Review was the formal constitution of the Bridge House Estates Board ("the BHE Board/ "the Board") by the Court of Common Council on 15 April 2021, with the responsibility for the day-to-day management and control of the charity, with certain matters reserved to the Court. The Court remains ultimately responsible for the discharge of BHE's functions and for compliance with the relevant duties of the City Corporation as charity Trustee, and as such the Court is required to retain sufficient oversight of the BHE Board's activities and finances.
5. To support the Board in the discharge of its duties, this report will become a standing item on the agenda for Board meetings going forward. The purpose of the report is to provide an update of key areas of activity across the whole charity: both its primary and ancillary objects and its support functions. It will provide an overview for the charity, referencing its strategic/operational context to enable the Board to consolidate effective governance and management of BHE's activities.

## Strategic Context

6. The constitution of the BHE Board is a key moment for the charity and presents BHE with an opportunity to model best practice by enhancing its governance, management and administration, to increase the reach and impact of the charity's activities for its beneficiaries. It also enables BHE to better articulate and communicate what it does and increase the internal and external awareness of its vision and impact.
7. BHE has always existed, and continues to exist, for the benefit of London, and is anchored by the needs of the London's communities. The past year has been one of uncertainty and difficulty for many, and has shone a spotlight on the value and importance of connectivity; whilst also highlighting the vast amount of inequality that still exists in society. BHE's role, therefore, is perhaps more important than ever in bridging and connecting London – both physically via its five bridges, and through supporting causes at the heart of London's communities that help bridge divides in society. Enhancing the governance, management and impact of the charity is vital in ensuring that BHE is a modern and progressive charity that can continue to respond to the issues of today.
8. This commitment to London and BHE's vision of a better-connected London is outlined in the charity's overarching strategy, *Bridging London 2020 – 2045*, which was approved by the Court of Common Council in October 2020. The strategy, attached at **Appendix 1** for information, provides a strategic framework for all of BHE's activities, and outlines the collective impact which it seeks to achieve through furthering its primary and ancillary objects.<sup>1</sup> The Strategy sets out a vision

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<sup>1</sup> A designed version of the Bridging London Strategy will be produced later in the year.

for the charity for “*every person in London to become truly connected*”, and outlines three aims to be catalytic, sustainable and impact driven in its approach to becoming a world-class bridge owner, charitable funder and responsible leader.

9. The *Bridging London* Strategy is supported at an operational level by several of the charity’s other existing strategies and plans, including its Bridge Replacement Strategy, 50-year Bridge Maintenance Plan, charitable funding strategy ‘*Bridging Divides 2018 – 2023*’, joint Philanthropy Strategy, joint Climate Action Strategy, its Transitional Investment Strategy and Annual Property Strategy. *Bridging London* is also supportive of the vision set out within its corporate Trustee’s, the City Corporation’s Corporate Plan for 2018-23. BHE is also committed to tackling racial injustice through its Race Action Plan and through support of, and engagement with, the City Corporation’s Tackling Racism Taskforce. Details of these strategies and plans can be found in the Background Papers outlined at the end of this report.
10. To support Members of this Board in discharge of their functions, an induction and training programme will be delivered over the next 12 months, starting with the presentation today by Bates Wells, LLP, a leading charity specialist law firm. The training sets out the regulatory context and governing arrangements for BHE, as well as the core legal duties that Members must comply with when acting on behalf of the City Corporation as Trustee, most notably to act in the best interests of the charity. A Handbook for Board Members is being prepared for circulation after this meeting, informed by decisions taken at this meeting.
11. To provide Members with a strong footing in BHE’s business and activities, later on the agenda Members will receive updates on the progress of the BHE Strategic Governance Review, the financial position of the charity, its approach to risk management and a proposal on internal governance arrangements, including formal arrangements for consultation with other Committees and the proposed establishment of two sub-committees of this Board.
12. This report provides an overview of BHE’s key activities in relation to the bridges, its charitable funding through CBT and its investment portfolio. Also, it describes how the charity’s operational resources are being reviewed to ensure efficiency and efficacy within the context of the City Corporation’s Target Operating Model.

### **Bridge Activity Update**

13. The primary object of BHE is to maintain and support five bridges crossing the River Thames – Tower Bridge, London Bridge, Southwark Bridge, Millennium Bridge and Blackfriars Bridge. This section provides an overview of key activities on all bridges. All bridges have a structural survey undertaken bi-annually by AECOM, a structural engineering consultancy, procured on a 6-year contract to undertake these surveys, register all defects onto Bridge Station (a recognised database system) and produce a repair schedule for the bridges. Currently the bridges are of a good condition with no major structural repairs being required. Maintenance requirements of the bridges are constantly monitored, and planned maintenance is scheduled for a number of the bridges.
14. A project to refurbish the parapets and repaint Blackfriars Bridge is at Gateway 5 and was approved by the Planning & Transportation Committee on the 13th April 2021. The report is on your agenda today for information (see item 18) and is due

to be presented to Court in May 2021. Works are currently proposed to commence late 2021. Repairs are also required to the South Subway which are planned for 2024/25.

15. Southwark Bridge's southern approach requires new waterproofing to be installed to the viaduct, and the project is currently at Gateway 4. This project has been delayed due to access issues due to a private development which has a scaffold on the highway above the viaduct. This private development is due for completion in September 2021, when the waterproofing project will be progressed. Footway strengthening works and a touch-up of the paintwork are also planned between 2023 to 2025.
16. Works to London Bridge to waterproof and resurface the bridge were successfully completed in 2020. No other major repairs are currently scheduled. Additionally, cable re-tensioning and deck repairs are planned for Millennium Bridge which are programmed for 2023/24.
17. A number of major projects are currently in progress at Tower Bridge, including replacement of the service duct covers, the entire replacement of the Bridge's High Voltage electrical system, an extensive hydraulic pipework overhaul and specialist software and hardware upgrades for the Bridge's lifting system. Sprinkler replacement and a paint touch-up are planned for 2022/24.

#### Tower Bridge

18. Tower Bridge was built over 125 years ago and is both a working bridge and a tourist attraction, ranking 4<sup>th</sup> in the top visitor attractions in Central London on TripAdvisor in 2020. Prior to the COVID-19 pandemic, Tower Bridge welcomed almost 900,000 visitors per annum, and generated £6.8m in overall annual income (having significantly grown over the past decade). In addition to ticket sales, Tower Bridge's additional income generating activities and services include venue hire, filming, education, cultural events and online and on-site retail.
19. Despite a record year in 2019/20 for the tourism business at Tower Bridge, the impact of the COVID-19 pandemic in 2020/21 has been severe, resulting in a significant downturn in visitors. Tower Bridge was forced to close as a visitor attraction for a total of seven months of the financial year. Efforts were made to reduce losses for the charity, including the utilisation of the Government's Furlough Scheme and significant reductions in variable costs. Although income was severely impacted, its potential was maximised by effectively engaging with a 'hyper-local' and Londoners market rather than the traditional wider domestic and international visitor base.
20. Tower Bridge also adapted its strategy to remain 'digitally open' despite being physically closed. The Bridge's visitor and award-winning education & learning offer was redeveloped digitally to provide meaningful online culture content and learning resources, including school workshops and community engagement collaborations. Tower Bridge has received plaudits for its excellent response to its new Covid-secure operating model and associated measures.
21. Tower Bridge now looks towards the recovery of its tourism business in 2021/22 and future years, including revised visitor figures and income targets, and adapting its strategic marketing plans and operating models according to any changes in

Government advice and/or wider UK/ London visitor economy trends and developments. Tower Bridge's retail facility recently reopened on 12 April 2021 and the attraction will reopen in full from 17 May 2021.

22. The day to day running of Tower Bridge as a working bascule bridge, transport infrastructure and its security provision remained operational throughout the pandemic, as have staff who continue to fulfil the charity's statutory obligation for raising Tower Bridge to allow the navigation of river vessels, and the protection of the Bridge and the public. Tower Bridge's security planning, protocols and facilities recently achieved an NSI Gold Accreditation and commendations from the City of London Police and the National Counter Terrorism Security Office in the context of best practice and exemplary standards in security.

### **City Bridge Trust Activity Update**

23. City Bridge Trust (CBT) is BHE's charitable funding arm and distributes surplus income to that required for the bridges in each year in furtherance of the charity's ancillary object. Funding is distributed in accordance with the agreed policy, currently '*Bridging Divides, 2018 – 2023*'. Funding under that policy is aimed at improving the lives of the inhabitants of Greater London – by working to reduce inequality and foster strong, more resilient and thriving communities in pursuit of a London that serves everyone. *Bridging Divides* sits under and supports the delivery of BHE's overarching strategy, *Bridging London*.
24. *Bridging Divides* is a vision and values led strategy and is underpinned by the CBT Team's PACIER values – which are to be Progressive, Adaptable, Collaborative, Inclusive, Environmentally Responsible and Representative.
25. The previous City Bridge Trust Committee instigated an Interim Review of *Bridging Divides* which was carried out from December 2020 to March 2021, as it was recognised that the internal and external operating context for CBT had changed significantly in 2020 as a result of the outcomes of the BHE Review, the impacts of the COVID-19 pandemic on London's civil society organisations and the changing needs of Londoners.
26. The Interim Review process was highly collaborative and comprehensive and resulted in 11 recommendations being put to the previous City Bridge Trust Committee. The headline recommendation was to re-commit to the overarching vision and mission of *Bridging Divides* and extend the strategy for a further five years to 2028. In March 2021, the City Bridge Trust Committee agreed all 11 recommendations (set out at **Appendix 3**) which provide the opportunity for BHE, through its funding arm, to target and leverage resources most effectively for greater impact in the immediate, medium and longer-term. Due to the confidential nature of the appendices, it is attached in the non-public session. Officers are now developing a detailed implementation plan for those recommendations, including costings, resource implications, priorities and timings. Further updates will be given to the BHE Board in due course, as this key strategic work progresses.

### **BHE Investment Portfolio Update**

27. BHE's investment portfolio activity is fundamental to the charity's ability to deliver its primary and ancillary objects. The investment assets of BHE are held as

properties, financial and social investments. The capital of the endowment fund is invested in 100% of the property portfolio alongside approximately £90m of financial investments. The unrestricted income funds of the charity are invested in financial investments, alongside the social investments. The audited figures for the investment portfolios are yet to be available, with the following information providing an indication of holdings as at 31 March 2021.

28. Property investments - between March 2015 and March 2021, the investment property portfolio increased in value from £531m to £835.4m. In the same period, the rent from the portfolio increased from £19.1m pa to £24.5m (latest outturn figure from the Chamberlain). The March 2021 value of £835.4m has decreased by 1.3% from the March 2020 value of £846.8m due primarily to a fall in value of retail properties as a result of Covid-19, which has reduced estimated rental values and increased rent-free periods. The portfolio is benchmarked by MSCI against Greater London Properties.
29. Financial Investments – the value of financial investments held as at 31 March 2021 is £841m, an increase of £150m (21.7%) compared to the previous year (£691m). The overall portfolio has performed strongly across the year, outperforming the CPI +4% absolute return target. Note that the amount held is after a withdrawal of £20m from the equity allocation during March 2021, to support the charity's day-to-day cash flow requirements.
30. Social Investments - as at 31 March 2021 the BHE social investment fund had active commitments of £14.38m against the £21m available, with £9.67m drawn down by investees. Immediately prior to the year-end, the fund received two large redemptions from City YMCA (£1.6m) and Dartington Hall Trust (£1.25m). The most recent quarterly return is still being calculated (with several portfolio investees yet to report) but is expected to be above the 3.32% IRR reported to the Social Investment Board for the quarter ending 31 December 2020.
31. Given the significance of the charity's investments, further information will be shared with Members on the performance of the portfolio through induction training sessions and deep-dive papers at future Board meetings.

### **BHE's Target Operating Model**

32. Members will recall that in December 2020, the Court of Common Council approved the City Corporation's Target Operating Model (TOM). The TOM describes how the City Corporation will work in the future and has implications for the work of BHE and its administration by the City Corporation as Trustee. The TOM describes BHE as an 'institution', reflecting the status of BHE as a separate registered charity with its own governing documents, and also the City Corporation's particular duties and responsibilities as Trustee of BHE which are separate to and distinct from the City Corporation's other functions, and which require independent consideration in acting as Trustee.
33. As the corporate Trustee of BHE, the City Corporation acting by the Court of Common Council is the legal entity which enters into all contracts, employs all staff and holds the legal title to all of the charity's property etc, with the reasonable costs and expenses of doing so being reimbursed from the charity's funds. The administration of BHE thus remains part of the City Corporation's own leadership



and internal governance framework that extends across all the City Corporation's functions, services and institutional responsibilities, and which must support BHE's effective and efficient administration and management.

