



## Bridge House Estates Board

**Date:** WEDNESDAY, 6 JULY 2022  
**Time:** 11.00 am  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL /  
MICROSOFT TEAMS

**Members:** Deputy Dr Giles Shilson (Chair)  
Paul Martinelli (Deputy Chair)  
Deputy Henry Colthurst  
Deputy Simon Duckworth (Chief Commoner)  
Alderman Professor Emma Edhem  
Alderman & Sheriff Alison Gowman  
Judith Pleasance  
Deputy Henry Pollard  
Deputy Nighat Qureishi  
Deputy James Thomson

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

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

<https://youtu.be/ZqBiOARZILk>

This meeting will be a hybrid meeting. 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.

**Lunch will be served in the Guildhall Club at 1.00pm.**

**John Barradell  
Town Clerk**

# AGENDA

## Part 1 - Public Agenda

### Governance and Strategy

1. **APOLOGIES**

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

3. **MINUTES\***

To agree the public minutes and non-public summary of the meeting held on 27 April 2022.

**For Decision**  
(Pages 9 - 18)

4. **OUTSTANDING ACTIONS\***

Report of the Town Clerk

**For Information**  
(Pages 19 - 22)

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

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

**For Decision**  
(Pages 23 - 58)

6. **YEAR 1 Q4 UPDATE ON CLIMATE ACTION AND YEAR 2 PLANS**

Report of the Executive Director of Innovation and Growth

**For Decision**  
(Pages 59 - 64)

### Finance

7. **BUDGET MONITORING: 1 APRIL TO 31 MAY 2022**

Report of the BHE & Charities Finance Director

**For Information**  
(Pages 65 - 74)

8. **UPDATE ON BHE CONTINGENCY FUNDS\***  
Report of the BHE & Charities Finance Director

**For Information**  
(Pages 75 - 80)

**Primary Object - Bridges**

9. **BLACKFRIARS BRIDGE PARAPET REFURBISHMENT AND BRIDGE  
REPAINTING - GATEWAY 5 ISSUE**  
Report of the Executive Director of Environment

**For Decision**  
(Pages 81 - 96)

10. **TOWER BRIDGE HV SYSTEM REPLACEMENT AND INCREASING RESILIENCE -  
GATEWAY 5 PROGRESS\***  
Report of the City Surveyor and the Managing Director of BHE

**For Information**  
(Pages 97 - 114)

11. **TFL'S BISHOPSGATE EXPERIMENTAL CLOSURE\***  
Report of the Executive Director of Environment

**For Information**  
(Pages 115 - 130)

**Ancillary Object - Charitable Funding**

12. **MINUTES OF THE GRANTS COMMITTEE OF THE BHE BOARD\***  
To note the draft public minutes and draft non-public summary of the Grants  
Committee of the BHE Board meeting held on 20 June 2022.

**For Information**  
(Pages 131 - 140)

13. **ALLIANCE PARTNERSHIPS - LONDON LEGAL SUPPORT TRUST, ADVICE  
SKILLS DEVELOPMENT FUND (REF: 19437)**  
Report of the Managing Director of BHE

**For Decision**  
(Pages 141 - 156)

**Investments**

14. **BHE INVESTMENTS WORKING GROUP - TERMS OF REFERENCE**  
Report of the Managing Director of BHE

**For Decision**  
(Pages 157 - 160)

15. **BHE PROGRESS UPDATE - MINIMUM ENERGY EFFICIENCY STANDARDS & NET ZERO CARBON ACTION PLAN FOR INVESTMENT PROPERTY PORTFOLIO\***  
Report of the City Surveyor

**For Information**  
(Pages 161 - 170)

**Other**

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

17. **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**

**Governance and Strategy**

18. **NON-PUBLIC MINUTES\***

To agree the non-public minutes of the meeting held on 27 April 2022.

**For Decision**  
(Pages 171 - 174)

19. **BHE PRINCIPAL RISK REGISTER**

Report of the BHE Chief Operating Officer

**For Decision**  
(Pages 175 - 182)

**Primary Object - Bridges**

20. **HIGHWAYS OVER THE CHARITY'S BRIDGES**

Report of the Comptroller & City Solicitor

**For Decision**  
(Pages 183 - 198)



21. **TOWER BRIDGE FULL YEAR BUSINESS PERFORMANCE REPORT 2021/2022**  
Report of the Director of Tower Bridge

**For Information**  
(Pages 199 - 206)

**Ancillary Object - Charitable Funding**

22. **NON-PUBLIC MINUTES OF THE GRANTS COMMITTEE OF THE BHE BOARD\***  
To note the draft non-public minutes of the Grants Committee of the BHE Board meeting held on 20 June 2022.

**For Information**  
(Pages 207 - 210)

**Investments**

Financial Investments

23. **CITY'S CASH & BRIDGE HOUSE ESTATES: WELLINGTON'S GLOBAL TOTAL RETURN FUND**  
Report of the Chamberlain

**For Decision**  
(Pages 211 - 218)

24. **FINANCIAL INVESTMENTS PERFORMANCE MONITORING TO 31 MARCH 2022\***  
Report of the Chamberlain

**For Information**  
(Pages 219 - 254)

Property Investments

25. **IMPACT OF CONSTRUCTION INFLATION ON BHE CONSTRUCTION PROJECTS**  
Report of the City Surveyor

**For Information**  
(Pages 255 - 270)

26. **BHE: 30-34 NEW BRIDGE STREET, EC4V 6BJ - GATEWAY 5 ISSUE**  
Report of the City Surveyor

**For Decision**  
(Pages 271 - 288)

27. **REFURBISHMENT OF ELECTRA HOUSE, 84 MOORGATE, EC2 - BHE - GATEWAY 5 ISSUE**  
Report of the City Surveyor

**For Decision**  
(Pages 289 - 304)

28. **BHE - TOWER CHAMBERS, 74 MOORGATE, LONDON, EC4 - DELEGATED  
AUTHORITY REQUEST**  
Report of the City Surveyor
- For Decision**  
(Pages 305 - 306)
29. **BHE - AIRSPACE LEASE OVER LAND AT TOWER BRIDGE ROAD & SHAD  
THAMES IN CONNECTION WITH DEVELOPMENT OF 226 TOWER BRIDGE  
ROAD**  
Report of the City Surveyor
- For Decision**  
(Pages 307 - 318)
30. **REVENUE OUTTURN 2021-22 - BRIDGE HOUSE ESTATES INVESTMENT  
PROPERTY\***  
Report of the City Surveyor
- For Information**  
(Pages 319 - 326)
31. **BHE - REVENUE WORKS PROGRAMME - 21/22 OUTTURN REPORT\***  
Report of the City Surveyor
- For Information**  
(Pages 327 - 332)
32. **BHE - ARREARS OF RENT AS AT MARCH 2022 QUARTER DAY MINUS 1\***  
Report of the City Surveyor
- For Information**  
(Pages 333 - 340)
33. **BHE - RENTAL ESTIMATES MONITORING REPORT (DECEMBER 2021 AND  
MARCH 2022 QUARTERS)\***  
Report of the City Surveyor
- For Information**  
(Pages 341 - 352)
34. **BHE - VACANT ACCOMMODATION UPDATE AS AT 1 JUNE 2022\***  
Report of the City Surveyor
- For Information**  
(Pages 353 - 356)
35. **BHE - ANNUAL VALUATION\***  
Report of the City Surveyor
- For Information**  
(Pages 357 - 360)

**36. BHE - QUARTERLY DELEGATED AUTHORITY UPDATES\***

**For Information**

- a) **Quarterly Delegated Authorities Update - 1 January 2022 to 31 March 2022**  
Report of the City Surveyor

**For Information**  
(Pages 361 - 364)

- b) **Quarterly Delegated Authorities Update - 1 April 2022 to 30 June 2022**  
Report of the City Surveyor

**For Information**  
(Pages 365 - 368)

**Other**

**37. REPORT OF DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY\***

Report of the Town Clerk

**For Information**  
(Pages 369 - 372)

**38. QUESTIONS ON MATTERS 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**

**Part 3 - Confidential Agenda**

**39. CONFIDENTIAL MINUTES\***

To agree the confidential minutes of the meeting held on 27 April 2022.

**For Decision**

*NB: Certain non-contentious matters for information have been marked \* with recommendations anticipated to be received without discussion, unless the Committee Clerk has been informed that a Member has questions or comments prior to the start of the meeting.*

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## BRIDGE HOUSE ESTATES BOARD Wednesday, 27 April 2022

Minutes of the meeting of the Bridge House Estates Board held at Committee Rooms, Guildhall and via Microsoft Teams on Wednesday, 27 April 2022 at 11.00 am

### Present

#### Members:

Deputy Dr Giles Shilson (Chair)  
Paul Martinelli (Deputy Chair)  
Deputy Henry Colthurst  
Alderman Professor Emma Edhem  
Alderman & Sheriff Alison Gowman  
Judith Pleasance  
Deputy Henry Pollard  
Deputy Nighat Qureishi

#### Officers:

David Farnsworth	- Managing Director of Bridge House Estates (BHE)
Simon Latham	- BHE
Karen Atkinson	- BHE & Charities Finance Director (representing the Chamberlain)
Amelia Ehren	- BHE
Anne Pietsch	- Comptroller and City Solicitor's Dept.
Nicholas Gill	- City Surveyor's Department
Paul Monaghan	- Environment Department
Ian Hughes	- Environment Department
Ola Obadara	- City Surveyor's Department
Chris Earlie	- BHE
Geraldine Page	- BHE
Tim Wilson	- BHE
Andrew Cross	- City Surveyor's Department
Tim Fletcher	- Town Clerk's Department
Joseph Anstee	- Town Clerk's Department

At the beginning of the meeting, Alderman & Sheriff Alison Gowman (as the senior Member present) took the chair until the election of a Chair of the Board.

#### 1. APOLOGIES

Apologies for absence were received from Deputy Simon Duckworth (Chief Commoner) and Deputy James Thomson.

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

There were no declarations.

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

The Board received the Order of the Court of Common Council on 21 April 2022, appointing the Board and approving its terms of reference.

4. **ELECTION OF CHAIR**

The Board proceeded to elect a Chair in accordance with Standing Order No.29. Expressions of interest were sought and Deputy Dr Giles Shilson, being the only Member indicating their willingness to serve, was duly elected Chair of the BHE Board for the ensuing year.

The Chair thanked Members and officers for their support and for the positive work of the Board during its first year.

5. **ELECTION OF DEPUTY CHAIR**

The Board proceeded to elect a Chair in accordance with Standing Order No.30. Expressions of interest were sought and Paul Martinelli, being the only Member indicating their willingness to serve, was duly elected Deputy Chair of the BHE Board for the ensuing year. The Deputy Chair thanked Members for their support.

6. **VOTE OF THANKS TO FORMER BOARD MEMBERS**

**RESOLVED UNANIMOUSLY** - That the Members of the Bridge House Estates Board express their sincere thanks to previous members of the Board, Jamie Ingham Clark, John Petrie and Jeremy Mayhew, for their knowledge and warm-hearted manner in which they participated in the BHE Board for the past year.

As Members of the BHE Board in its inaugural year, Jamie, John and Jeremy each volunteered their time and brought their considerable experience and skills to support the charity in its exciting transformation journey to enhance the charity's governance arrangements.

They each helped to steer the Board, ensuring it's clear strategic focus, despite the continued challenges and pressures on the charity. Each showed a sincere commitment to representing the Board with energy and professionalism.

We warmly thank our former Members for their contribution to the Board. It is the hope of the Board that they will all stay in touch and continue to be ambassadors for the charity in the years to come.

The Chair then welcomed new Members of the Board, Simon Duckworth (Chief Commoner), Deputy Nighat Qureishi and Deputy James Thomson and congratulated them on their election.

7. **APPOINTMENT OF COMMITTEES**

a) **Grants Committee of the Bridge House Estates Board**

The Board considered a report of the Managing Director of BHE regarding the appointment of the Grants Committee of the BHE Board. The Chair introduced the item and first sought to appoint a Member of the Board to the vacant

position on the Grants Committee. Expressions of interest were sought, and Deputy Nighat Qureishi, being the only Member indicating their willingness to serve, was duly appointed to the Grants Committee of the BHE Board.

The Chair then noted that four-year terms had previously agreed for Members of the Grants Committee, and given that it was not usual practice, proposed that the Board revert to the practice of appointing the membership of the Committee on an annual basis. Members discussed this and resolved instead to agree the proposals presented, retaining the four-year terms, but keep this element of the Grants Committee's Terms of Reference under review with officers being asked to consider this further and report back ahead of next year's decisions to appoint the Board's Committees.

**RESOLVED** – That the Bridge House Estates Board, 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. Appoint the Grants Committee for the ensuing year, including the reappointment of Alderman & Sheriff Alison Gowman, Paul Martinelli and Judith Pleasance, and approve the Terms of Reference for the Grants Committee in the form appended;
2. Appoint Deputy Nighat Qureishi to the Grants Committee for the balance of the 4-year term of the current vacant position (for three years, expiring April 2025), and note that in April 2022 the Court of Common Council approved the extension of the two current co-opted Members of the Grants Committee by 12 and 18 months respectively; and,
3. Delegate to the Grants Committee the appointment of the Chair and Deputy Chair positions for 2022/23.

**b) Bridge Management Committee of the Bridge House Estates Board**

The Board considered a report of the Managing Director of BHE regarding the potential establishment of a Bridge Management Committee of the BHE Board. The Chair introduced the item, noting that Board's previous discussions on the matter, and advised that on balance he felt bridge management continued to be better served at Board level for the time being.

Members discussed the proposal and agreed that the matter should be reviewed ahead of next year, noting that the workload in respect of bridges had not been extensive so far and that delegations to officers could be considered for matters where the Board did not have sufficient expertise. A Member suggested that the Board could consider appointing a Co-opted Member with expertise in this area to the Board in lieu of establishing a Committee, which would also diversify the Board's skills set.

The Chair thanked Members for their comments and proposed that bridge management functions be retained at Board level, pending further review ahead of next year, adding that a Working Group could be established for a

specific purpose should an ad hoc matter arise during the year, and external expertise co-opted as required alongside internal officer expertise.

**RESOLVED** – That the discharge of functions pertaining to bridge management be retained at Board level for the ensuing year, pending further review next year in advance of decisions to establish the Board’s Committees.

8. **BHE INVESTMENTS WORKING GROUP**

The Board considered a report of the Managing Director of BHE setting out a proposal to establish a BHE Investments Working Group (“Working Group”), comprising of Members of the BHE Board and officers, to make recommendations to the Board on investment matters such as: considering the future management of the charity’s investment portfolio following the anticipated grant of the Supplemental Royal Charter by updating the charity’s Investment Strategy Statement and discussing matters such as return requirements, risk appetite, asset allocation, and regulatory requirements; and also to consider the governance arrangements for the Board in managing the charity’s investments.

The Chair introduced the item and advised that the proposed Working Group could think through the relevant issues in respect of investments before making recommendations to the Board for implementation. Members commented that this was an important idea and would benefit the Board longer-term, and that the Board had relevant experience which would assist this process. The Deputy Chair added that the matter of social investments would need to be considered, adding that he felt oversight would be better served by the Grants Committee.

The Chair sought expressions of interest in serving on the Investments Working Group, and there being three expressions of interest, the Board agreed that Deputy Henry Colthurst, Alderman & Sheriff Alison Gowman and Deputy Henry Pollard should be appointed.

**RESOLVED** – That the BHE Board:

- i) Agree to establish a BHE Investments Working Group, comprised of Deputy Henry Colthurst, Alderman & Sheriff Alison Gowman, Deputy Henry Pollard and officers, and
- ii) Authorise officers to prepare draft Terms of Reference for the Working Group.

9. **BHE ANNUAL REFERENCES TO OTHER COURT COMMITTEES**

The Board considered a report of the Managing Director of BHE regarding the Board’s previous standing references to other Court of Common Council Committees to support the transition to the new BHE committee arrangements with the establishment of the new BHE Board. The Chair introduced the item and drew the Board’s attention to the references set out, which had been in place during the previous year. The Chair noted that the Board could agree to refer a matter to another Committee at any time it considered appropriate, and that standing references may no longer be required. The Chair suggested that



the Board not make standing references to other Court of Common Council Committees for the ensuing year, but instead note that the Board could refer a matter to another Committee at any point if and where needed, and this revised approach was agreed.

**RESOLVED** – That the BHE Board agree not to make standing references to other Committees of the Court of Common Council for the 2022/23 civic year.

10. **MINUTES\***

**RESOLVED** – That the minutes of the meeting held on 16 February 2022 be agreed as a correct record.

Matters Arising

The Board was advised that the Privy Council's further consideration of the proposed Supplemental Royal Charter for the charity was expected within the next few weeks.

11. **OUTSTANDING ACTIONS\***

The Board received a list of outstanding actions for April 2022 and noted the updates provided.

**RESOLVED** – That the list of outstanding actions be noted.

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

The Board considered a report of the Managing Director of BHE providing an update on key areas of activity across the whole charity since the Board last met in February 2022 and outlining upcoming activities for the Board to note. The Managing Director of BHE introduced the report, welcoming new Members to the Board, before advising the BHE Leadership Team was now established (although noted that the Chief Funding Director has yet to be recruited).

Communications Updates

The Managing Director of BHE advised that branding work was mostly complete, with more complicated work on the primary object ongoing, and further work to be done on the charity's Vision and Mission.

Tower Bridge

In response to a question from a Member regarding the recent Extinction Rebellion demonstrations, the Director of Tower Bridge set out the standing security arrangements at Tower Bridge and advised that the recent protest had been well-organised and was quickly implemented. However, the disruption had been caught early and bridge closed quickly before staff worked with the City of London Police to clear the protest. The Chair commented that the provision of security at Tower Bridge was impressive and that he felt the incident had been handled very well, adding that it would be unrealistic to expect every possible incident to be prevented given Tower Bridge would always be a target for such incidents.

### Millennium Bridge

The Executive Director of Environment advised that the Millennium Bridge was due to be repainted in the next eight years, with the need for tensioning and work on the decking system being monitored. Some remedial works had also been undertaken on the bridge in recent years. The Executive Director of Environment added that maintenance of the bridge required it to be closed, which was a challenge.

### Member Training

In response to a question from a Member, the Managing Director of BHE advised that a training session for new Members would be scheduled during May, and that the recordings of previous session were available to view. A training session on the City Bridge Trust application and assessment process would also be scheduled.

The Chair then thanked Members and officers for their comments and updates, before drawing the Board's attention to the recommendations, asking that information on the request for volunteers to support with a detailed review of the charity's Risk Register be circulated after the meeting.

**RESOLVED** – That the Bridge House Estates Board, 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:

- i) Endorse to the Court of Common Council, upon the recommendation of the Grants Committee of the BHE Board, the proposal to re-commit to the overarching vision and mission of the *Bridging Divides* funding strategy and extend the funding strategy for a further five years from 2023 to 2028 (with the Charity Commission being formally notified, subject to Court of Common Council approval); and
- ii) Note the further contents of the report.

### 13. **TOWER BRIDGE - REPLACEMENT OF DEFECTIVE BRIDGE DRIVING MACHINERY HYDRAULIC COMPONENTS**

The Board considered a report of the Managing Director of BHE presenting the Gateway 6 report of the project to replace defective hydraulic pipework, components and upgrade hydraulic power units associated with the bridge lifting machinery at Tower Bridge.

**RESOLVED** – That the BHE Board note contents of the report, lessons learned and approve closure of the project.

### 14. **BHE BRIDGES LIGHTING POLICY**

The Board considered a report of the Managing Director of BHE presenting a Bridge Lighting Policy to be considered and agreed in the best interests of BHE, setting out guidelines and a process to follow regarding requests to use the lighting system on the five Thames Bridges in support of third-party initiatives, anniversaries and events of national significance. The Chair

introduced the item, advising that the policy was most relevant to Tower Bridge but involved the other bridges.

Members commented that a notional limit on uses should be considered in order to preserve the exceptionality of use of the bridges, and sought further information on costs. The Executive Director of Environment added that the wording could be tweaked to give a sense of a limit on usage, and could be aligned with the management of streets. With respect to costs, the costs for events requiring minor changes were usually met by the charity as being *de minimus*, but for events on a larger scale such as the Lord Mayor's Show, reimbursement of costs were sought. A Member commented that lighting displays should be cost-neutral for the charity.

In response to a questions from the Board, the Executive Director of Environment further advised that there was an existing relationship with TfL with regards to Special Event Management, and that use of Tower Bridge was often requested by the GLA and TfL, who had an interest as the highway authority. The Board also noted that banners and structures were typically only authorised for operational reasons, such as for the London Marathon, and suggested that those seeking to put up lighting should demonstrate how they intended to minimise and mitigate against the carbon impact of the display.

The Chair thanked Members for their comments and proposed the policy be approved, accounting for the feedback provided by the Board, and this was agreed.

**RESOLVED** – That the BHE Board, subject to comments being incorporated, approve the BHE Bridge Lighting Policy appended.

15. **MINUTES OF THE GRANTS COMMITTEE OF THE BRIDGE HOUSE ESTATES BOARD\***

**RESOLVED** – That the draft public minutes and non-public summary of the Grants Committee of the BHE Board meeting on 9 March be noted.

16. **BHE CONTINGENCY FUNDS UPDATE**

The Board received a report of the BHE & Charities Finance Director providing the Board with an overview of the BHE Contingency balances held for 2022/23 and providing detail of new requests being made against these balances.

**RESOLVED** – That the report be noted.

17. **BHE CONTINGENCY FUND REQUEST - STAFFING**

The Board considered a report of the Managing Director of BHE seeking funding of £43,000 from the BHE Central Contingency Fund for the Tower Bridge Programme Coordinator and £27,000 from the BHE Apprentices Contingency Fund for a Business Administration Apprentice.

At the suggestion of a Member, the Board agreed to implement a standing level of officer delegation for the approval of contingency fund requests, and agreed that authority should be delegated to the Managing Director of BHE in

consultation with the BHE & Charities Finance Director to approve funding requests of up to £100,000 per item going forward, noting that the use of this delegation would be reported to the Board for information on a regular basis.

**RESOLVED** – That the BHE Board, 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:

- i. Approve the additional funding of £43,000 from the BHE Central Contingency Fund for 1 x Tower Bridge Programme Coordinator (0.4 FTE) – funding from April 2022 until March 2023; and,
- ii. Approve the additional funding of £27,000 from the BHE Apprentices Contingency Fund for 1 x Business Administration Apprentice (1.0 FTE) – funding from July 2022 until March 2023.
- iii. Agree that authority be delegated to the Managing Director of BHE, in consultation with the BHE & Charities Finance Director, to approve funding requests from the BHE Contingency Fund of up to £100,000 per item.

**18. CAPITAL FUNDING UPDATE**

The Board considered a report of the Chamberlain seeking agreement to the release of BHE funding (following gateway approvals) to allow capital schemes to progress. The BHE & Charities Finance Director introduced the report and advised that a standing delegation to officers would be sought for these matters under the wider corporate Scheme of Delegations. The BHE & Charities Finance Director added that an additional £21,000 of BHE funding was sought for the End Device User Refresh project, which was agreed.

**RESOLVED** – That the BHE Board agree a contribution of £201,000 towards the cost of progressing the Guildhall Cooling Plant Replacement project, and a contribution of £21,000 towards the cost of progressing the End Device User Refresh project, to be met from the provision set aside from the Unrestricted Income Fund.

**19. PROGRESS UPDATE - MINIMUM ENERGY EFFICIENCY STANDARDS & NET ZERO CARBON ACTION PLAN FOR INVESTMENT PROPERTY PORTFOLIO\***

The Board received a report of the City Surveyor summarising the progress of a study being carried out by consultants Currie & Brown and WSP to implement tasks of the Climate Action Strategy (CAS) Investment portfolio plan, and update on related Climate Action Plan tasks. The Board noted that the study was progressing according to schedule.

**RESOLVED** – That the report be noted.

20. **REPORT OF DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY\***

The Board received a report of the Town Clerk advising of action taken by the Town Clerk since the last meeting of the Board, in consultation with the Chair and Deputy Chair, in accordance with Standing Order Nos. 41(a) and (b). The Chair advised that consideration had been given to four CBT grants of over £500,000, one of which a senior Member was consulted on in place of the Deputy Chair, who was conflicted.

**RESOLVED** – That the report be noted.

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

The Chair advised that the Chair of the BHE Board, or their nominee, had an ex-officio place on the Digital Services Committee, and with a view to encouraging full Board participation, sought expressions of interest in serving on the Committee as the BHE Board's representative, as well as for the Members Working Group on the ERP project. Noting that Members of the Board already served on the Committee and being assured that simultaneously serving as a Committee Member and a representative of another committee did not inherently represent a conflict of interest, the Board agreed that Judith Pleasance would serve as the BHE Board representative on the Digital Services Committee and the ERP Members Working Group, reporting back to the Board on any matters of relevance to BHE.

22. **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.

23. **NON-PUBLIC MINUTES\***

**RESOLVED** – That the non-public minutes of the meeting held on 16 February 2022 be agreed as a correct record.

24. **NON-PUBLIC APPENDICES - MANAGING DIRECTOR'S UPDATE REPORT**

The Board received a non-public appendix to Item 12.

25. **NON-PUBLIC MINUTES OF THE GRANTS COMMITTEE OF THE BRIDGE HOUSE ESTATES BOARD\***

**RESOLVED** – That the draft non-public minutes of the Grants Committee of the BHE Board meeting on 9 March 2022 be noted.

26. **BHE: ADELAIDE HOUSE, 1-5 ADELAIDE PLACE - NEW 153 YEAR LEASE**

The Board considered a report of the City Surveyor.

**27. BHE - DELEGATED AUTHORITY REQUESTS - CITY SURVEYOR'S DEPARTMENT**

The Board considered a report of the City Surveyor.

**28. QUESTIONS ON MATTERS 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 one item of other business.

**29. CONFIDENTIAL MINUTES\***

The Board considered the confidential minutes of the meeting held on 16 February 2022.

**30. BHE TOM PROPOSAL - PHASE 2**

The Board considered a report of the Managing Director of BHE.

**The meeting ended at 12.51 pm**

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Chair

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

**The Bridge House Estates Board – Outstanding Actions, July 2022**

**Status Key**

**Green** = Complete

**Amber** = In progress

**Red** = Not yet started

Item	Date	Action	Officer responsible	Target Completion Date	Actual Completion Date	Progress update	Status
1.	27 April 2022	The Chamberlain, in conjunction with the City Surveyor to consider the required accounting treatment for the new 153 lease over Adelaide House, 1-5 Adelaide place.	Nick Gill/ Karen Atkinson	July 2022	-	<u>Jun 2022:</u> To be reported to the Board at a future meeting.	Amber
2.	27 April 2022	The City Surveyor's to report to the Board on the construction market conditions that are continuing to cause issues throughout BHE's investment property portfolio.	Nick Gill/ Ola Obadara	6 July 2022	6 July 2022	<u>Jun 2022:</u> Report on the impact of construction inflation on BHE construction projects is included on the agenda of the July BHE Board meeting.  <i>* To be taken off outstanding action list for next meeting</i>	Green
3.	16 February 2022	Present report to the BHE Board reviewing the charity's operational	Karen Atkinson	September 2022	-	<u>Apr 2022:</u> Initial discussions & investigations underway within the Chamberlain's	Amber

		Treasury arrangements with the City Corporation.				Department to progress the matter.	
4.	11 January 2022	Service Level Agreement between BHE and City of London Police	Simon Latham/ Anne Pietsch	Originally March 2022; revised to July 2022	-	<p><u>Jun 2022:</u> Progress being made following the return of the BHE COO from Shared Parental Leave. Due to be completed by early Autumn.</p> <p><u>Apr 2022:</u> SLA awaiting detail being worked through by City of London Police (delay caused by change in staff).</p> <p><u>Feb 2022:</u> Development of SLA currently taking place – will provide further clarity about the policing services that BHE receives and financially contributes to.</p>	
5.	24 November 2021	Revise Scheme of Delegations to officers to enable MD to approve small amounts of BHE contributions to capital funding projects	David Farnsworth	11 January 2022	April 2022	<u>June 2022:</u> At the April BHE Board meeting, the Board approved delegated authority to the Managing Director of BHE, in consultation with the BHE & Charities Finance Director, to approve contingency requests up to £100k.	



						<i>* To be taken off outstanding action list for next meeting</i>	
6.	24 November 2021	Arrange Member and Officer risk review meeting	Amelia Ehren	16 February 2022	June 2022	<p><u>June 2022:</u> Member and Officer risk review workshops held in June 2022. Updated Principal Risk Register presented to the Board today.</p> <p><i>* To be taken off outstanding action list for next meeting</i></p>	
7.	24 November 2021	Review of Transitional Investment Strategy Statement	Karen Atkinson/Simon Latham	December 2022	-	<p><u>June 2022:</u> BHE Investment Working Group now established to progress the review.</p> <p><u>Apr 2022:</u> To be further reviewed following the anticipated grant of the Supplemental Royal Charter.</p>	

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<b>Committee:</b> Bridge House Estates Board	<b>Date:</b> 6 July 2022
<b>Subject:</b> Managing Director's Update Report	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?</b>	1, 2 and 3
<b>Report of:</b> David Farnsworth, Managing Director of BHE	<b>For Decision</b>

## Summary

To support the Bridge House Estates Board (“the BHE Board”/ “the Board”) in the discharge of its functions, this regular report provides an update on key areas of activity across the whole charity since the Board last met in April 2022 and outlines upcoming activities for the Board to note. Specifically, the report provides updates on: ongoing maintenance activities on the Bridges; the performance of the tourism offer at Tower Bridge; City Bridge Trust funding updates including developments on updating CBT’s responsive grant offer, the LocalMotion collaboration, the Anchor Programme and an update from the Environmentally Responsible Working Group on climate action matters; governance and strategy updates on the grant of the Supplemental Royal Charter and BHE’s operating model; communication updates on the BHE website and the Brand Positioning project, including a request for expressions of interest from Members to participate in brand workshops in September; finance updates including reference to the audit plan for 2021/22; and, finally updates in relation to the charity’s investment portfolios.

## Recommendations

It is recommended that the Bridge House Estates Board, 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:

- i) Endorse the approach and next steps to the Brand Positioning Project as outlined at paragraphs 27-30;
- ii) Seek expressions of interest from the Board, or nominate Members, to support with the next phase of the brand positioning project through participation in a series of workshops, as highlighted at paragraph 29; and,
- iii) Note the further contents of the report.

## Main Report

### Bridge Updates

1. Ongoing maintenance and support of the five Thames bridges continues to progress as part of the 50-year Bridge Maintenance Plan. The BHE Board will continue to be updated on bridge engineering matters through ongoing reporting to the Board.
2. Works are continuing well on Blackfriars Bridge and more detail is provided in a further report under the ‘Primary Object’ section of the agenda. Works have now commenced on waterproofing the approach viaducts on either side of Southwark Bridge and the contractor has had a few minor problems agreeing traffic

management requirements and there have been some complaints from cyclists where the cycle lanes have been removed to comply with the Highway requirements to maintain traffic movement.

