

BRIDGE HOUSE ESTATES BOARD
Wednesday, 16 February 2022

Minutes of the meeting of the Bridge House Estates Board held at Committee Rooms, 2nd Floor, West Wing, Guildhall and via MS Teams on Wednesday, 16 February 2022 at 1.45 pm

Present

Members:

Alderman & Sheriff Alison Gowman (Deputy Chair, in the Chair)
Deputy Henry Colthurst
Alderman Professor Emma Edhem
Paul Martinelli
Jeremy Mayhew
John Petrie
Deputy Henry Pollard

Officers:

David Farnsworth	- Managing Director of Bridge House Estates
Simon Latham	- Bridge House Estates
Karen Atkinson	- BHE & Charities Finance Director, representing the Chamberlain
Amelia Ehren	- Bridge House Estates
Anne Pietsch	- Comptroller & City Solicitor's Dept.
Nicholas Gill	- City Surveyor's Department
Kate Limna	- Chamberlain's Department
Paul Monaghan	- Environment Department
Ola Obadara	- City Surveyor's Department
Christopher Earlie	- Environment Department
Tim Fletcher	- Town Clerk's Department
Stewart Goshawk	- City Bridge Trust
James Graham	- Chamberlain's Department
Ian Hughes	- Environment Department
Julia Megone	- Chamberlain's Department
Fiona Rawes	- City Bridge Trust
Philip Saunders	- Remembrancer's Department
Ruth Kocher	- Environment Department
Joseph Anstee	- Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Deputy Dr Giles Shilson (Chair), Deputy Jamie Ingham Clark and Judith Pleasance. Apologies for lateness were received from Jeremy Mayhew.

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

Alderman & Sheriff Alison Gowman declared an interest in Item 12 by virtue of being a Trustee of Trust for London.

3. **MINUTES***

RESOLVED – That the minutes of the meeting held on 11 January 2022 be agreed as a correct record.

4. **OUTSTANDING ACTIONS**

The Board received a list of outstanding actions and noted the updates provided on each item. The Board noted that the target completion date for the review of the Transitional Investment Strategy Statement would be amended to December 2022 to allow time for review following consideration of the Supplemental Royal Charter.

RESOLVED – That the outstanding actions be noted.

5. **MANAGING DIRECTOR'S REPORT**

The Board received a report of the Managing Director of BHE providing an update on key areas of activity across the whole charity since the Board's last meeting in January 2022 and outlining upcoming activities for the Board to note. The Managing Director of BHE introduced the report and drew Members' attention to the key updates, including appointments made to roles in the BHE Senior Leadership Team.

Climate Action Strategy

In response to a question from a Member, the City Surveyor gave the Board further detail on the proposed steps with regards to supporting the Net Zero target and wider Climate Action Plan in the property portfolio. The Board noted that officers had participated in workshops and exchanged information with other major charities.

RESOLVED – That the report be noted.

6. **BHE BOARD GOVERNANCE ARRANGEMENTS 2022/23**

The Board considered a report of the Managing Director of BHE setting out matters for decision which are recommended to support the Board in the ongoing effective administration and governance of BHE, consistent with the City Corporation's legal obligations as Trustee of the charity. The Managing Director of BHE introduced the report and drew Members' attention to the key points, also outlining each item requiring the Board's consideration in turn and the options for decision.

Review of the BHE Board's Terms of Reference

The Board discussed the BHE Board terms of reference, noting several amendments proposed by officers. Members commented that they felt Co-opted Members were more suitable for the main Board than Board Committees,

but agreed to maintain flexibility and agreed for up to two co-optees within the Board's constitution.

The Board agreed that the provision within the Board's terms of reference for reporting to the Court of Common Council should be amended from biannual to annual, subject to the approval of the Court of Common Council.

Other BHE Board Arrangements

The Board agreed that other Board arrangements outlined such as levels of delegation should be continued without amendment, noting that these matters were regularly reviewed as necessary.

Committees of the Board

The Board considered whether to establish a Bridge Management Committee for the ensuing year. Members discussed the potential benefits and challenges of establishing such a Committee, and arising from the discussion the Board agreed to defer a decision on this matter to the next meeting.

The Board then agreed that the Grants Committee should be reconstituted for the ensuing year, and supported the extension of the current terms of the two existing co-optees on the Committee.

Investments

The Managing Director of BHE introduced and outlined the options available to the Board with regards to BHE investments, both arising from the wider corporate governance review and in the context of regular review by the Board. The Deputy Chair noted the current position before drawing the Board's attention to the options outlined and recommendations.