34. The TOM arrangements are intended to strengthen accountability to the Court of Common Council and its Committees in acting as Trustee in the charity's best interest, by providing clarity in governance, and mitigating against conflicts of interest which may arise between the City Corporation acting as Trustee of BHE and the City Corporation acting in its other capacities. The arrangements are also intended to support expedient action and decision-making by the Trustee in its overall management of the charity. In this way it is considered that legal compliance will be better supported, and BHE will be better able to operate more effectively and cohesively to fulfil its charitable objectives (having regard to the charity's various and diverse operational needs and activities).
35. At the Court of Common Council on 3 December 2020, Members approved the City Corporation's Tier 1 TOM leadership changes. This included a change to the previous Chief Grants Officer and Director of City Bridge Trust's job title and duties to reflect the officer's express delegated responsibility from the Town Clerk and Chief Executive for the management and oversight of all aspects of BHE's functions, acting upon the advice of the City Corporation's other professional officers. Following the formal constitution of the BHE Board at the Court of Common Council on 15 April 2021, the approved change of job title to "Managing Director of Bridge House Estates" took effect from 16 April 2021.
36. The TOM provides an opportunity for BHE to further consider its optimum management and operational structure, designed in the charity's best interest. It will also enable BHE to drive efficiency, eliminate duplication and enable the charity to better respond to, and be proactive in, anticipating changes in the external context. As such, in February 2021, the Managing Director initiated the BHE TOM process and begun work, in consultation with City Corporation colleagues, to identify the long-term resourcing needs of the charity and explore what the optimal operational and management structure for BHE might look like.
37. The main aims and objectives of the BHE TOM process are to:
  - a. Support the effectiveness of the BHE Board;
  - b. Design an operational and management structure in the best interests of the charity;
  - c. Enable the BHE to successfully achieve the vision, aims, actions and measures of success outlined in the charity's overarching strategy, *Bridging London 2020 – 2045*;
  - d. Embed a strong leadership team for BHE with clear lines of accountability and decision-making; and
  - e. Create a strong team culture across BHE and champion shared values across all functions.
38. The process will be overseen by the BHE Project Team, with input from the corporate TOM Project Team. The re-design process will be carried out in five stages: 1) preparation and setup, 2) assessment of current state, 3) design & consultation, 4) implementation and 5) review.

39. The BHE TOM will start by completing the outlined process above for Tier 2 roles (that is roles that either directly report into the Managing Director or other relevant senior roles that will work closely with the Managing Director). Once the Tier 2 structure is implemented, work will begin on the remaining Tiers. This will ensure that BHE's leadership roles are embedded and engaged closely in the design of their teams in the latter stages. An indicative timeline for the Tier 2 TOM process is set out at **Appendix 2**. The timeline highlights how the BHE Board will be engaged and consulted in the process and on the resource proposals in the coming months, including the proposal being formally presented to the Board in June 2021.

## **Conclusion**

40. The creation of the BHE Board represents an exciting time for the charity, as it looks to enhance its governance, management and administration and its reach and impact across London over the coming years. Members will be informed in their oversight of the charity's strategic and operational activities through a regular Managing Director's Update Report to each meeting of the Board. Officers look forward to working closely with the Board as the charity works to maintain and support the key infrastructure of the five bridges, and otherwise in its activities focussed on building a fairer London.

## **Background Papers**

- Transitional Investment Strategy – Report to Policy and Resources Committee, entitled Bridge House Estates Transitional Investment Strategy Statement, dated 21 January 2021.
- Race Action Plan – Report to City Bridge Trust Committee, entitled Progress Report, dated 26 November 2020.
- Annual Property Strategy – Report to Policy and Resources Committee, entitled Bridge House Estates: Annual Update & 2021 Strategy, dated 21 January 2021.
- Climate Action Strategy – Report to Court of Common Council, entitled Climate Action Strategy, date 8 October 2020.
- 50-year Bridge Maintenance Plan – Report to Planning and Transportation Committee, entitled Bridge House Estates River Crossings Annual Update Report on Structural Inspection and Maintenance, dated 18 February 2020.
- Bridge Replacement Strategy - Report to Policy and Resources Committee, entitled Bridge House Estates Strategic Review – Update Three, dated 12 December 2019.
- Joint Philanthropy Strategy – Report to Court of Common Council, entitled Philanthropy Strategy, dated 21 June 2018.
- Bridging Divides 2018 – 2023 – Report to Court of Common Council, entitled City Bridge Trust Funding Strategy 2018 – 2023, dated 20 July 2017.

## **Appendices**

- Appendix 1 – Bridge House Estate's Strategy: *Bridging London 2020 - 2045*
- Appendix 2 – Bridge House Estates Target Operating Model Tier 2 Timeline
- Appendix 3 – Bridging Divides Interim Review Recommendations (non-public)

## **David Farnsworth**

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# **Bridge House Estates Strategy:** ***Bridging London*** **2020 - 2045**

Charity no: 1035628

*Author: Amelia Ehren, BHE Project Manager*



## Foreword

On behalf of Bridge House Estates (BHE)<sup>1</sup>, we are delighted to share the charity's new 25-year strategy, *Bridging London*. This strategy represents an exciting time in BHE's long history, providing a framework for all of the charity's activities and outlining the collective impact it seeks to have, firstly through its maintenance and support of five of London's most iconic Thames bridges (Tower Bridge, London Bridge, Southwark Bridge, Millennium Bridge and Blackfriars Bridge) and also through its further charitable funding and activities, aimed at tackling inequality and disadvantage across Greater London.



Over more than 900 years, BHE's role and value in supporting London's physical and community infrastructure has remained integral to London – even as the City of London, and Greater London itself, has been transformed. The charity's bridges are significant and iconic landmarks; whilst they may just be bridges to some, they are so much more to millions of people in London, the UK, and beyond. They are hubs of connectivity, enabling people, ideas and information to move across physical, virtual and digital boundaries. They are part of London's communities and culture. They are symbols of London's history and beacons for its future. Beyond the charity's primary objective to maintain and support the bridges, in the last 25-years BHE has also supported Londoners experiencing disadvantage and marginalisation to thrive through the distribution of over £400m of charitable funding, delivered in the name of City Bridge Trust. BHE has always existed, and continues to exist, for the benefit of London and is anchored by the needs of London's communities – whom it inclusively defines as anyone that is in the capital at any given moment in time, whether living, working, learning or visiting there<sup>2</sup>.

Recent events, such as the COVID-19 pandemic and the unprecedented impact this has had on the charity sector, across the UK and around the world, have shone a spotlight on the value and importance of community cohesion and resilience. BHE's role, therefore, is more important than ever in bridging London, both in providing world-class infrastructure across the River Thames and in supporting those causes at the heart of London's communities that enable strong social connections. The charity recognises there will be more testing times ahead, but by drawing on the learning from challenges it has faced, such as the devastating terrorist attacks in 2017 and 2019 on and near London Bridge, it will be even better prepared to work, proactively and responsively, towards its vision of a truly connected London. BHE's ability to respond to such challenges is supported by its central ethos of collaboration and partnership-working with others.

*Bridging London* is the result of an in-depth review focused on enhancing the charity's governance, in order to ultimately increase its impact and reach. The review presented

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<sup>1</sup> Throughout the strategy, the terms 'we' and 'our' have been used in place of 'Bridge House Estates' [or the City Corporation as Trustee of Bridge House Estates] unless otherwise stated.

<sup>2</sup> BHE charitable funding, delivered through City Bridge Trust, is for the benefit of the inhabitants of Greater London only.

BHE with the opportunity to reconsider its future strategic direction and better articulate why it does what it does. BHE will use this strategy to better communicate its story and increase the awareness and understanding of its vision and dynamic impact. We hope that this strategy, and BHE's commitment to make it a reality over the next 25-years, will inspire others to join in striving to achieve the charity's vision where *'every person in London becomes truly connected'*.

*[Foreword to be signed by appropriate signatories following approval]*

## **Our background**

BHE is an historic charity, with its origins lying in ancient bequests of property made over 900 years ago to support and maintain London Bridge in perpetuity. The fund was only permitted to be spent on the maintenance or support of London Bridge, or on replacing it when it became unfit for purpose; although in more recent centuries the charity's objects were widened, and specific powers granted, to allow it to maintain and support additional bridges. BHE has since been administered by the City of London Corporation (City Corporation), which is the charity's corporate Trustee, acting by the Court of Common Council – the organisation's primary decision-making body, consisting of 125 elected Members.

Through the City Corporation's responsible stewardship and governance of the charity, BHE is able to effectively fulfil its charitable objects to this day. Our primary object is to maintain and support five bridges crossing the River Thames. In 1995, our charitable purposes were widened so that after the responsibilities relating to the bridges have been met, we can use any surplus income for the provision of transport for 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. This is known as our 'ancillary object' and activities undertaken in support of this are primarily delivered in the name of City Bridge Trust (CBT) – which is described as our 'funding arm'. Through the activities of CBT, we are London's largest independent funder, currently distributing around £25 million in grants each year to charitable causes across Greater London.

The ability to meet the charity's primary object over the past 900 years, and more recently the ancillary object, has been enabled by the responsible management of our permanent endowment and financial assets. The level of capital growth and income generated, most notably through the rental income from our investment property portfolio, together with the strong performance of our financial investment portfolio, has enabled us to first and foremost meet the needs of the bridges and then to go further to deliver expansively on our 'ancillary object' for the benefit of Londoners.

This focus on London and Londoners has always been at the heart of what we do. We adopt an inclusive definition of Londoners, meaning anyone that is in the capital at any given moment in time – whether living, working, learning or visiting there<sup>3</sup>. Whilst much has changed over the centuries since we were established, we continue to reach out across the capital in many important and diverse ways, anchored in supporting the needs of London and its communities.

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<sup>3</sup> BHE charitable funding, delivered through City Bridge Trust, is for the benefit of the inhabitants of Greater London only.

Our bridges act as gateways to the City of London (also known as the ‘City’ or ‘the Square Mile’) and play a vital role in London’s infrastructure – strengthening its character, capacity and connections. Our bridges are also celebrated as important assets, contributing to London’s unique sense of place and status as a world-class city. Each and every day, the bridges provide safe passage for tens of thousands of people crossing the Thames, either by foot or vehicles, whilst offering some of London’s most spectacular and unique views. The bridges not only provide physical connections, but also digital connections by supporting London’s telecommunications infrastructure – providing City businesses with unparalleled connectivity, speed and resilience. In recent years, the bridges have also played host and neighbour to a number of cultural projects aimed at connecting, celebrating and capturing the spirit of the Thames and its diverse communities, as well as the Thames Tideway Tunnel which aims to clean up the river for the benefit of London.

The iconic, world-renowned, Tower Bridge recently celebrated its 125<sup>th</sup> year anniversary and continues to strengthen London’s cultural, heritage and learning offer. In 2019, Tower Bridge attracted over 800,000 visitors and engaged with nearly 4,000 people through its dynamic learning and community outreach programmes. Tower Bridge is to this day considered an engineering marvel and is arguably one of the most famous and instantly recognisable structures in the world.

Over the last 25 years in delivering our ancillary object, we have further demonstrated our reach and impact beyond the needs of the bridges, through our charitable funding and activities delivered in the main by CBT. Our funding is aimed at improving the lives of the inhabitants of Greater London – by working to reduce inequality and foster stronger, more resilient and thriving communities in pursuit of a London that serves everyone. Since 1995, through CBT, we have distributed over £400m of charitable funding across London supporting those most in need and have remained a stable anchor for Londoners.

## **Introduction**

This strategy sets out our vision and aims and outlines our approach to achieving our ambitions over the next 25-years. We are pleased to take a long-term view with our new strategy, showing our commitment to supporting London now and in the future. We are able to do this because this strategy is built upon all that we have learned and achieved over our long 900+-year history and through our Trustee’s unique and historic role at the centre of a thriving and outward-looking London served by the charity.

Our charitable objects clearly state ‘what’ we will do as a charity, but the purpose of this strategy is to clearly outline ‘why’ we do what we do through the articulation of our new vision, and ‘how’ we will achieve this through our aims and actions.