3. Tower Bridge - Tower Bridge and all BHE Bridges were specially lit in recognition of the launch of the Elizabeth Line and in celebration of the Queen's Platinum Jubilee on evenings of 23 and 24 May and from 2-5 June respectively, in line with the charity's recently implemented Bridge Lighting Policy. Tower Bridge was also the finish line location for Transport for London's 'Ride London' annual mass-participation cycling event on 29 May, for which officers worked closely with the organisers (TfL and London Marathon Events) to ensure a safe event operationally and mitigate any negative effect on the Bridge's normal business and operations.
4. The visitor attraction at Tower Bridge performed well following this year's Visit England quality assessment at 92%, which is above the defined threshold for a 'gold standard' attraction. Particular highlights were customer service and retail provision, which scored 98% and 100% respectively. The Bridge is also currently ahead of key industry bodies' predictions for continued business recovery following the pandemic, and school holidays/jubilee weekend visitor figures and a significant increase in retail spend per visitor have exceeded expectations (income for 2022/23 year to date is currently at 183% against target). Family activities, British Sign Language tours and autism-friendly early openings have seen their highest level of uptake in recent months, and the Bridge's Artist in Residence summer activity was launched earlier this month in line with Historic Royal Palaces' Superbloom event at the Tower of London.
5. Major projects continue at Tower Bridge, including the High Voltage overhaul, now in its sixth month onsite and looking towards completion in late 2022/early 2023. The Engineering Team are working closely with Tower Bridge to replace the damaged steel to the bascule and investigate the cause.

### **City Bridge Trust (CBT) Updates**

6. CBT Application and Assessment Training – At the April BHE Board meeting, the Board requested that a briefing session on CBT's grant application and assessment processes be delivered to all Board Members, including the two co-opted members on the Grants Committee. Invitations for the training have now been sent for a session just prior to the 13 September Board meeting at 10:00. The 45 minute briefing will consist of a short presentation followed by an opportunity for questions and answers.
7. Updating CBT's responsive grant offer – at its meeting in June 2022, the Grants Committee approved six recommendations relating to the final implementation of the Interim Review of Bridging Divides. Some funding streams have been consolidated under common issue headings for ease of applicant access, and six have been updated (in terms of what types of work are prioritised) by lessons learned from the pandemic. All 14 grant programmes have been reviewed and wording updated to be clearer and better reflect the vision and mission of CBT incorporating an improved focus on equity. The remaining funding stream - "Voice

and Leadership” will be reviewed later in 2022 as CBT’s Anchor Programme develops further.

8. LocalMotion – LocalMotion is a collaboration between CBT and five other funders, joining forces to tackle economic, environmental, and social inequality in six places, utilising the resources of all six funders and places to have an impact which is greater than the sum of its parts. On 6/7 June Co-opted Grants Committee member William Hoyle and Funding Director Sam Grimmatt Batt attended the bi-annual learning summit in Birmingham.
9. Anchor Programme – At its meeting in June 2022, the Grants Committee approved the allocation of up to £20m, in principle, to be committed between 2022/23 and 2024/25, towards Anchor Programme grants. The funding will provide long term funding to voluntary and community sector civil society organisations to support them to bring about systemic change to tackle the root causes of disadvantage rather than addressing the symptoms or the consequences. This funding programme has been co-designed with a selection of London’s civil society organisations, creating space for organisations to express what the fund should look like and who it should target. The proposal meets the mission of CBT to help make London’s communities stronger, more resilient and thriving. It also embodies CBT’s PACIER values of being progressive, adaptive and collaborative.
10. Environmentally Responsible Working Group (ERWG) Update - In July 2021, the BHE Board approved for BHE to become a signatory of the Funder Commitment on Climate Change, joining over 80 other funders in a community of practice. Between October 2021 and February 2022, the ERWG engaged consultants Sixty7.Green to conduct a scoping study. The brief was to identify how BHE, through its funding team CBT, could best use its unique assets to mitigate the impacts of the climate and biodiversity crisis on Londoners, and to support London’s communities in the transition to net zero. Sixty7.Green carried out interviews and focus groups with voluntary sector organisations, funders and other stakeholders, arriving at a set of recommendations. The resulting report, along with external research and data, informs the current development of an Environmental Action Plan for CBT and the review of its environmental giving. The ERWG Chairs are working with the Managing Director and the BHE Head of Strategy and Governance to discuss how the ERWG’s work on climate can join up with that of other BHE teams and further align with the charity’s Climate Action Strategy.
11. In February 2022, the ERWG submitted BHE’s first annual Funder Commitment on Climate Change reporting to the Association of Charitable Foundations. This reporting contributes to the sharing of progress and knowledge between funders in tackling the climate crisis. The report is available to Members on request.
12. Philanthropy - The Philanthropy Director has been engaged in various externally focused work this month including attendance on the Beacon Organisation’s Council, the NPC (New Philanthropy Capital) Board, the Islington Giving Board and the Lord Mayor’s Appeal Board all of which focus on increasing the quality and scale of giving. She interviewed the former Chief Executive of Barnardo’s, Javed Khan OBE, as part of a podcast series for NPC and presented at a workshop

hosted by the Deputy Mayor of London, Fiona Twycross, London Plus and the British Red Cross on the role of Civil Society supporting emergency resilience.

13. This latter piece of work underpinned the development of a funding application which is intended to go to the Grants Committee and to this Board for approval in the Autumn. The application aims to better resource Civil Society Emergency Preparedness and Response in London and is being developed in close collaboration with leading Emergency Response charities, London Plus, the GLA and other organisations. It draws closely on learning amassed through the collaborative Covid-19 response in which the Philanthropy Director and Managing Director of BHE played leading roles supporting the Funder, Voluntary, Community and Faith sector response.

### **Governance and Strategy**

14. Grant of the Supplemental Royal Charter – On 8 June 2022, Her Majesty the Queen, upon the advice of her Privy Council, approved the grant of the Supplemental Royal Charter by Order in Council at the Privy Council meeting. The grant, however, will not be formalised until the Great Seal is affixed which may take some time as the document needs to be printed and the covering page illuminated. In summary, the governance changes within the Supplemental Royal Charter are intended to:

- a. provide clarity or to remove obsolete provisions;
- b. provide greater flexibility in the application of BHE's funds, but with suitable safeguards to protect the charity's primary object, in summary, to maintain and support the five Thames bridges vested in the City Corporation as Trustee (London Bridge, Blackfriars Bridge, Southwark Bridge, Tower Bridge and Millennium Bridge);
- c. 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 if they can currently be exercised by BHE or where they are unavailable to BHE; and,
- d. reflect good governance practice.

15. Officers have already begun preparations for the implementation of the new powers and will continue to report progress to the BHE Board.

16. BHE Operating Model – In January 2022, the new BHE Leadership Team structure became effective, with one final role to recruit. BHE have recently appointed Starfish, an executive search recruitment firm, to lead on the campaign for the recruitment of the Chief Funding Director. The advert for this role went live in June 2022 and the campaign will involve an extensive search, ensuring diversity, equity and inclusion (DEI) considerations are front and centre of the recruitment. Final interviews are planned for September 2022, following first stage interviews and assessments over the summer period. The final panel will include the Chair of the Grants Committee, the Managing Director of BHE, an external peer from a London grant making foundation, and a senior representative from HR. The outcome of the recruitment campaign will be reported back to the Board in due course.

## Communications Updates

17. BHE Inaugural Board Dinner – On Monday 20 June 2022, BHE held its inaugural Board Dinner on the walkways of Tower Bridge. The aim of the event was to allow BHE to share the scope and ambitions underpinned by its new structure and governance, including the various teams powering it. The dinner was an external facing event, presenting a key moment to position BHE with its stakeholders as a world-class bridge owner, charitable funder and role model for high impact and high value philanthropy. The dinner aimed to inspire partnerships and opportunities – the Chair of the Board invited guests in his speech to identify a burning issue, and taking into account the BHE ambition and audiences, think about future collaborations that they might find in the room.
18. An evaluation form has been sent to all attendees, including BHE Board Members, to assess the impact of the event and learn how we can improve for next year. Members are encouraged to respond and share their feedback. Anecdotally, the event was hailed as a success by all who attended, with several follow up meetings planned. Following the completion and analysis of the evaluation forms, a more detailed evaluation report will be compiled and presented to the Board.
19. Media Coverage - Since the last BHE Board meeting on 27 April there have been 13 press items referencing CBT and other City Corporation charitable giving. This included coverage in Ham & High about a grant for Silver Swans ballet classes for over-60s, a column by Policy Chairman Chris Hayward in City AM on volunteering and an interview with Sheriff Alison Gowman in the Financial Times.
20. BHE Website Development - The charity's website is moving into the next phase of development after nearing completion of the key wireframing and user journey mapping. The next stages will include a final iteration of the look and feel, development of an information architecture to inform the navigation, and final design and build of the site. The Communications Team will be sharing the latest iteration of the look and feel with the Board and wider BHE officers for input ahead of summer recess. This iteration will be heavily influenced by the 'Bridging London Together' campaign that was showcased at the Board Dinner. More user testing will take place over the summer, and all content will be updated in line with accessibility and search engine optimisation, delivered by a dedicated copywriter. The new website will be ready to launch in the autumn.
21. Communicating our offer with clarity - The Communications Team is nearing completion of a project to make improvements to the way the charity communicates about its funding and non-financial support offers. This collaborative piece of work has involved colleagues from across CBT and has focused on ensuring the key areas of work are fully accessible, understandable, and easily navigable to audiences. Timings have been set by the website development, but the new way of describing the existing funding programmes and wider offer will be rolled out more widely.
22. This project has been informed by extensive user feedback, including interviews, surveys, testing and workshops with real users, potential grantees and CBT officers. These insights highlighted a need for: clarity and consistency in how CBT

communicates its funding streams both internally and externally; front-loaded key information where possible; Plain English and familiar, accessible language.

23. Based on the feedback, the following changes will be implemented:
  - a. A new structural approach to communicate the different areas of work, splitting the offer by financial and non-financial support, and referring to CBT funding in 3 clear sections:
    - i. Grant funding (all available funding opportunities)
    - ii. Strengthening the sector together (strategic initiatives)
    - iii. Social impact investment (Stepping Stones Fund & Social Investment Fund)
24. Grouping grants by issue-led thematic areas, and importantly, moving away from Connecting the Capital, Positive Transitions and Advice and Support as titles, as research showed they were a barrier for organisations applying for support.
25. This work does not involve any changes to the existing funding strategy. This work will support and complement the funding strategy by giving officers the tools to communicate with clarity and ensure the CBT offer is fully accessible to all.
26. These changes will be rolled out on the new website. Members and the CBT Team will be made aware of the changes and familiarised with the approach before the launch of the new website. An ongoing agile approach will be taken, allowing for iteration in language as areas develop.
27. Brand Positioning - Work began in 2020 to carry out internal and external workshops and qualitative and quantitative research to set out the foundations for building a new brand position and identity. Due to staff capacity and timings with embedding the BHE Leadership Team and governance structures, this project has been on hold, but now is the right time to restart. In the meantime, some visual assets have been created, driven by the Board Dinner, to promote what we do, rather than who we are, and avoid further promotion of any one of the brands that sit within the BHE family.
28. The process to finalise a brand positioning and identity will comprise of three key stages – some of which we have already completed:
  - a. Brand positioning - developing our positioning strategy:
    - i. Target audiences identified (completed)
    - ii. Market research (completed)
    - iii. Internal/external qualitative/quantitative stakeholder interviews (completed)
  - b. Brand core – proposed workshop in September:
    - i. Brand purpose
    - ii. Brand vision
    - iii. Brand tone / values
  - c. Brand persona – proposed workshop in September
    - i. Brand personality



- ii. Brand tone of voice (begun)
- iii. Brand statement and tagline (begun)

d. Brand Identity:

- i. Naming and design

29. The Communications team, with support from Brand Agency William Joseph, will build on the work already completed to finalise a brand position and create a strong new brand identity for the charity. It is proposed that in September workshops be set up to take this forward, involving Board Members and a working group of Officers from across BHE. All workshop stages will be followed by a time of collating and synthesising before a formal feedback session is run. Expressions of interest from the Board are sought today for participation in these sessions.
30. Further information on the branding work is provided at the following links. This includes what we mean by brand and what it can do for us – which can be found [here](#) - and user research findings, which can be accessed [here](#).

### **Finance Updates**

31. Over recent weeks, the focus of the BHE Finance Team has been on the preparation of the 2021/22 Annual Report and Financial Statements, being the culmination of the financial year of the charity. An initial indication of the total funds of the charity as at 31 March 2022 is included within item 7 of the agenda, now being above £1.7bn. The audit fieldwork commences on 04 July.
32. Whilst focus is necessarily still on the previous year, the team are also considering the latest position for 2022/23, with the above report presenting the first update on financial performance against budget. The high levels of inflation now being experienced represent the greatest financial challenge for the year, with discussions on the impacts of this across the activities of the charity taking place within the Leadership Team. Revised forecasts will be a focus over the coming weeks, considering the impacts of both increased costs and other potential changes to planned activities upon the reserve levels of the charity.
33. Audit Planning Report - The Audit Planning Report from BHE's new external auditors, Crowe U.K LLP, was presented to the May 2022 meeting of the Audit & Risk Management Committee, noting the advisory role that this Committee holds in relation to the BHE Board. This report sets out various matters relating to the audit of the annual report and financial statements of BHE for the year ending 31 March 2022, including: an overview of the planned scope and timing of the audit; significant risks of material misstatement, their approach to internal control relevant to the audit, the application of the concept of materiality alongside any other significant matters that are relevant to the oversight of the financial reporting process. This report can be found at **Appendix 1**.

### **Investment Portfolio Updates**

34. Social Investments – The quarter ending 31 March 2022 showed a return of 3.26% (0.07% below end December 2021) with a valuation at year end of £8.6m. BHE's

social investment facility is divided almost 60:40 between property and fixed income loans. The social impact themes currently supported include homelessness, domestic violence, young carers, LGBTQ+ migrants, and adults with learning disabilities. With the recent approval for the Supplemental Royal Charter and the first meeting of this Board's Investment Review Working Group, officers are developing proposals for the BHE's future social impact investment activities.

35. Property Investments – There are several reports on the agenda today which provide further information on BHE's property investment portfolio.

36. Financial investments – A full report on the performance on BHE's financial investment portfolio is provided later on the Board's agenda for today.

## **Conclusion**

37. This report provides a high-level summary of activities across the whole charity's operations and activities since the Board last met in April 2022. The Board is asked to note the content of the report and the progress made in each activity area over recent months. Further information of any of the updates given in this report can be provided to the Board either verbally in the meeting or in a written format in advance or as a follow-up to the meeting.

## **Appendices**

- Appendix 1 – Bridge House Estates Audit Planning Report, Year ending 31 March 2022

## **David Farnsworth**

Managing Director of Bridge House Estates

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



Smart decisions. Lasting Value

# Bridge House Estates

## Audit Planning Report to the Audit and Risk Committee

### Year ending 31 March 2022

Presented to the Audit and Risk Committee on 24 May 2022

**Strictly Private and Confidential**

The Audit and Risk Committee  
City of London  
PO Box 270  
Guildhall  
London  
EC2P 2EJ

Dear Members of the Audit and Risk Committee

We have set out in this audit planning report various matters relating to our audit of the financial statements of Bridge House Estates (BHE) for the year ending 31 March 2022 following our initial discussions with Karen Atkinson, Nathan Omane and Helen Martins on 21 March 2022.

I have pleasure in submitting our audit planning report for the year ending 31 March 2022. The primary purpose of this report is to communicate to the Audit and Risk Committee and the Trustee, to report in turn to the Bridge House Estates Board relevant matters relating to our forthcoming audit.

I look forward to discussing our report with you, as well as any further matters you may wish to raise with us, and I shall be attending the Audit and Risk Committee meeting with James Hay.

We look forward to working with you on the completion of the audit of the annual report and financial statements of Bridge House Estates

Yours sincerely

Tina Allison  
Partner

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# 1. Executive summary

## Our report to you

We are pleased to present our Audit Planning Report to the Audit and Risk Committee in its advisory role to the BHE Board, and welcome the opportunity to discuss this with you at your meeting on 24 May 2022.

International Standards on Auditing (UK) require that we communicate formally with “those charged with the governance” of BHE regarding relevant matters relating to our forthcoming audits. The objectives of this are to:

- ensure that there is a mutual understanding of the scope of the audit and the respective responsibilities of ourselves as auditor and those charged with governance;
- share information to assist both ourselves as auditor and those charged with governance to fulfil their respective responsibilities; and
- provide to those charged with governance constructive observations arising from the audit process.

The matters in this report include

<ul style="list-style-type: none"> <li>• an overview of the planned scope and timing of the audit</li> </ul>
<ul style="list-style-type: none"> <li>• the significant risks of material misstatement, whether due to fraud or error, and our plans to address these</li> </ul>
<ul style="list-style-type: none"> <li>• our approach to internal control relevant to the audit</li> </ul>
<ul style="list-style-type: none"> <li>• the application of the concept of materiality in the context of an audit</li> </ul>
<ul style="list-style-type: none"> <li>• any other significant matters that, in our professional judgment, are relevant to the oversight of the financial reporting process</li> </ul>

We have discussed the above matters in Section 2 to Section 5 of this report.

## Responsibilities and ethical standards

We have prepared this report taking account of the responsibilities of the Trustee and ourselves set out in [Appendix 1](#) of this report.

## Audit materiality

Our overall audit materiality for the financial statements as a whole will take account of the level of funds held by BHE and will be set at approximately 2% of Investments, this measure will be applied to the audit of investments and pension liability.

In addition, we will determine whether a materiality amount lower than this materiality level is applicable for any particular classes of transactions, account balances or disclosures. At planning we have determined a lower materiality of 1.5% of expenditure will be applied to auditing transactions in the statement of financial activities and other balance sheet items.

Further details of materiality levels are set out in [Appendix 3](#).

## Trustee’s Report and Financial Statements

We have set out in [Appendix 4](#) a number of considerations to be taken by the Trustee and management when preparing the financial statements for the year ending 31 March 2022.

## Audit report

Please note that, while the financial statements are in draft form, the draft audit report should contain the words “This report has not yet been signed” in the space for our signature. We will agree with you when this wording can be removed.



## 2. Significant audit risks

Our audit work will take account of our assessment of the risks of misstatement of transactions and balances in the financial statements. We identify a range of risks from our understanding of BHE, its people and environment, and the system of internal control and plan our audit work so as to reduce the risk of material misstatement to an acceptable level. We also identify which of those risks require special audit attention (“significant risks” or “specific risks”). Significant risk is considered in the context of how, and the degree to which, inherent risk factors affect the likelihood and magnitude of a misstatement occurring. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors.

To assist in the understanding of these risks we have identified one or more of six potential reasons, as defined by ISA 315, for the increased audit risk. In addition, we also consider other factors which may give rise to significant risks, such as a history of previous issues or the matter involves significant judgement.

1. Fraud risk
2. Recent significant economic, accounting or other developments
3. Complexity of the transactions
4. Financial information involves a wide range of measurement uncertainty
5. Involves significant transactions with related parties
6. Significant transactions that are unusual / outside the normal course of business for the entity

Significant risk identified	Risks	Key related judgements	Crowe response
Revenue recognition – Investment property income	3	<p>Investment property income is the largest revenue stream for Bridge House Estates, totalling £27.0m in 2020/21. Whilst comprising mostly of routinely invoiced income, the Covid-19 pandemic has led to the introduction of rent-free periods and rent holidays requiring more complex accounting. In addition, the quarterly invoicing pattern usually followed leads to the need to partially defer invoiced income at year-end.</p> <p>This revenue stream also includes revenue released from deferred lease premiums attached to long term leases where BHE is the lessor. We understand that a new long lease has been signed for Millennium Bridge House in this financial year, with a £5m premium attached.</p> <p>Given the relative size of this revenue stream and complexities arising over cut-off and lease accounting, we consider there to be a significant risk over this revenue stream.</p>	<p>As part of our audit work we will include the following tests:</p> <ul style="list-style-type: none"> <li>• We will review the income recognition policy, ensuring it is in line with SORP requirements and is being appropriately applied and disclosed;</li> <li>• Document and review the systems and controls in place over investment property income. This is a key area of control to ensure that you are recognising all income that is due and closely manage and monitor the debtor ledger;</li> <li>• We will carry out analytical procedures and substantive testing on all income streams including reconciliations to the relevant systems and other records;</li> </ul>

Significant risk identified	Risks	Key related judgements	Crowe response
			<ul style="list-style-type: none"> <li>• Review a sample of transactions and bank receipts either side of the year end date to ensure these have been recognised in the appropriate period;</li> <li>• Obtain a breakdown of investment property income for the year and reconcile to the trial balance.</li> <li>• Verify a sample of property receipts to supporting tenancy agreements and invoices;</li> <li>• Review the year-end deferred income balances, testing a sample to support and re-calculating the split of any invoices as appropriate; and</li> <li>• Review the long term lease premium accounting treatments to ensure they have been accounted for in accordance with the relevant accounting standards, and that they are being released correctly.</li> </ul>
Revenue recognition – Financial Investment income	4	<p>Investment income is derived from the various investment holdings of BHE, including listed investments, private equity and hedge fund holdings and bank deposits. BHE co-invests with the City of London Pension Fund and City's Cash into a number of holdings, with a portion of the value and investment income then apportioned to the charity from this central pool.</p> <p>The primary risk for this revenue stream is over the accuracy of the central split of the income allocated to BHE, as well as the completeness of the investment income reported for the year, where it might be necessary to accrue for income not yet received.</p>	<p>Our audit testing in this area will include:</p> <ul style="list-style-type: none"> <li>• Agreeing the income reported in the investment managers' reports and bank interest to the nominal ledger and reviewing cut off to check that the income has been appropriately recognised;</li> <li>• Reviewing the relevant AAF01/06 controls reports for the investment managers and custodians to gain assurance that income is being reported accurately to the Corporation; and</li> <li>• Review the allocation of investment income to BHE, ensuring it is in line with the proportion of the investment holdings allocated to the charity.</li> </ul>



Significant risk identified	Risks	Key related judgements	Crowe response
Revenue recognition – Tourism income	4	<p>BHE operates the tourist attraction at Tower Bridge, which generates income for the charity through both ticket sales and through the gift shop. This revenue stream was impacted severely by the Covid-19 pandemic in 2020/21, with the site forced to close for much of the year.</p> <p>Whilst we understand that this revenue stream has not yet fully recovered due to ongoing government restrictions in the year, this revenue stream will once again be material for the charity in 2021/22, with the primary risk being over the completeness of the revenue recognised. This revenue stream has also traditionally involved a greater degree of cash handling than others due to its nature, increasing the risk of fraud or diversion of funds.</p>	<p>As part of our testing, we will:</p> <ul style="list-style-type: none"> <li>• Gain an understanding of the systems and controls in place around tourism income, including how the risk of fraud through diversion of cash is mitigated;</li> <li>• Trace a sample of ticket sales per the EPOS system through to its ultimate receipt in bank;</li> <li>• Review a sample of reconciliations that are completed for sales, tracing total cash and card income per the EPOS system to receipt in bank, and</li> <li>• Perform cut-off testing around the year end to ensure income has been recognised in the correct years.</li> </ul>
Revenue recognition – non-significant risks		Our consideration and approach to income streams that are not considered to be significant risks is set out in <a href="#">Section 3</a> .	
Grants to voluntary organisations		This is the largest single expenditure item for BHE. Our audit work will focus on ensuring that grant awards and payments have been appropriately approved and that liabilities have been captured in the appropriate period.	<p>We will use as our start point a schedule of grants, prepared by management, which reconciles the opening liability for grants to the closing creditor and the expense in the financial statements taking into account payments and awards in the year.</p> <p>We will test the completeness and accuracy of this schedule by confirming, on a sample basis, that awards approved have been included in the schedule and allocated to the appropriate period. We will ask to be provided with copies of minutes and decision letters for this purpose.</p>

Significant risk identified	Risks	Key related judgements	Crowe response
Estimates and judgements – Financial investment valuation	1,3,4	<p>The financial investments portfolio represented £834m as at 31 March 2021. There is a risk with regard to the existence / ownership of the assets in the investment portfolio and their correct valuation.</p> <p>As the investments are held and managed by third party service providers it is important that:</p> <ul style="list-style-type: none"> <li>the Charity has sufficient controls in place to mitigate the risks associated with outsourcing services; and</li> <li>the controls in operation by the third party service provider over the ownership and management of the Charity’s assets and their associated income streams are sufficiently robust.</li> </ul>	<p>Our focus will be on your own internal procedures to manage and control the investments as well as the controls being operated by both the investment managers and the custodian, including consideration of the relevant AAF01/06 controls reports. We will obtain valuations directly from the investment managers.</p> <p>We will review the reconciliations between the reports from the investment managers and the custodian’s report and the records independently maintained to confirm ownership and to identify potential anomalies or significant movements in the year (particularly in relation to purchases and disposals).</p> <p>We will also review the cash flows to, from and between the investment managers and the tracking of these movements.</p>
Estimates and judgements – Investment Property Valuation	1,3,4	<p>Investment properties held by the Charity totalled £843.8m as at 31 March 2021. It is our understanding that these properties are valued independently by two firms registered as valuers with the Royal Institution of Chartered Surveyors (“RICS”) as at 31 March each year.</p> <p>Investment properties are carried in the financial statements at fair value. FRS102 requires revaluation to be made with sufficient regularity to ensure that the carrying value does not differ materially from that which would be determined using fair value at the reporting date.</p>	<p>We will review the investment property valuation report with consideration to judgements and estimates used by the valuer with reference to market data. We will also test the inputs provided to the valuer by the Charity and the ownership status via land registry</p> <p>We will also review the valuation adjustment and ensure any gains/losses on revaluation have been appropriately recognised in the Statement of Comprehensive Income.</p>
Estimates and judgements – pension liability	1,3,4	<p>The assumptions surrounding the FRS102 pension liability calculations performed by the actuaries can make a significant difference to the result disclosed in the financial statements.</p> <p>The City Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities</p>	<p>Our audit testing will include the following:</p> <ul style="list-style-type: none"> <li>Benchmarking the assumptions used by the actuary in calculating the FRS102 pension liability;</li> </ul>

Significant risk identified	Risks	Key related judgements	Crowe response
		<p>relating predominantly to the three principal funds for which it is responsible (City Fund, City's Cash and Bridge House Estates).</p> <p>At present, BHE includes the pension scheme liability in the accounts as reported under IAS19, with a conversion not made to FRS102 on the grounds of the difference not being material. There is a risk that this difference may in fact be material or otherwise significant.</p> <p>Estimates and judgements that are not considered to be significant risks are set out in <a href="#">Section 3</a>.</p>	<ul style="list-style-type: none"> <li>• Assess the difference in calculating the liability between IAS19 and FRS102 to determine whether it is material or otherwise significant;</li> <li>• Verifying scheme assets to third party documentation and testing their valuation;</li> <li>• Verifying (on a sample basis) the input data provided to the actuary to HR and payroll records; and</li> <li>• Verifying the apportionment of the pension liability across the 3 City of London funds.</li> </ul>
Management override of controls, including through journal adjustments	1	<p>Although the level of risk of management override of controls varies from entity to entity, Auditing Standards recognise that this risk is nevertheless present in all entities because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Due to the unpredictable way in which such override could occur, including to mask fraud, the override of controls is a significant risk for all audits.</p> <p>The Trustee must satisfy themselves that the control environment present within the entity together with the trustee controls and controls over the posting of journals are adequate to deter any inappropriate override of controls from management.</p>	<p>Our audit work will include the following:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements and testing the appropriateness of a sample of such entries and adjustments;</li> <li>• Reviewing accounting estimates for biases that could result in material misstatement due to fraud; and</li> <li>• Obtaining an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of BHE and its environment.</li> </ul>

### 3. Other areas of audit focus and disclosure

We have also noted the following matters from our initial discussions as not having significant or specific audit risk but being potentially relevant to the financial statements.

#### Income

International Standards on Auditing (ISA 240) presumes there is always a significant risk of material misstatement due to fraud in revenue recognition, unless this is rebutted.

Whilst we deem Investment Property Income, Investment Income and Tourism Income to be significant (see [Section 2](#)) we do not consider other income streams to be significant due to their expected immaterial nature. If this does not transpire to be the case, we will perform a risk assessment of this revenue stream and report this to you within our Findings Report.

Across all income streams the key risks remain the same:

- Completeness (has all income due been appropriately recognised in the period?).
- Benefit (has income been recognised in the appropriate period?).
- Fund allocation (have donor restrictions on the use of the income been appropriately captured in the financial statements?).
- Accuracy (where income is owed at year end, is it likely to be received or should it be provided against?).

#### Judgements and estimates

ISA (UK) 540 Auditing Accounting Estimates and Related Disclosures requires additional audit focus over management's estimates, including undertaking separate risk assessments for both inherent and control risks. In respect of the former, consideration is required of the estimation uncertainty, the subjectivity and the complexity of the estimate. We are also required to consider whether the disclosures made in the financial statements are reasonable.

We will pay careful attention to areas of the financial statements affected by management judgement and estimation. We have initially identified the following for specific review.

- Assessment of impairment of assets.
- Assessment of the remaining useful life of assets.

We will identify all areas where an accounting estimate or judgment is used and we will obtain an update from management on the basis of the estimates.

We will consider whether these have high or low estimation uncertainty. Where there is high estimation uncertainty (primarily, if there is a range of reasonable outcomes which exceeds our materiality) this indicates a "significant risk". We will compare the estimates and judgments made in the prior period with actual outcomes.

We will also review management's assessment of this and specifically consider whether the estimates and judgments arrived at by management indicate any "management bias". This means that management will also need to consider whether there is any bias in information received from other departments.

It is important that you are satisfied that the assumptions used by management are appropriate and we will ask you to provide a written representation to us to confirm this.

#### Payroll

Payroll is one of the largest single expenditure items for BHE totalling £6.4m in 2021.

As part of our audit we will review the controls in place over monthly processing including the reconciliation of the payroll to the nominal ledger.

We will also perform analytical procedures that consider gross pay, deductions and staff numbers year on year to ensure that all trends and relationships appear reasonable and that the totals agree with the ledger, and we will verify a sample of staff between the payroll and other HR records and agree their costs to supporting documentation on a sample basis.

## Funds

BHE operates a number of different funds subject to various restrictions and designations. You must ensure that all movements on funds are correctly identified and accounted for. This requires careful consideration of the various terms and conditions which may be applied to income.

We will:

- Trace restricted contributions and grants found in our income testing to the relevant fund account.
- Review a sample of expenses allocated to restricted funds to ensure that the expenditure was spent in accordance with the objects of the fund.
- Review the analysis of net assets to ensure that it has been correctly allocated across the funds.

Review the processes in place to ensure that restricted transactions are completely and accurately captured and reported within the organisation and review year end balances to ensure that they appropriately reflect the restrictions that should be in force.