Arising from discussion of the recommendations relevant to the outcomes of the Lisvane Review, the Board agreed not to participate in informal joint meetings for the development of investment strategies, nor to establish a joint sub-committee with the Policy & Resources and Finance Committees that would undertake the operational management of BHE investments. Members commented that the existing arrangements, with the wider Investment Boards having an advisory role to the Board in respect of BHE investments, were satisfactory for the time being, and that it was not clear that joint meetings for the development of investment strategy were necessary for the time being.

Members then discussed the options outlined regarding a prospective BHE Finance & Investment Committee. The Board agreed to retain these functions at Board level for the ensuing year, but that establishing a BHE Investment Committee should be a longer-term aspiration, as the charity's Investment Strategy was likely to diverge from that of the other funds over time, and would allow the Board to pursue more actively avenues such as green and social investments.

Audit & Risk Management Committee

The Board agreed not to establish a BHE Audit & Risk Management Committee and to retain these functions at Board level for the ensuing year.

Social Investments

The Board agreed that decisions on social investments would be retained at Board level for the ensuing year, noting that further discussion on social investments would take place following the anticipated resolution of the Supplemental Royal Charter.

RESOLVED - That Members, in the discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity no. 1035628) and solely in the charity's best interests:

1. Review the Terms of Reference of the Bridge House Estates Board and agree the proposed amendments outlined for submission to the Court in April 2022; with the exception of the following matters:
 - The Board's constitution shall include provision for 'Up to 2 external co-opted members', rather than '3 external co-opted members'; and
 - The Board's requirement to report to the Court of Common Council shall be amended from 'at least biannually' to 'at least annually';
2. Agree the proposals set out at paragraphs 17 – 22 in relation to other arrangements of the BHE Board relating to levels of delegations, co-option, frequency of meetings, agendas, style of reports and culture, noting that these matters will be kept under review;
3. Agree that a decision in relation to the discharge of functions pertaining to the primary object of the charity, either by retaining all functions at the Board level or by establishing and making further delegations to a Bridge Management Committee, shall be deferred to the April meeting of the Board;
4. Agree to reconstitute the Grants Committee of the BHE Board in April 2022 for the ensuing year, and endorse the extensions of the terms of the current Co-opted Members of the Committee;
5. Decline to agree the recommendations within the City Corporation's Lisvane Review at paragraphs 38 – 46, to:
 - a. Participate in a joint informal investment meeting of Resource Allocation Sub Committee, together with the Chairs and Deputy Chairs of Finance Committee and the Financial Investment Board ("FIB") and Property Investment Boards ("PIB"); and/or,
 - b. Establish PIB and FIB as a formal joint sub-committee of P&R, Finance and the BHE Board; and
6. Agree to retain finance and investment functions at the Board level for the ensuing year, with the longer-term aim of establishing one or more Board Committees for the exercising of these functions;

7. Agree to retain all audit & risk functions at the Board level and continue to seek advice from the City Corporation's Audit & Risk Management Committee as appropriate; and
8. Agree to retain all social investment functions at Board level for the time being.

7. **BHE BUSINESS PLAN 2022/23**

The Board considered a report of the Managing Director of BHE presenting an overview of the overarching priorities for BHE in 2022/23, and setting out the draft Tower Bridge (TB) and City Bridge Trust (CBT) high-level summary Business Plans for 2022/23. The Managing Director of BHE introduced the report and drew Members' attention to the key points, also advising that the full Business Plan for CBT would be submitted to the Grants Committee. A Member, noting the distinct emphasis on Tower Bridge, and suggested that further detail on the other bridges be additionally included going forward.

RESOLVED – That the Bridge House Estates Board:

- i) Note the overarching priorities for Bridge House Estates for 2022/2023;
- ii) Approve, subject to the incorporation of any changes sought by this Board, the final high-level summary Business Plan for 2022/23 for Tower Bridge; and,
- iii) Note the draft City Bridge Trust high-level summary Business Plan for 2022/23 (pending consideration by the BHE Grants Committee in March).

8. **BHE PRINCIPAL RISK REGISTER**

The Board considered a report of the Managing Director of BHE providing the Board with an update on the management of risks faced by Bridge House Estates ("BHE"). The Managing Director of BHE introduced the report and outlined the amendments made since the previous submission of the Risk Register.

RESOLVED – That the Bridge House Estates Board, 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 Principal Risk Register at Appendix 2; and
- ii) Note the next steps to undertake an extensive review of all the charity's risks prior to April 2022.