This strategy provides a framework for all our work and is supported at an operational level by several other strategies and plans, including our: Bridge Replacement Strategy, 50-year Bridge Maintenance Plan, charitable funding strategy ‘*Bridging Divides*’, Philanthropy Strategy, and Investment Strategy. This strategy is also supportive of, and supported by, the vision set out within our corporate Trustee’s (the City Corporation’s) Corporate Plan for 2018-23 of a ‘*vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK*’.

Throughout the lifespan of this strategy, we commit to delivering in-depth reviews of our work and strategies to help ensure that we achieve our vision, continue to learn, and are responsive to the needs of the time.

Ultimately, this strategy outlines the positive and sustained role that we intend to fulfil in bridging and connecting London, for the benefit of Londoners today and generations to come.

## **Our strategy**

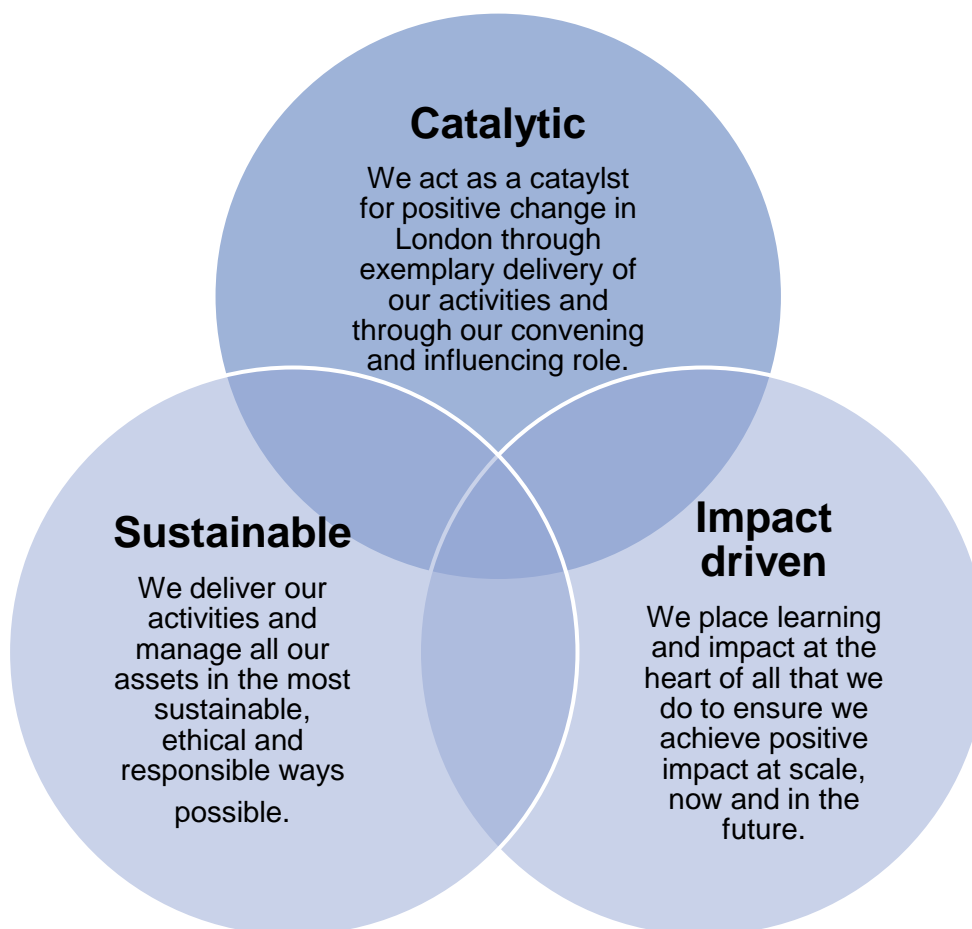
### **Our vision is that...**

*‘Every person in London becomes truly connected’*

Our vision outlines the change we want to see and explains why we do what do. We want to see a flourishing society, where every person in London is truly connected - physically by world-class sustainable bridges, and connected socially and digitally through thriving communities that have access to a diversity of social, cultural and economic opportunities.

### **Our aims**

Our longevity, diverse charitable purposes, large asset base and historic relationship with our corporate Trustee (the City Corporation), place us in a unique position to achieve our vision. To do this, we will deliver upon our primary object by supporting and maintaining our five Thames bridges, and through using any available surplus income to advance our ancillary purposes. We will meet these objectives by taking a values-led approach of aiming to be a charity that is:



### **What we will do**

This section outlines the next steps that we will take to achieve our vision and aims. We commit to reviewing these actions on a regular basis to ensure that they are bringing us closer to the impact we wish to achieve and the change we want to facilitate in bridging London.

### **Be catalytic**

In an ever-changing society, we must ensure that we remain relevant and find new ways of working to deliver positive change for London and Londoners. At the same time, we recognise that the goal of a truly connected London is not just ours and that there are many other stakeholders and organisations working towards a similar vision, whom we will strive to bring together and work in collaboration with to catalyse change.

To achieve our aim of being catalytic, we will:

- Keep our internal governance structure under review to ensure that we operate effectively and efficiently, and in accordance with charity good governance best practice.
- Deliver world-class bridge engineering management services for all five of our bridges.
- Utilise our expertise in charitable funding to support a reduction in inequality in London and to foster stronger, more resilient and thriving communities.
- Build, sustain and leverage partnerships in order to catalyse greater levels of giving across London.



- Contribute to contemporary debates within the charitable sector on the complex social challenges facing Londoners and amplify the voices of marginalised people and communities in these discussions.
- Take a 'total assets' approach, drawing on our expertise and networks, and that of our Trustee (the City Corporation), across the private, public and charitable and community sectors.
- Demonstrate thoughtful leadership, by using our influence and partnerships to convene others around shared aspirations; whilst at the same time championing diverse perspectives and finding solutions that bring the two together.
- Nurture and tell real stories of change and share our knowledge, learning and progress with others.

### **Be sustainable**

We will place sustainability at the heart of everything we do, with the aim of achieving lasting sustainable impact. By this we mean managing our financial assets in a responsible manner, which enables us to deliver activities, primarily for the bridges but also through CBT, that produce positive social, environmental and economic impacts for our beneficiaries which can be maintained in the long-term.

To achieve our aim of being sustainable, we will:

- Reduce our environmental harm and protect all our assets through better use of our resources and increase our positive impact through greening, advocacy and influencing – working towards being net zero by 2040.
- Champion responsible investment and manage our investments in alignment with our values and the UN Sustainable Development Goals.
- Work with our supply chain to maximise social value, minimise environmental harm and strive to ensure the ethical treatment of people throughout our supply chains.
- Responsibly manage our bridges and investment property portfolio to the highest sustainability standards possible, without detracting from delivery of the financial returns required to fulfil our charitable objects.
- Enhance the resilience of our physical infrastructure assets to adapt to future climate conditions.
- Embed employment practices through our Trustee which reflect the values of the charity and which create and champion equality, diversity and inclusion.
- Through the work of CBT and working with our networks, fund and encourage work that supports environmental education and responsibility, especially relating to climate action, air quality and clean water.

### **Be impact driven**

We will work towards ensuring everything we do has the strongest and most positive impact possible. We will focus our efforts where the need is greatest, in order to make a lasting impact for the benefit of Londoners now, and for generations to come. We will also draw upon the reach of our corporate Trustee, which extends across sectors and far beyond the Square Mile's boundaries, to achieve maximum impact for our beneficiaries and provide leadership in best practice for the voluntary and community sector across London, the UK and beyond.

To achieve our aim of being impact driven, we will:

- Keep the governance and powers of the charity under review to ensure they enable and support the charity's effective administration.
- Contribute to higher impact and higher value philanthropy through our role modelling in London and our support and awareness-raising in the UK and internationally.
- Undertake philanthropic collaborations to generate positive impact within London, which our partners can extend nationally and internationally.
- Lead the development of the UK as a global centre for social investment and help to grow the market.
- Provide an inclusive and high-quality cultural and learning offer on Tower Bridge.
- Promote, enhance and celebrate the heritage and cultural value of our bridges.
- Grow our learning culture and become more evidence-based and data driven in order to deepen our understanding of what we are achieving; and transparently share our learning with others.

### Defining success

Delivering on this strategy will help us to communicate our vision and aims more powerfully, so that our role and heritage is valued and understood by our beneficiaries, and other audiences. We see success as building on our achievements and delivering our aims to become a charity that is a:



We want to amplify our reach and impact to a world class level as, ultimately, we want our work to make the most positive impact possible in bridging London's physical and community infrastructure. We aim to position ourselves as a consistently credible champion for London and Londoners, working towards achieving our vision where *'every person in London becomes truly connected'*.

Our successes will be defined both quantitatively in terms of reaching and exceeding set targets in the context of the management and conservation of world-class bridges, and in terms of the delivery of our charitable funding activities and role-modelling of high impact and high value philanthropy; and qualitatively in the context of setting new standards in being catalytic, sustainable and impact driven. For us, success will also be achieved by having an investment portfolio that is aligned with our aims and embedding a learning culture to ensure we continually reflect and improve our practices. Such measures in pursuit of our vision and three core aims will be designed

during the implementation phase of this strategy, and progress against them will be shared in regular evaluation reports.

## **Conclusion**

This strategy represents an exciting opportunity for us to demonstrate our commitment to London. *Bridging London* highlights the role we will continue to play in connecting the capital through support of London's physical and community infrastructure and signals the type of charity that we wish to be.

Making this strategy a reality will require us to build upon our successes to-date but also to learn, evaluate and model new innovative ways of working to achieve our charitable objects, and to deliver sustainable impact for our beneficiaries, over the long term. We recognise that achieving our vision and aims will not happen overnight, but we are committed to sharing our progress over this exciting 25-year journey as we continue to bridge London and work towards a future where *every person in London becomes truly connected*.

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## Appendix 2 - Bridge House Estates Target Operating Model: Timeline and Next Steps

In December 2020, the City Corporation approved Tier 1 of its Target Operating Model (TOM). The TOM describes how the City Corporation will work in the future and has implications for the work of Bridge House Estates (BHE). The TOM describes BHE as an 'institution', reflecting the status of BHE as a separate registered charity, and also the City Corporation's particular duties as charity trustee of BHE which require independent consideration.

The TOM provides an opportunity for BHE to further consider its optimum management and operational structure for the successful delivery of the charity's purposes and its new overarching strategy. It also aligns with the intention of the TOM to drive efficiency, eliminate duplication and enable the charity to respond to, and be proactive in, anticipating changes in the external context.

The table below sets out the proposed timetable for consideration of BHE's Tier 2 Target Operating Model. *Tier 2 describes BHE's leadership team roles across all functions.*

Phase	Description	Timeline
1 – Prep & Setup	<p>Pre-work to develop a project team, governance plan and an understanding of the organisational aims prior to commencing the redesign.</p> <ul style="list-style-type: none"><li>• Understand the OD principles, strategic objectives and TOM overview</li><li>• Agree governance and reporting plan</li><li>• Setup project team &amp; create a project plan</li></ul>	January – February 2021
2 – Current state assessment	<p>Assess how BHE is currently setup to understand fully the strengths, weaknesses and other considerations before commencing the redesign.</p> <ul style="list-style-type: none"><li>• Confirm current structure of the charity/ identify and involve relevant stakeholders</li><li>• Evaluate against BHE's strategy, TOM and OD principles</li><li>• Assessment of the strengths and opportunities of current state</li></ul>	March – mid April 2021
3 – Design and consult	<p>Work with project team and colleagues to design the new structure (informed by previous analysis and evaluation of what is needed); seek approval for structure and consult with colleagues.</p> <ul style="list-style-type: none"><li>• Design structure fit for the future and assess the impact of the proposal (<i>14 May 2021</i>)</li><li>• Gain approval to consult on proposals formally with affected colleagues</li></ul>	April – August 2021

	<ul style="list-style-type: none"> <li>○ TOM Design Advisory Board (<i>20 May 2021</i>)</li> <li>○ BHE Board (<i>9 June 2021</i>)</li> <li>○ Establishment Committee (<i>23 June 2021</i>)</li> <li>● Consult with colleagues and finalise the design (<i>July – August 2021</i>)</li> </ul>	
4 – Implement	<p>Implement the change that has been agreed.</p> <ul style="list-style-type: none"> <li>● Develop and communicate plan for implementation (<i>August 2021</i>)</li> <li>● Complete job assessment and assimilation (<i>September 2021</i>)</li> <li>● Recruit to new positions (<i>September 2021</i>)</li> <li>● Embed Tier 2 structure (<i>September – October 2021</i>)</li> </ul>	August – October 2021

<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	04 May 2021
<b>Subject:</b> Bridge House Estates Strategic Governance Review – Update Six	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	1, 2 and 3
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact (<i>insofar as they are considered to be in the best interest of BHE to support</i>)?</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Joint report of:</b> Town Clerk & Chief Executive and the Managing Director of Bridge House Estates	<b>For Information</b>
<b>Report Author:</b> Amelia Ehren, Strategic Project Lead – Bridge House Estates	

## Summary

This report provides Members with an update of the work that has been undertaken as part of the Bridge House Estates (“BHE”) Strategic Governance Review (“the Review”) in recent months and the plans to implement the changes arising from the Review. In particular, this paper focuses on the progress made in respect of the brand positioning project and governance changes being sought by way of a Supplemental Royal Charter, as well as providing an update on resourcing the Review and the future of the BHE Task & Finish Group. Prior to the establishment of this BHE Board, regular six-monthly update reports on the Review were provided to Committees which previously had responsibility for the discharge of BHE duties. The update reports will now be presented to this Board on a six-monthly basis until the Review is finalised and fully implemented.