## Going concern and our audit reporting

In preparing the financial statements to comply with Financial Reporting Standard 102 the Trustee is required to make an assessment of the charity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, the Trustee is required to consider all available information about the future of the charity in the period of at least, but not limited to, twelve months from the date when the financial statements are approved and authorised for issue.

In forming conclusions on going concern the Trustee will need to evaluate which of three potential outcomes is appropriate to the specific circumstances of the charity. The trustee may conclude:

- there are no material uncertainties that lead to significant doubt upon the entity's ability to continue as a going concern;
- there are material uncertainties that lead to significant doubt upon the entity's ability to continue as a going concern; or

- the use of the going concern basis is not appropriate.

A material uncertainty is defined as *'An uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern, where the magnitude of its potential impact and likelihood of occurrence is such that appropriate disclosure of the nature and implications of the uncertainty is necessary for the fair presentation of the financial statements.'*

Under ISA (UK) 570, where a material uncertainty related to going concern exists, we are also required to determine whether the financial statements:

- appropriately disclose the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions, and
- disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

We have discussed with management and explained that as part of our work on going concern for the year ending 31 March 2022 we will do the following:

- Review the period used by Trustee to assess the ability of BHE to continue as a going concern.
- Examine detailed budgets and forecasts prepared by management covering the period of the going concern assessment which adequately take account of the potential impacts of Covid-19, inflation and other economic factors on BHE to ensure these appropriately support the Trustee's conclusion.
- Review the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year.
- Review any other documentation which the Trustee use in assessing the going concern status and make any necessary enquiries of management.

We will agree with management the preparation of a detailed paper setting out their assessment of BHE's ability to continue as a going concern for consideration alongside the draft financial statements by the BHE Board.

## 4. Fraud and irregularities and our audit reporting

### Obtaining an understanding of internal control relevant to the audit

Our audit tests will combine a review of BHE's controls with tests of detail (substantive procedures) and analytical review procedures.

ISAs require us to document our understanding of your business and assess the risk of material misstatement. For controls considered to be 'relevant to the audit' we are required to evaluate the design of the controls and determine whether they have been implemented. The controls that are determined to be relevant to the audit are those:

- relating to identified risks (including the risk of fraud in revenue recognition) or other audit issues;
- where we are unable to obtain sufficient audit assurance through substantive tests alone; and/or
- where we consider it more efficient to obtain assurance through controls testing.

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of detailed audit testing required will be considered.

Our audit work is not designed to provide assurance as to the overall effectiveness of the controls operating within BHE, although we will report to management, Audit and Risk Committee and BHE Board any recommendations on controls that we may have identified during the course of our work.

The primary responsibility for the prevention and detection of fraud rests with management and "those charged with governance" (i.e. the Trustee and BHE Board), including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by irregularities including fraud, or error.

### Corporate governance and fraud

In line with ISA (UK) 700 our audit report will include an additional comment to explain to what extent the audit was considered capable of detecting irregularities, including fraud.

As auditors, we are required to document an understanding of how "those charged with governance" exercise oversight of management's processes for identifying and responding to the risks of fraud in BHE and the internal controls that management has established to mitigate these risks.

We note that BHE has a structured process for fraud reporting, through its risk management, BHE Board and the Audit and Risk Committee. We have not been made aware of any significant matters which would affect our assessment of audit risk at this stage, although this will need to be reviewed by us, and confirmed by the Trustee, up to the date of approval of the financial statements.

We will make enquiries of management and others within BHE as appropriate, regarding their knowledge of any actual and suspected or alleged fraud affecting BHE. In addition, we will be required to ascertain the following from the BHE Board / Trustee.

- Whether they have knowledge of any fraud or suspected fraud.
- The role that the Audit and Risk Committee / BHE Board / Trustee exercises in oversight of:
  - i) BHE's assessment of the risks of fraud, and the design and implementation of internal controls to prevent and detect fraud; and
  - ii) their assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We will seek representations from the Trustee on these matters and we will liaise with the finance team, in the first instance, to identify any specific risks or information relevant to these considerations.



## 5. Staffing, fees and timetable

### Staffing

Naziar Hashemi is your Client Service and Tina Allison is your Audit Partner. They will be assisted by James Hay and James Badman as lead Audit Managers. The onsite team will be led by Alex Harby.

### Our audit fees

Our proposed audit fee is based on two assumptions.

- First draft financial statements and detailed supporting schedules are available at the commencement of the audit. If this information is not available to us at the start of our audit we may seek to charge additional fees to cover any resulting delays or inefficiencies.
- We are required to check and review up to two further drafts of the financial statements prior to these being finalised for approval by the Trustee. If it is necessary for us to review additional drafts we may charge additional fees to cover any resulting extra staff time.

Based on the above, our fee for the audit of the financial statements of BHE, including checking the consolidation of the group financial statements, will be £75,000. This fee is stated exclusive of VAT and disbursements.

We propose to submit an initial interim fee of £15,000 at the time of issuing this planning report and subsequent fees of £50,000 at the end of the main fieldwork and the final balance of our fees on completion.

To assist you in providing the required information, we will provide a separate list of audit deliverables to the BHE finance team.

### Timetable

The anticipated timetable and deadlines are as follows.

Key Events	Date
Initial planning meeting	21 March 2022

Audit and Risk Committee meeting to consider audit plan	24 May 2022
Completion of system notes and walkthroughs along with initial sample selection	w/c 27 June 2022
Audit fieldwork commences and draft financial statements available	4 July 2022
Clearance meeting with finance team	4 August 2022
Audit and Risk Committee meeting to consider accounts and report from the auditors	27 September 2022
BHE Board to approve the accounts	TBC October 2022
Filing deadline at Charity Commission	31 January 2023

### Our deliverables to you

In addition to carrying out the necessary audit procedures in accordance with International Standards on Auditing we will provide to you the following.

- Statutory audit reports on the financial statements of BHE.
- This Audit Planning Report to confirm the details of the planned timing of our audit and related year-end meetings, to confirm the key members of your audit team and their independence, and to summarise our audit approach and any specific issues relevant to our audit which we have identified from our initial discussions with BHE's finance team or elsewhere.
- An Audit Findings Report to summarise any key issues or adjustments identified during our audit which have impacted on the disclosures in, or required adjustment to, the draft financial statements together with comments on any weaknesses in BHE's

systems and controls which come to our attention during our audit work on the annual statutory financial statements.

- Draft of the Representations Letter which we are required to obtain from the Trustee to confirm certain specific matters relevant to the completion of the statutory financial statements.



## Appendix 1 - Responsibilities and ethical standards

### Scope of our audit

Our audit is a statutory requirement to ensure that the Trustee has properly discharged their legal responsibilities to prepare their annual report and the financial statements in accordance with the applicable legislation and financial reporting requirements.

As your auditor we are required to obtain sufficient evidence to enable us to report as to whether the financial statements of BHE give a true and fair view of the financial performance of the entity, are free from material misstatements and are compliant with the requirements of relevant legislation and applicable Financial Reporting Standards.

### Your financial statements

The financial statements on which we are to report are your responsibility; our audit of the financial statements does not relieve management or the Trustee of their responsibilities for the financial statements and the Trustee must be satisfied that the financial statements give a true and fair view before approving them. Further details of your and our respective responsibilities are set out in our engagement letters dated which will be shared as soon as possible.

### Our audit approach

We will carry out our audit in accordance with International Standards on Auditing (UK) ('ISA's (UK)'). Overall, we seek to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, in order that we can report to the Trustee.

Our work will include such tests of transactions and of existence, ownership, valuation and completeness of assets and liabilities that we consider necessary for this purpose.

We will update our understanding of BHE including objectives, strategies, operations, governance structures, sources of incoming resources and related risks. We will also update our understanding of the classes of transactions, account balances, and disclosures to be expected in the financial statements.

We will consider your selection and application of accounting policies and whether they remain appropriate, and your reasons for any changes thereto.

We will review your systems for the purpose of our audit and we will report to you any significant deficiencies in internal control identified during our audit which, in our professional judgment, are of sufficient importance to merit your attention after discussing them with management. Our audit should not, however, be relied upon to identify all systems deficiencies, which are your responsibility, and we shall only draw your attention to matters we have encountered as a part of our audit work.

We will also read the Trustee's Report and any other information that will be included with the financial statements to ensure this is consistent with the financial statements.

We are required to confirm during our audit whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting BHE. We have been made aware of one incident during the year from our initial discussions but will be requesting further confirmation of no further matters as part of the audit completion process.

### Legal and regulatory disclosure requirements

In undertaking our audit work we will consider compliance with the following legal and regulatory disclosure requirements, where relevant:

- Charities Act 2011
- The Charities (Accounts and Reports) Regulations 2008
- The Charities SORP (FRS102)
- Financial Reporting Standard 102

We are not aware that any limitations will be placed on the planned scope of our audit.

### Ethical Standard

We are required by the Ethical Standard for auditors issued by the Financial Reporting Council ('FRC') to inform you of all significant facts and matters that may bear upon the integrity, objectivity and independence of our firm.

Crowe U.K. LLP has procedures in place to ensure that its partners and professional staff comply with both the relevant Ethical Standard for auditors and the Code of Ethics adopted by The Institute of Chartered Accountants in England and Wales.

In our professional judgement there are no relationships between Crowe U.K. LLP and BHE or other matters that would compromise the integrity, objectivity and independence of our firm or of the audit partner and audit staff. We are not aware of any further developments which should be brought to your attention.

### **Independence**

International Standards on Auditing (UK) require that we keep you informed of our assessment of our independence.

We confirm that we have not provided any non-audit services to the group. We have not identified any other issues with regards to integrity, objectivity

and independence and, accordingly, we remain independent for audit purposes.

In communicating with those charged with governance of the parent charity and group we consider those charged with governance of the subsidiary entities to be informed about matters relevant to them.

The matters in this report are as understood by us as at May 2022. We will advise you of any changes in our understanding, if any, during our meeting prior to the financial statements being approved.

### **Use of this report**

This report has been provided to the Audit and Risk Committee to consider and ratify on behalf of the BHE Board, in line with your governance structure. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

## Appendix 2 - Audit materiality

### Audit materiality and communication of errors and adjustments

We do not seek to certify that the financial statements are 100% correct; rather we use the concept of “materiality” to plan our sample sizes and also to decide whether any errors or misstatements discovered during the audit (by you or us) require adjustment.

The assessment of materiality is a matter of professional judgment but consideration will be given to the highest cumulative error which would not threaten the validity of the financial statements. A matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements.

Whether adjustments are material to the “true and fair” view can only be judged in the particular circumstances of the items and their impact on the financial statements to which they relate. Materiality will be considered having regard to the overall financial statement totals, the relevant individual balance, the type of transaction and the disclosures.

As mentioned in Section 1, our overall audit materiality for the financial statements as a whole will take account of the level of funds held by BHE and will be set at approximately 2% of Investments, this measure will be applied to the audit of investments and pension liability.

In addition, we will determine whether a materiality amount lower than this materiality level is applicable for any particular classes of transactions, account balances or disclosures. At planning we have determined a lower materiality of 1.5% of expenditure will be applied to auditing transactions in the statement of financial activities and other balance sheet items.

We will, of course, discuss with your finance team all errors, other than those that are “clearly trivial”, that we discover during the course of our audit work. Where such errors would have an impact upon the numbers reported in the statutory financial statements, but are not significant in terms of our audit, we will ask management if they wish to adjust the financial statements.

We will bring to your attention all significant potential adjustments to the financial statements. We will not, however, bring to your attention matters that we consider to be “clearly trivial” and we therefore propose to only identify amounts greater than 5% of our audit materiality.

The following is a summary of the overall materiality levels we apply to the separate entities within the group.

Entity	Materiality calculation	Materiality £'000	Reporting threshold £'000
Bridge House Estates	2% Investments/1.5% Expenditure	33,550/1,340	1,675/65

## Appendix 3 - Trustee's Report and Financial Statements

### Financial Statements and our audit

The preparation and presentation of the financial statements remains the responsibility of those charged with governance. However, our audit work will include reviewing the statements to ensure that they properly reflect the underlying financial records of the charity and also that they continue to be appropriately prepared in line with the requirements of the Charities SORP (FRS 102) and the requirements of the Charities Act.

As part of our audit we will:

- ensure there is a full audit trail from the trial balance to the financial statements;
- review the financial statements against legal, regulatory and the SORP requirements and sector best practice;
- review the processes operated by BHE for identifying any related party transactions that might require disclosure; and
- review the latest copy of the risk register and ensure any key issues for the financial statements have been considered in the context of our audit, and appropriately managed in the context of the BHE's governance.

### Trustee's Report

We expect that your Trustee's Report will include discussions of risks, outcomes, outputs and impacts and information on financial and non-financial KPIs.

Whilst we are required to review the report for any inconsistencies with the information included in the financial statements and to ensure that it reflects the SORP and other requirements, we do not audit the Trustee's Report. The responsibility for preparing the report rests with the charity's Trustee.

Although the Trustee may seek the assistance of the charity's staff in drafting the report, the Trustee must approve the final text of the report. It is therefore important that Trustee has some assurance over the process which management have adopted in the collection and verification of the data included in the Trustee's Report.

It will also be important that BHE continues to ensure consistency between the statutory Trustee's Report information and any information that is included elsewhere including on its website.

### Governance Code

The Charity Governance Code was updated in March 2021. The key enhancements focussed on Principle 3: Integrity and Principle 6: Equality, Diversity and Inclusion (formerly 'Diversity'). A copy of the refreshed code can be obtained from the Charity Governance Code website at <https://www.charitygovernancecode.org/en/pdf>.

The Governance Code encourages charities to publish a brief statement (a short narrative rather than a lengthy 'audit' of policies and procedures) in their annual report explaining their use of the Code and we therefore anticipate that you will be including an appropriate comment on this in your Trustee's Report.

### Fundraising Statement

The Trustee's Report will also again need to include an appropriate statement on the various matters relating to the charity's fundraising activities as required by The Charities (Protection and Social Investment) Act 2016.

## Appendix 4 - External developments

We have summarised below some of the developments and changes in the charity sector over the recent period which we believe may be of interest and relevant to you. Please note that this information is provided as a summary only and that you should seek further advice if you believe that you have any specific related issues or intend to take or not take action based on any of the comments below.

We believe it is important to keep our clients up to date on the issues that affect them and, as a part of our ongoing communication, we regularly hold seminars and courses. Unfortunately, due to the current Covid-19 restrictions, we have necessarily had to suspend our face to face courses and seminars. Although we hope to be able to return to our seminars and courses in the not too distant future, we are currently working to replace some of these as webinars. We have a number of webinars currently in development and will make these available as soon as we can.

As a result the webinar sessions are likely to be put out with relatively short notice and we therefore encourage you to visit our website (<https://www.crowe.com/uk/croweuk/industries/webinars>) or register to our mailing list ([nonprofits@crowe.co.uk](mailto:nonprofits@crowe.co.uk)) to stay updated on these. Any webinars which you have missed remain available on demand on our website.

### Governance

#### The Charities Bill: 5 key changes to charity law

The Charities Act 2022 (the Act) received Royal Assent on 24 February 2022 and brings into force a number of key changes to the Charities Act 2011, aimed at simplifying a number of processes.

While the Act comes into force on the date on which it was passed, a number of the provisions of the Act will only come into force when secondary legislation has been passed. It is expected that this will take place on a staggered basis over the next 12 – 18 months. In addition, the Charity Commission will be updating their guidance and online tools for each change to the Act.

We have set out below some of the key changes.

#### *Governing document amendments*

Amendments have been made to the Act to more closely align the rules for charities amending their constitution irrespective of the legal structure. Whilst the Commission will still need to approve any regulated amendments (e.g. changes to the charity's objects), they will now apply the same consistent criteria to approve these.

#### *Permanent endowments*

A number of changes have been made in respect of permanent endowments.

Firstly, the definition of permanent endowments has been updated with a simplified definition where property is considered to be a permanent endowment if it is '*subject to a restriction on being expended which distinguishes between income and capital*'.

The Charities Act has also been updated to increase the maximum value of a permanent endowment that Trustees can resolve to release restrictions on spending capital from £10,000 to £25,000. This power has also been extended to incorporated entities.

In addition, a new provision in the Act will allow Trustees to borrow up to 25% of the value of a charity's permanent endowment subject to the amount being repaid within 20 years of being borrowed.

These new and amended powers will grant Trustees of permanently endowed charities increased flexibility in times of economic uncertainty.

#### *Failed appeals*

The Act introduces new rules granting the power for trustees to apply *cy-près*, allowing charities more flexibility in response to a charity appeal that has failed, allowing donations to be applied for another charitable purposes rather than having to be returned to donors under certain conditions:

- i) The donation is a single gift of £120 or less; and the Trustees reasonably believe that during the financial year the total amount received from the donor for the specific charitable purpose is £120 or less (unless the donor states in writing that the gift must be returned if the charitable purposes fail); or
- ii) The donor, after all agreed actions have been taken, cannot be identified or found; or
- iii) The donor cannot be identified (for example cash collections)

In order to avail themselves of the new rules, Trustees will need to pass a resolution having regard to (a) the desirability of securing that the purposes are, so far as reasonably practicable, similar to the specific charitable purposes for which the money or other property was given; and (b) the need for the purposes to be suitable and effective in the light of current social and economic circumstances.

Where the proceeds are in excess of £1,000 a copy of the resolution, along with a statement of their reasons for passing it must be provided to the Commission. Such a resolution does not take effect until consent is provided by the Commission in writing.

#### *Payments to Trustees*

Under the Charities Act 2011, Trustees (or a person connected to the trustee) may receive payment for the provision of services to a charity under certain conditions. The Act extends this provision to allow payment for the provision of goods to a charity.

#### *Ex Gratia Payments*

Amendments to the act allow for ex gratia payments to be made without the Commission's consent, up to a maximum of £20,000 depending on the charity's income. In addition, the amendments allow this decision to be delegated to staff.

#### *Mergers*

A key amendment to the Act allows for legacies to be transferred to a merged charity. This change will remove the need for 'shell charities' to be maintained and therefore reduce administration costs.

Full details of all the changes can be found [here](#) and [here](#).

## **Responsible investments guidance**

The Charity Commission ran a public consultation in April 2021 in respect of updated guidance for responsible investments.

The results of the consultation were published on 18 August 2021, and can be viewed [here](#).

During the consultation two charities were granted permission to bring a case relating to responsible investment to the High Court. They are seeking clarification of the law, with the case heard in April 2022. As a result, the updated guidance is not yet published until impact of the judgement has been fully assessed.

## **Guidance on hybrid working launch by ACAS**

ACAS recently published guidance for employers on hybrid working, following the extended period of remote working as a result of the coronavirus pandemic.

The guidance is broken down into the following five sections:

- Considering hybrid working for your organisation
- Consulting and preparing to introduce hybrid working
- Creating a hybrid working policy
- Treating staff fairly in hybrid working; and
- Supporting and managing staff in hybrid working

The guidance also considers other legal matters that employers should consider, including data and privacy issues, health and safety issues and working time requirements.

The guidance can be found [here](#).

## **Charity Commission: 'Take action on fraud'**

As part of Charity Fraud Awareness Week, the Charity Commission issued a press release in October 2021 warning charity trustees and management to 'take action on fraud' as new figures show £8million reported lost to crime last year.



The latest data from Action Fraud also shows 1,059 separate incidents of fraud were reported by charities in just one year from April 2020 to March 2021.

Together with the Fraud Advisory Panel, the regulator is urging all trustees to sign up to a new [Stop Fraud Pledge](#), which commits charities to taking six practical actions to reduce the chances of falling victim to fraud.

The pledge includes the following measures:

- Appoint a suitable person (staff member, volunteer or trustee) to champion counter fraud work throughout the organisation
- Ensure that all trustees are aware of their legal duty to protect the charity's assets.
- Consult with staff, volunteers and trustees to identify the types of fraud that threaten the organization and the ways they can be prevented.
- Create a written fraud policy and share it regularly – with staff, volunteers and trustees – so that everyone understands what fraud is and how they can help prevent it.
- Perform checks on the individuals and organisations with whom we have a financial relationship.
- Assess annually how well the fraud controls are working, taking into account new risks and making improvements as needed.

## Compliance

### Safeguarding in international aid

The Charity Commission issued an alert in June 2021 to assist trustees of international aid charities to improve their safeguarding practices.

The alert includes a number of key steps that trustee may consider, including

- making sure policies, communications and ongoing performance management help maintain appropriate behaviours by charity staff and workers to each other and the beneficiaries they serve

- joining the [Misconduct Disclosure Scheme](#) to help protect your charity and other organisations in the sector from individuals who pose a safeguarding risk
- giving victims and survivors, and their families and friends, a safe means to report their concerns and complaints
- launching robust and timely investigations into allegations or concerns where they arise

A copy of the alert can be found [here](#) along with the Commission's guidance [Safeguarding and protection people for charities and trustees](#).

### Government procurement: carbon reduction plans

The Government has introduced new measures which will require businesses to commit to net zero by 2050 and publish clear and credible reductions plans before they can bid for major government contracts.

Under the new measures, for procurements advertised on or after 30 September 2021, suppliers bidding for contracts above £5million a year will need to have committed to the government's target of net zero by 2050 and have published a carbon reduction plan.

Carbon Reduction Plans ('CRP') must meet the required standard, and includes (but is not limited to):

- Confirming the bidding supplier's commitment to achieving Net Zero by 2050 for their UK operations.
- Providing the supplier's current emissions for the sources included in Scope 1 and 2 of the GHG Protocol, and a defined subset of Scope 3 emissions.
- Providing emissions reporting in CO<sub>2</sub>e (Carbon Dioxide Equivalent) for the six greenhouse gases covered by the Kyoto Protocol<sup>4</sup>
- Setting out the environmental management measures in effect, including certification schemes or specific carbon reduction measures you have adopted, and that you will be able to apply when performing the contract and that support achieving Net Zero by 2050.
- Publication of the CRP on the supplier's website

Further details can be found [here](#) along with the Procurement Policy Note issued by the Cabinet Office [here](#).

## Financial and other reporting

### Understand the FX issues impacting INGOs

Our latest report, in association with [CharityTransfers.org](https://charitytransfers.org), draws on research from 114 UK charities with international operations. It provides insight into the big FX challenges and identifies possible areas for improvement.

While the research shows there is work to do, it is in many ways encouraging that most organisations recognise the risks they face, even if they sometimes lack the expertise or resources to manage them. This is particularly important to drive improvement as INGOs face significant financial challenges.

Key points from the report:

- Charity challenges
- Protecting funding from foreign exchange volatility
- Lack of transparency on FX remittance costs
- Lack of competition when making transfers
- Use of banks versus FX brokers
- Transaction challenges
- In-country payments – hard versus local currency
- Difficulty setting accurate budget rates
- Use of official policies to manage FX risk

A copy of the report can be obtained [here](#).

### COVID-19-related rent concessions beyond 30 June 2021

In June 2021, the Financial Reporting Council updated the amendment to FRS 102 in respect of Covid-19 related rent concessions, extending the period to which the amendments apply to 30 June 2022.

Under the amendments, any reduction in lease payments are recognised over the period that the change in lease payments is intended to compensate. For example, if a lessee is offered a rent holiday such that the rent due for July 2021 to December 2022 is waived, no lease expense would be recognized in that period.

The lessee will also need to disclose the change in lease payments recognised in profit or loss in accordance with the amendments, unless the entity is a small entity applying Section 1A of FRS 102, in which case such a disclosure is recommended.

The effective date for these amendments is accounting periods beginning on or after 1 January 2021, with early application permitted.

A copy of the updated amendment to FRS 102 can be obtained [here](#).

## Taxation

### Advertising vs Marketing: An update for charities

Charities are allowed to acquire advertising services from suppliers with the zero-rate of VAT but one condition for the relief to apply is that the advertising is made to the general public.

After consultation with the charity and advertising sector, HMRC released its [Revenue and Customs Brief 13](#) in September 2020. The brief indicated that some supplies that are made by suppliers like Facebook could be treated as zero-rated, e.g. audience targeting and location targeting. However, the notice goes on to state that the standard rate of VAT applies to social media accounts because "when individuals log in to their personal pages, sites use tools to apply advertisements to them when they are signed in. The content will be related to the individual's known likes, dislikes, interests or location, as a signed in member of the website."

We have a number of charity clients that are affected by this as they use suppliers like Facebook for a number of fundraising campaigns. As Facebook is based outside the UK it is up to the UK based charity to account for any VAT due and this is often to a large extent irrecoverable. Therefore, we have written to HMRC to seek clarification of its position.

HMRC has been provided with numerous examples of services and the terms and conditions applicable.



HMRC's response states that all supplies of Facebook advertising fall outside of zero-rated advertising. Consequently, 20% VAT must be accounted for by charities on such supplies received from suppliers based outside the UK.

HMRC's position is now clear and unless it is successfully challenged reverse charge VAT should be applied to services received from suppliers such as Facebook.

If VAT has not been applied to these services, HMRC should be notified of the amount of tax due in order that any penalties applicable can be mitigated.

### Grant Funding: Business or non-business

Our [Insight](#) in January 2021 informed you of the decision of the Upper Tier Tribunal in Colchester Institute and the potential adverse effects it could have upon institutions other than those in the Further Education (FE) sector.

Subsequently there has been a further unsuccessful attempt by a FE College to exploit the decision made by the upper Tier Tribunal ([read the transcript](#)) and HMRC has also responded with its guidance in its [business brief 08/21](#).

The decision has a direct application to those in the Further Education sector that receive grant income. However, in theory the conclusion arrived at by the UTT could be applied to any entity that has received grant income that has treated this as 'non-business'.

The decision in Colchester Institute reversed the common opinion that grant income is used to support non-business activities as the court opined that funding from The Skill Funding Agency (SFA) and the Education Funding Agency (EFA) was in fact consideration for supplies of educational services. In theory this could have wide reaching application in relation to the zero-rating of buildings used for charitable purposes, the application of reduce rate VAT to Fuel and Power and recovery of VAT on costs using both the standard method and special methods of partial exemption.

Many VAT commentators have seen the decision by the Tribunal as a threat to common well-founded VAT treatments applied by charities.

HMRC's brief 08/21 does give comfort to the charities' sector as well as the education sector since it essentially confirms that it disagrees with the Tribunal's decision and states that whilst it will not appeal, its policy on grant funded education will not change. Therefore, it appears that HMRC has no motivation to use the decision to serve a wider purpose and disturb well established VAT treatments for the charities' sector. Furthermore, it is willing

to retain the status quo in relation to SFA and EFA funding (i.e. treat the income as non-business).

### Three common trading activity VAT issues for charities in 2022

#### *Donated Goods Retail Gift Aid Scheme and VAT*

The Retail Gift Aid scheme is used by many charities in order to treat what would have been the sale of donated goods as donations of cash by acting as agent for the owners in selling their goods. This enables the charity to be able to claim Gift Aid.

It is important to note, that from a VAT perspective, this changes the nature of the transaction entirely. If donated goods are sold the shop is making a zero-rated taxable business activity which enables VAT recovery on associated costs. Whereas, if a charity is selling goods on behalf of someone in return for a donation, this is a 'non-business activity' and so while there is no VAT due on the donation, VAT cannot be recovered on the associated costs.

This can result in the shop being required to apply an apportionment to arrive at the correct amount of VAT recoverable in relation to the shop costs so VAT administration increases and VAT recovery is reduced.

**Solution:** To properly operate the scheme, the charity should charge a VAT bearing commission to the donor of the goods. This does mean a small amount of VAT being paid to HMRC but VAT on associated costs incurred on the shops can be recovered in full.

#### *Lottery ticket sales from shops*

Most charities that operate a lottery sell tickets by entering into monthly agreements with customers who buy directly from a head-office. In addition, some tickets may also be sold in charity shops.

Lottery tickets are exempt from VAT, and therefore, no VAT is due on the sales but VAT cannot be recovered on associated costs. This again results in less VAT being recovered by the charity within the shops. It also adds an extra layer of administration as overhead costs of the shop would need to be apportioned.

**Solution:** In reality, the VAT bearing costs used by the shop to make the lottery/raffle ticket sales is minimal and so application should be made to HMRC to apply a fairer apportionment on shop costs where these sales exist.

#### *Effect of COVID-19 on VAT recovery rates*

The COVID-19 pandemic has resulted in many charity shops, cafes and social enterprise activities to close temporarily. This could have an impact on the amount of VAT recoverable on overhead costs, particularly where the charity uses an income-based apportionment as the proxy for recovery (e.g. the standard method of partial exemption). This is because taxable income has been reduced while exempt income may have remained constant. For example, care services in general will have continued during lockdown, while shops/cafes and conference venues have remained closed.

**Solution:** Apply to HMRC to agree an alternative recovery method for the year. HMRC has released an information sheet which states it will look at these requests sympathetically and has set up a purpose-built inbox to review these applications. We would suggest that charities review their recovery rates to see if there has been, or will be (using a forecast), a heavy reduction input tax recovery so this can be addressed. HMRC's release can be accessed [here](#).

### Health and Social Care Levy

The government has announced on 8 September 2021 a new Health and Social Care Levy to pay for reforms to the care sector and NHS funding in England.

The levy will apply from April 2022, although will operate slightly differently in 2022–23 compared to future tax years.

From April 2022, the levy will see an increase of 1.25% on the rates of:

- Class 1 Primary and Secondary National Insurance Contributions – paid by employees and employers on gross wages, respectively
- Class 1A and Class 1B Contributions – paid by employers on benefits provided to employees
- Class 4 National Insurance Contributions – paid by the self-employed on profits.

In 2022–23, this will operate as a simple increase of the National Insurance Contributions rates, so only those liable to pay National Insurance Contributions will be subject to the levy.

From 2023–24 onwards, once HMRC have developed new systems, the levy will operate as a separate payment to National Insurance Contributions, and it will also apply to those above the State Pension age, which is currently not

the case for Class 1 Primary and Class 4 National Insurance Contributions. However, existing reliefs for Class 1 Secondary National Insurance Contributions will also apply to the new levy for employers of apprentices under the age of 25, all employees under the age of 21, veterans, and new employees in Freeports (from April 2022). The levy deduction will appear separately on employee payslips.

From an employer perspective, the effective increase in Class 1 Secondary National Insurance Contributions means that employment costs will increase. It is important that employers assess the impact of this increase on their employment costs and assess how it can be funded. Alternatively, employers may wish to consider other means of remunerating their employees, for example, through tax-efficient benefits, which would not be subject to the levy.

### 12.5% VAT rate applied to hospitality

From 1 October 2021 the VAT rate applied to hospitality changed from 5% to 12.5%. From 15 July 2020 VAT had been chargeable at 5% on:

- on-premises catering and non-alcoholic drinks sold with catering
- hot takeaway food and drinks
- admissions to attractions including theatres and amusement parks
- hotel and holiday accommodation.

This was always intended to be a temporary measure to boost the hospitality sector at this difficult time. Rather than return to 20% VAT in one go, the VAT rate applicable to these goods and services changed to 12.5% where these are supplied between 1 October 2021 and 31 March 2022.