9. **BHE REVENUE BUDGET 2022/23 AND MEDIUM-TERM FINANCIAL PLAN**

The Board considered a report of the Managing Director of BHE and the BHE & Charities Finance Director, representing the Chamberlain, updating on the 2021/22 latest forecast and presenting the 2022/23 revenue budget and

Medium-term Financial Plan (MTFP), covering financial years 2023/24 – 2025/26, for BHE.

The BHE & Charities Finance Director, representing the Chamberlain, introduced the report and outlined the key features of the revenue budget and the medium-term financial plan for the Board, before drawing Members' attention to the recommendations in respect of several matters for consideration by the Board, including the creation of a designated fund for the Climate Action Strategy (CAS) and options for the level of free reserves to be held. In response to a question from a Member, the BHE & Charities Finance Director advised that a further proposal would be brought to the Board regarding the reallocation of funds to the designated fund for the CAS, should its creation be agreed.

The Deputy Chair, in the Chair, then drew the Board's attention to the recommendations and sought the Board's agreement on each matter in turn.

RESOLVED – That the BHE Board, in discharge of functions for the City Corporation as Trustee of BHE (charity no. 1035628) and solely in the charity's best interests:

1. Note the latest revenue forecast for 2021/22;
2. Approve the 2022/23 revenue budget and Medium-Term Financial Plan for period 2023/24 – 2025/26;
3. Approve the creation of a designated fund for the Climate Action Strategy and agree that £15m should be moved to this fund from the Unrestricted Income Reserves, to provide for the initial estimate relating to the investment property portfolio, alongside a contribution towards projects relating to the bridges, with a further statement of intent to cover projects within the charity. The amount held within this designated fund to be reviewed on an annual basis with permitted spend in any year to be within the full balance available in the designated fund;
4. Agree to hold additional free reserves of £55m to be maintained over and above the agreed minimum policy of £35m across the period of the Medium-Term Financial Plan as a mitigation against the uncertain period in which the charity is operating, maintaining the current approved level of free reserves of £90m;
5. Approve the 2022/23 capital and supplementary revenue project budgets, which have been included within the calculations for reserves;
6. Approve that all departments within the City Corporation managing budgets on behalf of BHE prepare these for 2023/24 under a zero-based budgeting basis;
7. Note that a revised Medium-Term Financial Plan for the charity will be developed, covering period of 10 years, once the power for total return

accounting for endowed charities is granted by Supplemental Royal Charter, currently under final approval by the Privy Council's Office; and,

8. Endorse this report for onward approval to the Court of Common Council.

10. **BHE CONTINGENCY FUND REQUEST - INVESTMENT PROPERTY PORTFOLIO SURVEYS TO UNDERSTAND CLIMATE ACTION NEEDS**

The Board considered a report of the BHE & Charities Finance Director requesting the approval of a 2021/22 forecast expenditure increase of £150k to cover the expenditure required to undertake surveys across BHE's directly managed investment property portfolio.

RESOLVED – That the BHE Board approve funding of £150,000 from the BHE Central Contingency Fund, to enable the cost of the surveys of the directly managed investment property portfolio required to assess the works required to achieve EPC 'B' by 2030 and net zero in carbon emissions by 2040, to be met from BHE revenue funds rather than from within the Designated Sales Pool.

11. **UPDATE ON BHE CONTINGENCY FUNDS**

The Board received a report of the BHE & Charities Finance Director providing the Board with an update on the 2021/22 Central Contingencies uncommitted balances held by Bridge House Estates (BHE).

RESOLVED – That the BHE Board, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity reg. no. 1035628) and solely in the charity's best interests:

- a) Note the central contingency budgets currently held by BHE for 2021/22 (para 4); and
- b) Note that £150k is being requested from the central contingency provision at Item 10 on the agenda for surveys of the investment property portfolio to assess the works required to contribute to achieving the charity's Climate Action Strategy (CAS) net zero carbon emissions target (para 5).

12. **DELEGATED AUTHORITY REQUEST: FUNDING APPLICATIONS OVER £500,000**

The Board considered a report of the Managing Director of BHE requesting delegated authority to approve prospective grants requiring the approval of the Board during the period to the next meeting of the Board. The Board noted that the Grants Committee of the BHE Board would consider the applications at its meeting in March 2022, with applications recommended for approval subsequently submitted to the Board under the delegation proposed.

RESOLVED – That the BHE Board delegate authority to the Town Clerk, in consultation with the Chair and Deputy Chair, to approve awards recommended by the March Grants Committee of £500,000 and above, within the current financial year.

13. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2022/23

The Board considered a report of the Chamberlain setting out the City of London Corporation's Treasury Management Strategy Statement and Annual Investment Strategy (TMSS) for 2022/23. The BHE & Charities Finance Director introduced the report and advised that the report had been approved by the Financial Investment Board and Finance Committee, and if approved would be submitted to the Court of Common Council.

RESOLVED – That the BHE Board reviews and approves the Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23 on behalf of Bridge House Estates.

14. QUARTERLY UPDATE ON FINANCIAL INVESTMENTS WORKSTREAM UNDER THE CLIMATE ACTION STRATEGY*

The Board received a report of the Chamberlain setting out the updates on quarterly progress for the Financial Investments workstream under the Climate Action Strategy (CAS).

RESOLVED – That the report be noted.

15. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD AND ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT

A Member asked officers for further information regarding proposed TfL closures at London Bridge. The Executive Director of Environment advised that officers had noted the concerns raised about the impact of these proposals and would be working with TfL accordingly, with an update to be brought back to the Board on any issues arising and the impact of TfL's proposals.

16. EXCLUSION OF THE PUBLIC

RESOLVED – That 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, 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.

17. NON-PUBLIC MINUTES*

RESOLVED – That the non-public minutes of the meeting held on 11 January 2022 be agreed as a correct record.

18. NON-PUBLIC APPENDICES - MANAGING DIRECTOR'S UPDATE REPORT

The Board received non-public appendices in respect of Item 5.

19. **BHE - PETITION FOR GRANT OF SUPPLEMENTAL ROYAL CHARTER**
The Board considered a report of the City Remembrancer, the Comptroller & City Solicitor and the Managing Director of BHE.
20. **CHARITIES BILL***
The Board received a report of the Chamberlain.
21. **NON-PUBLIC APPENDICES - CENTRAL CONTINGENCIES BUDGET UPDATE***
The Board received non-public appendices in respect of Item 11.
22. **HORACE JONES HOUSE/BRIDGEMASTERS - GATEWAY 2**
The Board considered a report of the City Surveyor.
23. **SECURE CITY PROGRAMME (SCP) - CCTV GATEWAY 5: DELEGATED AUTHORITY REQUEST**
The Board considered a report of the Executive Director of Environment and the Commissioner of the City of London Police.
24. **SOCIAL ENTERPRISE CITY PROPOSAL TO THE BHE SOCIAL INVESTMENT FUND**
The Board considered a report of the Managing Director of BHE and the BHE & Charities Finance Director.
25. **INVESTMENTS PERFORMANCE MONITORING TO 31 DECEMBER 2021: BRIDGE HOUSE ESTATES***
The Board received a report of the Chamberlain.
26. **BHE: ANNUAL UPDATE & 2022 INVESTMENT PROPERTY STRATEGY**
The Board considered a report of the City Surveyor.
27. **DELEGATED AUTHORITY REQUEST - BHE: 30-34 NEW BRIDGE STREET, EC4V 6BJ**
The Board considered a report of the City Surveyor.
28. **BHE: CANDLEWICK HOUSE, 116-126 CANNON STREET, LONDON EC4 - ISSUES REPORT - DELEGATED AUTHORITY REQUEST**
The Board considered a report of the City Surveyor.
29. **BHE: REFURBISHMENT OF TOWER CHAMBERS, 74 MOORGATE, EC2 - GATEWAY 4 ISSUES REPORT**
The Board considered a report of the City Surveyor.
30. **BHE QUARTERLY DELEGATED AUTHORITIES UPDATE - 1 OCTOBER 2021 TO 31 DECEMBER 2021***
The Board received a report of the City Surveyor.
31. **BHE OUTSTANDING LEASE RENEWALS & RENT REVIEWS - 1 JULY 2021 TO 31 DECEMBER 2021***
The Board received a report of the City Surveyor.

32. **BHE VACANT ACCOMMODATION UPDATE AS AT 31 DECEMBER 2021***
The Board received a report of the City Surveyor.
33. **BHE REVENUE WORKS PROGRAMME - 21/22 PROGRESS REPORT***
The Board received a report of the City Surveyor.
34. **QUESTIONS ON MATTER RELATING TO THE WORK OF THE BOARD AND ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was other business.
35. **INTERNAL AUDIT**
The Board received an update on an Internal Audit matter.

The meeting ended at 4.04 pm

Chair

Contact Officer: Joseph Anstee
joseph.anstee@cityoflondon.gov.uk