## Recommendations

- i. Members are asked to note the content of the report.

## Main report

### Background

1. In 2018, the BHE Strategic Governance Review was initiated to assess how the governance, management and administration of BHE could be enhanced, to ultimately increase the reach and impact of the charity’s activities and to model good practice. To oversee the Review, an officer Task & Finish Group (TFG) was created, chaired by the Head of the Town Clerk & Chief Executive’s Office, to assess and make recommendations to Members.
2. The BHE TFG is a cross-departmental advisory body with shared oversight and responsibility for the successful completion and implementation of activities resulting from the BHE Review. The Group, led by the Head of the Town Clerk & Chief Executive’s Office, will play a key role in driving forward progress over the

next 12-months, including supporting the effective servicing of the newly constituted BHE Board and providing Members with regular updates on the Review, whether through formal report or briefings. The current membership of the BHE TFG can be found at **Appendix 1**.

3. As part of the initiation of the Review, it was agreed that officers would provide Members with regular six-monthly update reports on the progress of the Review. Five update reports were previously reported to Committees with responsibility for the discharge of BHE duties, including Policy & Resources, Finance, Investment, Planning & Transportation, and City Bridge Trust. With the constitution of the BHE Board in April 2021, update reports will now be provided to this Board going forward on a six-monthly basis until the Review is completed and fully implemented. Officers will also seek to engage wider Members of the Court on the progress of the Review and report to the Court on certain matters, as appropriate.
4. Enhancing the governance, management, impact and reach of the charity through the BHE Review is vital in ensuring that BHE is a modern and progressive charity that can respond to the issues of today, and that the City Corporation is properly discharging its obligations as charity trustee to ensure the charity is being administered effectively to further the charitable purposes of BHE. In support of this, the BHE TFG have made substantial progress over the past two and a half years, with key outcomes including: the reconstitution of the permanent endowment fund in the charity's financial statements; the identification of the replacement costs of the five Thames bridges; the approval of a new reserves policy for the charity; the allocation of £200m over and above the usual annual provision of surplus unrestricted income funds for charitable funding (albeit with £20m of this subsequently agreed as to be held within the grants designated fund until the charity reconsiders its' financial position); the development of an overarching charitable strategy: *Bridging London 2020 – 2045*; the approval of a 'Transitional' Investment Strategy Statement for BHE; and most recently, the formal constitution of the BHE Board.
5. The Review is nearing completion and transitioning over the next 12-months into the 'implementation phase' over the next 12-months, as it seeks to finalise and embed the changes which have been agreed. As the Review moves into this next stage, the Terms of Reference and Membership of the BHE TFG will be kept under review to ensure that the purpose of the group reflects the current context and focuses on completing, and implementing activities arising from, the Review.

### **BHE Supplemental Royal Charter**

6. As part of the Review, and in line with best practice in the charitable sector, Members may recall from previous update reports to the Court's committees that four categories of governance changes for BHE have been identified and, on the City Remembrancer's advice, are being pursued by way of a Supplemental Royal Charter in consultation with the Privy Council Office (PCO).
7. In September 2020, the draft Supplemental Royal Charter was submitted to the PCO, who are currently considering the Supplemental Royal Charter along with their advisors, including the Charity Commission. The four broad categories of governance changes being pursued are as follows:



- a. Changes intended to provide clarity or to remove obsolete provisions;
  - b. Changes intended to provide greater flexibility in the application of BHE's funds, but with suitable safeguards to protect the primary object (for example, a power to apply (i.e. spend), with appropriate restrictions, the permanent endowment on the support or maintenance of the bridges, or limited sums on the ancillary object; a power to apply, or to borrow against, the permanent endowment to meet costs of replacement bridges; additional powers to acquire and deal with interests in land);
  - c. Changes intended to provide more modern and flexible powers in relation to the administration of BHE, including conferring express powers to reflect statutory powers where it is not clear they can currently be exercised by BHE or where certain constraints on statutory powers are considered suitable - for example, 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 to seek a broad investment power which reflects the Trustee Act 2000 standard investment powers; and
  - d. Changes intended to reflect and better support good governance - for example, introducing new express conflict of interest and trustee benefit provisions, and express general powers for charity trustees.
8. The City Remembrancer, in consultation with the Comptroller & City Solicitor's Department and with the advice of Bates Wells LLP, continues to liaise with the PCO to settle the terms of the Supplemental Charter. The settled Supplemental Charter will then be presented to the Court of Common Council for approval for submission to the Privy Council. Following this, the Privy Council will then consider the Supplemental Charter and advise Her Majesty as to whether the grant should be made. It is then hoped that the Supplemental Charter will be granted by an Order of the Queen in Council.
9. The timeframes for formal consideration have taken longer than first anticipated as timings are subject to Privy Council business. However, it is now hoped that a new Supplemental Royal Charter will be granted by this Summer. The BHE Board will then need to consider how it can best use the new powers for BHE's better administration. Significant work also continues to collate and analyse the charity's extensive property records, to first inform the drafting of the Supplemental Royal Charter, and also to support the charity's better administration going forward.

### **Brand Positioning Project**

10. As part of the Review, the BHE TFG identified the need to review BHE's brand positioning to help increase the reach of BHE's impact and ambition. As such, in September 2020, BHE procured the brand agency William Joseph to work with the charity to develop a positioning statement and brand strategy that would speak to the charity's diverse functions and audiences in a compelling way. William Joseph have adopted a highly collaborative approach to the project and have undertaken audience testing with external and internal stakeholders through interviews and surveys and facilitated four work workshops with BHE & City Corporation officers to discuss the current and future brand.

11. As a result of the collaborative process, William Joseph have produced a positioning statement (**at Appendix 2**) for BHE that enables it to communicate its broader mission, scope and influence, whilst acting as an 'umbrella' brand that unifies and gives legitimacy to the distinct yet related activities of, and teams supporting, the charity. Members are asked to provide feedback on the statement.
12. Following any Member feedback received today on the positioning statement at Appendix 2, it is proposed that it will be used going forward in both internal and external communications. The statement is intended to: help unite internal City Corporation teams which support BHE around shared values and goals; illustrate and articulate appropriately the connections between the various BHE functions to external and internal audiences; and help to increase the recognition of BHE's influence, scale, impact and ambition.
13. The next stage of the project will be to engage Members of this Board in discussions regarding the brand architecture and hierarchy for BHE. This will include consideration of key branding decisions, such as articulating the relationship between the City Corporation, BHE and the various teams which support the charity, including City Bridge Trust, and also decisions regarding use of the bridge mark and other intellectual property. The intention is to engage Members in these discussions over the coming weeks, before presenting a paper to a future meeting of the Board regarding branding options. Following this process, steps will be taken for implementation of the agreed final position.

## **Resourcing and Budget**

14. As referenced in Agenda Item 7, the Managing Director's Report, the City Corporation's TOM process provides an opportunity to further consider the optimum management and operational structure for BHE. The Managing Director has therefore begun work, in consultation with BHE and City Corporation colleagues, to identify the long-term resourcing needs of the charity and explore what the optimal target operating model for BHE might look like.
15. In the interim and until the longer-term resourcing needs have been identified, planned expenditure relating to the BHE Review has been included within the BHE 2021/22 budget to support the proposed activities required over the next 12-months to fully implement all actions identified through the Review as being in the best interests of the charity to complete. The budget is intended to ensure that the completion and implementation phase of the Review is appropriately resourced in the transitional first 12-months.
16. As further progress is made on implementation, and as the charity's longer-term resource needs are identified and settled, it is intended these will be considered and agreed as part of the charity's regular business and budgetary planning cycle.

## **Corporate and Strategic Implications**

17. Strategic implications – The activities of the BHE Review support the aims and objectives of BHE's overarching strategy, *Bridging London 2020 – 2045*. They will support the charity in becoming a world-class bridge owner, charitable funder and responsible leader. The activities are also supportive of the vision set out within the

City Corporation's Corporate Plan (CP) for 2018-23 and reinforce the CP outcomes 3, 4, 5, 9, 11 and 12.

18. Financial implications: There are no direct financial implications.
19. Security implications: There are no direct security implications.
20. Legal implications: The anticipated grant of the Supplemental Royal Charter will have implications regarding the governance of BHE, including the availability of additional powers and flexibilities to support the charity's work and operation.
21. Risk implications: There have been reputational and regulatory risks associated with the current governance arrangements for BHE, which are now partly mitigated by the creation of this BHE Board. These risks will be further mitigated by the TOM arrangements which classify BHE as an 'institution' within the City Corporation's control and oversight, recognising its distinct status and the particular legal responsibilities of the City Corporation as Trustee. These revised arrangements will support more effective, and better ensure independent, decision-making in the charity's best interests.
22. Equalities and resources implications: There are no direct implications.
23. Climate implications: There are no direct climate implications.

## **Conclusion**

24. This paper highlights some of the key ongoing activities relating to the BHE Strategic Governance Review and the progress made to-date. The intended outcome of the Review is ultimately, through the City Corporation's responsible and good administration of the charity as Trustee, to support the charity in effectively furthering its primary purpose to maintain and support the five Thames bridges, and further to enhance the impact and reach of the charity's wider activities for the public benefit, and otherwise to model good practice. Members are asked to note the progress made so far and the next steps that will be taken to finalise and implement the changes arising from the Review.

## **Background papers**

Report to Policy and Resources Committee, entitled Bridge House Estates Strategic Review – Update Five, dated 21 January 2021.

## **Appendices**

- Appendix 1 – Current Membership of the Bridge House Estates Task & Finish Group
- Appendix 2 – Bridge House Estates Positioning Statement

## **Amelia Ehren**

Strategic Project Lead (BHE)

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## Appendix 1 – Current Membership of the Bridge House Estates Task & Finish Group

1. The Bridge House Estates (“BHE”) Task & Finish Group (“TFG”) is a cross-departmental advisory body with shared oversight and responsibility for the successful completion, and implementation of activities resulting from, the BHE Strategic Governance Review.
2. The current membership of the BHE TFG is outlined below.

Name	Job Title	Institution, Department, Team
Simon Latham ( <i>Chair</i> )	Head of Town Clerk & Chief Executive’s Office	Town Clerk’s
David Farnsworth ( <i>Senior Responsible Officer</i> )	Managing Director of BHE	BHE
Amelia Ehren ( <i>Secretariat</i> )	Strategic Project Lead, BHE	BHE
Caroline Al-Beyerty	Chamberlain	Chamberlain’s
Karen Atkinson	Head of Charity and Social Investment Finance	Chamberlain’s
Paul Double	City Remembrancer	City Remembrancer’s
Chris Earlie	Head of Tower Bridge	Open Spaces
Nick Gill	Investment Property Director	City Surveyor’s
Catherine Mahoney	Charity & Philanthropy Communications Manager	City Bridge Trust, BHE
Paul Monaghan	Assistant Director Engineering	Built Environment
Laila Pastor	HR Change Partner, BHE	BHE
Anne Pietsch	Chief Lawyer, Public & Corporate Law	Comptroller & City Solicitor’s
Neil Robbie	Assistant Director, City Estates and Bridge House Estates	City Surveyor’s
Gordon Roy	District Surveyor & Environmental Resilience Director	Built Environment
Tim Wilson	Funding Director & Social Investment Fund Manager	City Bridge Trust, BHE
Paul Wright	Deputy Remembrancer	City Remembrancer’s

# **Bridge House Estates**

## **Connecting London since 1097**

We've been bridging London for 900 years.