It should be noted that none of the above affects situations where no VAT is chargeable, such as cold takeaway food.

We have produced guidance on actions both suppliers and customers should take here <https://www.crowe.com/uk/insights/preparing-for-the-new-vat-rate>.

### VAT and Covid-19 Testing

HMRC has recently released its policy, Revenue and Customs Brief 11, in relation to the VAT treatment of COVID-19 tests, and is relevant to any organisation who is involved in the provision of tests for COVID-19 or receives these services from suppliers.

HMRC's recent brief has confirmed its policy on the VAT treatment of COVID-19 testing and the requirements for VAT exemption to apply. These should be followed to avoid HMRC issuing VAT assessments and penalties.

HMRC has stated that the medical care exemption will apply in instances where:

- the service incorporates the administration of the test to the patient; and
- the provision of the results,
- by a medical professional or somebody supervised by a medical professional such as a qualified registered nurse, doctor or a state regulated institution.

Exemption can still apply where the service is supplied by a non-registered person but the services are 'wholly performed' by a medical professional.

Exemption does not apply where:

- the service is provided by UK Accredited Service or the Care Quality Commission as HMRC does not consider these as being state regulation
- the service is administered by the patient themselves. Therefore, lateral flow tests are standard rated
- tests are supplied by manufacturers to hospitals. pharmacies.

HMRC's policy may be challenged as the application to some scenarios could be complicated and provide results that will appear inequitable.

However, if your organisation's treatment is not in line with the policy corrective action should be taken both retrospectively and going forward.

Furthermore, if a supplier has been applying standard rate VAT where exemption applies, the over-charged VAT can be recovered by seeking a credit from the supplier.

### **Tax on Covid-19 Grants for charities**

Over the last couple of years many charities and/or their trading subsidiaries have claimed payments under the coronavirus job retention scheme (CJRS). The CJRS scheme ended on 30 September 2021 and was replaced by the Job Support Scheme (JSS).

Charities may also have claimed the following Covid grants, or 'coronavirus support payments' (CSP), which include:

- the self-employment income support scheme (SEISS),
- the small business grant fund,
- the retail, hospitality and leisure grant fund, the local authority discretionary grants fund,
- the coronavirus statutory sick pay (SSP) rebate scheme,
- the equivalent grant funds in Scotland, Wales and Northern Ireland
- amounts paid under the test and trace support payment scheme and its equivalent in Scotland and Wales, called self-isolation support payments
- Eat Out to Help Out (EOTHO)

*CJRS and other CSP payments are generally stated to be taxable for income or corporation tax – is that the case for charities?*

If the payments are to support a charitable (ie a non-taxable) activity of a charity, they are not taxable. If they are to support a non-charitable trade, then they will be included in the profits from that trade, as the expenditure covered will be tax-deductible. If the turnover from the trade is below the de minimis limit for income or corporation tax (currently £80,000 in a tax year, or less if the charity's total income is below £320,000) then the grant payments will not be counted when calculating whether the turnover goes over that limit. However, once the turnover is over that limit, then the CJRS/CSP receipts become taxable income.

If the CJRS or CSP grant relates to two different activities, one charitable and the other non-charitable, then it needs to be apportioned between the two on a reasonable basis.

EOTHO was implemented separately from other CSPs. HMRC guidance for EOTHO states that "You must include the payments you receive as income when you calculate your taxable profits for Income Tax and Corporation Tax purposes".

*Reporting CJRS payments*

However, when it comes to reporting grant payments to HMRC, there are additional tax return reporting requirements for CJRS, JSS, JRB and EOTHO. The JRB, or Job Retention Bonus, is not yet in operation. The Eat Out To Help Out scheme (EOTHO) applied in August 2020.

Whether or not the amounts received are taxable, they need to be reported on the charity's tax return (if it needs to complete one). On the Corporation tax return there are three boxes for CJRS receipts, boxes 471-473. Box 471 records CJRS payments actually received in the period, Box 472 records entitlement over the same period. If the total in Box 471 is larger than the total in Box 472, then clearly there is an overpayment that must be returned, less any overpayments that have already been reported to HRMC or already assessed (Box 473).

Box 474 relates only to JRB and EOTHO overpayments. EOTHO claims need to be reported in Box 647.

The amount owed to HMRC for CJRS is recorded in Box 526. However, this amount is not added to the total of any corporation tax due. It is treated as income tax, and a separate assessment will be issued to collect it.

For trust and estate returns the reporting requirements are contained in Boxes 21.6A and 21.6B. Amounts entered in box 21.6B will be added to the income tax liability of the Trust or Estate, so it is important that if any overclaimed amounts have already been assessed, they are not included in the amount in this box. The individual amounts claimed need to be reported on the relevant boxes of the supplementary pages.

#### *CJRS claims made by trading subsidiaries*

If a subsidiary has made its own CJRS (or other CSP grant) claim then clearly this needs to be recorded on its tax return. However, many charities have claimed CJRS for their employees, and then recharged a portion relating to the employees' work for the trading subsidiary. It is important that the company that has actually claimed the CJRS reports the full amount on its tax return, before any recharges, otherwise confusion will result.

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<b>Committee:</b> Bridge House Estates Board	<b>Date:</b> 6 July 2022
<b>Subject:</b> Year 1 Quarter 4 Update on Climate Action and Year 2 plans	<b>Public</b>
<b>Which outcomes in the BHE Bridging London 2020 – 2045 Strategy does this proposal aim to support?</b>	2
<b>Does this proposal require extra revenue and/or capital spending?</b>	Yes
<b>If so, how much?</b>	£123k
<b>What is the source of Funding?</b>	CAS contingency fund (funded from the BHE designated fund for CAS)
<b>Report of:</b> Damian Nussbaum, Executive Director Innovation and Growth	<b>For Decision</b>
<b>Report author:</b> Grace Rawnsley, Project Director, Climate Action, Innovation and Growth	

## Summary

In October 2020, the Court of Common Council approved an ambitious Climate Action Strategy (CAS), both as Trustee of Bridge House Estates (BHE) and in delivering its wider functions and activities. The CAS is a transformative programme for the City Corporation (in all its capacities) to reach net-zero carbon emissions, build resilience and champion sustainable growth. In July 2021, the BHE Board approved the year 1 plan for the areas relating to BHE in the CAS programme. This paper reports the progress of CAS actions at quarter 4 of year 1 in relation to BHE activities. It also summarises the plans for the upcoming year and requests confirmation on the funds needed for implementation.

## Recommendations

It is recommended that the Bridge House Estates Board, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (Charity no. 10345628) and solely in the charity's best interests:

- i) Note the progress made in year 1 of the CAS programme as of Q4 results;
- ii) Note the overall achievement of the targets remains on track;
- iii) Note a total budget of £442k is required for the year 2 revenue expenditure requirements in the 22/23 financial year. £319k has been included in the 22/23 BHE budget, including £153k carried forward from 2021/22; and,
- iv) Approve the additional £123k of revenue funding for 22/23 from CAS contingency funds (funded by the CAS designated fund) to ensure adequate resources for planned work in BHE areas.

## **Background and context**

1. The Climate Action Strategy (CAS) was adopted by the Court of Common Council for the City Corporation, both as Trustee of BHE and in delivering its wider functions and activities, on the 8<sup>th</sup> of October 2020. This marked the start of a new and transformative programme of action. It set out three interlinked primary objectives for the City Corporation (including BHE) and the Square Mile:
  - a. to support the achievement of net-zero emissions,
  - b. to build resilience, and
  - c. to champion sustainable growth.
2. The strategy was adopted with action plans across thirteen delivery areas to collectively achieve overall targets of:
  - a. Net Zero in our own operations by 2027
  - b. Net Zero in our value chain by 2040
  - c. Net Zero in the Square Mile by 2040
  - d. Climate resilient in our buildings, public spaces and infrastructure
3. Six of the thirteen areas relate to BHE interests (Design standards (capital projects), Buildings – resilience, Buildings – Investment properties, Financial Investments, Purchased Goods and Services, Strategy implementation). In July 2021, the BHE Board approved the YR1 plan and associated budget for BHE related elements of the programme.
4. Progress updates are due to the BHE Board on a regular basis.

## **Progress against targets**

5. To report progress against our targets transparently, a Climate Action Dashboard is in final stages of development. The dashboard will allow tracking to take place across an initial 25 management KPIs. It will also track the main reporting KPI of our footprint as expressed in tonnes of CO<sub>2</sub>e (Carbon Dioxide Equivalent). CAS teams have identified and are evaluating an additional 25 management KPIs. These additional KPIs will further improve the ability to evaluate overall progress. From July 2022, this dashboard will be used as the basis for progress reporting to Committees.

## **Progress against delivery plans**

6. The following chart summarises the delivery status of the 6 workstreams, relevant to BHE, delivering Climate Action against the original Y1 plans at the end of Q4:



Workstream	Status (Q3)	Status (Q4)
Strategic Implementation Support	Amber	Amber
Buildings - Investment Properties	Amber	Amber
Buildings - Capital Projects (Standards)	Red	Red
Buildings - Resilience	Amber	Amber
Purchased Goods and Services	Amber	Amber
Financial Investments	Green	Green

7. Green rated workstreams are all on track in terms of actions originally planned for Y1.
8. Those marked amber are those where there are one or more actions which will happen later in the programme than anticipated.
9. Those marked red have actions that were meant to be initiated in Y1 and have not yet started. The work on capital projects was delayed due to difficulties securing resources. It is now being supported by a Centre of Excellence embedded within the City Surveyors team. This workstream will be back on track in year 2.
10. While some delay is inevitable in the inaugural year of a new programme, these movements are being closely monitored between Member and officer governance. Workstreams that are marked as Amber or Red receive heightened monitoring at the operational level. Service areas are being supported to increase momentum with special emphasis on actions relating to 2027 targets.
11. At the present position, none of the delays are anticipated to compromise the 2027 or 2040 targets.

## Year 2 plans

12. Six areas in the year 2 programme relate to BHE interests. The project plans for these areas are available to Members upon request. These outline the specifics of the work that BHE would be contributing to. Key highlights for year 2:
  - a. **Design standards:** Consultancy work on developing the design standards which include whole life carbon analysis and technology standards is underway.
  - b. **Resilience in Buildings:** Climate change impact modelling is underway to identify assets with a heightened risk and need for enhanced resilience measures. This will inform a Resilience Action Plan that will be organised by fund and several pilot projects will be identified.

- c. **Net Zero in Investment Properties:** Energy assessments of 22 BHE properties are underway with an additional 19 scheduled. These will include details on costs to upgrade major refurbishment works to EPC grade B. This will form the basis of a portfolio level operating plan to reach our emission reduction targets by 2040.
  - d. **Financial Investments:** Y2 sees the arrival of a full-time Responsible Investment Engagement Manager. This post will work to implement a full engagement plan to ensure fund managers are adhering to expectations laid out in the Taskforce for Climate-Related Financial Disclosures (TCFD) report.
  - e. **Purchased goods and services:** Year 2 will focus on working with the Corporation's top 25 suppliers by emissions to set targets and reduction plans. The project will adapt contracts and procedures to ensure that a wide range of climate considerations are included.
  - f. **Strategic Implementation:** Year 2 will focus on delivering the first performance report for CAS as well as publishing the live dashboard. Continuous improvement and support across the programme will also be a focus of year 2.
13. The financial budgets for the Year 2 activities have now been finalised, with a request now being made for an additional £123k for this year, being amounts brought forward within the overall plan for this project. These costs are requested to be funded from the BHE Designated Fund for Climate Action and will supplement the original budget approved for 2022/23 and those costs already approved under the carry forward process for projects that were not completed in 2021/22 as originally expected.

### **Corporate and strategic implications**

14. Strategic implications: The activities of the CAS support the aims and objectives of BHE's overarching strategy, Bridging London 2020 – 2045. The activities will support the charity in becoming a world-class bridge owner, charitable funder and responsible leader.
15. The wider CAS also supports delivery against the following outcomes in the Corporate Plan, 2018-23: outcome 1, 5, 7, 10, 11 and 12. The wider CAS strategy builds upon existing City Corporation strategies and policies, including: the Responsible Business Strategy 2018-23, the Responsible Investment Policy, the City Procurement Strategy 2020 – 24, the Local Plan 2015, the draft City Plan 2036, the Transport Strategy 2018-43, the Air Quality Strategy 2015-20, the Climate Mitigation Strategy, the Carbon Descent Plan, the Transition to a Zero Emission Fleet Policy, the Renewable Electricity Policy & Sourcing Strategy and related campaigns, such as Plastic Free City. It is aligned to ongoing reviews of our financial and property investment portfolio.
16. Resource Implications – The resourcing implications are listed in detail in the recommendations.
17. Finance Implications – an additional £123k is requested for Year 2 revenue expenditure, to be funded from the BHE designated fund for Climate Action.

18. Risk Implications – To manage risk effectively in the programme, all delivery areas have a risk register and the overall risks are controlled through a corporation level risk CR30 – Climate Action Strategy.

19. Equalities Implications – A Test of Relevance was undertaken on the Climate Action Strategy and several positive impacts were identified for people in at least one of the following five protected groups - age, disability, race, pregnancy/maternity and gender. No negative impacts were identified. Potential equalities impacts will be investigated and assessed on an ongoing basis.

20. No new legal or security implications arise from the recommendations in this report.

## **Conclusion**

21. Significant progress has been made on CAS within year 1 in areas relevant to BHE. Some workstreams have experienced delays but these delays are unlikely to compromise the 2027 or 2040 targets. However, continued work is required across all the projects and this paper notes the key milestones for year 2 of the programme.

### **Grace Rawnsley**

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<b>Committee:</b>	<b>Date:</b>
Bridge House Estates Board	6 July 2022
<b>Subject:</b> Budget Monitoring: 1 April to 31 May 2022	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?</b>	<b>All</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of:</b> The BHE & Charities Finance Director (representing The Chamberlain)	<b>For Information</b>
<b>Report Author:</b> Sachin Shah, BHE Transformation Project Accountant	

## Summary

This report provides a financial update on Bridge House Estates (BHE) activities to 31 May 2022. The charity has generated income of £6.7m to date compared to the budget of £5.8m. Within the positive income variance we have Tower Bridge tourism visitor numbers being 38% better than target.

Expenditure to date is £7.8m, reflecting a £4.1m under spend against budget. The under spend largely relates to charitable funding, due to applications in the early part of the financial year focussing on the transition funding offer which places a cap on the maximum value of individual grants.

## Recommendations

The Bridge House Estates Board is recommended to:

- i) Note the contents of this report.

## Main report

1. This paper reports on the financial position of BHE up to 31 May 2022. Key information is summarised within a financial dashboard summary at **Appendix 1**, with the Statement of Financial Activities at **Appendix 2**. The financial information includes the year-to-date variances and full year budget targets.

## Income

2. The budget for Tower Bridge tourism activities for 2022/23 is a break-even position, prior to inclusion of internal recharges. To date, income of £1.1m has been achieved, resulting in a positive variance of £0.4m.
3. At this early stage of the year, the revenue generated is a reflection of better-than-expected business recovery levels, with more visitors, customers and clients than originally predicted by industry bodies such as London & Partners and the Association of Leading Visitor Attractions. The events and retail strands of the operation have also contributed to the positive income variance to date.

4. Property investments income, at £5.6m as at 31 May, is £0.5m ahead of budget - purely down to the phasing of the budgets. The overall income target for the year is £24.5m, which takes account of the longer periods to re-let vacant and refurbished premises in the current climate. Quarterly reforecasts will continue to be produced throughout the year.

## **Expenditure**

5. Budgeted expenditure on the repair and maintenance of bridges for the year includes three major projects; the continuation of the repainting and refurbishment works at Blackfriars Bridge, which is expected to conclude in 2024, the replacement of the high voltage system at Tower Bridge - now projected to be completed in April 2023, and the refurbishment of the approach spans at Southwark Bridge which is also expected to conclude this year.
6. To date, spend on the above projects is £0.6m lower than budget. This is mainly due to the long lead times for materials procured for the Tower Bridge high voltage system replacement project, which has resulted in the completion date being revised from September 2022 to April 2023.
7. Charitable funding budgeted commitments are £102.5m for this financial year. This is a significant increase on the commitments made in 2021/22, when the majority of reactive grant programmes were paused whilst an interim review of the Bridging Divides programme took place.
8. Grant commitments are £2.6m at the end of May, an under spend of £3.2m in comparison to budget. As referenced in agenda item 5 of this meeting, Bridging Divides programmes will be fully open from 1 July which will result in applications for higher values more aligned with the planned spend. In addition, new strategic initiatives were recently approved by the Grants Committee of the BHE Board and a further high value funding request is presented to the Board for approval today.
9. Expenditure in other departments is broadly on target with budget.

## **Funds**

10. Total charity funds are budgeted to be £1,663.5m at the end of this financial year, as further commitments are made from the grants designated fund. The unaudited balance at the end of 2021/22 was £1,717.6m, although further adjustments until the conclusion of the audit may result in a change to this value.
11. Within designated funds, an increase to the 2022/23 provision for the bridge replacement is now forecast, due to the higher levels of inflation.
12. The grant-making designated fund balance has increased, compared to the original budget, as a consequence of the under spend in the previous financial year.
13. Work continues on the production of the financial statements for the annual audit, which commences in early. **Appendix 3** reflects the latest unaudited figures for 2021/22.

## **Conclusion**

14. The annual budget was set during a period of uncertainty with the global pandemic, conflict in Ukraine and high inflation continuing to exert influence. This ongoing volatility will require regular reviews and reforecasting throughout the year to enable an understanding of the impact of changes across charity funds held. Both inflation and difficulties in obtaining materials is having a significant impact on construction costs, with energy costs also soaring. Analysis of these issues is underway, with discussions taking place within the July Board meeting.
15. It should be noted that the centrally held contingency funds were significantly increased for 2022/23, up by £2.2m to £3.3m. An update on the Contingency Fund balances held is presented at agenda Item 8 of this meeting.
16. The charity's free reserves, a part of the unrestricted funds that is freely available to spend on the charity's objectives, is projected to continue to remain above the minimum target of £90m. Considering the level of uncertainty in the external environment, it is prudent to maintain this approach.

### **Appendices:**

- Appendix 1 – Financial Reporting Dashboard at 31 May 2022
- Appendix 2 – Statement of Financial Activities at 31 May 2022
- Appendix 3 – Financial Reporting Dashboard at 31 March 2022

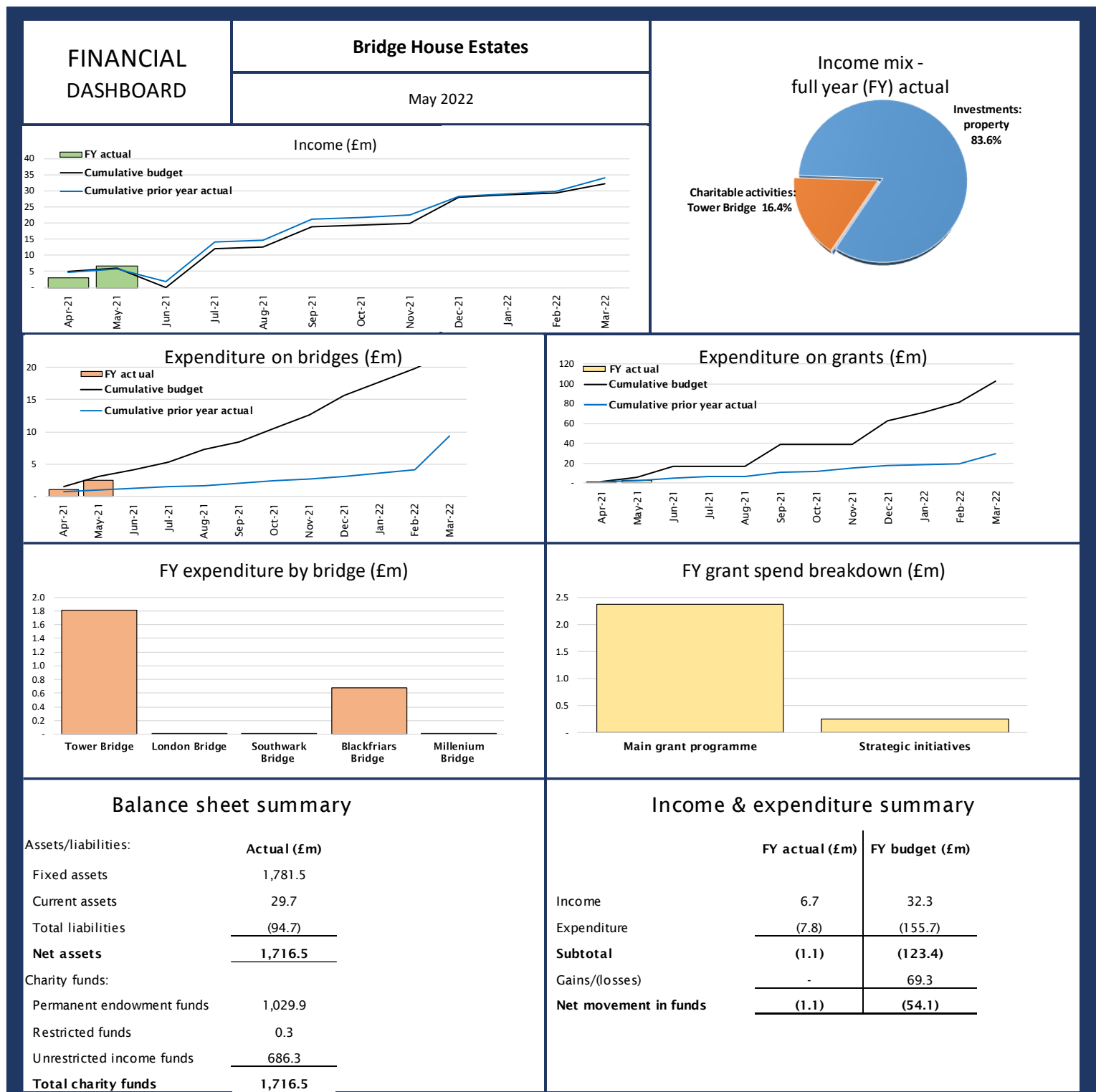
### **Sachin Shah**

BHE Transformation Project Accountant

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## Appendix 2 – Statement of Financial Activities

1 April - 31 May 2022

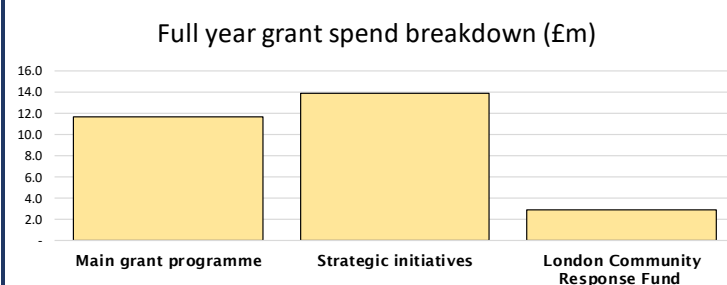
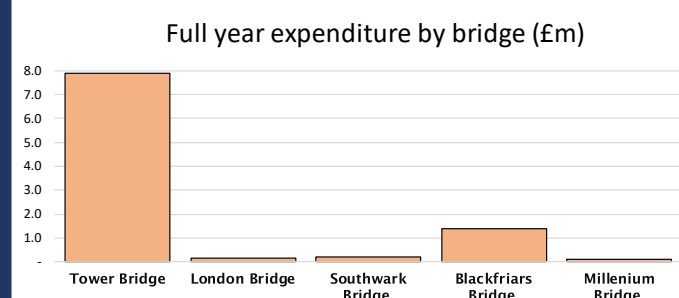
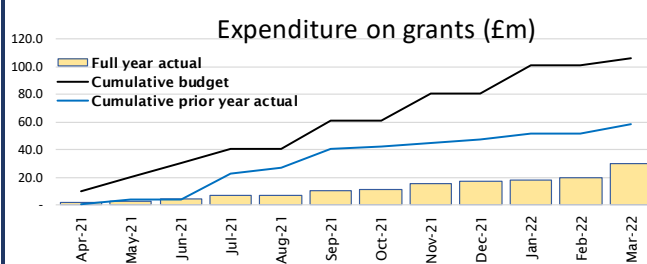
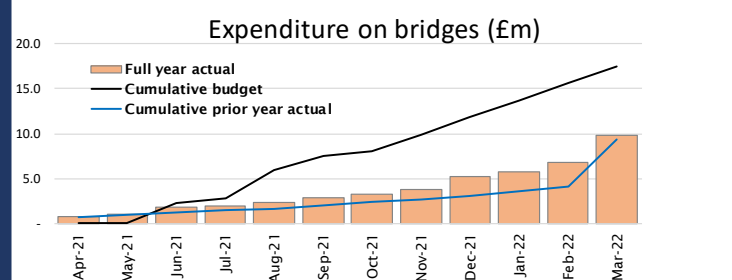
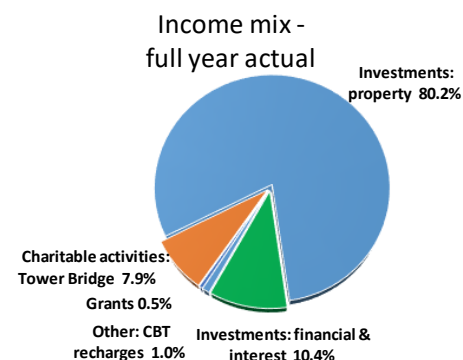
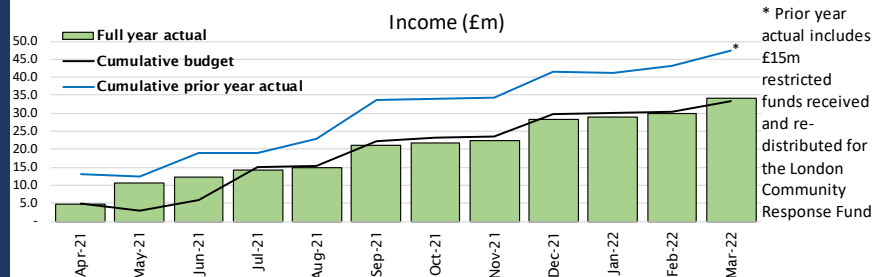
	2022/23 year to date			2022/23 full year		2021/22 full year  draft actual (unaudited)  £m	2022/23 latest approved budget vs 2021/22 draft actual (unaudited)  variance £m
	actual	latest approved budget	actual vs budget variance	original budget	latest approved budget		
	£m	£m	£m	£m	£m		
Grant income	-	-	-	0.1	0.1	0.2	(0.1)
Charitable activities - Tower Bridge	1.1	0.7	0.4	4.1	4.1	3.1	1.0
Investment income:							
- Property Investments	5.6	5.1	0.5	24.5	24.5	31.5	(7.0)
- Financial Investments	-	-	-	3.0	3.0	3.9	(0.9)
- Interest receivable	-	-	-	0.1	0.1	-	0.1
- Social Investment income	-	-	-	0.2	0.2	0.2	-
Total Investment income	5.6	5.1	0.5	27.8	27.8	35.6	(7.8)
Other income	-	-	-	0.3	0.3	0.4	(0.1)
<b>Total income</b>	<b>6.7</b>	<b>5.8</b>	<b>0.9</b>	<b>32.3</b>	<b>32.3</b>	<b>39.3</b>	<b>(7.0)</b>
Raising funds:							
- Property Investments	(1.5)	(1.7)	0.2	(8.9)	(9.1)	(8.4)	(0.7)
- Financial Investments	-	-	-	(6.0)	(6.0)	(7.0)	1.0
Total expenditure on raising funds	(1.5)	(1.7)	0.2	(14.9)	(15.1)	(15.4)	0.3
Charitable activities:							
- Repair & maintenance of bridges	(2.5)	(3.1)	0.6	(22.4)	(22.4)	(9.7)	(12.7)
- Tower Bridge tourism	(0.7)	(0.7)	-	(5.3)	(5.4)	(4.6)	(0.8)
Grants to voluntary organisations	(2.6)	(5.8)	3.2	(102.5)	(102.5)	(29.9)	(72.6)
Grant & social investment costs	(0.5)	(0.6)	0.1	(5.8)	(5.9)	(4.5)	(1.4)
Total expenditure on charitable activities	(6.3)	(10.2)	3.9	(136.0)	(136.2)	(48.7)	(87.5)
Other expenditure - pension costs	-	-	-	(1.1)	(1.1)	-	(1.1)
Other expenditure - uncommitted contingency	-	-	-	(3.3)	(3.3)	-	(3.3)
<b>Total expenditure</b>	<b>(7.8)</b>	<b>(11.9)</b>	<b>4.1</b>	<b>(155.3)</b>	<b>(155.7)</b>	<b>(64.1)</b>	<b>(91.6)</b>
<b>Net income/(expenditure)</b>	<b>(1.1)</b>	<b>(6.1)</b>	<b>5.0</b>	<b>(123.0)</b>	<b>(123.4)</b>	<b>(24.8)</b>	<b>(98.6)</b>
Gains/(losses) on investments/pension scheme	-	-	-	69.3	69.3	99.2	(29.9)
Net movement in funds	(1.1)	(6.1)	5.0	(53.7)	(54.1)	74.4	(128.5)
Funds brought forward at 01 April	1,717.6	1,536.4	181.2	1,675.0	1,717.6	1,643.2	74.4
Total funds carried forward	<b>1,716.5</b>	<b>1,530.3</b>	<b>186.2</b>	<b>1,621.3</b>	<b>1,663.5</b>	<b>1,717.6</b>	<b>(54.1)</b>
<b>Funds of the charity:</b>							
Endowment funds				1,077.3	1,084.6	1,029.9	54.7
Restricted funds				-	-	0.3	(0.3)
Designated funds:							
- Bridges repairs				36.0	42.2	56.2	(14.0)
- Bridges replacement				161.2	199.4	191.2	8.2
- Grant-making				133.1	154.9	214.0	(59.1)
- Social investment fund				21.9	21.9	21.7	0.2
- Climate action				14.5	14.5	15.0	(0.5)
- Property dilapidations/service charges				0.4	0.4	0.4	-
Total designated funds				367.1	433.3	498.5	(65.2)
General funds				220.3	189.0	216.6	(27.6)
Pension reserve				(43.4)	(43.4)	(27.7)	(15.7)
Total general funds				176.9	145.6	188.9	(43.3)
<b>Total charity funds</b>				<b>1,621.3</b>	<b>1,663.5</b>	<b>1,717.6</b>	<b>(54.1)</b>
Free reserves				176.9	145.6	188.9	(43.3)
Minimum free reserves				90.0	90.0	90.0	-

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**FINANCIAL DASHBOARD**

**Bridge House Estates**

March 2022 (unaudited)



**Balance sheet summary**

Assets/liabilities:	Actual (£m)
Fixed assets	1,779.3
Current assets	53.6
Total liabilities	(115.3)
<b>Net assets</b>	<b>1,717.6</b>
Charity funds:	
Permanent endowment funds	1,029.9
Restricted funds	0.3
Unrestricted income funds	687.4
<b>Total charity funds</b>	<b>1,717.6</b>

**Income & expenditure summary**

	FY actual (£m)	FY budget (£m)
Income	39.3	33.2
Expenditure	(64.1)	(144.3)
<b>Subtotal</b>	<b>(24.8)</b>	<b>(111.1)</b>
Gains/(losses)	99.2	69.3
<b>Net movement in funds</b>	<b>74.4</b>	<b>(41.8)</b>

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<b>Committee:</b> Bridge House Estates Board	<b>Date:</b> 6 July 2022
<b>Subject:</b> Update on BHE Contingency Funds	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?</b>	<b>All</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of:</b> The BHE & Charities Finance Director (representing The Chamberlain)	<b>For Information</b>
<b>Report Author:</b> Sachin Shah, BHE Transformation Project Accountant	

## Summary

This report has been produced to provide the Bridge House Estates Board with an update on the Bridge House Estates (BHE) Central Contingency balances held for 2022/23. It further provides detail of new requests being made against these balances.