Beginning with providing greater access for Londoners across our five iconic bridges, our vision has since expanded to tackle social and economic divides across the city.

Today we still maintain our bridges, but we also fund and support other charitable causes. We use our networks to foster collaboration between charities, foundations, policy makers and businesses. And we harness the combined experience of local communities, our team, and partners to become stronger together.

We work to build a fairer London.

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<b>Committee</b>	<b>Dates</b>
Bridge House Estates Board	04 May 2021
<b>Subject:</b> Bridge House Estates (BHE) Financial Position and budget report	<b>Public</b>
<b>Which outcomes in the BHE Bridging London 2020 – 2045 Strategy does this proposal aim to support?</b>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of:</b> The Chamberlain	<b>For information</b>
<b>Report Author:</b> Karen Atkinson, Head of Charity & Social Investment Finance	

## Summary

This report summarises the financial position of BHE as presented to the Court of Common Council for approval on 04 March 2021 and is presented to this Board to provide context for future decision-making. The charity has been impacted financially as a result of Covid-19, with uncertainties on the level of property rental income receivable, reductions in investment growth and the closure of Tower Bridge as a visitor attraction for lengthy periods. The Charity Commission expects Trustees to recognise at an early stage if a charity is facing financial difficulties and to undertake robust forecasting. Reconsidering financial plans as a result of scenario planning and taking appropriate decisions enables a Trustee to comply with its duties.

Prudent management of unrestricted income funds has nonetheless ensured that the charity has sufficient funds available to meet its primary objective, the support and maintenance of its five Thames bridges. In considering its ancillary purpose, that of charitable funding for broad charitable purposes for the general benefit of the inhabitants of Greater London under the charity's *Bridging Divides 2018-23* policy, a cautious approach has been adopted to the release of funds. Following detailed analysis, a decision was taken by Court that £20m of the £200m previously allocated be retained within this designated fund until such time as the charity is able to confirm if the original allocation can be met. Alongside this, it was agreed that free reserves be maintained at between £33-55m above the approved policy level of £35m across the medium term as a further risk mitigation.

## Recommendations

Members are asked, acting for the City Corporation as charity trustee of Bridge House Estates and solely in the charity's best interests, to:

1. Note the financial position of the charity.

## **Main Report**

### **Background**

1. Members will be aware that, in line with the City Corporation's normal procedures for budget setting, the revenue budget for 2021/22 and the medium-term financial plan (MTFP) covering the period 2022/23 – 2024/25 for BHE was endorsed by the Finance Committee in February 2021, for onward approval to the Court of Common Council in March 2021. This report provides a summary of the financial position as approved by Court, to provide context to Members of the BHE Board for future decision-making.
2. In the current crisis, the Charity Commission has issued guidance advising trustees to keep their charity's operations and finances under regular review and take any additional actions as necessary<sup>1</sup>. The starting point for this is stated as always being what is in the charity's best interests.
3. To achieve its over-arching strategy, '*Bridging London*', BHE delivers upon its primary object by supporting and maintaining its five Thames bridges, and utilises any available surplus income each year to advance its ancillary purposes – being charitable funding under the '*Bridging Divides 2018-23*' funding policy. Prior to confirming the level of surplus income, free reserves of £35m are required to be maintained, as approved by Court in March 2020.
4. Members will note this is a transitional period for BHE, as we await approval of the Supplemental Royal Charter, and implement agreed actions from the BHE Strategic Review whilst being mindful of the City Corporation's Lisvane Review and Target Operating Model (TOM). The new Supplemental Royal Charter is expected to grant powers which would enable gains on investments held within the permanent endowment fund to be utilised as income, with such gains currently not available to support the activities of the charity.

### **Current Position – update on 2020/21 budget**

5. The 2020/21 budget for BHE was approved prior to the impacts of the Coronavirus pandemic being felt which have had a significant impact on the financial position of the charity. Members are aware of the reductions in investment income alongside the closure of Tower Bridge as a visitor attraction for lengthy periods. The establishment of the London Community Response Fund (LCRF) within BHE's ancillary object as a collaborative funding mechanism in response to the impact of the pandemic has led to charitable funding activities increasing from the original budget of £27.1m to £46.3m (net of external grant income from other charitable funders to date to the LCRF of £16.5m). This increase is funded from the unrestricted income fund held by BHE and will lead to a significant in-year deficit. Note that the external LCRF income & grants issued against this have not been included in the forecast figures presented, so as not to distort

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<sup>1</sup> Charity Commission Guidance "Manage financial difficulties in your charity caused by coronavirus"



the financial position.

**Table 1: Update on 2020/21 budget**  
**Statement of Financial Activities**

	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>Actual</b>	<b>original budget</b>	<b>latest forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Income	46.6	38.4	31.3
Expenditure	(62.8)	(56.5)	(84.6)
	(16.2)	(18.1)	(53.2)
Gains/(losses) on investments/pension scheme	57.9	60.0	(54.0)
Net movement in funds	41.7	41.9	(107.2)
Funds b/f as 01 April 2020	1,494.7	1,536.4	1,536.4
Total funds c/f	1,536.4	1,578.3	1,429.2

**Funds of the charity:**

Permanent endowment funds	984.2	1,040.0	903.0
Restricted Funds	2.8	0.0	0.0
Designated funds	440.7	456.7	436.3
Free reserves	108.7	81.6	89.9
	1,536.4	1,578.3	1,429.2

**2021/22 Approved Revenue budget and Medium-term forecast position**

**Forecast position within current governance arrangements**

- BHE delivers upon its primary object by supporting and maintaining its five Thames bridges, and utilises any available surplus income to advance its ancillary purposes. Gains made on investments representing the unrestricted income funds are available to support both primary and ancillary objectives.

- The financial overview for 2021/22 and across the medium-term planning horizon is shown in table 2 below:

**Table 2:**

<b>Statement of Financial Activities</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>latest forecast</b>	<b>budget</b>	<b>forecast</b>	<b>forecast</b>	<b>forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Surplus/(Deficit) prior to charitable giving	(3.6)	(4.5)	(1.7)	8.3	8.8
Charitable giving	(49.7)	(110.5)	(109.5)	(29.5)	(28.6)
	(53.2)	(115.1)	(111.3)	(21.2)	(19.8)
Gains/(losses) on investments/pension scheme	(54.0)	69.3	68.0	50.9	52.7
Net movement in funds	(107.2)	(45.8)	(43.3)	29.7	32.9
Funds b/f as 01 April 2020	1,536.4	1,429.2	1,383.4	1,340.1	1,369.7
Total funds c/f	1,429.2	1,383.4	1,340.1	1,369.7	1,402.7
<b>Funds of the charity:</b>					
Permanent endowment funds	903.0	946.0	991.0	1,023.0	1,055.0
Restricted Funds	0.0	0.0	0.0	0.0	0.0
Designated funds	436.3	355.9	272.2	275.3	280.1
Free reserves	89.9	81.5	76.9	71.4	67.6
	1,429.2	1,383.4	1,340.1	1,369.7	1,402.7

8. The 2021/22 approved budget presents a revenue deficit of £115.1m, driven by commitments funded from the grant-making designated fund. A similar deficit level is reported within the following year, with the overall net movement in funds (after gains/losses) also presenting a deficit in these 2 years before turning positive from 2023/24. The level of designated funds held falls from 2021/22 due to these high levels of grant commitments, so reducing the total asset value of the charity. Members should note that the permanent endowment fund is forecast to have continued growth, which is not available to cover expenditure. Assumptions and key risks for 2021/22 and the planning period are summarised as:

#### Income

- (a) Investment property income is included at levels forecast by the City Surveyor, adjusting for approved provisions for rent free periods and turnover rents. A potential scenario could be that forecast income reduces by 10%, at which BHE would suffer a £10.5m loss in unrestricted income across the planning period.
- (b) A cautious recovery has been forecast for Tower Bridge tourism activities although this will now be impacted by a further period of closure. A near break-even position is forecast in 2022/23 (after accounting for all applicable central recharges). Over the MTFP period, this equates to a £4.4m net draw on reserves to the charity.

#### Expenditure

- (c) From 2021/22, internal reporting is to be brought in line with statutory reporting, with full costs of the planned annual maintenance of the bridges now presented in revenue forecasts as part of the 'surplus/(deficit) prior to charitable giving' in Table 2 above, shown in detail within appendix 1 as part of charitable expenditure.
- (d) The above 2021/22 budget and MTFP has assumed that the full £125m approved for the *Bridging Divides* funding policy over five years will be committed, covering up to March 2023. An annual allocation of £25m is currently recommended for the following two years within the reported period.

#### Funds

- (e) Alongside the costs noted at (c), annual transfers to the Bridges Repair designated fund are provided for, to ensure that the charity maintains this fund at the higher of the next five years' forecast expenditure or five years average costs across the 50-year plan.
  - (f) The 2021/22 budget and MTFP include an assumption of 4.95% growth (gross of fees) in financial investments, with the majority of this driving gains within the unrestricted income fund. Reductions in this rate of return would have minimal impact on the annual deficit however would result in lower gains and therefore less unrestricted income funds available to fund the activities of the charity.
9. BHE exists within a complex and uncertain environment. Minor movements in assumptions impact directly upon the level of free reserves held, alongside the amounts required to be held

within the established designated funds – notably for future needs of the bridges. As a result of scenario planning, Court approved in March 2021 the retention of between £33-55m of unrestricted income reserves over and above the minimum policy requirement for free reserves of £35m, as agreed in March 2020, as a mitigation against potential income and growth uncertainties across the planning period.

10. Of the additional £200m approved by Court in March 2020, £180m has been assumed to remain available for commitment to application or expenditure for the ancillary objective despite the above uncertainties, with the remaining balance of £20m being retained within the grants designated fund until such time as the charity is able to reconsider its financial position.

### **Impact of potential changes to the Charity's governing documents**

11. BHE expects to be granted the power to adopt total return accounting for endowment funds within the new Supplemental Royal Charter. The total return accounting approach to investments held within a permanent endowment fund allows any of the increase in the value of the capital investment to be utilised as income. Funds are invested to maximise the return on investment without regard to whether that return is in the form of income or capital appreciation. The trustees decide each year how much of that total return within the endowment fund is released to income for spending against the objectives and how much is retained for investment (within the scope of the powers available to the charity). The allocation is made on an equitable basis to balance the need to fund current activities as well as to invest returns for the future. Trustees can therefore unlock capital gains which would otherwise be retained within the endowment. The decision on how much to spend is subject to an ongoing duty for the trustees to manage their investments in a manner that enables the charity to further its aims both now and in the future, and appropriate limits have been incorporated into the drafting of the new Supplemental Charter provisions. Should the request for total return accounting for endowment funds be approved, revised financial modelling will be required for BHE and would be presented to this Board for review.

### **Capital and supplementary revenue project forecast expenditure**

12. The BHE capital and supplementary revenue project budgets mainly comprise expenditure relating to the programme of improvements to the charity's investment property portfolio, which includes costs relating to the Climate Action Plan. The total anticipated costs are as stated in Table 4.

**Table 4: Capital & Supplementary Revenue Projects**

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Designated Sales Pool	36,836	43,053	23,400	5,800	2,240	1,840	920	114,089
Income Fund	179	454	171	93	91	91	0	1,079
Bridges Repairs	3,640	10,269	5,110	1,560	0	0	0	20,579
	<b>40,655</b>	<b>53,776</b>	<b>28,681</b>	<b>7,453</b>	<b>2,331</b>	<b>1,931</b>	<b>920</b>	<b>135,747</b>

## Conclusion

13. The above sets out the uncertain times within which the budget and medium-term financial plan was approved and reflects on the fact that this is a transitional period for BHE as we await approval of the Supplemental Royal Charter.