Since the last report to the Board in April 2022, there have been no bids approved under delegated authority. A separate request is being presented at this meeting for consideration, relating to the Climate Action Strategy (CAS) year 2 programme expenditure.

## Recommendation

It is recommended that Members, 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:

- i) Note the BHE Contingency budgets currently held for 2022/23 (para 4); and,
- ii) Note that £123k is requested from the CAS Contingency Fund, presented in item 6 on the agenda to enable delivery of the revised year 2 programme (para 6).

## Main Report

### Background

1. The annual budgets prepared by departments for the activities of BHE that are within their responsibility do not hold any contingencies. The budgets directly overseen by the BHE Board include central contingencies to meet unforeseen and/or exceptional items that may be identified across the range of activities undertaken by the charity. Requests for allocations should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. BHE's Central Contingency budget for 2022/23 is £850k.
3. In addition to the above Central Contingency, the BHE budget includes specific provisions for various activities as listed below, with further details stated in **Appendix 1**:

- a. Joint projects with the City Corporation
- b. Apprentice salaries
- c. Climate Action Strategy
- d. Investment Properties – refurbishment of void spaces
- e. Inflationary increases on revenue expenditure

## Current position

4. The uncommitted balances that are currently available for 2022/23 are set out in the table below:

2022/23 BHE Contingency Funds - uncommitted balances 6 July 2022							
	Central Provision	Apprentice costs	Joint Projects with City Corporation	Investment Properties - refurbishment of void spaces	Climate Action Strategy	Inflationary increases	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Contingencies:</b>							
2022/23 Provision approved	850	142	50	500	500	1,259	3,301
<b>Total Provision</b>	<b>850</b>	<b>142</b>	<b>50</b>	<b>500</b>	<b>500</b>	<b>1,259</b>	<b>3,301</b>
Previously agreed allocations @ April 2022	(43)	(27)	0	0	0	0	(70)
Approved under delegated authority post 27 April 2022	0	0	0	0	0	0	0
Pending request on July 22 agenda	0	0	0	0	(123)	0	(123)
<b>Total commitments</b>	<b>(43)</b>	<b>(27)</b>	<b>0</b>	<b>0</b>	<b>(123)</b>	<b>0</b>	<b>(193)</b>
<b>Uncommitted balances @ 6 July 2022</b>	<b>807</b>	<b>115</b>	<b>50</b>	<b>500</b>	<b>377</b>	<b>1,259</b>	<b>3,108</b>

The amounts which are pending approval are detailed in **Appendix 1** of this paper, alongside detail of amounts previously approved either by this Board or under delegated authority.

5. At the April Board meeting, delegated authority was approved for the BHE MD to approve amounts with a value up to £100k, in consultation with the BHE & Charities FD.
6. Within the reports presented at this meeting, a request is being made to ensure there is adequate resource for CAS planned work in Year 2 within BHE, as presented within item 6 on the agenda.
7. At the time of preparing this report, there are no further requests for allocations from the Contingency Funds elsewhere on the agenda. A request relating to the staff pay review is under consideration, awaiting decisions from the Joint Consultative Committee.
8. At the time of Board papers submission, a request for the IT Managed Service transition project, enabling IT services to be moved back in-house, was in the process of being drafted.



## **Corporate & Strategic Implications**

9. Strategic implications: The provision of a suitable contingency budget held by the BHE Board as outlined in this paper support the aims and objectives of BHE's overarching strategy, *Bridging London 2020 – 2045*.
10. Resource implications: nil.
11. Legal implications: nil.
12. Equalities implications: nil.
13. Financial implications: The contingency funds noted within this report are an approved element of the 2022/23 budget held by BHE. Applications to utilise these funds do not therefore create additional demand from the reserves held by the charity.
14. Climate implications: nil
15. Security implications: nil

## **Conclusion**

16. The BHE Board are asked to note the current contingency budgets held by BHE, and to note the request at item 6 for £123k from the Contingency Fund.

### **Sachin Shah**

BHE Transformation Project Accountant

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## **Appendix 1 – BHE Contingency Funds 2022/23**

### **BHE Central Provision**

<b>Date Approved</b>	<b>Approval method</b>	<b>Description</b>	<b>Activity</b>	<b>Amount £000</b>	<b>Balance £000</b>
10/03/2022		2022/23 provision			850
		<b>Total provision</b>			<b>850</b>
27/04/2022	Committee	Tower Bridge Project Coordinator	Tower Bridge Operations	43	
		<b>Total allocations</b>			<b>43</b>
		<b>Uncommitted balance</b>			<b>807</b>

### **Apprentice costs provision**

<b>Date Approved</b>	<b>Approval method</b>	<b>Description</b>	<b>Activity</b>	<b>Amount £000</b>	<b>Balance £000</b>
10/03/2022		2022/23 provision			142
27/04/2022	Committee	1 x Business Administration Apprentice	BHE Admin	27	
		<b>Uncommitted balance</b>			<b>115</b>

### **Joint Projects with City Corporation**

<b>Date Approved</b>	<b>Approval method</b>	<b>Description</b>	<b>Activity</b>	<b>Amount £000</b>	<b>Balance £000</b>
10/03/2022		2022/23 provision			50
		<b>Uncommitted balance</b>			<b>50</b>

### **Investment Properties - refurbishment of void spaces**

<b>Date Approved</b>	<b>Approval method</b>	<b>Description</b>	<b>Activity</b>	<b>Amount £000</b>	<b>Balance £000</b>
10/03/2022		2022/23 provision			500
		<b>Uncommitted balance</b>			<b>500</b>

### **Climate Action Strategy**

<b>Date Approved</b>	<b>Approval method</b>	<b>Description</b>	<b>Activity</b>	<b>Amount £000</b>	<b>Balance £000</b>
10/03/2022		2022/23 provision			500
Pending	Committee	CAS accelerated year 2 programme		123	
		<b>Uncommitted balance</b>			<b>377</b>

### **Inflationary increases**

<b>Date Approved</b>	<b>Approval method</b>	<b>Description</b>	<b>Activity</b>	<b>Amount £000</b>	<b>Balance £000</b>
10/03/2022		2022/23 provision			1,259
		<b>Uncommitted balance</b>			<b>1,259</b>

The 2022/23 BHE Contingency Fund provision is comprised of:

- a) £50k for joint projects with the City Corporation, held to enable smooth decision making for cross-cutting City Corporation projects that affect all three funds, enabling the Finance Committee to consider the impact of the total request. The BHE Board approves its portion of any such joint project.
- b) £142k for the salaries of 4 apprentice posts. Staff can complete a form to apply for funding from the BHE Apprentices Contingency Fund, to be endorsed by

their department Director and with final approval being made by the Managing Director of BHE.

- c) £500k of revenue spend relating to the Charity's Climate Action Strategy. This will be funded from the Strategy's overall designated fund of £15m, created following Court approval in March 2022.
- d) £500k to allow for the refurbishment of premises during void periods to improve the property's energy rating and maximise the appeal and therefore the income from potential tenants. These funds will only be utilised if voids increase during the year from that within the original budget.
- e) With current levels of UK inflation higher than in recent years, potential inflationary increases of up to 5% for all BHE operational spend, amounting to £1.3m is provided for. This is consistent with the approach taken for inflationary increases to all funds across the Corporation. BHE departments will be invited to apply for funds to cover the cost of inflationary increases in their budgets later in the financial year once impacts become apparent.

<b>Committees:</b> Bridge House Estate Board	<b>Dates:</b> 06 July 2022
<b>Subject:</b> <i>Blackfriars Bridge Parapet Refurbishment and Bridge Re-Painting (72800019)</i> <b>Unique Project Identifier: 11988</b>	<b>Gateway 5</b> <b>Regular Issue Report</b>
<b>Report of:</b> Executive Director Environment  <b>Report Author:</b> Thomas Creed	<b>For Decision</b>
<h2 style="margin: 0;">PUBLIC</h2>	

<b>1. Status update</b>	<p><b>Project Description:</b> The project will repaint Blackfriars Bridge, including the gilding of embellishments where appropriate. This will significantly improve the aesthetics of the structure and protect its fabric.</p> <p>The project will also repair the parapets to prevent future water ingress and protect the structure.</p> <p>The proposed activity and expenditure is consistent with the Trustee’s duty to further the primary object of Bridge House Estates (BHE), in this case to maintain and support Blackfriars Bridge</p> <p><b>RAG Status:</b> Green (Red at last report to Committee)</p> <p><b>Risk Status:</b> Medium (Medium at last Gateway)</p> <p><b>Total Estimated Cost of Project (excluding risk):</b>                  £11,878,596</p> <p><b>Change in Total Estimated Cost of Project (excluding risk):</b>                  Decrease of £415,892 due to Value Engineering. However, an increase of £200,000 to Costed Risk Provision (CRP) is also proposed and the inclusion within this project of an additional £50,000 of works already identified and budgeted for in the 50-year plan.</p> <p><i>Overall Reduction of £165,892 (including risk), £365,892 (excluding risk) since the last report to Members. However, it is not proposed to adjust the overall budget at this point owing to uncertainty of the value of risks emerging.</i></p>
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	<p><b>Spend to Date</b> (May 2022): £1,410,513 (plus further commitment of £10,552,896)</p> <p><b>Costed Risk Provision Utilised:</b> £22,056 (all of which has been drawn down since the last report to Members in Committee).</p> <p><b>Funding Source:</b> BHE 50-year Bridges Maintenance Plan</p> <p><b>Slippage:</b> <i>No slippage to programme.</i></p>
<p><b>2. Progress to date</b></p>	<p><u>Post Gateway 5 Progress</u>  Since Gateway 5 in May 2021 (reported to Planning and Transportation Committee and Project Sub-Committee, being the predecessor Committees/Sub-Committees with delegated responsibility for the relevant BHE functions), the contractor (FM Conway) and site supervisors (AECOM) have been appointed.</p> <p>An extensive stakeholder engagement process has commenced, and FM Conway have obtained the relevant approvals and adjusted their proposals to meet the requirements of each stakeholder in order to complete the refurbishment efficiently.</p> <p><u>Value Engineering</u>  A value engineering exercise was carried out following the appointment of the contractor. By making a slight adjustment the paint specified for the underside of the Bridge, the project was able to make a significant saving of <b>£415,892</b>. The parapet and facades of the Bridge will continue to be finished in the originally specified, fluoropolymer paint which is not susceptible to ultraviolet degradation and the associated colour fading; something which is less important on the white coloured areas underneath the Bridge. The underside of the Bridge will still be painted in high quality polyurethane bridge paint from which change the savings will be realised.</p> <p><u>Site Progress</u>  Following the stakeholder engagement process, works started on site in earnest in January 2022. The refurbishment has started on Span 2 of the Bridge and after the installation of a significant scaffold, the parapets have been dismantled and removed to be refurbished in a controlled environment. The progress so far is slightly behind where the contractor had hoped at this stage but Span 2 is expected to be complete in October 2022 and the project as a whole is still due to be completed in the Summer of 2024.</p> <p>A selection of photographs showing the progress of the parapet works on site, the production of new balusters and painting are included in Appendix 4.</p>

### Risks Encountered

During the initial site works, it was observed that there were nine different decorative patterns on the balusters of the parapet, rather than the three patterns originally allowed for. As there are several balusters in need of replacement, these additional patterns have had to be created to allow exact replicas of the originals to be produced.

In addition to this, the number of balusters in need of replacement has significantly increased. Of the 1200 balusters on the Bridge, 135 were originally identified as significantly damaged beyond repair. However, once the paint had been removed and the balusters removed on the first section of parapet on span 2, it has become apparent that this figure is likely to increase to approximately 600 across the whole Bridge.

Following the removal of the existing paint system on the facades of the span 2, there are various cast iron repairs which need to be carried out. This was expected and is identified in the risk register. These repairs will be assessed on a case-by-case basis to protect the structure.

Since tendering the project, the Government has announced changes to National Insurance rates from April 2022. Additionally, the permitted use of rebated fuel (red diesel) has been restricted. Both of these changes to the law are valid compensation events under the contract which will increase the total cost of the project. We are evaluating the impact of this with FM Conway and AECOM. This has been added to the project Risk Register (R32) and additional CRP is being requested in this report to cover this.

The cost implications of these risks have been or will be funded by the CRP in the project budget, with funding released by the Assistant Director Engineering, as delegated at Gateway 5.

### Opportunities for Collaboration

FM Conway have been working closely with officers to help to measure their performance against BHE's Climate Action Strategy. FM Conway have created a template to measure the amount of carbon emitted during the works in a project. This calculator takes the unit- km for travel, kg for materials, and hours for equipment, and uses this to get a sum of embodied carbon. It tracks information regarding vehicles/deliveries, materials and equipment used. A summary of the current information is included in Appendix 3.

	<p>Identified in the BHE 50-year rolling Bridges Maintenance Plan for 2022/23 is the replacement of the navigation lights on Blackfriars Bridge. There is currently a great deal of redundant bracketry associated with the navigation lights and the fittings are inefficient. It is proposed that the project team instruct these works under the current refurbishment project contract to utilise the access already in place which would be more cost effective and efficient (both in project delivery and in minimising disruption to the general public). The lights will be designed to be less visually intrusive and use less energy.</p> <p>The street lighting is also due to be replaced in 2022/23. This installation will also look to incorporate hardware for the Secure City Project. Officers from each of these projects as they relate to the discharge of the City Corporation’s wider functions are working together with BHE to allow all work to take place efficiently and safely alongside each other.</p> <p>One of the significant external stakeholders on the project is the Tideway Tunnel Project, with its adjacent Blackfriars Foreshore Site. Part of this project involves the reinstatement of part of the heritage parapet on Span 1 of the Bridge to accommodate a new staircase. The two projects are looking at sharing the knowledge already accumulated from the refurbishment project to produce a seamless interface between the two projects and protect the character of the Bridge.</p> <p><u>Next Steps</u></p> <p>Despite the extensive phase of stakeholder engagement, the Blackfriars Bridge Parapet Refurbishment and Bridge Re-Painting project is still in its early stages on site. The next stages are to:</p> <ul style="list-style-type: none"> <li>• Complete the parapet refurbishment of Span 2,</li> <li>• Complete the refurbishment and repainting works on the façade and underside of Span 2,</li> <li>• Progress to Span 5, Span 4, Span 1a (over Blackfriars underpass), Span 3 and finally Span 1b. Access to span 1b depends on the progress of the Tideway foreshore site.</li> <li>• Planned project completion September 2024</li> </ul>
<p><b>3. Requested decisions</b></p>	<p><b>Requested Decisions:</b></p> <ul style="list-style-type: none"> <li>• Note the <b>£415,892</b> saving made in the Value Engineering process.</li> <li>• Approve the increase to value of the CRP by <b>£200,000</b> to allow for changes in the law, the full impact is still being quantified.</li> </ul>



	<ul style="list-style-type: none"> <li>Approve the replacement of the existing Navigation Lights be added to the scope of the project, increasing the expected project cost by <b>£50,000</b> (funding identified in the existing 50-year BHE Bridges Maintenance Plan budget)</li> </ul> <p><b><i>It be recommended that:</i></b></p> <ol style="list-style-type: none"> <li>A reduction in expected overall project cost of <b>£165,892</b> be noted;</li> <li>The project budget remains at <b>£14,716,540</b> (including risk) to reach the next project Gateway;</li> <li>The remaining approved Costed Risk Provision of £2,637,944 is retained and additional £200,000 (totalling <b>£2,837,944</b>) is approved (to be drawn down via delegation to Assistant Director Engineering);</li> <li>The replacement of the Navigation Lights is approved to be completed as part of the project, which if approved will increase the overall expected cost of the project.</li> </ol>																												
<p><b>4. Budget</b></p>	<p>Total expected cost of the project at Gateway 5:</p> <ul style="list-style-type: none"> <li>Including CRP: £14,716,540</li> <li>Excluding CRP: £12,056,540</li> </ul> <p>Current expected cost of the project:</p> <ul style="list-style-type: none"> <li>Including CRP: £14,550,648</li> <li>Excluding CRP: £11,712,704</li> </ul> <p>Proposed total project budget (including CRP) to remain at: £14,716,540 (the same value as at Gateway 5)</p> <p>A breakdown of the proposed project budget is detailed in the table below:</p> <table border="1" data-bbox="528 1357 1422 2045"> <thead> <tr> <th>Item</th> <th>Gateway 5 (£)</th> <th>Current (£)</th> <th>Revised (£)</th> </tr> </thead> <tbody> <tr> <td>Staff Costs Environment</td> <td>137,000</td> <td>137,000</td> <td>137,000</td> </tr> <tr> <td>Staff Costs Legal</td> <td>5,000</td> <td>5,000</td> <td>5,000</td> </tr> <tr> <td>Fees (AECOM)</td> <td>334,560</td> <td>334,560</td> <td>334,560</td> </tr> <tr> <td>Works (FM Conway)</td> <td>11,579,980</td> <td>11,602,036*</td> <td>11,402,036**</td> </tr> <tr> <td><b>Total (exc. CRP)</b></td> <td><b>12,056,540</b></td> <td><b>12,078,596</b></td> <td><b>11,878,596</b></td> </tr> <tr> <td>Costed Risk Provision</td> <td>2,660,000</td> <td>2,637,944</td> <td>2,837,944</td> </tr> </tbody> </table>	Item	Gateway 5 (£)	Current (£)	Revised (£)	Staff Costs Environment	137,000	137,000	137,000	Staff Costs Legal	5,000	5,000	5,000	Fees (AECOM)	334,560	334,560	334,560	Works (FM Conway)	11,579,980	11,602,036*	11,402,036**	<b>Total (exc. CRP)</b>	<b>12,056,540</b>	<b>12,078,596</b>	<b>11,878,596</b>	Costed Risk Provision	2,660,000	2,637,944	2,837,944
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	Total (inc. CRP)	14,716,540	14,716,540	14,716,540
<p><b>5. Issue description</b></p>	<p>*Includes outstanding budget adjustment (requested in May 22) for triggered risk of £22,056.</p> <p>**Change in the works estimate is a saving of £415,892 (Value Engineering) less £50,000 (Navigation Lights), less £200,000 increase in CRP. Revised FM Conway Works figure includes the net saving of £165,892.</p> <p>Costed Risk Provision requested for this Gateway: £2,837,944; Comprising existing £2,637,944 and additional £200,000 (as detailed in the Risk Register – Appendix 2)</p> <p>All costs associated with this project, including the proposed inclusion of the replacement of the Navigation Lights are to be funded from the BHE 50-year Bridges Maintenance Plan.</p> <p>Forecast will be updated to reflect the updated project costs as part of the annual estimate review.</p> <p><u>Issues covered by CRP</u></p> <ol style="list-style-type: none"> <li>1. Additional baluster moulds required;</li> <li>2. Additional baluster replacements required;</li> <li>3. Additional architectural metal repairs required;</li> <li>4. Additional contract costs due to changes in the law;</li> </ol> <p><u>Issues not covered by CRP</u></p> <ol style="list-style-type: none"> <li>5. Significant saving from Value Engineering process;</li> <li>6. Inclusion of the replacement of the Navigation Lights in the project which, if approved, would expand the project budget to encompass these works.</li> </ol>			
<p><b>7. Options</b></p>	<p>Due to the listed status of the Bridge and BHE's obligations under the contract, there are limited options with regards to the issues identified which are to be covered by the Costed Risk Provision. These will be managed by the Engineering team throughout the project and reported in the Risk Register.</p> <p>The successful Value Engineering exercise was requested at Gateway 5 and offers a significant saving against the total expected project cost (within the current project scope).</p> <p>With regards to Issue 6 (listed above), this is another opportunity for collaborative working which should produce a saving for BHE overall by utilising the existing access installed as part of the project and would expand the scope of the project and its budget to accommodate these additional works.</p>			

	It is proposed that the funds already identified in the 50-year plan for the replacement of the Navigation Lights on Blackfriars Bridge, are incorporated into the Blackfriars Bridge Refurbishment Project and include this in the scope.
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**Appendices**

<b>Appendix 1</b>	Project Coversheet
<b>Appendix 2</b>	Risk Register
<b>Appendix 3</b>	Project Carbon Calculator
<b>Appendix 4</b>	Project Photos

**Contact**

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<b>Telephone Number</b>	02073323913

# Project Coversheet

## [1] Ownership

**Unique Project Identifier:** 11988      **Report Date:** 08/06/2022  
**Core Project Name:** Blackfriars Bridge Parapet Refurbishment and Bridge Re-Painting  
**Programme Affiliation** (if applicable): N/A  
**Project Manager:** Thomas Creed  
**Next Gateway to be passed:** Gateway 6 Outcome Report

## [2] Project Brief

**Project Mission statement:** The project will repaint Blackfriars Bridge, including the gilding of embellishments where appropriate. This will significantly improve the aesthetics of the structure and protect its fabric.

The project will also repair the parapets to prevent future water ingress and protect the structure.

**Definition of need:** If the project is not progressed, the appearance of the bridge will further deteriorate and ultimately, the lifespan of the structure will be significantly reduced.

Reputational risk as the City would be seen to be failing to meet its obligations under the Blackfriars Bridge Act 1863 and the Corporation of London (Bridges) Act 1911 to maintain and repair the bridge.

### Key measures of success:

- 1) Project to control water ingress in the structure.
- 2) Project to be completed within the budget allocated in the Bridge House Estates 50-year plan
- 3) Project to repaint the bridge, including the gilding of embellishments where appropriate; to protect the structure and improve it aesthetically.

## [3] Highlights

### Finance:

**Total anticipated cost to deliver [£]:** £11.9m (excl. Risk)

**Total potential project liability (cost) [£]:** £11.9m + risk (£2.8m)

**Total anticipated on-going commitment post-delivery [£]:** No Change

**Programme Affiliation [£]:** N/A

### Headline Financial changes:

**Since 'Project Proposal' (G2) report:**

▲ £3,570,000

*Increase owing to better understanding of the full implications of the access restrictions, particularly because of the Tideway Tunnel works site. The increase in cost now means that the works must be procured through a full EU tender process.*

**Since 'Options Appraisal and Design' (G3-4) report:**

▲ £6,146,540

*Tendered works cost is higher than previously anticipated partly owing to an increased programme duration. This has also increased CRP due to increased prelim costs.*

**Since 'Authority to start Work' (G5) report:**

No change in budget proposed

### Project Status:

**Overall RAG rating:** Green

**Previous RAG rating:** Green

**[4] Member Decisions and Delegated Authority**

Costed Risk Provision delegated to Assistant Director Engineering

**[5] Narrative and change****Date and type of last report:**

Gateway 5 May 2021

**Key headline updates and change since last report.**

*Stakeholder engagement ongoing. Value Engineering exercise complete. Works started on site.*

**Headline Scope/Design changes, reasons why, impact of change:****Since 'Project Proposal' (G2) report:**

No change in scope

**Since 'Options Appraisal and Design' (G3-4 report):**

No change in scope

**Since 'Authority to Start Work' (G5) report:**

No change in scope

**Timetable and Milestones:**

**Expected timeframe for the project delivery:** 3 years on site

**Milestones:**

- 1) Completion of Span 2 – October 2022
- 2) Completion of Span 5 – April 2023
- 3) Estimated Completion on Site October 2024

**Are we on track for this stage of the project against the plan/major milestones? Y**

**Are we on track for completing the project against the expected timeframe for project delivery? Y**

**Risks and Issues****Top 3 risks:**

<i>Risk description</i>	Access issues – PLA / Tideway constraints
<i>Risk description</i>	HVM Barriers (uncertainty due to temporary nature)
<i>Risk description</i>	Terrorism – Creating new access points to the bridge

*See 'risk register template' for full explanation.*

**Top 3 issues realised**

<i>Issue Description</i>	Impact and action taken	<i>Realised Cost</i>
Access Issues	Restrictions have required different access solutions, leading to higher project costs and extended procurement timeframes	No costs realised to date (see Gateway 5 budget variance)

**Has this project generated public or media impact and response which the City of London has needed to manage or is managing?**

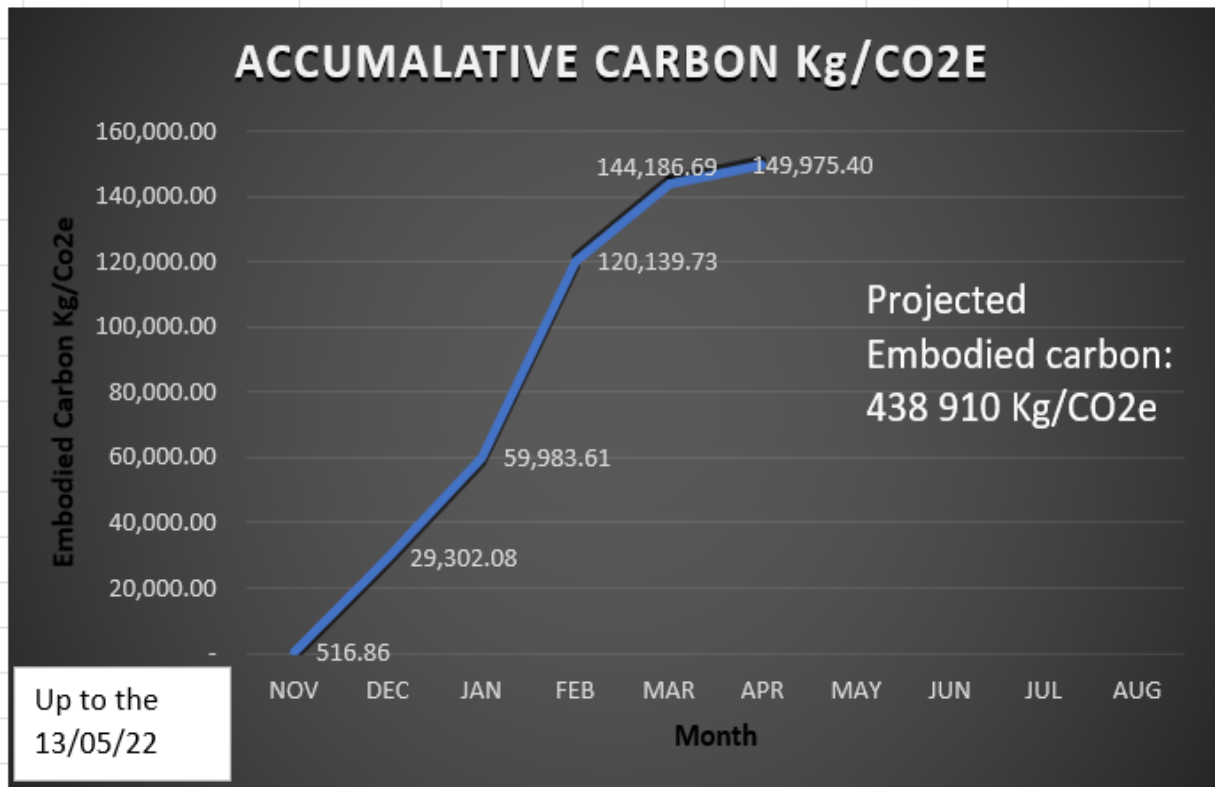
Not to date but this may be necessary at a later date.

City of London: Projects Procedure Corporate Risks Register

Project Name:	<b>Blackfriars Bridge Refurbishment</b>	PM's overall risk rating:	<b>Medium</b>	CRP requested this gateway	<b>£ 2,837,944</b>	Average unmitigated risk	<b>11.3</b>	Open Risks	<b>27</b>
Unique project identifier:	<b>11988</b>	Total estimated cost (exc risk):	<b>£ 11,712,704</b>	Total CRP used to date	<b>£ 22,056</b>	Average mitigated risk score	<b>7.6</b>	Closed Risks	<b>5</b>

General risk classification										Mitigation actions							Ownership & Action					Comment(s)		
Risk ID	Gateway	Category	Description of the Risk	Risk Impact Description	Likelihood Classification pre-mitigation	Impact Classification pre-mitigation	Risk score	Costed impact pre-mitigation (£)	Costed Risk Provision requested Y/N	Confidence in the estimation	Mitigating actions	Mitigation cost (£)	Likelihood Classification post-mitigation	Impact Classification post-mitigation	Costed impact post-mitigation (£)	Post-Mitigation risk score	CRP used to date	Use of CRP	Date raised	Named Departmental Risk Manager/Coordinator	Risk owner (Named or External Party)		Date Closed OR/Realised & moved to Issues	
R1	5	(10) Physical	Access issues leading to the inability to operate continuously	PLA constraints, including Tideway enforcement	Likely	Extreme	32	£1,000,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	Early discussion and sequencing of works. Phasing contract works	£0.00	Likely	Extreme	£500,000.00	32	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Increase in prelims and interruption of works	
R2	5	(10) Physical	Access issues leading to the inability to operate continuously	Tideway Access constraints	Likely	Extreme	32	£1,000,000.00	Y - for costed impact post-mitigation	B - Fairly Confident	Early discussion and sequencing of works. Phasing contract works	£0.00	Likely	Serious	£250,000.00	8	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Increase in prelims and interruption of works	
R3	5	(10) Physical	Access issues leading to the inability to operate continuously	TfL access constraints	Possible	Serious	6	£80,000.00	Y - for costed impact post-mitigation	B - Fairly Confident	Early discussion and sequencing of works. Phasing contract works	£0.00	Possible	Serious	£80,000.00	6	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Increase in prelims and interruption of works	
R4	5	(10) Physical	Access issues leading to the inability to operate continuously	Illuminated River Access Constraints	Unlikely	Serious	4	£20,000.00	N	B - Fairly Confident	Early discussion and sequencing of works. Phasing contract works	£0.00	Unlikely	Serious	£0.00	4	£0.00		18/06/2018	Environment	Ass. Dir. Engineering	01/03/2021	IR Installation now complete	
R5	5	(10) Physical	Access issues leading to the inability to operate continuously	Network Rail Access Constraints	Unlikely	Major	8	£20,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	Early engagement	£0.00	Rare	Major	£20,000.00	4	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Increase in prelims and interruption of works	
R6	5	(10) Physical	No suitable Location of site compound	Cost and programme.	Likely	Serious	8	£50,000.00	N	B - Fairly Confident	Early discussions with contractor / City Surveyor / TfL / Tideway	£0.00	Possible	Serious	£0.00	6	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		The option to build a high level compound has been allowed for.	
R7	5	(2) Financial	TfL charge lane rental	Cost and programme.	Possible	Serious	6	£120,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	Review Blackfriars Bridge Act	£0.00	Unlikely	Serious	£20,000.00	4	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		£800 per day is current cost. Initial estimate based on 150 days.	
R8	5	(2) Financial	Events	LMS, river events	Likely	Minor	4	£20,000.00	N	C - Uncomfortable	forward programming & flexible contract	£0.00	Possible	Minor	£0.00	3	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Possible additional prelims	
R9	5	(1) Compliance/Regulatory	HVM Barriers	Access, impact on works, removal and renewal.	Likely	Major	16	£10,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	liaison with MET police	£0.00	Unlikely	Serious	£10,000.00	4	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		High level compound reduces impact of these.	
R10	5	(2) Financial	Extent of know cast iron defects	Cost and programme.	Likely	Major	16	£250,000.00	Y - for costed impact post-mitigation	D - Very Uncomfortable	increase level of survey, conservative allowance for repairs	£0.00	Likely	Major	£600,000.00	16	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		When panels are disassembled/blasted there could be further damage uncovered.	
R11	5	(2) Financial	Unknown defects	Cost and programme.	Possible	Major	12	£350,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	n/a	£0.00	Likely	Major	£227,944.00	16	£22,056.00	Additional moulds for cast iron repairs	18/06/2018	Environment	Ass. Dir. Engineering		Regular inspections have been undertaken. Most defects decorative rather than structural.	
R12	4	(4) Contractual/Partnership	Finding a suitable contractor for competitive tender	cost and Value for money	Possible	Serious	6	£0.00	N	B - Fairly Confident	Early discussion. Phasing contract works and procurement strategy	£0.00	Possible	Minor	£0.00	3	£0.00		18/06/2018	Environment	Ass. Dir. Engineering	01/03/2021	OJEU process complete	
R13	4	(4) Contractual/Partnership	EU Tender	programme	Possible	Major	12	£25,000.00	N	B - Fairly Confident	procurement strategy. Accurate estimating	£0.00	Possible	Major	£0.00	12	£0.00		18/06/2018	Environment	Ass. Dir. Engineering	01/03/2021	OJEU process complete	
R14	5	(1) Compliance/Regulatory	Not gaining Third Party Approvals	LBC and others	Unlikely	Major	8	£10,000.00	Y - for costed impact post-mitigation	B - Fairly Confident	early engagement with approving bodies	£0.00	Rare	Minor	£5,000.00	1	£0.00		18/06/2018	Environment	Ass. Dir. Engineering			
R15	5	(5) H&S/Wellbeing	site security/trespass	open site.	Possible	Serious	6	£10,000.00	N	C - Uncomfortable	ECI, Early drafting of Construction phase plan	£0.00	Possible	Minor	£0.00	3	£0.00		18/06/2018	Contractor	Contractor			
R16	5	(5) H&S/Wellbeing	Terrorism	could provide new access opportunities for terrorists	Unlikely	Extreme	16	Included above	N	D - Very Uncomfortable	ensure existing mitigation is maintained. Liaison with police forces.	£0.00	Unlikely	Extreme	£0.00	16	£0.00		18/06/2018	Environment	Ass. Dir. Engineering			
R17	5	(5) H&S/Wellbeing	Asbestos / other contaminants found	H&S, cost and programme	Rare	Major	4	£250,000.00	Y - for costed impact post-mitigation	B - Fairly Confident	increase level of survey.	£0.00	Likely	Minor	£15,000.00	4	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Bridge has been taken back to bare metal previously. No record of harmful materials still present.	
R18	4	(4) Contractual/Partnership	AECOM contract finishing	project programme goes beyond current AECOM commission	Likely	Serious	8	£50,000.00	N	B - Fairly Confident	review appointment / extend contract.	£0.00	Rare	Minor	£0.00	1	£0.00		18/06/2018	Environment	Ass. Dir. Engineering	01/04/2020	AECOM Contract now renewed	
R19	5	(5) H&S/Wellbeing	Utility strike	H&S, cost and programme	Unlikely	Major	8	£150,000.00	N	C - Uncomfortable	increase level of survey. Specifications	£0.00	Rare	Major	£0.00	4	£0.00		18/06/2018	Contractor	Contractor		Contractor made aware of services and to CAT scan before any excavations.	
R20	5	(5) H&S/Wellbeing	Failure of Temporary Works	H&S, cost and programme	Unlikely	Major	8	£100,000.00	N	C - Uncomfortable	selection of appropriate contractors. Quality based tender process	£0.00	Possible	Major	£0.00	12	£0.00		18/06/2018	Contractor	Contractor			
R21	5	(4) Contractual/Partnership	Quality of workmanship	reputation, disruption, cost. Future maintenance issues	Likely	Major	16	£250,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	selection of appropriate contractors. Quality based tender process. Supervision and testing. Paint inspector /Clerk of works	£60,000.00	Rare	Serious	£10,000.00	2	£0.00		18/06/2018	Contractor	Contractor		Rigorous selection of Contractor	
R22	5	(3) Reputation	Reputational damage	delays in doing the works, rust staining after works complete	Likely	Serious	8	£0.00	N	B - Fairly Confident	appropriate PR, liaison strategy.	£0.00	Likely	Minor	£0.00	4	£0.00		18/06/2018	DBE	Ass. Dir. Engineering			
R23	5	(5) H&S/Wellbeing	Bridge strike	increased risk due to decreased headroom	Possible	Major	12	£1,000,000.00	N	C - Uncomfortable	navigation controls and signage.	£0.00	Possible	Major	£0.00	12	£0.00		18/06/2018	Contractor	Contractor		Scaffold to be kept close to (or above) bridge soffit line.	
R24	5	(4) Contractual/Partnership	Continuity of contractor	caused by the potential phase works / contract	Possible	Major	12	£500,000.00	N	C - Uncomfortable	Procurement strategy. Accurate estimating. Impact cost of programme extension and alternative way of working.	£0.00	Possible	Serious	£0.00	6	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Adopt a Term Service Contract allowing programme flexibility. Knowledge of availability of spans at tender stage	
R25	4	(2) Financial	Procurement strategy	reputational, cost and programme	Possible	Major	12	£250,000.00	N	B - Fairly Confident	flexibility in procurement approach i.e. not fixed price	£0.00	Possible	Serious	£0.00	6	£0.00		18/06/2018	Environment	Ass. Dir. Engineering	01/03/2021	Procurement complete	
R26	5	(4) Contractual/Partnership	Continuity of personnel and supply	uncertainty of programme and phasing	Likely	Major	16	£50,000.00	N	C - Uncomfortable	procurement strategy. Buying materials upfront	£0.00	Possible	Serious	£0.00	6	£0.00		18/06/2018	Environment	Ass. Dir. Engineering			
R27	5	(2) Financial	Contractor dispute	cost reputation	Likely	Serious	8	£500,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	correct contractor selection and contract type. Good management of the contract	£0.00	Likely	Serious	£50,000.00	8	£0.00		18/06/2018	Environment	Ass. Dir. Engineering		Can be further mitigated by Performance Bond	
R28	5	(2) Financial	Consultant dispute	cost reputation	Possible	Serious	6	£50,000.00	N	B - Fairly Confident	continued engagement with AECOM	£0.00	Unlikely	Minor	£0.00	2	£0.00		18/06/2018	Environment	Ass. Dir. Engineering			
R29	5	(10) Physical	Damage to IR Equipment and impact on IR Light show	Cost & Reputation	Possible	Serious	6	£500,000.00	Y - for costed impact post-mitigation	B - Fairly Confident	Provide as-builts. Requirements to protect in contract	£0.00	Possible	Minor	£100,000.00	3	£0.00		01/03/2021	Environment / Contractor	PSM / Contractor		Installation now complete but works will require working around installation	
R30	5	(10) Physical	Permanent installation of HVM	Disruption of work	Possible	Major	12	£1,500,000.00	Y - for costed impact post-mitigation	B - Fairly Confident	Consultation with TfL and coordination of programmes	£0.00	Unlikely	Major	£300,000.00	8	£0.00		01/03/2021	Environment	Ass. Dir. Engineering			
R31	5	(4) Contractual/Partnership	Programme Delays to the works	Financial impact of delay	Possible	Major	12	£1,000,000.00	Y - for costed impact post-mitigation	B - Fairly Confident	Appointment of experienced and competent contractor. Managing the above risk items.	£0.00	Possible	Serious	£450,000.00	6	£0.00		01/03/2021	Environment	Ass. Dir. Engineering			
R32	5	(2) Financial	Changes in the Law	Cost	Likely	Serious	8	£200,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	None	£0.00	Likely	Serious	£200,000.00	8	£0.00		29/03/2022	Environment	Ass. Dir. Engineering		Increase in NI. Removal or rebated fuel.	
R33								£0.00				£0.00			£0.00		£0.00							

Appendix 3 – Project Carbon Calculator (May 2022)





## Appendix 4 – Progress Photos



Balusters removed awaiting refurbishment



Identifier Tag for baluster





Mould ready for new baluster casting (Wolverhampton)



Newly cast balusters (Wolverhampton)



Refurbished balusters; Primed, undercoated, top coat (Wolverhampton)



Top Rail being removed





Top rail with top coat (Wolverhampton)



Plinth of parapet with top coat

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<b>Committee:</b> Bridge House Estates Board	<b>Date:</b> 06 July 2022
<b>Subject:</b> Tower Bridge HV System Replacement and Increasing Resilience	<b>Gateway 5</b> Regular <b>Progress Report</b>
<b>Unique Project Identifier:</b> 11520	
<b>Report of:</b> Joint Report of the City Surveyor and Managing Director of Bridge House Estates	<b>For Information</b>
<b>Report Author:</b> Devjani Bal <b>CS 202/22</b>	
<b>NOT FOR PUBLICATION</b>	

<b>1. Status update</b>	<p><b>Project Description:</b> Refurbishment of the High Voltage (HV) and Low Voltage (LV) electrical infrastructure at Tower Bridge and increasing its power resilience (i.e., the secondary source of power in the event of a power failure). The project works comprise of replacing the HV &amp; LV switchgear and transformers, segregating HV &amp; LV services (via switch room on new mezzanine floor), replacement of existing HV cables, removing existing generator, provision of a new secondary HV supply North Shore and provide generator plug in connection point, together with existing South Shore HV cable route replacement.</p> <p><b>RAG Status:</b> Red (Amber at last report to BHE Board. Increased due to the extended programme)</p> <p><b>Risk Status:</b> Medium (Medium at last report to BHE Board)</p> <p><b>Total Estimated Cost of Project:</b> The total estimated cost of the project is <b>£7,459,408</b> (including risk) and <b>£5,914,408</b> (excluding risk) as reported previously to the Board.</p> <p><b>Spend and Committed to Date:</b> £5,749,262</p> <p><b>Funding Source:</b> Bridge House Estates - Bridge Repairs Designated Fund</p> <p><b>Costed Risk Provision Utilised:</b> a costed risk provision of £1,545,000 was approved at the last gateway. Risk provision utilised to date £222,811. The project remains within the approved budget including risk with inflation managed within the costed risk provision.</p> <p><b>Slippage:</b> delay due to global shortage of long lead materials including HV Cables, circuit controls and analogue output card (this device controls equipment such as ventilation extract fans).</p>
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	<p>The issues are impacting procurement from the USA, Mexico, China, Thailand and Taiwan, the contractor has advised they require 31 additional weeks to the contract programme. This is in addition to the 9 weeks delay due to the extended period to agree the works contract.</p> <p>As a result, the revised completion date is April 2023. The delivery team are reviewing options to address this delay within the current proposal the contractor will complete works in December 2022 with a temporary solution in place for the ventilation extract fan.</p> <p>Therefore, the system would be operational but will require the contractor to return in April 2023 to install the permanent component and recommission the ventilation extract fan.</p>
<p><b>2. Key points to note</b></p>	<p><b>Next Gateway:</b> Gateway 6: Outcome Report</p> <p><b>Key Points:</b></p> <ul style="list-style-type: none"> <li>• Construction ongoing</li> <li>• Testing &amp; commissioning to follow</li> <li>• Completion of works with temporary solution for ventilation fan: December 2022</li> <li>• Completion of works: April 2023</li> <li>• G6 Outcome Report: September 2023</li> </ul>
<p><b>3. Reporting period</b></p>	<p>Oct 2021 to June 2022</p>
<p><b>4. Progress to date</b></p>	<p>1. CBRE (main contractor) commenced site works in accordance with the Contract Construction Programme.</p> <ul style="list-style-type: none"> <li>• Mobilisation Period: November 2021 – December 2021</li> <li>• Start on site: January 2022</li> <li>• Completion: September 2022 (anticipated completion April 23)</li> </ul> <p>2. Ongoing Construction works include:</p> <ul style="list-style-type: none"> <li>• Electrical HV/LV upgrade works, including new HV supplies</li> <li>• Removal of existing generator, north shore</li> <li>• New generator plug-in point, north shore</li> <li>• Maintain bridge functionality throughout works</li> <li>• Installation of new mezzanine floor</li> <li>• New UKPN substation for the North shore secondary power supply</li> <li>• TFL /PLA Engagement in relation to the works deliveries and any works activities over the river</li> <li>• Discharge of Planning &amp; Listed Building Planning Application conditions with Tower Hamlets and Historical England</li> </ul> <p>3. CBRE have provided notice to CoL external project manager that the estimated project Practical Completion date be delayed until April 2023 due to a delay with HV and SCADA equipment.</p>

The SCADA equipment is a combination of hardware and software which operates and monitor electrical infrastructure. The global component shortage has impacted the progress of the works beyond the control of the CBRE and includes followings long lead items;

Long lead items	Planned delivery date	Forecast delivery date	Reason
HV Cables (North Supply)	04/04/2022	23/05/2022 (Delivered)	Global electrical equipment shortage
HV Cables (South Supply)	04/04/2022	22/06/2022	Global electrical equipment shortage
Ring Main Unit x 2 (Circuit Control)	20/04/2022	14/07/2022	Global electrical equipment shortage
SCADA Rockwell Power Supplies	17/05/2022	10/11/2022	Global shortage
SCADA Phoenix Equipment	19/05/2022	10/08/2022	Global shortage
SCADA Rockwell Analogue output cards	18/07/2022	23/03/2023	Global shortage

4. CBRE is currently in process of submitting an Extension of Time (EoT) request for the external Project Managers assessment. This will be when the SCADA equipment delivery dates are confirmed, allowing CBRE to update the project recovery programme. At present no financial claim for the EoT has been submitted by CBRE however additional professional fees will be incurred which will be managed within the project.

5. CBRE are currently working with the incumbent SCADA supplier, to review their programme mitigation options. Alternative SCADA equipment options were presented by CBRE and are currently under review and assessment by the project professional consultants (Mechanical & Electrical Consultant and external Project Manager).

6. The external Project Manager continues to closely monitor site progress and equipment delivery dates.

<b>5. Next steps</b>	<ul style="list-style-type: none"> <li>• Construction ongoing</li> <li>• Assessment of alternative SCADA equipment options</li> <li>• Submission and review of Extension of Time request</li> <li>• Progress Report to BHE: January 2023</li> <li>• Testing &amp; commissioning</li> <li>• Handover &amp; Completion</li> <li>• G6 Outcome Report: September 2023</li> </ul>
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### Appendices

<b>Appendix 1</b>	Project Coversheet
<b>Appendix 2</b>	Risk Register
<b>Appendix 3</b>	Cost Book
<b>Appendix 4</b>	Programme

### Contact

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# Project Coversheet

## [1] Ownership & Status

**UPI:** 11520

**Core Project Name:** Tower Bridge HV System Replacement and Increasing Resilience

**Programme Affiliation** (if applicable): Bridge House Estate 50-Year Plan

**Project Manager:** Devjani Bal

**Definition of need:** Upgradation of High Voltage (HV) and Low Voltage (LV) electrical infrastructure at Tower Bridge and increasing its power resilience.

**Key measures of success:**

1. Achieve statutory compliancy of segregation of HV and LV switchgear
2. Reduce likelihood of power failure due to age and condition of existing electrical infrastructure.
3. Increase power resilience in the event of a power outage
4. Maintain power and bridge operations during works

**Expected timeframe for the project delivery:**

Original Timescales:

GW 1 – 2: Oct 2015,

GW 3 – 4: Jan 2016,

GW 5: Apr 2016.

No completion date was provided in the GW1-2

Gateway 3 Timescales:

GW 1 – 2: Oct 2015,

GW 3: Sept 2019

GW 4: May 2020

GW 5: Dec 2020

Completion: Dec 2021

Gateway 4c Timescales:

GW 1 – 2: Oct 2015,

GW 3: Sept 2019

GW 4c: Nov 2020

GW 5: May 2021

Completion: Dec 2021

G4c Revised Timescales (April 2021):

GW 1 – 2: Oct 2015,

GW 3: Sept 2019

GW 4c: Nov 2020

GW 5: July 2021

Completion: Feb 2022

Gateway 5 Timescales (April 2021):

GW 1 – 2: Oct 2015,

GW 3: Sept 2019

GW 4c: Nov 2020

GW 5: August 2021

Completion: July 2022

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Current Timescales (June 2022):

GW 1 – 2: Oct 2015,  
GW 3: Sept 2019  
GW 4c: Nov 2020  
GW 5: August 2021  
Completion: April 2023

**Key Milestones:**

Gateway 3 Timescales:  
Surveys & Procure Consultants: Oct-Dec 2019  
Develop designs: Jan - May 2020  
GW4: May 2020  
Utility and planning applications: May - Aug 2020  
Tender contractor: Sept - Nov 2020  
GW5: Dec 2020  
Start on site: Jan 2021  
Complete: Dec 2021

Gateway 4c Timescales:

Surveys & Procure Consultants: Jan - Jun 2020  
Develop designs: Jun - Oct 2020  
GW4c: Nov 2020  
Utility and planning applications: Sept 2020 – Feb 2021  
Tender contractor: Jan – May 2021  
GW5: May 2021  
Start on site: May 2021  
Complete: Dec 2021

Gateway 4c Revised (April 2021) Timescales:

Surveys & Procure Consultants: Jan - Jun 2020  
Develop designs: Jun - Oct 2020  
GW4c: Nov 2020  
Utility and planning applications: Sept 2020 – March 2021  
Tender contractor: March – July 2021  
GW5: July 2021  
Start on site: July 2021  
Complete: February 2022

Gateway 5 Timescales:

Surveys & Procure Consultants: Jan - Jun 2020  
Develop designs: Jun - Oct 2020  
GW4c: Nov 2020  
Utility and planning applications: Sept 2020 – March 2021  
Tender contractor: March – July 2021  
GW5: August 2021  
Contract Award: September 2021  
Mobilisation: September 2021  
Start on Site: October 2021  
Complete: July 2022

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<p>Current (G5) Timescales:          Surveys &amp; Procure Consultants: Jan - Jun 2020          Develop designs: Jun - Oct 2020          GW4c: Nov 2020          Utility and planning applications: Sept 2020 – March 2021          Tender contractor: March – July 2021          GW5: August 2021          Contract Award: Nov 2021          Mobilisation: Nov 2021 – Dec 2021          Start on Site: Jan 2022          Complete: April 2023</p> <p><b>Are we on track for completing the project against the expected timeframe for project delivery? N</b>          There has been further 2 months delay since the last Board report due to extended period for the award of main works contract (to allow for bridge lifts and long material lead in times) with completion date 12 September 2022. Further additional time request for the long material (SCADA components and HV equipment) lead time due to global shortage and the contractor have advised they will require 7 additional months to the proposed programme. Re-revised completion date 20 April 2022.</p> <p><b>Has this project generated public or media impact and response which the City of London Corporation has needed to manage or is managing?</b>          No public or media impact.</p>
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**[2] Finance and Costed Risk**

**Headline Financial, Scope and Design Changes:** BHE Committees approved the decision to explore the feasibility of 5 options proposed by City of London Corporation Engineers to fulfil the requirements of this project with the appointment of a consultant team. These options were discounted as non-workable solutions so then two alternative viable proposals were discussed. Of these two alternatives, Option B was recommended and approved by BHE committee. Option B the preferred solution following further design development.

<p><b>‘Project Briefing’ G1 report (as approved by Chief Officer in Jan 2016):</b></p> <ul style="list-style-type: none"> <li>• Total Estimated Cost (excluding risk): £500,000 – £5,000,000</li> <li>• Costed Risk Against the Project: none reported</li> <li>• Estimated Programme Dates: (reported in initial GW1 - 2 report in Sept 2015)             <ul style="list-style-type: none"> <li>○ GW 3 – 4: Jan 2016</li> <li>○ Start on site: May 2016</li> </ul> </li> </ul> <p><i>Scope/Design Change and Impact:</i></p>
<p><b>‘Project Proposal’ G2 report (as above):</b></p> <ul style="list-style-type: none"> <li>• Total Estimated Cost (excluding risk): as above</li> <li>• Resources to reach next Gateway (excluding risk): £35,000</li> <li>• Spend to date:</li> <li>• Costed Risk Against the Project:</li> <li>• CRP Requested:</li> <li>• CRP Drawn Down:</li> </ul>

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<ul style="list-style-type: none"> <li>• Estimated Programme Dates: as above</li> </ul>
<p><i>Scope/Design Change and Impact:</i></p> <p><b>‘Options Appraisal and Design’ G3 report (as approved in October 2019):</b></p> <ul style="list-style-type: none"> <li>• Total Estimated Cost (excluding risk): £5,800,000</li> <li>• Resources to reach next Gateway (excluding risk): £303,000</li> <li>• Spend to date: £26,059</li> <li>• Costed Risk Against the Project: £2,600,000</li> <li>• CRP Requested: £0</li> <li>• CRP Drawn Down: £0</li> <li>• Estimated Programme Dates:             <ul style="list-style-type: none"> <li>○ GW4: May 2020</li> <li>○ GW5: Dec 2020</li> <li>○ Start on site: Jan 2021</li> <li>○ Completion: Dec 2021</li> </ul> </li> </ul>
<p><i>Scope/Design Change and Impact:</i></p> <p><b>‘Options Appraisal and Design’ G3 issues report (approved by Project Subs on 21/10/20 and to be approved by Planning &amp; Transportation on 27.10.20 and then Court of Common Council under urgency):</b></p> <ul style="list-style-type: none"> <li>• Total Estimated Cost (excluding risk): £5,800,000</li> <li>• Resources to reach next Gateway (excluding risk): £554,210</li> <li>• Spend to date: £95,000</li> <li>• Costed Risk Against the Project: £2,600,000</li> <li>• CRP Requested: £0</li> <li>• CRP Drawn Down: £0</li> <li>• Estimated Programme Dates:             <ul style="list-style-type: none"> <li>○ GW4: Nov 2020</li> <li>○ GW5: May 2021</li> <li>○ Start on site: May 2021*</li> <li>○ Completion: Dec 2021*</li> </ul> </li> </ul> <p>*Note that the duration of the design periods and construction period were unknown at previous gateway, however since involving the design team better estimates has been provided. It was recognised that design would require more time and construction less.</p>
<p><i>Scope/Design Change and Impact:</i></p> <p><b>Detailed Design’ G4c (approved by BHE and Project Subs committees in November 2020):</b></p> <ul style="list-style-type: none"> <li>• Total Estimated Cost (excluding risk): £5,687,003</li> <li>• Resources to reach next Gateway (excluding risk): £128,115</li> <li>• Spend to date: £152,000</li> <li>• Costed Risk Against the Project: £2,205,000</li> <li>• CRP Requested: £0</li> <li>• CRP Drawn Down: £0</li> <li>• Estimated Programme Dates:             <ul style="list-style-type: none"> <li>○ GW4: Nov 2020</li> </ul> </li> </ul>

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<ul style="list-style-type: none"> <li>○ GW5: May 2021</li> <li>○ Start on site: May 2021</li> <li>○ Completion: Dec 2021</li> </ul>
<p><i>Scope/Design Change and Impact:</i></p>
<p><b>Current G4 Issues (approved by BHE and Project Subs committees in April 2021):</b></p> <ul style="list-style-type: none"> <li>● Total Estimated Cost (excluding risk): £5,730,293</li> <li>● Resources to reach next Gateway (excluding risk): £0</li> <li>● Spend to date: £505,000</li> <li>● Costed Risk Against the Project: £2,161,710</li> <li>● CRP Requested: £0</li> <li>● CRP Drawn Down: £43,290</li> <li>● Estimated Programme Dates: <ul style="list-style-type: none"> <li>○ GW4: Nov 2020</li> <li>○ GW5: July 2021</li> <li>○ Start on site: July 2021</li> <li>○ Completion: Feb 2022</li> </ul> </li> </ul>
<p><i>Scope/Design Change and Impact:</i></p> <p>Partial integration of the existing bridge lifting and new HV supervisory control and data acquisition (SCADA) systems – increase of 6 weeks to the project programme for additional design work required.</p>
<p><b>‘Authority to start Work’ G5 report (approved by BHE Board in August 2021 – Delegated Authority):</b></p> <ul style="list-style-type: none"> <li>● Total Estimated Cost (excluding risk): £5,914,318</li> <li>● Resources to reach next Gateway (excluding risk): £4,982,758</li> <li>● Spend to date: £768,328</li> <li>● Costed Risk Against the Project: £1,545,000</li> <li>● CRP Requested: £1,545,000</li> <li>● CRP Drawn Down (cumulative): £43,380</li> <li>● Estimated Programme Dates: <ul style="list-style-type: none"> <li>○ GW5: August 2021</li> <li>○ Contract Award: Sept 2021</li> <li>○ Mobilisation: Sept 2021</li> <li>○ Start on site: Oct 2021</li> <li>○ Completion: July 2022</li> </ul> </li> </ul>
<p><i>Scope/Design Change and Impact:</i></p>
<p><b>Progress G5 report (to be approved by BHE Board in July 2022):</b></p> <ul style="list-style-type: none"> <li>● Total Estimated Cost (excluding risk): £5,914,318</li> <li>● Resources to reach next Gateway (excluding risk): £5,914,318</li> <li>● Spend to date: £1,837,142</li> <li>● Costed Risk Against the Project: £1,545,000</li> <li>● CRP Requested: £1,545,000</li> <li>● CRP Drawn Down (cumulative): £281,300</li> <li>● Estimated Programme Dates:</li> </ul>

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- GW5: August 2021
- Contract Award: Nov 2021
- Mobilisation: Nov 2021 - Dec 2021
- Start on site: Jan 2022
- Completion of works with temporary solution for ventilation fan: December 2022
- Completion: April 2023

*Scope/Design Change and Impact:*

City of London: Projects Procedure Corporate Risks Register

Project Name:		Tower Bridge HV Replacement and Increasing Resilience							PM's overall risk rating:	Medium		CRP requested this gateway	£ 1,545,000		Average unmitigated risk score		10.1		Open Risks		41			
Unique project identifier:		11520							Total estimated cost (exc risk):	£ 5,914,408		Total CRP used to date	£ 222,811		Average mitigated risk score		5.9		Closed Risks		20			
Risk ID	Gateway	Category	Description of the Risk	Risk Impact Description	Likelihood Classification pre-mitigation	Impact Classification pre-mitigation	Risk score	Costed impact pre-mitigation (£)	Costed Risk Provision requested Y/N	Confidence in the estimation	Mitigating actions	Mitigation cost (£)	Likelihood Classification on post-mitigation	Impact Classification on post-mitigation	Costed impact post-mitigation (£)	Post-Mitigation risk score	CRP used to date	Use of CRP	Date raised	Named Departmental Risk Manager/Coordinator	Risk owner (Named Officer or External Party)	Date Closed OR/Realised & moved to issues	Action dependencies	Comment(s)
R1	5	(10) Physical	Terrorism	Terrorist attack affecting site, ability to get to site, affecting planned or completed works. Additional works costs including: prelims, damage, restarting. Tower Bridge is a Tier 1 terrorist target.	Possible	Extreme	24	£150,000.00	N	D – Very Uncomfortable	Site security lines to be determined and agreed with TB operations team during RIBA Stage 4. Specific harding requirements to be specified within ITT documents and pricing document. Harding lines not to obstruct vision of existing CCTV cameras. Contractor to develop risk management plan.	£0.00	Possible	Extreme	£0.00	24	£0.00		17/08/2020		COLC (NB)			Site storage areas are limited. The ITT pricing document shall allow for off-site storage of materials, for just in time delivery.
R4	5	(1) Compliance/Regulatory	Failure to obtain Statutory Approvals	A number of approvals are required prior to commencement of the works. These include: TFL (adopted Highway), PLA, UKPN Lease / Wayleaves/ Licenses required etc. Delay in obtaining such approvals could lead to project delay.	Possible	Major	12	£150,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Early engagement with duty holders (from RIBA Stage 3)	£0.00	Possible	Serious	£15,000.00	6	£0.00		17/08/2020		COLC (NB) / Pellings (AF)			Early engagement with TFL & PLA will require the appointment of a Transport Consultant. A transport Consultant shall be procured following and utilising RIBA Stage 3 design & phasing information. Costs impact post-mitigation based upon 3wks construction delay. Potential road diversion costs are excluded from the post-mitigation figure identified. Contractor TMAN application required.
R5	5	(1) Compliance/Regulatory	Reliance on Third Party Statutory Works e.g. UKPN	Time and cost (extension of time claims from contractor and design team )	Possible	Major	12	£150,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Early engagement and submission of application to UKPN by COLC: New north shore supply application to be submitted during RIBA Stage 2. Existing UKPN south shore supply upgrade application to be submitted during RIBA Stage 3.	£0.00	Possible	Serious	£50,000.00	6	£0.00		17/08/2020		COLC (NB) / AECOM (PB)			AECOM submitted the UKPN application during early RIBA Stage 2. UKPN Lease processes ongoing.
R6	5	(3) Reputation	Disturbance to neighbours during construction works resulting in negative reputation of project and client, increased costs and delays to programme.	Reputation	Possible	Serious	6	£0.00	N	B – Fairly Confident	Contractor(s) to identify and provide works liaison manager as part of contractor team. Contractor to identify timings on noisy or disruptive works which should be undertaken out of hours where possible. Contractor to ensure that logistics plan and environmental health requirements are met by. Contractors shall be required to submit an outline/draft CEMP (Construction Environmental Management Plan) as part of ITT process / tender.	£0.00	Possible	Serious	£0.00	6	£0.00		17/08/2020		COLC (NB) / CBRE (hbc)			No post-mitigation costs are applicable to Risk Register as the Contractor(s) shall be required to allow for project liaison and sequencing related costs within their tender submission / Contract Sum.
R7	5	(3) Reputation	Disturbance or effect on Business As Usual Activities of Tower Bridge including the TB attraction.	Revenue impact (est £420K per month)	Possible	Major	12	£0.00	N	B – Fairly Confident	The works shall be phased. Out of hours working and back up supply's will be required to avoid BAU interruption. The works will require the temporary relocation of ticket office functions to the north tower, 2nd floor. Pedestrian footways and lift access must remain open to allow pedestrian access at bridge level from north to south.	£0.00	Rare	Major	£0.00	4	£0.00		17/08/2020		COLC(NB) / Design Team(PB & DB AECOM/ LPM(SMC)			Design team shall develop the project phasing strategy / sectional completion proposals prior to ITT issue. Relocation of the ticket office has occurred before for previous TB projects and shall be completed by the TB operations team. No post-mitigation costs are applicable to Risk Register as the Contractor(s) shall be required to allow for project phasing within their tender submission / Contract Sum.
R8	5	(9) Environmental	Poor consultant / contractor Team Performance	Time and cost impacts due to dispute, leading to potential delay and/or replacement of resource	Possible	Serious	6	£500,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	LPM to monitor the integration and performance of the project team / contractors team. LPM / CB to ensure that the correct level of management and expertise is demonstrated by tendering contractors where the project tender shall have a quality bias. KPI scoring processes to be considered by CoLC during the development of the project / works.	£0.00	Unlikely	Serious	£20,000.00	4	£0.00		17/08/2020		COLC(NB) / CURRIE & BROWN (IT) / LEADENHALL PM(SMC) / CBRE (TBC)			
R9	5	(3) Reputation	Negative Press	Reputation	Possible	Serious	6	£20,000.00	Y - for costed impact post-mitigation	B – Fairly Confident	Liaison with TB Marketing/ Col press office ahead of commencement of works.	£0.00	Possible	Serious	£10,000.00	6	£0.00		17/08/2020		COLC(NB)			Press release to be issued to provide sufficient and advanced warning of works. Communications Strategy to be developed with TB & COLC. Potential use of comms consultant if negative press is received due to bridge closure / bus diversions etc.
R10	5	(3) Reputation	Local transport disruption caused by construction traffic	Reputation	Likely	Minor	4	£0.00	N	C – Uncomfortable	Highlight traffic management sensitivities to UKPN & TFL upon engagement	£0.00	Possible	Minor	£0.00	3	£0.00		17/08/2020		COLC(NB)			Refer to Risk 4 above.