## Appendices

- Appendix 1 – 2021/22 budget & medium-term financial plan

## Karen Atkinson

Head of Charity & Social Investment Finance

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## Appendix 1

### Medium term financial plan

	2019/20	2020/21 latest	2021/22	2022/23	2023/24	2024/25
	actuals £m	forecast £m	forecast £m	forecast £m	forecast £m	forecast £m
Voluntary income	1.8	0.0	0.0	0.0	0.0	0.0
Charitable activities - Tower Bridge	6.7	1.7	2.7	6.3	6.5	6.9
Investment income:						
- Property Investments	34.6	26.1	26.9	28.6	30.8	32.2
- Financial Investments	2.5	2.4	2.8	2.9	3.0	3.0
- Interest receivable	0.8	0.7	0.4	0.5	0.7	1.0
Total Investment income	37.9	29.2	30.1	31.9	34.5	36.2
Other income	0.2	0.4	0.4	0.4	0.4	0.4
<b>Total income</b>	<b>46.6</b>	<b>31.3</b>	<b>33.2</b>	<b>38.6</b>	<b>41.4</b>	<b>43.5</b>
Raising funds:						
- Property Investments	(10.2)	(9.8)	(9.3)	(9.5)	(9.7)	(9.9)
- Financial Investments	(5.1)	(6.1)	(5.1)	(4.5)	(3.8)	(3.9)
Total expenditure on raising funds	(15.3)	(15.9)	(14.5)	(14.0)	(13.5)	(13.8)
Charitable activities:						
- Repair & maintenance of bridges	(6.5)	(13.1)	(17.5)	(18.9)	(12.0)	(13.3)
- Tower Bridge	(6.2)	(4.8)	(4.7)	(6.3)	(6.4)	(6.5)
- Charitable funding	(33.7)	(49.7)	(110.5)	(109.5)	(29.5)	(28.6)
Total expenditure on charitable activities	(46.4)	(67.5)	(132.7)	(134.7)	(47.9)	(48.3)
Other expenditure - pension scheme costs	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)
<b>Total expenditure</b>	<b>(62.8)</b>	<b>(84.6)</b>	<b>(148.3)</b>	<b>(149.9)</b>	<b>(62.6)</b>	<b>(63.3)</b>
Net (expenditure)/income	(16.2)	(53.2)	(115.1)	(111.3)	(21.2)	(19.8)
Gains/(losses) on investments/pension scheme	57.9	(54.0)	69.3	68.0	50.9	52.7
Net movement in funds	41.7	(107.2)	(45.8)	(43.3)	29.7	32.9
Funds b/f as 01 April	1,494.7	1,536.4	1,429.2	1,383.4	1,340.1	1,369.7
Total funds c/f	<b>1,536.4</b>	<b>1,429.2</b>	<b>1,383.4</b>	<b>1,340.1</b>	<b>1,369.7</b>	<b>1,402.7</b>
<b>Funds of the charity:</b>						
Permanent endowment funds	984.2	903.0	946.0	991.0	1,023.0	1,055.0
Restricted Funds	2.8	0.0	0.0	0.0	0.0	0.0
Designated funds:						
Bridges repairs	41.7	44.7	33.5	23.4	20.9	18.5
Bridges replacement	158.5	168.7	174.5	180.5	186.7	193.2
Grant-making	219.2	201.2	126.0	46.0	45.0	45.0
Social investment fund	20.9	21.3	21.5	21.9	22.3	22.9
Property dilapidations/service charges	0.4	0.4	0.4	0.4	0.4	0.4
	440.7	436.3	355.9	272.2	275.3	280.1
General funds	127.6	109.2	101.1	97.0	91.9	88.5
Pension reserve	(18.9)	(19.3)	(19.7)	(20.1)	(20.5)	(20.9)
Free reserves	108.7	89.9	81.5	76.9	71.4	67.6
	<b>1,536.4</b>	<b>1,429.2</b>	<b>1,383.4</b>	<b>1,340.1</b>	<b>1,369.7</b>	<b>1,402.7</b>

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<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	04 May 2021
<b>Subject:</b> Bridge House Estates Risk Management Protocol and Principal Risk Register	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	1, 2 and 3
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly (<i>insofar as they are considered to be in the best interest of BHE to support in taking these decisions?</i>)</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of:</b> David Farnsworth, Managing Director of Bridge House Estates	<b>For decision</b>
<b>Report Author:</b> Amelia Ehren, Strategic Project Lead – Bridge House Estates	

## Summary

This report provides Members with an overview of the proposed approach to be adopted for the effective management of risks for Bridge House Estates (BHE) (charity no. 1035628). It outlines the legal and regulatory requirements of the City of London Corporation (City Corporation) as Trustee in relation to risk management and the duties of this BHE Board for the Trustee to identify, manage, mitigate against, monitor and review any risks relating to the administration of the charity. To support the Board to effectively fulfil this duty, the report sets out a proposed BHE Risk Management Protocol for approval and outlines the charity's principal risks for Members to review and confirm that they are scored appropriately and that suitable control measures are in place. The Principal Risk Register outlines eight principal risks of which three are currently scored red and five are currently scored amber. Seven of the eight risks are identified as new principal risks, and one risk has been escalated from an 'operational' risk to a 'principal' risk.

## Recommendations

It is recommended that Members, in discharge of functions for the City Corporation as Trustee for Bridge House Estates and solely in the charity's best interests:

- i. Approve the Bridge House Estates Risk Management Protocol set out at **Appendix 1**.
- ii. Review the Bridge House Estates Principal Risk Register at **Appendix 2** and confirm that the risks are comprehensive, scored correctly and that appropriate control measures are in place.

## Main Report

### Background

1. Trustees should regularly review and assess the risks faced by their charity in all areas of its work and plan for the management of those risks. Risk is an everyday

part of charitable activity and managing it effectively is essential to achieving the charity's objectives and safeguarding the charity's funds and assets.

2. In accordance with charity law and regulations, charities must make a risk management statement in their annual report confirming that their trustees have given consideration to the major risks to which the charity is exposed, and have satisfied themselves that systems or procedures are established in order to manage those risks (Charities (Accounts and Reports) Regulations 2008). This requirement is further emphasised within the Charity Governance Code, which recommends that effective risk assessment processes are set up and monitored.
3. Historically, Bridge House Estates (BHE) risks were overseen by a number of Committees each having responsibilities for the discharge of BHE functions and services for the City Corporation as relevant to their Committee Terms of Reference. As such, it was the practice to prepare separate risk reports for each managing Committee or Board as relevant to their functions. The responsibility for *"identifying, managing, mitigating against, monitoring, reviewing and reporting to the Court of any risks relating to the administration of the charity"*<sup>1</sup> now sits with the BHE Board alone, following its constitution at the Court of Common Council on 15 April 2021.
4. To support the BHE Board to effectively discharge its functions in relation to risk management, this report presents Members with a Risk Management Protocol for approval which sets out a proposed method for assessing risks for BHE and provides Members with an overview of the current eight principal risks which have been identified for the charity.

### **BHE Risk Management Protocol**

5. The City Corporation is committed to ensuring risk management is adopted in every aspect of the organisation's operation to drive efficiency, innovation and effectiveness in its overall decision-making process. The City Corporation has effective risk management policies and procedures in place. As such, it is recommended that the method for assessing risks for BHE continues to reflect the City Corporation's general approach to risk management as set out in its Risk Management Strategy approved by the Audit and Risk Management Committee on 20 January 2020<sup>2</sup>, and which has been adopted by the City Corporation across all of its functions, including as Trustee of BHE.
6. However, to ensure that appropriate arrangements are in place for effective management of charity risks and recognising BHE is now classified as an 'institution' of the City Corporation, a distinct Risk Management Protocol ("the protocol") has been developed for BHE at **Appendix 1**. The protocol applies the principles and approach set out in the City Corporation's Risk Management Strategy to managing risk within a charity setting. Additionally, the protocol reflects

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<sup>1</sup> Item (d)[x] of the Bridge House Estates Board's Terms of Reference, as agreed in April 2021.

<sup>2</sup> The Risk Management Strategy is due to be reviewed by the Audit & Risk Management Committee for their endorsement on 25 May 2021.



the guidance set out in CC26 Charities and Risk Management Guide<sup>3</sup> issued by the Charity Commission (2017) and in the Charity Governance Code<sup>4</sup>.

7. The protocol acts as a communication tool to ensure that all those involved in the management of risk for BHE are aware of the purpose of using a formal risk management approach, the roles and responsibilities within the risk management processes, the process that is being adopted, and how the process will be managed and monitored.
8. The protocol is intended to support the effective governance and internal control of risk for BHE to further the charity's primary and ancillary objects. Members are recommended to approve the BHE Risk Management Protocol set out at **Appendix 1** for immediate implementation.

## Principal Risks

9. It is recommended that the corporate risk process (as set out in the City Corporation's Risk Management Strategy 2020 and previously adopted for the City Corporation as Trustee of BHE) continues to be applied to BHE risks with some minor changes to language to better reflect the relationship between the City Corporation as Trustee and the charity. These changes are reflected in the distinct protocol for BHE. For example, the most important risks to the charity will be called "Principal Risks" (rather than "corporate risks") and lower-level risks will be called "Operational Risks" (rather than "departmental risks"). There have also been some changes to the roles and responsibilities to reflect the nature of the charity (see *paragraph 5a of the protocol at Appendix 1*).
10. The principal risk register for BHE is shown at **Appendix 2** and contains eight principal risks, relating to the following areas:
  - a. Knowledge of the Trustee's duties and powers for BHE
  - b. Conflict of interests
  - c. Structural damage to bridge
  - d. Income generation/ diversity of income
  - e. Reputation
  - f. Organisational change
  - g. Failure to deliver strategy
  - h. Key person risk
11. Three risks have been assessed 'Red', with two scoring 24 and one scoring 16 (on a risk scale from one to the highest score of thirty-two). Five risks are currently assessed as 'Amber', with four scoring 12 and one scoring 8. The City Corporation's Risk Matrix, which explains how risks are assessed and scored, is attached at **Appendix 3**. Control measures have been identified for each risk, as described on the principal risk register. The current mitigating actions are being taken and are considered appropriate at this time with a view to reducing the risk level as soon as is reasonably possible. The target risks ratings are for 0 risks to be scored red, three risks to be scored amber and five risks to be scored green.

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<sup>3</sup> <https://www.gov.uk/government/publications/charities-and-risk-management-cc26>

<sup>4</sup> <https://www.charitygovernancecode.org/en>

12. Seven of the eight risks (risks no. 1, 2, 4, 5, 6, 7 and 8) are identified as new principal risks, and one risk (risk no. 3) has been escalated from an operational risk (previously within the City Surveyor's Risk Register) to a principal risk. BHE's operational risks are referenced in the background papers (see below). The Protocol (at Appendix 1) sets out how principal and operational risks are managed, including how risks are mitigated by departments within the City Corporation on behalf of the Managing Director of BHE and their leadership team.
13. Following the approval of the protocol and principal risks, officers will provide the BHE Board with quarterly risks reports to ensure the effective management of risk on an on-going basis, consistent with the Trustee's obligations to keep such matters under review. The charity's risk register will also be presented annually to the BHE Board for endorsement, for onward approval to the Court of Common Council.

## **Conclusion**

14. This paper sets out a new BHE Risk Management Protocol, operating under the City Corporation's existing risk management framework, for approval, and seeks Members' review of the principal risks, ratings and control measures to ensure they are satisfactory and appropriate. The BHE Board is also asked to confirm that there are no other risks that should be added to the BHE Principal Risk Register or other actions recommended in mitigation against those risks

## **Background Papers**

- Report to Property Investment Board, entitled City Surveyor's Departmental Risk Register – Update, dated 17 March 2021.
- Report to City Bridge Trust Committee, entitled Risk Register for Bridge House Estates: risks relevant to City Bridge Trust, dated 26 November 2020.
- Report to Culture, Heritage and Libraries Committee, entitled Tower Bridge and Monument Risk Management, dated 13 July 2020.