R11	5	(10) Physical	Contractor Delays: Delay during construction leading to the Contractor being unable to achieve practical completion as defined within the Construction Contract.	Time and Cost (consultant TA fees, staff costs)	Possible	Major	12	£500,000.00	N	C – Uncomfortable	Ensure ITT documents are robust. Obtain contractor(s) programme(s) as part of ITT submission(s). Ensure robust project management processes are in place during design development and works. Liquidated Damages to be defined by CoLC prior to ITT issue. Contract Administrator to closely monitor works and maintain good supervision of contractor.	£0.00	Possible	Serious	£0.00	6	£0.00	17/08/2020	CBRE (Tbc)		Contractors Programme to be carefully assessed prior to appointment / Contract Award.
R12	5	(10) Physical	The site presents space constraints for construction, access and logistics.	Site logistics impacting on cost, time and quality of completing the works	Possible	Major	12	£500,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Site Phasing information shall be developed and included in ITT documentation. Contractors to provide site logistics plan as part of ITT submission. Briefing to project team and Contractor to be clear, with options, access and logistics discussed.	£0.00	Unlikely	Major	£25,000.00	8	£0.00	17/08/2020	COLC(NB) / Design Team(PB AECOM) / Arch(AF)		Contractors to provide site logistics plan as part of ITT submission. Costed impact post-mitigation based upon need for additional unforeseen works to existing structure. This may include access hatches of bridge level which can not be opened prior to works commencing.
R13	5	(10) Physical	Unavoidable and unanticipated bridge activities affecting the works.	Time and Cost - extension of time claim(s) from contractor	Likely	Serious	8	£250,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Normal bridge operation includes bridge lifts and events. The Contractor shall be required to allow for out of sequence working due to normal bridge operations within the tender pricing documents. Any unavoidable or unanticipated liaise closely with TB Team and contractor on programme	£0.00	Possible	Serious	£40,000.00	6	£0.00	17/08/2020	COLC(NB) / LPM(SMC) / CBRE (Tbc)		Tendering contractors shall be required to allow for normal bridge operations within their priced submission. This includes all costs relating to out of sequence working and bridge lifts etc. Contractors will be required to assess historical data for bridge lifts and the number of events anticipated during the works period. Contractors shall be up able to claim EoTs relating to normal bridge operation(s).
R15	5	(1) Compliance/Regulatory	Works could be subject to change further to Statutory requirements. This includes Heritage England etc.	Staff costs, re-design fees and additional application / discharge of condition(s) fee(s)	Possible	Major	12	£150,000.00	Y - for costed impact post-mitigation	B – Fairly Confident	Early engagement with Planning Authorities & Heritage England via planning consultant and thorough understanding of any conditions which require discharge	£0.00	Unlikely	Serious	£75,000.00	4	£0.00	17/08/2020	COLC(NB) / Planning Consultant(AF)		Planning Consultant to maintain engagement with LPAs and Heritage England throughout the determination period. Draft conditions to be requested prior to formal determination. Costed impact post-mitigation principally relates to cable routes behind historical fabric.
R17	5	(10) Physical	Long Lead-in for specialist / Materials / Services not accounted for in contractors programme / not anticipated	Time delay due to long lead-in items. It is highlighted that COVID-19 has significantly affected global material and equipment supply chains.	Likely	Serious	8	£150,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Project team, specifically CB, to undertake early engagement with manufacturers to understand lead-in time periods. Contractor to place early orders for long lead-in items. CoLC to ensure early placement of placement of UKPN orders and prior to Contractor engagement.	£0.00	Likely	Serious	£150,000.00	8	£102,702.45	17/08/2020	COLC(NB) / Design Team (AECOM) (PB) / Arch (AF) / CBRE (Tbc)		It is not proposed for CoLC to order specialist equipment as this will form part of the Construction Contract to de-risk liability and coordination issues. Long lead-in times identified within contractor programme.
R21	5	(10) Physical	Existing structure is in poor condition leading to additional and unforeseen works and / or poor working areas. E.g. Cable routes.	Time & Cost: Additional works and / or remedial works required which were unplanned	Possible	Serious	6	£250,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Project team to identify existing structure surveys required during RIBA Stage 2/3. Early contractor engagement to be undertaken post RIBA Stage 3. High risk areas relate to existing cable routes where a track and trace survey is proposed to be undertaken during RIBA Stage 4.	£0.00	Unlikely	Serious	£60,000.00	4	£6,061.92	17/08/2020	COLC(NB) / Lead Designer (AECOM) (PB))		Costed impact post-mitigation principally relates to cable routes requiring additional / unforeseen remedial works. Unforeseen works may require CA instruction and result in addition costs / time.
R22	5	(5) H&S/Wellbeing	Uncovering of unknown hazardous materials (Lead Paint, Asbestos, any other hazardous material)	Time impact if works stopped, additional cost if further surveys or works required	Likely	Major	16	£100,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	R&D Survey to be completed by contractor due to opening up works required. Risk can not be eliminated as the majority of cable routes are inaccessible at this stage and until works commence.	£0.00	Likely	Serious	£80,000.00	8	£0.00	17/08/2020	COLC(NB) / CBRE (Tbc)		CB have excluded this from the cost plan until a detailed or location to be provided in which to base costs on within the budget.
R24	5	(3) Reputation	Existing HL/LV equipment failure before project commences and / or is completed	Reputational Risk / Cost Risk: If the existing equipment fails prior to works commencing or works completing this may lead to acceleration of the works and or remedial works being required. Acceleration or remedial works would inevitably increase project costs and potential disruption to bridge operations.	Possible	Extreme	24	£300,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	The project should be brought to market as quickly as possible to reduce risks relating to the failure of existing equipment. A temporary generator will be included in the scope of works. This will act as a back up power supply during switch overs.	£0.00	possible	Serious	£50,000.00	6	£0.00	17/08/2020	COLC(NB)		Contractor risk during construction for defined works only. Contractors contract does not cover items prior to the programme start on site date.
R26	5	(10) Physical	Services to neighbouring sites disrupted during construction	Cost & Time: Contractor disrupts existing services serving neighbouring land /property.	Possible	Major	12	£250,000.00	N	C – Uncomfortable	The Contractor shall be responsible for ensuring that no neighbouring services are disrupted. The contractor shall rely upon track and trace survey information contained within PCI and may be required to complete additional surveys to verify existing services / supplies.	£0.00	Possible	Serious	£0.00	6	£0.00	17/08/2020	CBRE (Tbc)		
R29	5	(10) Physical	Site Conditions unsuitable for new UKPN supply / sub-station	Cost and Time	Possible	Serious	6	£300,000.00	N	C – Uncomfortable	Undertake site identification surveys early in RIBA Stage 2/3 and complete site visit with UKPN during RIBA Stage 4. Site surveys (Ground & Measured Building Surveys) already included in project plan.	£0.00	Possible	Serious	£0.00	6	£0.00	17/08/2020	COLC(NB) / Lead Designer (AECOM) (PB))		Sub-Station sizing to be determined by UKPN during 12wk UKPN design phase. If the current proposed position of the UKPN sub-station is deemed not viable, an addition site may need to be acquired. This Risk Register does not allow for land acquisition costs.



R31	5	(10) Physical	Works outside of the site boundary not accounted for within Project Cost Plan.	Legal, licenses, authority implications	Possible	Major	12	£350,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Works to be developed in detail and in conjunction with legal/ asset managers and statutory powers to determine site demise. This is already part of the project plan. Additional works outside of the site boundary excluded from project with exception of UKPN works.	£0.00	possible	Serious	£20,000.00	6	£0.00	17/08/2020	COLC (NB) / LEADENHALL PM (SMC) / CURRIE & BROWN (IT)	Legal costs to be allowed as part of project cost. COLC to confirm legal status of UKPN substation location and cable routes.
R33	5	(1) Compliance/Regulatory	Difficulty completing works inline with legal bridge lifting constraints / normal bridge lifting activities.	Possible extension of time claims leading to increased project cost / time.	Possible	Major	12	£250,000.00	N	C – Uncomfortable	Contractors will be required to work around Bridge lifts / normal bridge operation. COLC/LPM/CA/Contractor to agree daily construction communications strategy for day to day operations.	£0.00	possible	Minor	£0.00	3	£0.00	17/08/2020	COLC(NB)	Refer to Risk 13. Tendering contractors shall be aware of the need to work around Bridge lifts / live site. Temporary generator to be installed as part of works, currently under RIBA Stage 4 development.
R34	5	(5) H&S/Wellbeing	Working around public / tourists / staff	Impact on completing works and associated costs	Likely	Major	16	£150,000.00	N	D – Very Uncomfortable	Ensure that sensitivities are included in the tender pack for contractors, PD to include all information in Pre-Construction Information IT pack. PD / CDM Advisor and Contractor to ensure all H&S considerations are taken into account and implemented. PTE & tender pricing document to allow for public separation and contractor communication processes / management.	£0.00	possible	serious	£0.00	6	£0.00	17/08/2020	COLC(NB) / CBRE (Tbc)	Specific hoarding requirements to be identified within ITT Documents. Hoarding and security costs allowed for within Cost Plan.
R35	5	(10) Physical	Revised management / restricted visitor numbers if fire routes are amended.	Reduction on visitor numbers may affect ticket sales, ability to let out venue, require training on different emergency procedures.	Possible	Serious	6	£150,000.00	N	C – Uncomfortable	The project is to be developed on the basis that BAU is not affected. Tendering contractors shall be required to outline a logistics and phasing plan for the project. Any impact on existing fire strategies is not to impact BAU.	£0.00	Unlikely	serious	£0.00	4	£0.00	17/08/2020	COLC(NB) / Lead Designer(AECOM (PB)) / Fire Eng(AECOM (AM)) / CBRE (TBC)	Project Team to develop phasing strategy to avoid any restrictions. Fire Consultant to review phasing proposals throughout design development.
R37	5	(4) Contractual/Partnership	Valid Extension of Time request from Contractor	Cost	Possible	Serious	6	£150,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Continue to assess project risks during construction.	£0.00	possible	serious	£75,000.00	6	£75,000.00	17/08/2020	COLC (NB) / LEADENHALL PM (SMC) / CURRIE & BROWN (DS)	Implement robust contract administration. Post-mitigation cost based upon c.3wk EoT.
R38	5	(4) Contractual/Partnership	Valid additional fee requests from Professional Team	Cost	Possible	Serious	6	£150,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Ensure that programme takes account of risks with float to deal with any unforeseen issues prior to tendering consultant fee. Robust project management and Change Control Processes.	£0.00	possible	serious	£30,000.00	6	£30,000.00	17/08/2020	COLC(NB)	Extend tender period and an RIBA Stage 5 may see potential consultant claims based upon scope of services documents however this has not been raised to date.
R41	5	(10) Physical	Archaeological finds	Cost & Time	Possible	Major	12	£200,000.00	N	D – Very Uncomfortable	The current design proposals include limited excavation works. Archaeological finds are not expected. No additional or desktop surveys have been requested by LPAs / Heritage England during pre-application meetings.	£0.00	Rare	minor	£0.00	1	£0.00	17/08/2020	COLC(NB) / PELLINGS (AF)	Limited excavation proposed-UKPN substation area only for ground bearing slab.
R44	5	(10) Physical	Contamination from Contractors works	Time, Cost and Reputational risk.	Possible	Serious	6	£300,000.00	N	C – Uncomfortable	The design team shall document all know risks within the Designer Risks Assessments. This shall include temporary generator pollution/CO2, oil storage areas and high risk pollutants relating to switch gear / M&E services etc. The contractor shall be required to assess all contamination risks as part of works/RAMS. The contractor may also be required to submit and discharge and Environmental Management Plan (CEMP) under planning conditions.	£0.00	Unlikely	serious	£0.00	4	£0.00	17/08/2020	COLC(NB) / LEADENHALL PM(SMC)	Refer to Risk 22 & 62.
R45	5	(9) Environmental	Ecological site constraints	Legal, reputational, cost and time	Possible	Serious	6	£50,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Ecological surveys determined as not required as part of planning pre-app process.	£0.00	Unlikely	Serious	£5,000.00	4	£0.00	17/08/2020	COLC(NB) / AECOM(PB)	Planning consultant to engage with LPAs. Pre-Application processes to be implemented. Risk allowance for desktop surveys only.
R48	5	(2) Financial	Project exceeding budget	Cost	Possible	Major	12	£500,000.00	Y - for costed impact post-mitigation	D – Very Uncomfortable	Cost Consultant to closely monitor design development throughout all project stages and prepare Stage Boundary Cost Plans / Pre-tender estimate / Monthly Construction Costs Reports.	£0.00	possible	serious	£150,000.00	6	£0.00	17/08/2020	COLC(NB) / CURRIE & BROWN (DS/IT)	Tender process complete. Risk remains until Final Account.
R49	5	(4) Contractual/Partnership	Contractual disputes/ team disagreements	Cost and Time	Unlikely	Serious	4	£150,000.00	Y - for costed impact post-mitigation	B – Fairly Confident	Clear lines of communication to be closely monitored by LPM. A responsibility assignment matrix (RACI Matrix- responsible, accountable, consulted, and informed) has been put in place as part of project plan for the Project Team. LPM shall ensure clear lines of communication are maintained with the Contractor / Contract Administrator and Client / Project Team which shall be documents in Monthly PM Reports.	£0.00	rare	Serious	£20,000.00	2	£0.00	17/08/2020	COLC(NB) / LPM(SMC) / Project Team(All)	

R50	5	(10) Physical	Inclement weather construction	Adverse weather affecting works being able to go ahead / completed	Possible	Serious	6	£25,000.00	N	C – Uncomfortable	Works commencement date avoids winter months. Internal works are not weather dependant. No further mitigation actions can be taken.	£0.00	rare	minor	£0.00	1	£0.00	17/08/2020	COLC(NB)		
R51	5	(10) Physical	Other projects impacting this project	Time and Cost due to project stoppage / interface costs.	Possible	Major	12	£50,000.00	N	C – Uncomfortable	CoLC to confirm other works planned / scheduled on the site. This information shall be provided to contractors for information as part of ITT PCI pack. The Construction works programme shall identify planned maintenance periods where available.	£0.00	possible	minor	£0.00	3	£0.00	17/08/2020	COLC(NB)/ LPM(SMC)/ Lead Designer(PB) AECOM)/ Principal Designer (AS)		Maintain close dialogue with TB Team in relation to planned / unplanned works.
R52	5	(10) Physical	Damage to Bridge during works by contractor	Cost / Quality / Programme Delay	Possible	Serious	6	£0.00	N	D – Very Uncomfortable	Grade 1 Listed Structure: All contractors shall be made aware of asset heritage and Listing Protection. Any costs associated with making good to be apportioned to the contractor / insurance(s).	£0.00	unlikely	serious	£0.00	4	£0.00	17/08/2020	CBRE (Tbc) / CoLC (NB)		Clerk of Works to be consider by CoLC. Contractor RAMS to be obtained prior to starting works. All RAMS to be shared with TB Team & Principal Designer for H&S.
R53	5	(10) Physical	Unforeseen technical problems during installation	Problems with fixings / fittings / infrastructure	Possible	Major	12	£200,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Existing LV/HV infrastructure to be assessed by electrical consultant (Aecom). All track and trace survey information to be utilised to develop RIBA Stage 4 design. Contractor to undertake pre-survey of all areas prior to removal / installation of switchgear.	£0.00	unlikely	Major	£80,000.00	8	£0.00	17/08/2020	COLC(NB)/ CURRIE & BROWN (DS) / Lead Designer AECOM (PB) / CBRE (Tbc)		
R54	5	(10) Physical	Additional Security requirements for working in live environment	Cost	Possible	Serious	6	£50,000.00	N	C – Uncomfortable	Security requirements and secure lines to be developed during RIBA Stage 4 and defined within ITT documents. Any additional requirements to be advised by CoLC.	£0.00	likely	Serious	£0.00	8	£0.00	17/08/2020	COLC(NB)		Tower Bridge is a tier 1 terrorist target. All areas shall require permits to work. This shall be identified within ITT Documents.
R55	5	(10) Physical	Current infrastructure feeds river traffic lights and CCTV feed disrupted by works.	Reputational Risk - CCTV impact, river traffic disruption	Possible	Major	12	£0.00	N	C – Uncomfortable	Track and trace surveys will be undertaken during RIBA Stage 4. The contractor shall be responsible for ensuring that CCTV and river lights are not disrupted. A reporting procedure shall be implement in case of such event.	£0.00	unlikely	major	£0.00	8	£0.00	17/08/2020	Lead Designer AECOM (PB)/ CBRE (Tbc) / CURRIE & BROWN (IT)		Track and trace survey to be instructed during RIBA Stage 4. ITT Documents to reinforce requirement for additional tracing surveys if required to prevent CCTV / river light disruption.
R56	5	(10) Physical	Tower Bridge Events / Promotion of events (Eg. London Marathon, World Cup, Wimbledon, Rugby etc. disrupting works on site	Time	Likely	Minor	4	£0.00	N	C – Uncomfortable	Forward notice to be provided by Tower Bridge operations team. Information to be provided to contractor as soon as possible. Contractors shall be required to allow for an average number of events based upon historical data / events information as part of ITT process.	£0.00	possible	minor	£0.00	3	£0.00	17/08/2020	COLC(NB)		No post-mitigation costs applicable as events will be deemed part of normal bridge operation. Early engagement with TB Team once event / promotional information is made available.
R57	5	(1) Compliance/Regulatory	Requirement to undertake remedial works and / or replace existing LV cables which require reconnection to new switchgear should they not pass certification.	Time & cost: If existing LV cables are unable to be reconnected, this could lead to increased construction works costs and / or redesign of the existing LV infrastructure.	Likely	Serious	8	£250,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Review of existing fixed wire testing certs. Complete track and trace cable survey during RIBA Stage 4. If LV cables are found to be in poor condition, such items may be required upgrade or renewal under this project. Additional LV cable works would be subject to CoLC Change Control Processes prior to instructing the design team.	£0.00	possible	Serious	£150,000.00	6	£0.00	17/08/2020	COLC(NB)/Lead Designer AECOM (PB) / CBRE (Tbc) / CURRIE & BROWN (IT)		Refer to Risk No.25 which relates to the risk of failure of existing back-up generator and / or LV supplies prior to commencing or during the works.
R58	5	(1) Compliance/Regulatory	UKPN works delayed	Delay the project programme, resulting in incurring extension of time	Possible	Major	12	£100,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Early engagement with UKPN and order(s) placed prior to contractor appointment.	£0.00	possible	serious	£50,000.00	6	£0.00	17/08/2020	COLC(NB)/ Lead Designer AECOM (PB)		Temporary generator to be provided as back-up. Currently allowed for within RIBA Stage 3 Cost Plan. Cost impact post-mitigation based upon 2wks construction delay.
R59	5	(1) Compliance/Regulatory	Contractors works delayed by UKPN / UKPN connection work.	Delay to project programme, resulting in Extension of Time submission from Contractor.	Possible	Major	12	£60,000.00	N	C – Uncomfortable	Engagement to be maintained with contractor and UKPN orders placed prior to contractor appointment.	£0.00	possible	serious	£0.00	6	£0.00	17/08/2020	COLC(NB) / CBRE (Tbc)		UKPN and construction programme closely monitored by the Contractor. CoLC to ensure that UKPN lease(s) / Wayleaves are agreed in sufficient time & Pre-Contract
R60	5	(10) Physical	Time delay due to Bridge House Estates / CoLC not agreeing to transfer of UKPN lease / come to a legal agreement for the new substation land.	Programme delay and costs for design team whilst on hold / additional design work and extensions of time. Additional staff costs	Possible	Major	12	£250,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Early engagement with CoLC legal team to undertake work to resolve land ownership / lease with UKPN.	£0.00	possible	Serious	£20,000.00	6	£0.00	17/08/2020	COLC(NB)		UKPN Lease to be in an agreed form prior to contractor appointment.
R61	5	(10) Physical	Capacity / routes of existing cable routes are not sufficient for routing new HV cables prior to removing existing.	Re-design costs and unforeseen works costs due to alternative routes. Programme delays	Likely	Major	16	£300,000.00	Y - for costed impact post-mitigation	C – Uncomfortable	Site surveys and track and trace to be undertaken during RIBA Stage 4. Aecom to attend site during track and trace survey to instruct opening of existing containment / cable routes where appropriate.	£0.00	possible	Major	£80,000.00	12	£0.00	17/08/2020	COLC(NB)/ Lead Designer AECOM (PB) / PELLINGS (AF)		If existing service routes are not suffice following survey information, alternative routes will require investigation and development with engagement with the planning & heritage consultants.

CITY OF LONDON CORPORATION  
 CITY SURVEYORS DEPARTMENT  
 PROPERTY PROJECTS GROUP - COST BOOK

<b>Project No.</b>
<b>Project name</b>
<b>Project Type</b>
<b>Period</b>

72800014
Tower Bridge HV Electrical Infrastructure Upgrade
HV/LV
2022 - 2023

<b>PM</b>
<b>Site</b>

Devjani Bal
Tower Bridge

Financial Summary									
GATEWAY CASHFLOW									
Element	Gateway 1 - 2 Budget	Gateway 3 Budget	Gateway 3 Issues Budget	Gateway 4c Budget	CRP Alloc - GW4	Gateway 5 Budget	Additional Funds - GW5	Gateway 6 Budget	Total CapEX
<b>Construction</b>	<b>0</b>	<b>0</b>	<b>180,000</b>	<b>0</b>	<b>0</b>	<b>4,300,296</b>	<b>346,000</b>	<b>0</b>	<b>4,826,296</b>
1.1 Enabling Works	0	0	0	0	0	0	0	0	0
1.2 Main Contractor	0	0	0	0	0	4,300,296	346,000	0	4,646,296
1.3 Direct Package	0	0	0	0	0	0	0	0	0
1.4 UKPN Connection	0	0	180,000	0	0	0	0	0	180,000
1.5 Landscape	0	0	0	0	0	0	0	0	0
1.6 Fittings and Equipment	0	0	0	0	0	0	0	0	0
<b>Professional Fees</b>	<b>23,060</b>	<b>164,500</b>	<b>176,095</b>	<b>108,115</b>	<b>43,380</b>	<b>265,813</b>	<b>0</b>	<b>32,649</b>	<b>813,612</b>
2.1 Architect	0	16,500	26,139	8,488	0	30,000	0	400	81,527
2.2 Interior Designer	0	0	0	0	0	0	0	0	0
2.3 Cost Consultant	0	18,298	28,359	9,411	4,500	26,059	0	1,933	88,560
2.4 Mechanical and Electrical	10,000	40,948	16,520	25,540	34,560	39,000	0	12,160	178,728
2.5 Structural Engineer	0	25,000	9,912	15,324	0	15,000	0	7,296	72,532
2.6 Principal Designer	6,000	20,000	6,608	10,216	0	15,000	0	4,864	62,688
2.7 Planning Consultant	0	1,692	11,324	4,824	0	4,500	0	400	22,740
2.8 Building Control	0	0	20,000	0	0	0	0	0	20,000
2.9 Project Management	7,060	30,263	20,033	8,312	4,320	6,394	0	1,596	77,978
3 Fire Risk Assessment	0	11,800	7,200	6,000	0	49,860	0	4,000	78,860
3.1 Catering Consultant	0	0	0	0	0	50,000	0	0	50,000
3.2 Acoustics Consultant	0	0	0	0	0	0	0	0	0
3.3 AV Consultant	0	0	0	0	0	0	0	0	0
3.4 Lighting Consultant	0	0	0	0	0	0	0	0	0
3.5 CDMA	0	0	0	0	0	0	0	0	0
3.6 Sustainablitty	0	0	0	0	0	0	0	0	0
3.7 CGI	0	0	0	0	0	0	0	0	0
3.8 RoL	0	0	0	0	0	0	0	0	0
3.9 Early Contractor Involvement	0	0	0	0	0	0	0	0	0
3.10 Transport Consultant	0	0	15,000	10,000	0	0	0	0	25,000
3.11 Communications Consultant	0	0	0	0	0	0	0	0	0
3.12 Other Consultant	0	0	15,000	10,000	0	30,000	0	0	55,000

<b>Consequential Fees</b>		<b>0</b>	<b>115,500</b>	<b>60,000</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>190,500</b>
4.1	Construction Legal Fees	0	0	0	0	0	0	0	0	0
4.2	Consents - RoL	0	5,000	0	0	0	0	0	0	5,000
4.3	Agents	0	0	0	0	0	0	0	0	0
4.4	Marketing	0	0	0	0	0	0	0	0	0
4.5	Stamp Duty	0	0	0	0	0	0	0	0	0
4.6	Relocation	0	0	0	0	0	0	0	0	0
4.7	Planning Fees	0	5,000	10,000	0	0	0	0	0	15,000
4.8	FF&E ( furntiure, AV, FM)	0	0	0	0	0	0	0	0	0
4.9	Utilities Companies	0	5,000	0	0	0	0	0	0	5,000
4.10	Building Control Authority	0	5,000	5,000	0	0	0	0	0	10,000
4.11	Surveys	0	95,500	45,000	15,000	0	0	0	0	155,500
<b>City of London Staff</b>		<b>3,000</b>	<b>23,000</b>	<b>15,000</b>	<b>5,000</b>	<b>0</b>	<b>35,000</b>	<b>0</b>	<b>3,000</b>	<b>84,000</b>
5.1	IT Costs	0	0	0	0	0	0	0	0	0
5.2	DBE	0	0	0	0	0	0	0	0	0
5.3	Legal Costs	0	5,000	5,000	0	0	5,000	0	1,000	16,000
5.4	Other	0	0	0	0	0	0	0	0	0
5.5	Staff Costs	3,000	18,000	10,000	5,000	0	30,000	0	2,000	68,000
<b>SUB TOTAL</b>		<b>26,060</b>	<b>303,000</b>	<b>431,095</b>	<b>128,115</b>	<b>43,380</b>	<b>4,947,109</b>	<b>346,000</b>	<b>35,649</b>	<b>5,914,408</b>
<b>Risk Register</b>		<b>0</b>	<b>0</b>	<b>355,000</b>	<b>335,000</b>	<b>0</b>	<b>1,545,000</b>	<b>0</b>	<b>0</b>	<b>1,545,000</b>
6.1	Compliance/Regulatory (i.e Planning)	0	0	65,000	150,000	0	400,000	0	0	400,000
6.2	Financial ( i.e inflation)	0	0	0	0	0	150,000	0	0	150,000
6.3	Reputation (Client Changes)	0	0	0	0	0	60,000	0	0	60,000
6.4	Contractual/Partnership ( Contracts)	0	0	0	0	0	125,000	0	0	125,000
6.5	H&S/Wellbeing ( i.e Design Compliance)	0	0	0	0	0	80,000	0	0	80,000
6.6	Safeguarding (i.e Site Attendance)	0	0	0	0	0	0	0	0	0
6.7	Innovation (i.e Design Development )	0	0	0	0	0	0	0	0	0
6.8	Technology (BIM/ Sustainability)	0	0	0	0	0	0	0	0	0
6.9	Environmental (Site Constraints)	0	0	100,000	0	0	25,000	0	0	25,000
6.10	Physical ( building Constraints)	0	0	190,000	185,000	0	705,000	0	0	705,000
6.13	Blank	0	0	0	0	0	0	0	0	0
6.14	Blank	0	0	0	0	0	0	0	0	0
7	<b>GRAND TOTAL</b>	<b>26,060</b>	<b>303,000</b>	<b>786,095</b>	<b>463,115</b>	<b>0</b>	<b>6,492,109</b>	<b>0</b>	<b>35,649</b>	<b>7,459,408</b>
<b>CapEx- Actuals&amp; Committed</b>										
<b>CapEx-Variance</b>		<b>26,060</b>	<b>303,000</b>	<b>786,095</b>	<b>463,115</b>	<b>43,380</b>	<b>6,492,109</b>	<b>346,000</b>	<b>35,649</b>	<b>7,459,408</b>

<b>NOTES</b>	
<b>EXCLUSIONS</b>	
<b>Costs prepared by:</b>	
<b>Costs verified by:</b>	
<b>Date:</b>	