## **Appendices**

- Appendix 1 – Bridge House Estates Risk Management Protocol
- Appendix 2 – Bridge House Estates Principal Risk Register
- Appendix 3 – City of London Corporation Risk Matrix

## **Amelia Ehren**

Strategic Project Lead, BHE

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# **City of London Corporation for Bridge House Estates Risk Management Protocol**

(registered charity no. 1035628)

**Contents**

**1. Introduction..... 3**

**2. Purpose ..... 3**

**3. BHE Charity Governance ..... 4**

**4. Formal risk management approach & roles and responsibilities..... 4**

**5. Risk process ..... 6**

**6. Escalating/ de-escalating risks criteria..... 7**

**7. Recording, updating and reporting risk information..... 7**

**8. Timing of risk management activities ..... 7**

## 1. Introduction

- a. The aim of this Risk Management protocol is to set out the arrangements for the effective management of risk for Bridge House Estates (BHE). BHE is an unincorporated charitable trust and a registered charity (charity no. 1035628). The City of London Corporation (City Corporation), acting by its Court of Common Council, is the corporate Trustee of BHE.
- b. This protocol sits underneath the [City Corporation's Risk Management Strategy](#), endorsed by the Audit and Risk Management Committee on 20 January 2020, and which has been adopted by the City Corporation across all of its functions, including as Trustee of BHE. The protocol applies the principles and approach set out in the City Corporation's Risk Management Strategy to managing risk within a charity setting, recognising that BHE is classified as a distinct 'institution' of the City Corporation.
- c. In addition, the protocol reflects the guidance set out in [CC26 Charities and risk management guide](#) issued by the Charity Commission (2017) and supports the Decision-making, risk and control principle outlined in the [Charity Governance Code for Larger Charities](#).
- d. The protocol acts as a communication tool to ensure that all those involved in the management of risk for BHE are aware of:
  - i. The purpose of using a formal Risk Management approach
  - ii. The risk roles and responsibilities within the risk management process
  - iii. The process that is being adopted
  - iv. The tool that is being used to record the risks/controls and report
  - v. How the process will be managed and monitored

## 2. Purpose

- a. Through the effective application of the risk management process this protocol supports the effective corporate governance and internal control within BHE as well as furthering the charity's primary and ancillary objects (or "charitable purposes").

*The primary object of BHE is to maintain and support five bridges crossing the River Thames. A cy-près scheme of 1995 permits income surplus to that required for the bridges to be used for broader, and more general, charitable purposes within Greater London ("the ancillary object").*

- b. The Bridges - The maintenance and support of five of the bridges that cross the River Thames into or by the City of London – Tower Bridge, London Bridge, Southwark Bridge, Blackfriars Bridge and Millennium Bridge – is the primary purpose of the charity. They are gateways into the City of London and require sustained investment and expert care. The charity's bridges are significant and iconic landmarks, and are integral to London's communities and culture, and its history and future.

- c. City Bridge Trust (CBT) - After the responsibilities relating to the bridges have been met, the charity can use any surplus income in a year for the provision of transport for elderly and disabled people in Greater London and for other charitable purposes for the general benefit of the inhabitants of Greater London, further to the cy-près scheme made by the Charity Commission in 1995. This scheme enables the charity to work through its charitable funding arm, CBT, to improve the lives of the inhabitants of Greater London – by working to reduce inequality and foster stronger, more resilient and thriving communities in pursuit of a London that serves everyone. CBT works collaboratively to further the charity's ancillary purposes through three key areas of activity, namely:
  - i. Grant-making;
  - ii. Social investment; and,
  - iii. Encouraging philanthropy.

### **3. BHE Charity Governance**

- a. The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a common law corporation, is the charity trustee of BHE. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity.
- b. The Court of Common Council delegates responsibility in respect of the administration and management of the charity to a committee of the Court, the Bridge House Estates Board ("the BHE Board"), with some matters being reserved to the Court. The BHE Board has responsibility for dealing with the day-to-day management and administration of the charity's business and financial affairs, management of risk, and exercising the powers of the City Corporation as Trustee of BHE on behalf of the Court (except where expressly reserved to the Court). The BHE Board has the discretion to appoint its own sub-committees where considered necessary to support the expedient and effective discharge of the charity's business. The detailed terms of reference and committee membership can be found [here](#).
- c. Certain functions, in particular implementation of the charity's strategic policies, and operational oversight of the charity's assets and activities, are delegated to employed officers of the City Corporation to discharge for the City Corporation as Trustee. Principal responsibility and oversight for BHE (which is defined as a distinct "institution" within the City Corporation's operating framework) sits with the Managing Director of Bridge House Estates who is responsible to both the Town Clerk & Chief Executive and the BHE Board. A number of other City Corporation departments also discharge responsibilities on behalf of BHE, or otherwise support the charity.

### **4. Formal risk management approach & roles and responsibilities**

- a. A formal management of risk approach will be taken and is set out below. The following roles and responsibilities are taken from the City Corporation's Corporate Risk Management Strategy and adapted for BHE purposes.

**Officer structure**

- b. **Managing Director for BHE** - The Managing Director for BHE as a Chief Officer of the City Corporation must have regard to the requirements and /or guidance issued by the Chamberlain, adhere to the City Corporation's Risk Management Policy and Strategy, and where appropriate for BHE to adhere to the Charity Commission's guidance on risk management and the Governance Code for Larger Charities. Specifically, the Managing Director for BHE is responsible for:
  - i. Demonstrating leadership and setting the tone for the application of this protocol.
  - ii. Ensuring that risk management is integrated into strategic and business planning, programme and project management and finance planning.
  - iii. Ensuring that there are appropriate management arrangements for the continuous identification, assessment, mitigation, monitoring and reporting of risk within the charity.
  - iv. Maintaining principal and operational risks on the corporate risk system and use system generated reports for management and Committee reporting purposes.
  - v. Reporting principal and operational level risks to relevant Committee(s) in accordance with the Guidance on reporting risk information to Grand Committees.
  - vi. Appointing a senior officer to act as the institution's risk co-ordinator to promote effective risk management for the charity, liaise with the Corporate Risk Manager and ensures it complies with the City Corporation's Risk Management Policy and Strategy.
  - vii. Reducing the risk of significant service disruptions by ensuring that there are appropriate and robust business continuity plans in place.
- c. **BHE Leadership Team** – The BHE Leadership Team is responsible for:
  - i. Ensuring adherence with the Risk Management protocol.
  - ii. Championing the benefits of effective risk management.
  - iii. Taking ownership for risks within their function and ensuring principal and operational risk registers are regularly discussed, reviewed, updated and escalated as appropriate
  - iv. Reporting serious incidents to the Charity Commission.
- d. **BHE Risk Coordinator** – The institution's risk co-ordinator is responsible for:
  - i. Maintaining and upkeeping the BHE risks/ actions recorded on the Pentana risk management information system.
  - ii. Supporting the leadership team in the overall maintenance of the risk framework within BHE.
- e. **Corporate Risk Manager** – The Corporate Risk Manager is responsible for:
  - i. Providing guidance on the application of the risk management process to BHE.
  - ii. Acting as the system administrator for the Pentana risk management system.

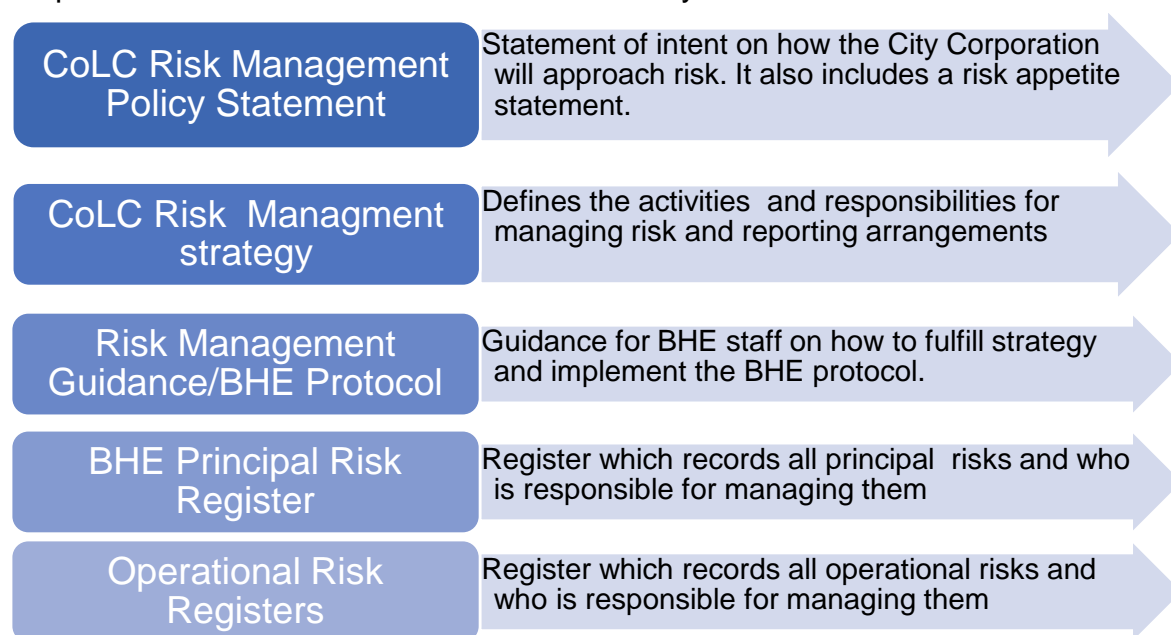
*(see the Corporate Risk Management Strategy for other relevant roles)*

### **Governance structure**

- f. In terms of risk management, the BHE Board has the role of overseeing and seeking assurance that the most important risks are being effectively managed. The Board shall receive a quarterly risk update of all principal risks and all red operational risks. This will be in the form of a formal committee report as well as the detailed risk register. It may also consider risks recommended by its sub-committees, for endorsement, on to the Principal Risk Register.
- g. Sub-committees will be responsible for seeking assurance that the operational risks are being effectively managed. The sub-committees shall receive a quarterly risk update of all operational risks as relevant to their terms of reference. This will be in the form of a formal committee report as well as the detailed risk register. Sub-committees may also recommend to the BHE Board risks for escalation for inclusion on to the Principal risk register.

### **5. Risk process**

- a. The corporate risk process (as set out in the City Corporation's Risk Management Strategy 2020) must be used for BHE risks. There are some minor differences in the language used to better reflect the relationship between the City Corporation as trustee and the charity. For example, the most important risks will be called principal (not corporate) risks whilst lower-level risks will be called operational (not departmental or service) risks. There have been some changes to the roles and responsibilities to reflect the nature of the charity.



*(Table showing the risk management framework for BHE and how it connects to the corporate arrangements).*

- b. A quick risk management guide is available [here](#). It also contains guidance on scoring risks. In addition there are number of risk tools that are available on [CoLNet's risk management](#) page.



## 6. Escalating/ de-escalating risks criteria

- a. Risks may be escalated or de-escalated from one level to another (e.g., from operational to principal level). The guidance below sets out the factors to be taken into consideration when escalation/de-escalation should occur.
- b. **Escalation** - A risk may be moved to a higher level in the organisation (escalated) for the following reasons:
  - i. The risk becomes unmanageable at current level.
  - ii. The risk is outside of the appetite boundaries.
  - iii. The risk remains very high even after control measures have been fully implemented.
  - iv. The risk impacts on more than one functional area.
  - v. The risk is directly related to a BHE charitable object (primary or ancillary).
- c. **De-escalation** – A risk may be moved to a lower level in the charity (de-escalated) for the following reasons:
  - i. The risk can be controlled and managed at a lower level.
  - ii. The risk rating has decreased significantly or is not considered to be critical to furthering BHE's primary or ancillary objects.
  - iii. The risk is below appetite boundaries
  - iv. The risk will only affect one functional area/project or programme and is better controlled locally.

## 7. Recording, updating and reporting risk information

- a. The Pentana risk management system will be used to record all BHE risks as well as their related actions. The system will hold standard reports available for use when reporting to Members in committee, and management at an officer level.

## 8. Timing of risk management activities

Action	Frequency
BHE Leadership Team to review/challenge the principal and operational risks	Every two months
Risk reports to the BHE Board	Quarterly
Approval of Risk Register	Annually

*Frequency will be flexible as appropriate*

For further information, please contact Paul Dudley – Corporate Risk Manager.

**Protocol approved by:**

**Date approved:**

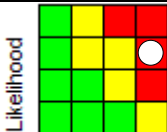
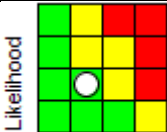
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## Bridge House Estates Risk Register – Principal Risks

Report author: Amelia Ehren

Generated on: 23 April 2021

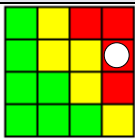
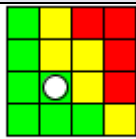
### Risk 1

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 001</b>  <b>Knowledge of Trustee duties &amp; powers</b>  <b>12-Apr-21</b>  David Farnsworth	<b>Cause:</b> Lack of understanding by Members and officers of the duties and powers of the City Corporation as Trustee of BHE <b>Effect:</b> Elected Members and officers may not be aware/ have knowledge of the particular Trustee duties which apply to governance of BHE; or may not be aware/ have knowledge of the powers (and limitations) available to the City Corporation when acting as Trustee of BHE in administering the charity. <b>Impact:</b> Non-compliance with the charity’s governing document, and the relevant duties and powers; non-compliance with the relevant charity law applicable to the activities, size and structure of BHE; poor administration of the charity’ charity does not achieve its strategic objectives; risk to the charity’s assets; reputational damage.	 Likelihood Impact	24	-	 Likelihood Impact	4	01-Apr-2022	N/A

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
BHE 001a	Design and implement a detailed and structured training programme for members of the BHE Board and for wider Members of the Court of Common Council; developed by Bates Wells (leading charity law firm). Provide a suitable Members' Handbook which explains the charity's governance and the role of the City Corporation as trustee – specifically, knowledge of the general charity regulatory framework, the charity's own governing document, and how the charity operates	First training to be delivered at the first BHE Board Meeting on 4 May 2021. Further training to be developed/ delivered following this.	David Farnsworth	12-Apr-2021	31-Sep-2021

	and is administered within the City Corporation's corporate governance framework.				
<b>BHE 001b</b>	Design and implement appropriate training and corporate governance information resources for officers to ensure proper understanding of the charity's governance and the role of the City Corporation as trustee – specifically, knowledge of the general charity regulatory framework, the charity's own governing document, and how the charity operates and is administered within the City Corporation's corporate governance framework.		David Farnsworth		31-Mar-2022
<b>BHE 001c</b>	Implement clear and strong procedures to ensure the skills, knowledge and experience required on the Board are appropriate and relevant.		David Farnsworth		31-Mar-2022
<b>BHE 001d</b>	Implement corporate governance procedures and frameworks, including revising corporate documents such as Standing Orders, Officer Delegations and Financial Regulations.		David Farnsworth		31-Mar-2022

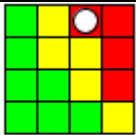
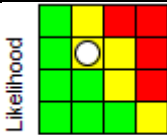
## Risk 2

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 002</b>  <b>Conflict of interests</b>  <b>12-Apr-21</b>  David Farnsworth	<b>Cause:</b> City Corporation as the Corporate Trustee of BHE. <b>Effect:</b> Conflict of interest/ loyalty between the City Corporation acting solely in the best interest of the charity and otherwise in its other legal capacities. <b>Impact:</b> Breach of legal obligations; Charity unable to pursue its own interests and agenda; decisions may not be based on relevant considerations; impact on reputation.		<b>24</b>			<b>4</b>	<b>01-Apr-2022</b>	N/A

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
<b>BHE 002a</b>	Implement the new BHE Board to help manage conflicts of interest/loyalty.	Inaugural meeting of the BHE Board due to take place on 04 May 2021.		David Farnsworth		31-May-2021

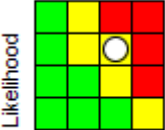
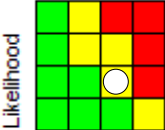
<b>BHE 002b</b>	Seek Supplemental Royal Charter to expressly confirm authorisation of conflicts of interest/loyalty for the City Corporation, and to provide a framework for managing them.		David Farnsworth		31-Sep-2021
<b>BHE 002c</b>	Implement a Conflicts of Interest Policy and incorporate other relevant changes in the City Corporation's corporate governance framework to support this outcome.		David Farnsworth		31-Mar-2022

### Risk 3

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 003</b>  <b>Structural damage to bridge</b>  <b>12-Apr-21</b>  David Farnsworth	<b>Cause:</b> Terrorist incidents, natural disasters or engineering failure. <b>Effect:</b> Structural damage to one of the bridges may cause it to become non-operational. <b>Impact:</b> Public not able to access the bridge and cross the River Thames, causing disruption to daily life. Reputational damage. Additional cost to repair.	 Likelihood Impact	<b>16</b>	-	 Likelihood Impact	<b>6</b>	<b>01-Apr-2022</b>	N/A

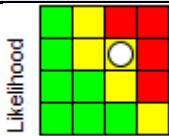

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
<b>BHE 003a</b>	City Surveyor's Department and the Department of Built Environment (DBE), alongside other statutory bodies, to manage ongoing actions including possible impacts from the Thames Tideway tunnelling continuing to be monitored and management of the 50-year maintenance plan to manage on-going works.		David Farnsworth		Ongoing
<b>BHE 003b</b>	Counter terrorism activities - TFL and DBE, the City Police and the MET Police continue to engage with respect to the threat assessments for the bridges.		David Farnsworth		Ongoing
<b>BHE 003c</b>	Policing on the bridges - The City of London Police receive funding from Bridge House Estates to provide policing to the City Bridges.		David Farnsworth		Ongoing

**Risk 4**

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 004</b>  <b>Income generation/ diversity of income</b>  <b>12-Apr-21</b>  David Farnsworth	<b>Cause:</b> Appropriate returns from investment activities are not achieved to enable the charity to maintain its asset value and support its charitable activities. Not maintaining and keeping under adequate review a properly balanced asset portfolio appropriate for the permanently endowed charity having regard to suitability and diversity across the portfolio. <b>Effect:</b> Lack of return/ diversity of investment portfolio could result in loss of income and asset growth. <b>Impact:</b> Insufficient income to maintain operations at appropriate level of spend - inability to meet maintenance/ replacement costs of the Bridges both now and in the future; reduced spending on ancillary object; reputational risk.	 Likelihood Impact	12	-	 Likelihood Impact	8	01-Apr-2022	N/A

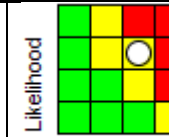
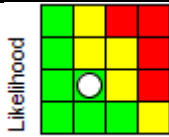
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
<b>BHE 004a</b>	Monitor investments held against the 'transitional' Investment Strategy. Implement a new Investment Strategy and regularly review to ensure that the investments are suitable and appropriately diverse (i.e. appropriate levels of asset allocation between asset types and within funds held by the charity).		David Farnsworth		31-Mar-2022
<b>BHE 004b</b>	Continue to undertake financial scenario planning.		David Farnsworth		31-Mar-2022

## Risk 5

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 005</b>  <b>Reputation</b>  <b>12-Apr-21</b>  David Farnsworth	<p><b>Cause:</b> A range of occurrences outside the direct control of the Trustee, including incidents, events and outcomes which adversely impact upon the charity operation and activities.</p> <p><b>Effect:</b> Damage to the charity's ability to advance its objects, damage to reputation and position in London's civil society.</p> <p><b>Impact:</b> Increased risk of breach of legal duties; direct impact upon furtherance of the bridges/primary object; Damage to BHE's reputation; damage to key relationships; decline in visitors to Tower Bridge; decline in impact of City Bridge Trust's activities.</p>	 Likelihood	12	-	 Likelihood	6	<b>01-Apr-2022</b>	N/A

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
<b>BHE 005a</b>	Manage other risks effectively as reputation risk is largely a consequence of other risk events materialising.		David Farnsworth		Ongoing
<b>BHE 005b</b>	Proactive strategic communications detailing the charity's activities, reach and impact.		David Farnsworth		Ongoing

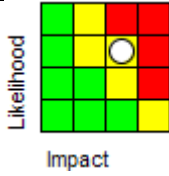
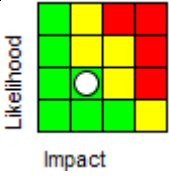
## Risk 6

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 006</b>  <b>Organisational change</b>  <b>12-Apr-21</b>	<p><b>Cause:</b> Changes to operational structure resulting from TOM process.</p> <p><b>Effect:</b> Failure to execute organisational change and transformation programmes effectively.</p>	 Likelihood	12	-	 Likelihood	4	<b>01-Apr-2022</b>	N/A

David Farnsworth	<b>Impact:</b> Lack of information flow and poor decision-making procedures; uncertainty as to roles and responsibilities; decisions made at inappropriate level or excessive bureaucracy; inefficient use of charity's resources.							
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
<b>BHE 006a</b>	Effective planning and implementation of a project and change management programme.		David Farnsworth		31-Mar-2022
<b>BHE 006b</b>	Alignment of BHE changes with the City Corporation's TOM process in accordance with the charity's best interests.		David Farnsworth		31-Mar-2022

### Risk 7

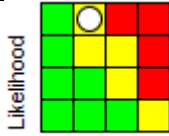
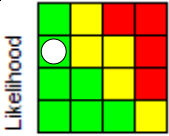
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 007</b> <b>Failure to deliver strategy</b> <b>12-Apr-21</b>  David Farnsworth	<b>Cause:</b> Lack of support for strategic vision. <b>Effect:</b> The charity's strategy, Bridging London, 2020-2045, is not successfully implemented. <b>Impact:</b> The charity drifts with no clear vision, aims, priorities of plans.	 12	-	 4	<b>01-Apr-2022</b>	N/A

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
<b>BHE 007a</b>	Develop a comprehensive overarching strategy for the charity with involvement and input from elected Members and senior officers.	Action complete and implemented.	David Farnsworth	12-Apr-2021	31-Oct-2020
<b>BHE 007b</b>	Deliver a detailed implementation plan, with key milestones and regular progress reports, to ensure effective delivery of the strategy.		David Farnsworth		31-Oct-2021
<b>BHE 007c</b>	Deliver an appropriate structure of strategies, policies and plans which sit under the overarching strategy to ensure that the charity's		David Farnsworth		31-Oct-2021



	is administered effectively, to first ensure the advancement of the primary object and allow for the advancement of the ancillary object.				
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**Risk 8**

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>BHE 008</b>  <b>Key person risk</b>  <b>12-Apr-21</b>  David Farnsworth	<b>Cause:</b> Loss of key staff with detailed knowledge and key skills needed to support the charity. <b>Effect:</b> Loss of institutional knowledge. <b>Impact:</b> Experience or skills lost; operational impact on key projects and priorities; loss of corporate knowledge/ relationships	 Likelihood	<b>8</b>	-	 Likelihood	<b>3</b>	<b>01-Apr-2022</b>	N/A

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
<b>BHE 008a</b>	Develop comprehensive workforce planning and succession documents.		David Farnsworth		Ongoing
<b>BHE 008b</b>	Upskill a wider pool of staff in key processes and procedures relating to BHE and the relationship with the City Corporation as corporate Trustee.		David Farnsworth		31-Mar-2022

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## City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom left (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

### (A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%

### (C) Risk scoring grid

Likelihood		Impact			
	X	Minor (1)	Serious (2)	Major (4)	Extreme (8)
	Likely (4)	4 Green	8 Amber	16 Red	32 Red
	Possible (3)	3 Green	6 Amber	12 Amber	24 Red
	Unlikely (2)	2 Green	4 Green	8 Amber	16 Red
	Rare (1)	1 Green	2 Green	4 Green	8 Amber

### (B) Impact criteria

Impact title	Definitions
Minor (1)	<b>Service delivery/performance:</b> Minor impact on service, typically up to one day. <b>Financial:</b> financial loss up to 5% of budget. <b>Reputation:</b> Isolated service user/stakeholder complaints contained within business unit/division. <b>Legal/statutory:</b> Litigation claim or find less than £5000. <b>Safety/health:</b> Minor incident including injury to one or more individuals. <b>Objectives:</b> Failure to achieve team plan objectives.
Serious (2)	<b>Service delivery/performance:</b> Service disruption 2 to 5 days. <b>Financial:</b> Financial loss up to 10% of budget. <b>Reputation:</b> Adverse local media coverage/multiple service user/stakeholder complaints. <b>Legal/statutory:</b> Litigation claimable fine between £5000 and £50,000. <b>Safety/health:</b> Significant injury or illness causing short-term disability to one or more persons. <b>Objectives:</b> Failure to achieve one or more service plan objectives.
Major (4)	<b>Service delivery/performance:</b> Service disruption > 1 - 4 weeks. <b>Financial:</b> Financial loss up to 20% of budget. <b>Reputation:</b> Adverse national media coverage 1 to 3 days. <b>Legal/statutory:</b> Litigation claimable fine between £50,000 and £500,000. <b>Safety/health:</b> Major injury or illness/disease causing long-term disability to one or more people <b>objectives:</b> Failure to achieve a strategic plan objective.
Extreme (8)	<b>Service delivery/performance:</b> Service disruption > 4 weeks. <b>Financial:</b> Financial loss up to 35% of budget. <b>Reputation:</b> National publicity more than three days. Possible resignation leading member or chief officer. <b>Legal/statutory:</b> Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. <b>Safety/health:</b> Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. <b>Objectives:</b> Failure to achieve a major corporate objective.

### (D) Risk score definitions

<b>RED</b>	Urgent action required to reduce rating
<b>AMBER</b>	Action required to maintain or reduce rating
<b>GREEN</b>	Action required to maintain rating

Contact the Corporate Risk Manager for further information. Ext 1297

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