220617 Tower Bridge Target Programme

ID	Task Mode	Task Name	Duration	Start	Finish	% Complete	May '22	Jun '22	Jul '22	Aug '22	Sep '22	Oct '22	Nov '22	Dec '22	Jan '22	Feb '22	Mar '22	Apr '23	M	
1	→	<b>City of London, Tower Bridge - Electrical Infrastructure Upgrade</b>	<b>410 days</b>	<b>13/09/2021</b>	<b>08/04/2023</b>	<b>67%</b>														<b>67%</b>
2	→	<b>Key Programme Dates &amp; Milestones</b>	<b>410 days</b>	<b>13/09/2021</b>	<b>08/04/2023</b>	<b>94%</b>														<b>94%</b>
13	→	<b>Design</b>	<b>251 days</b>	<b>08/11/2021</b>	<b>09/11/2022</b>	<b>91%</b>														<b>91%</b>
170	→	<b>Procurement</b>	<b>341 days</b>	<b>06/12/2021</b>	<b>27/03/2023</b>	<b>67%</b>														<b>67%</b>
171	→	<b>MEP Equipment</b>	<b>147 days</b>	<b>28/01/2022</b>	<b>22/08/2022</b>	<b>69%</b>														<b>69%</b>
200	→	<b>SCADA Equipment</b>	<b>283 days</b>	<b>14/02/2022</b>	<b>27/03/2023</b>	<b>66%</b>														<b>66%</b>
213	→	<b>Structural Materials</b>	<b>155 days</b>	<b>06/12/2021</b>	<b>08/07/2022</b>	<b>73%</b>														<b>73%</b>
220	→	<b>Construction</b>	<b>330 days</b>	<b>13/12/2021</b>	<b>08/04/2023</b>	<b>34%</b>														<b>34%</b>
221	→	<b>Site Establishment</b>	<b>5 days</b>	<b>13/12/2021</b>	<b>17/12/2021</b>	<b>100%</b>														<b>100%</b>
227	→	<b>HV Supply</b>	<b>194 days</b>	<b>28/02/2022</b>	<b>03/12/2022</b>	<b>40%</b>														<b>40%</b>
228	→	<b>North HV Supply</b>	<b>135 days</b>	<b>28/02/2022</b>	<b>12/09/2022</b>	<b>57%</b>														<b>57%</b>
265	→	<b>South HV Supply</b>	<b>77 days</b>	<b>17/08/2022</b>	<b>03/12/2022</b>	<b>0%</b>														<b>0%</b>
273	→	<b>North Tower Switch Room Upgrade</b>	<b>249 days</b>	<b>20/12/2021</b>	<b>19/12/2022</b>	<b>28%</b>														<b>28%</b>
274	→	<b>Site Set-up &amp; Enabling Works</b>	<b>61 days</b>	<b>20/12/2021</b>	<b>22/03/2022</b>	<b>100%</b>														<b>100%</b>
287	→	<b>Phase 1 - New Switch Room</b>	<b>131 days</b>	<b>17/03/2022</b>	<b>24/09/2022</b>	<b>42%</b>														<b>42%</b>
331	→	<b>Phase 2 - Upgrade Existing Switch Room (M1)</b>	<b>104 days</b>	<b>16/07/2022</b>	<b>09/12/2022</b>	<b>0%</b>														<b>0%</b>
368	→	<b>Phase 3 - Finishes</b>	<b>14 days</b>	<b>30/11/2022</b>	<b>19/12/2022</b>	<b>0%</b>														<b>0%</b>
379	→	<b>Bridge Towers &amp; Walkways</b>	<b>179 days</b>	<b>20/12/2021</b>	<b>12/09/2022</b>	<b>46%</b>														<b>46%</b>
386	→	<b>SCADA</b>	<b>129 days</b>	<b>09/06/2022</b>	<b>07/12/2022</b>	<b>4%</b>														<b>4%</b>
391	→	<b>Testing &amp; Commissioning</b>	<b>84 days</b>	<b>08/12/2022</b>	<b>08/04/2023</b>	<b>0%</b>														<b>0%</b>
392	→	Temporary Commissioning of SCADA with TCA	2 wks	08/12/2022	21/12/2022	0%														<b>0%</b>
393	→	SCADA Snagging and Training	4 days	22/12/2022	29/12/2022	0%														<b>0%</b>
394	→	Full Commission of SCADA and control system	9 days	23/03/2023	01/04/2023	0%														<b>0%</b>
395	→	Decommission of Temporary Hire Generator and Removal; AMF panel	1 wk	03/04/2023	08/04/2023	0%														<b>0%</b>
396	→	Practical Completion	0 days	08/04/2023	08/04/2023	0%														<b>08/04</b>
397	→	<b>Operation &amp; Maintenance</b>	<b>42 days</b>	<b>08/02/2023</b>	<b>06/04/2023</b>	<b>0%</b>														<b>0%</b>

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<b>Committees:</b> Streets & Walkways Sub-Committee – For decision Bridge House Estates Board – For information	<b>Date:</b> 5 July 2022 6 July 2022
<b>Subject:</b> TfL’s Bishopsgate Experimental Closure	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> Executive Director, Environment	<b>For Information</b>
<b>Report author:</b> Sam Lee	

## Summary

On 16<sup>th</sup> January 2022, Transport for London (TfL) introduced a weekday timed closure (7am – 7pm, except buses and cycles) on Bishopsgate and Gracechurch Street to prevent their use as a through route for general traffic. The restriction was introduced using an Experimental Traffic Order (ETO) and effectively continued the temporary restrictions that were introduced in July 2020 as part of their Covid-19 transport measures. The ETO can remain in place for up to 18 months, by which time, TfL will have decided whether or not, the provisions of the Orders should be continued in force indefinitely. Statutory public consultation is undertaken in the first 6 months and any objections must be made within this period.

Officers have been working very closely with TfL to understand and address potential implications and issues. The removal of through traffic is supported as this provides significant benefits for people walking, cycling and using buses. It aligns with our Transport Strategy, Climate Action Strategy and supports growth and development in the area.

However, we are not yet able to determine whether the current arrangement is the best and most appropriate solution or know what changes to mitigate impacts on our network as well as along the Bishopsgate corridor itself may need to be made. The final assessment needs to also be informed by the outcome of public consultation and monitoring, both of which are ongoing.

It is recommended that the City Corporation’s response to the statutory consultation should be one of ‘in principle’ support for removing through traffic but objecting to the experimental scheme being made permanent in its current form. Officers will continue working with TfL over the coming months to resolve the objection.

Any decision relating the Bishopsgate ETO needs to also apply to the London Bridge ETO scheme as both schemes are inter-connected.

## **Recommendation(s)**

The Streets & Walkways Sub-Committee is asked to:

- Agree that City Corporation's response to the Bishopsgate ETO as set out in paragraphs 36 – 38 and agree that officers will continue working with TfL to resolve the objection.
- Delegate the final wording of the response to TfL to the Director of City Operations in consultation with the Chairman and Deputy Chairman of this sub-committee.
- Note that a further report will be brought back to this committee setting out the outcome of the further discussions for agreement, more details of the London Bridge experiment and to confirm the City's response to that ETO as well.

The Bridge House Estates Board is asked to:

- Note the contents of the report as relevant to its Terms of Reference.

## **Main Report**

### **Background**

1. In October 2021, Members were updated on TfL's proposal to introduce a 7am-7pm Monday to Friday closure (except for buses and cycles) along Bishopsgate and Gracechurch Street using an Experimental Traffic Order (ETO).
2. Members were advised that officers would continue to work with TfL to identify and address any issues and ensure the scheme did not prevent planned projects from going ahead.
3. Members were advised that a further report would be brought back to this Committee to consider if the City Corporation should object to and/or make other representations in respect of the ETO being made permanent.

### **Current Position**

4. TfL's ETO was made operational on 16<sup>th</sup> January 2022. This effectively continued the temporary restriction that was in place since July 2020 as part of their Covid-19 transport measures.
5. An ETO must be in operation for at least 6 months before it can be made permanent and must not exceed 18 months. Statutory public consultation is undertaken in the first 6 months and any objections must be made within this period.
6. The measures introduced various bus gates and movement changes to prevent through motor traffic from using the A10 Bishopsgate corridor. TfL's statement of reason, detailed list of the measures and an overview of the proposals implemented can be found in Appendix 1 and 2.
7. Limiting the use of the Bishopsgate corridor by cross-London traffic aligns with our Transport Strategy and street hierarchy; and that this is likely to be necessary to



enable meaningful safety, walking, cycling and bus journey time improvements to be achieved. These improvements also align with our Climate Action Strategy and support growth and development in the area.

8. The initial monitoring data has shown significant improvements to bus journey times of up to 2 minutes per km. Traffic levels comply with TfL's levels of service for cycling (below 500 motor vehicles per hour in both directions where no protected space for cycling is provided). Cycle flows continue to be very high with 7,000 cyclists per day recorded in April 2022 using the section of Bishopsgate by Liverpool Street station. In November 2019 the flow by Liverpool Street was 5,700 cyclist per day. Taking into account seasonality and pandemic factors, TfL expects this rise to continue.
9. Reduced traffic flows help make the experience of walking and cycling much more pleasant and the route is expected to be much safer. The reduction of traffic will enable improvements such as footway widening to be made along the corridor, and when opportunities arise, may also facilitate more meaningful improvements to be made at some junctions such as at Monument and Bishopsgate/Wormwood Street.
10. Since the start of the ETO, officers have been in regular discussions with TfL to review the experiment, identify and resolve issues, explore variations and to assess compatibility with future City projects in the area.

## **The key issues**

### Review of the experimental measures

11. The experimental measures largely mirror the temporary restrictions, which were developed and introduced at pace as part of TfL's Covid-19 response. A key focus of our discussions has been to encourage a review of the current measures to ensure they are the best solution to removing through traffic while maintaining local access, and that a thorough assessment of alternatives arrangements or modifications has been carried out to help inform the potential permanent arrangement.
12. The experimental measures had several main implications, including:
  - i. Longer journey times and distances for some journeys by people who need to use taxis or other vehicles, including those requiring disabled access, to and from locations along the corridor, including Liverpool Street and Fenchurch Street stations. TfL's Equality Impact Assessment considers access issues. A copy of this is attached as Appendix 3.
  - ii. Longer journey times and distances for some local occupiers and servicing vehicles along the route, including to the closed section between Liverpool Street and Middlesex Street.
  - iii. The ability to access Leadenhall Street, should the City proceed with the Leadenhall bus and cycle gate. If that was to happen, TfL has designed an

option which involves relocating the southbound bus gate currently by Threadneedle Street to a location immediately south of Leadenhall Street. Data supplied by TfL shows average traffic flows on Leadenhall Street are 235 vehicles per hour, which is down by a third compared to pre-pandemic levels. In May 2022, Members agreed that the Leadenhall Street bus and cycle gate is no longer required since the Bishopsgate experiment had substantially reduced traffic flows. If however, the experiment does not proceed, the proposal for Leadenhall Street will be reactivated.

- iv. Displacement, impact on the surrounding network and compatibility with our projects are discussed in more detail below.

13. Apart from the alternative option for access into Leadenhall Street, TfL's initial judgement was that other variations may have significant negative implications to the scheme or to the surrounding network. However, the approach set out later on in this report will enable more time to continue these discussions, especially as more information becomes available.

### Traffic displacement

14. Summary traffic monitoring data (Appendix 4) has recently been shared with the City Corporation. The summary suggests that most of the main traffic corridors appear to be performing well or better compared to the pre-pandemic period. There are however, three locations (London Wall, Moorgate and Eastcheap) which are experiencing more traffic, resulting in queuing and delays.

15. The congestion on London Wall has resulted in some traffic rat-running onto Fore Street and Moor Lane. TfL has suggested that some of the City's projects which affect east-west movements, such as the one-way working on Threadneedle Street and Old Broad Street introduced as part of our Covid response and retained as ETOs in January 2022, are adding to this displacement.

16. While this may be true to an extent, it is not possible to disaggregate impacts from various projects. However, it is considered that the City's scheme would not add much increase because access is still available from either the east or west and these routes were not an attractive corridor for through traffic. Furthermore, high level traffic modelling carried out by TfL in 2021, showed no traffic displacement to London Wall from these schemes.

17. For the delays on London Wall and Moorgate, TfL made some signal timing changes to the London Wall/Moorgate junction in May 2022. They have also, very recently, identified some traffic signal equipment failures which reduced the efficiency of the traffic signals and are now planning to undertake remedial works to rectify this as soon as possible. Although this may result in less queuing at the junction, it doesn't mitigate the impact of the increase in vehicle numbers on this street which have not been quantified yet.

18. After the temporary scheme on Bishopsgate was introduced, Eastcheap was experiencing westbound delays and long traffic queues, particularly during the morning peak. In February 2022, TfL made some traffic signal modifications to

increase capacity, but problems continue due to various direct and indirect factors including equipment (communication) failure. The equipment failure was resolved in mid-May 2022. There is currently insufficient data to confirm if this delay has been addressed or whether further mitigation is required.

19. Monitoring to date shows that average traffic flows on Rood Lane are now in excess of 100 vehicles per hour. 100 vehicles per hour is generally low but are not appropriate given the character of Rood Lane. Traffic composition has not been provided, so the extent to which Rood Lane is being used by larger vehicles or HGVs is not known. It is thought that prior to the Bishopsgate scheme, traffic on Rood Lane was minimal. Officers have asked TfL to explore allowing all vehicles to be able to proceed southbound on Gracechurch Street so that Rood Lane is not used as an alternative route. Removing this restriction could attract more traffic to Gracechurch Street, so this will need to be carefully assessed so that the benefits of the scheme are not lost.
20. With increases in traffic on Eastcheap, more traffic is also thought to be filtering through other local access streets such as Philpot Lane and Mincing Lane. However, no information or assessments on this has been provided, nor are officers aware of any issues arising as a result.
21. The start of the southbound traffic restrictions on Bishopsgate commences just south of Middlesex Street. This leave Middlesex Street as the final location for vehicles to exit Bishopsgate in order to comply with the restrictions. More traffic was therefore anticipated to use Middlesex Street but no information or assessments on this has been provided, nor are officers aware of any issues arising as a result.
22. Data or analysis about increased traffic displacement onto other streets such as Cannon Street, New Change, King Edward Street, Eldon Street, Houndsditch Aldersgate Street, Aldgate and Crutched Friars is limited or has not been provided. However, on some main routes, TfL have stated that journey times are similar to pre-pandemic levels and in some cases, faster. Officer observations support that assessment for Cannon Street, but we have not observed any other locations.

#### Compatibility with City projects

23. There was concern that the Bishopsgate restrictions would limit the City's ability to deliver some planned projects including the Pedestrian Priority Programme, the re-introduction of the Beech Street zero emissions restrictions, the St Paul's Gyratory transformation, Queen Victoria Street cycle route and schemes within the City Cluster.
24. Strategic planning workshops took place with key TfL personnel. Following this, TfL carried out traffic modelling to assess the likely outcomes of all the projects. To achieve this, it was necessary to provide TfL with indicative proposals. These proposals (except Beech Street) are at the exploration stage and will therefore change as the projects moves through the lifecycle.

25. The traffic modelling work has been undertaken at a high-level using a model which has not been calibrated (due to timeframes) so there are some caveats on the outputs provided. However, this work together with TfL's operational observations show that there is good potential for these projects (as well as some of TfL's) to coexist with the Bishopsgate restrictions being made permanent. While some locations are predicted to have further traffic increases others experience reductions. In some cases, some projects complement and support each other.
26. Overall, the likely impacts are not dissimilar to those modelled in 2021 (which was detailed in the October 2021 report). However, a key consideration that may need further work is to assess the implications the phasing of delivery or of some projects not going ahead and how these will be assessed/approved by TfL as projects are taken forward.

### Consultation feedback

27. As part of the experimental scheme, TfL are undertaking a public consultation exercise. This commenced on 25th January 2022 and was due to close on 25th July 2022. However, in late March, TfL updated some of their consultation material and as a result extended the deadline to 26th Sept 2022. Officers had hoped that an interim summary of the responses covering the first three months would have been shared with the City but this has not been made available, probably due to the consultation material being updated in March. As a result there is currently no indication of the level of public support for the scheme or of any issues raised through the consultation.

### London Bridge ETO & Tower Bridge

28. Members will be aware that TfL also implemented a similar experimental traffic restriction (buses, taxis, pedal cyclists and motorcyclists exempted) over London Bridge. The timeline is a few months behind the Bishopsgate experiment but, both schemes are inter-connected and without one or the other additional traffic is anticipated to be displaced onto the City's street network.
29. Tower Bridge has an 18T weight limit restriction. There is concern that these schemes are causing more over-weight vehicles to travel over Tower Bridge. Increases in general traffic volumes also has a cumulative impact on the bridge structure. Unfortunately, TfL has not been able to obtain any base data (before these restrictions were first implemented) to determine if there has been any displacement. Current data (see Appendix 5) indicates that approximately 100 – 150 overweight vehicles cross Tower Bridge each month, which is equivalent to three to five per day.
30. It is possible that some drivers, while trying to avoid London Bridge or Bishopsgate end up going over Tower Bridge, either because they were unaware of the weight limit, or that they felt this was their best option. In any case, displacement from London Bridge or Bishopsgate will only form part of the three to five overweight vehicles per day crossing Tower Bridge. Tower Bridge is on the Inner Ring Road and it is logical to assume that most of the over-weight vehicles crossing the bridge is from existing routes rather than from London Bridge or Bishopsgate.

31. A 2007 TfL press release (see Appendix 6) stated that up to 18 over-weight vehicles crossed Tower Bridge each day. 60% of these were foreign registered vehicles, which makes enforcement more difficult. The recent data shows that numbers have dropped by more than two thirds between these two periods.
32. The Tower Bridge weight restriction is enforced by ANPR which is very effective, in particular, at reducing repeat offenders. However, continued passage by any over-weight vehicle is undesirable and risks damaging the bridge. It should also be noted that “signed” traffic restrictions (with or without enforcement cameras), do not normally achieve 100% compliance. A recent example from the Charterhouse Square School Street restriction achieved a 90% compliance level.
33. TfL recognises that protecting the bridge is critically important and will be undertaking more work to reduce over-weight vehicles. These include investigating on-street measures, stiffer penalties (including driving licence penalty points) and engaging with freight operators.
34. A report setting out the proposed response to the statutory consultation on the London Bridge ETO will be brought to this Committee in due course.

## Options

35. There are three options.
- Option 1: Do nothing. This is effectively implying that the City have no further comments regarding the experiment being made permanent.
  - Option 2: Object to the ETO from being made permanent. The reason for this would be based on the issues set out in this report.
  - Option 3: In principle support for removing through traffic but object to the ETO from being made permanent. Officers will continue to work with TfL over the next few months, to see if this objection can be withdrawn.
36. Option 3 would allow time for further discussions on outstanding issues, including:
- Whether the improvements made at the London Wall/Moorgate and Gracechurch Street/Eastcheap junctions (discussed in para 17 to 18) has addressed the congestion on London Wall, Moorgate and Eastcheap or if not, what additional mitigation might be suitable.
  - To explore mitigation measures (including whether to allow all traffic to proceed southbound on Gracechurch Street) to address displacement of traffic on More Lane, Fore Street and Rood Lane.
  - For additional data or assessments to be provided where these are not currently available.
  - For TfL to provide details of the consultation responses. This will help to inform the level of support or highlighted any significant key issues that may need to be considered.
  - On the basis of the above, to explore if the implemented scheme is the best option that delivers both TfL and City objectives.
  - To assess the London Bridge experiment. As noted above the London Bridge experiment does not appear to have significant implications but it is inter-connected with the Bishopsgate experiment

## Proposals

37. Bearing in mind the outstanding items identified in this report and the benefits from the Bishopsgate experiment, Option 3 is recommended.
38. If Members agree, then officers will prepare a response to the statutory consultation that:
- States our in-principle support for measures to remove through traffic from the Bishopsgate corridor between 7am and 7pm.
  - Objects to the experimental scheme being made permanent in its current form, with the reasons as detailed in this report.
  - Commits to work with TfL to resolve this objection following further discussion around outstanding issues and results of the ongoing public consultation and monitoring.

## Corporate & Strategic Implications

39. Strategic implications – Reducing general motor traffic using Bishopsgate and Gracechurch Street enables more effective and efficient use of street space. It improves conditions for people walking, cycling and using bus transport. It also reduces transport related carbon emissions, improves air quality and reduces road danger. Traffic reduction supports delivery of Corporate Plan Outcome 9: We are digitally and physically well-connected and responsive; the Transport Strategy; Climate Action Strategy and the Air Quality Strategy.
40. Financial implications – None. It is anticipated that any mitigation measures required as a result of the scheme will need to be met by TfL.
41. Resource implications – None
42. Legal implications – TfL has made an experimental traffic order under section 9 and 10(2) of the Road Traffic Regulation Act 1984. In due course TfL will be considering whether or not, the provisions of the Orders should be continued in force indefinitely. Within the period of six months from the coming into force of the Orders, or if the Orders are subsequently varied by another Orders or modified, from the coming into force of that variation or modification (whichever is the latest), any person may object to the making of an Order to continue indefinitely those provisions.
43. Risk implications – Reducing motor traffic in the Square Mile helps mitigate Corporate Risks CR21 – Air Quality and CR30 – Climate Action and Departmental Risk ENV-CR-TR 001 – Road Safety.
44. Equalities implications – TfL has acknowledged that there are equality implications as a result of the scheme. A copy of their Equalities Impact Assessment is provided in Appendix 3.

45. Climate implications – Reducing motor traffic supports the delivery of the Climate Action Strategy by reducing carbon emissions and reallocating space for people walking and cycling.

46. Security implications - None

## **Conclusion**

47. Limiting the use of the Bishopsgate corridor by cross-London traffic provides significant benefits for people walking, cycling and using buses. It aligns with our Transport Strategy, Climate Action Strategy, supports growth and development in the area and therefore is supported in principle.

48. However, due to a number of outstanding issues and ongoing monitoring and consultation, it is not possible to understand if the current arrangement is the best solution or what mitigation measures are required.

## **Appendices**

- Appendix 1: TfL's Statement of reasons and detailed list of measures implemented (*available on request to BHE Board*)
- Appendix 2: Overview plan of measures implemented (*available on request to BHE Board*)
- Appendix 3: Equality Impact Assessment (*available on request to BHE Board*)
- Appendix 4: Traffic monitoring summary (*available on request to BHE Board*)
- Appendix 5: Tower Bridge data
- Appendix 6: 2007 TfL press release on over-weight vehicles crossing over Tower Bridge

## **Background Papers**

- Report of the Executive Director, Environment on TfL's Bishopsgate Experimental Closure to the S&W Sub-Committee, October 2021
- Report of the Executive Director, Environment on TfL's London Bridge Experimental Closure to the S&W Sub-Committee, February 2022.

## **Sam Lee**

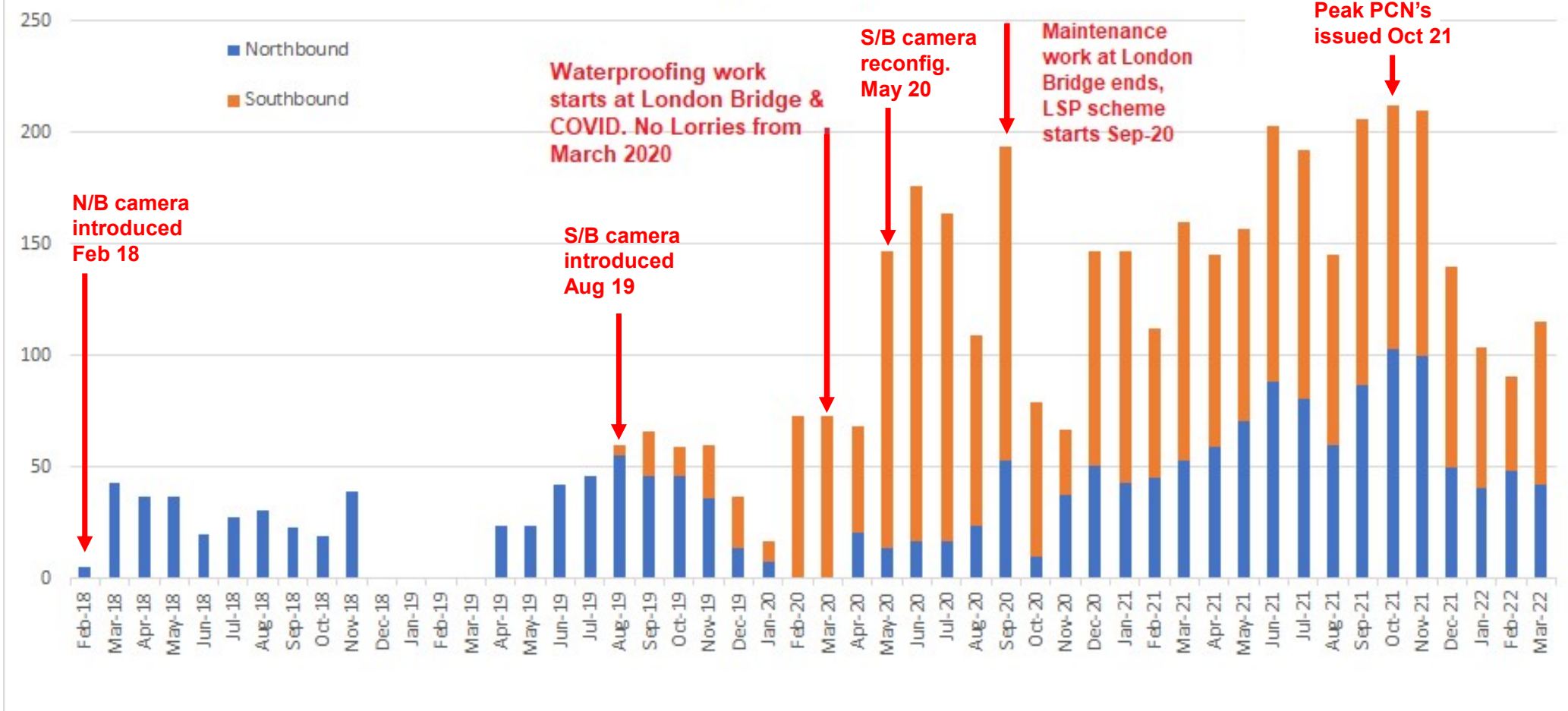
Policy & Projects, Environment

E: [sam.lee@cityoflondon.gov.uk](mailto:sam.lee@cityoflondon.gov.uk)

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### Tower Bridge PCNs per month



# Manual traffic count

## Tuesday 8<sup>th</sup> March 2022 7am to 7pm

Direction	Count
Northbound	3
Southbound	2
Total	5
Monthly (both directions)	100-150 (estimate)

Data suggests fewer lorry crossings over-night and at weekends. A daily count of 5 per day suggests a monthly figure in the region of 100-150, which is similar to the number of monthly PCNs issued in 2022

# Transport for London cracks down on damage to Tower Bridge

06 February 2007

Transport for London (TfL) is teaming up with the Metropolitan Police Service (MPS) to stop heavy goods vehicles (HGV) drivers causing potential damage to one of London's most famous landmarks.

Tower Bridge is one of only 19 World Heritage sites in the UK and its 113-year-old structure was not designed for the freight traffic which rolls beneath its famous arches today.

The current weight restriction of 18-tonnes is broken up to 18 times a day with many of the culprits driving foreign registered vehicles and crossing the bridge at night.

This week, MPS Officers from the Commercial Vehicle Education Unit, accompanied by a team of traffic enforcement officers and TfL Freight Unit representatives, stopped HGVs during a night operation.

Drivers breaking the limits were warned that their companies would be contacted in the cases of repeat offenders. It is expected the operations will continue.

Patrick Troy, Head of TfL Traffic Enforcement, said: "We are determined that the most famous bridge in London's skyline will not be damaged by the ignorance of a few drivers.

"This operation will educate those who may be unaware of the restrictions while deterring those who think they can get away with ignoring them."

## Restricting movements

Ted Hartill, the City Surveyor from the City of London Corporation which owns Tower Bridge, said: "Engineers believe the continued passage of large vehicles is likely to damage the bridge

and, therefore, we welcome the attempts by the TfL and the police to restrict movements of such vehicles.

"The bridge is one of the most famous landmarks in the world and the City of London Corporation will do everything it can to keep it in good condition."

Sgt Dick Golding, from the Metropolitan Police Service's Commercial Vehicle Education Unit, said: "We are happy to work in partnership on an operation like this as a price can not be put on protecting our past."

TfL has been enforcing the weight restriction at Tower Bridge using digital technology since July 2006.

## Partnership working

Vehicles breaking the weight limit are sent penalty charge notices (PCN), but some foreign registered vehicles avoid paying penalties because of difficulties of cross-border enforcement under current laws.

Contraventions by foreign registered vehicles remain at around 60 per cent of the total.

This anomaly is being addressed by the SPARKS Programme, a lobbying organisation which brings together traffic authorities in the UK and other EU member states.

- For pictures of the operation please contact [sophiekirksam@tfl.gov.uk](mailto:sophiekirksam@tfl.gov.uk)
- The night operation on 30-31 January saw a total of 25 commercial vehicles stopped, of which three were over the 18-tonne weight restriction. Two of these were foreign registered vehicles
- The Commercial Vehicle Education Unit of the MPS is a newly-formed, specialist Traffic unit, working in partnership with the TfL Freight Unit. It consists of 10 officers whose objective is to reduce the number of incidents involving commercial vehicles in London, through education and enforcement
- Tower Bridge was completed in 1894 after six years of construction and is owned by the Bridge House Trust (part of the City of London). The weight restriction on Tower Bridge is 18 tonnes
- TfL is the highway authority for the bridge and is responsible for traffic orders, signage and enforcement
- Tower Bridge borders the eastern edge of the Congestion Charge zone and so enforcement of this restriction remains a top priority

- Current technology uses sensors which measure the number of axles a vehicle has, its length, the spacing of the axles, the height of the chassis above the road and whether the vehicle is towing a trailer. A vehicle is permitted to cross the bridge (and is within the 18-tonne limit) if the chassis height is 730mm or less, the axle count is three or fewer and the length is 12m or shorter
- Contraventions incur a PCN of £100, which is reduced to £50 if paid within 14 days
- In July, August, September and October, the most prolific offenders on Tower Bridge were foreign registered vehicles, with one driver accumulating 21 PCNs alone
- Foreign registered vehicles:
  - Since the mid-1990s parking and minor traffic violations in the UK have been decriminalised, and are now enforced by local authorities using civil powers rather than through the criminal justice system
  - From 1991 to 2006, the number of foreign registered vehicles (FRV's) in the UK has risen by over 400 per cent, yet 95 per cent of PCNs issued to FRVs are never paid. A robust system is not in place for sharing data and enforcing traffic fines across EU borders
- Even excluding Congestion Charge losses, these uncollected fines amount to over £1m per month in London alone
- There is increasing evidence that owners of FRVs are flouting traffic laws as they do not fear punishment. The SPARKS Programme is calling for action from Government to stop this section of the community contravening UK traffic regulations with impunity
- SPARKS: The SPARKS Programme is a lobbying and networking initiative that brings together traffic authorities in the UK and other EU member states. It seeks to influence administrative and judicial systems so cross-border enforcement of driving and parking laws is simple, quick and cost-effective
- The SPARKS Programme was created by London's Enforcement Task Force, made up of organisations involved in traffic enforcement across the Capital. These include London Councils, TfL, and MPS

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## GRANTS COMMITTEE OF THE BRIDGE HOUSE ESTATES BOARD

Monday, 20 June 2022

Minutes of the meeting of the Grants Committee of the Bridge House Estates Board held at Committee Rooms, Guildhall and via Microsoft Teams on Monday, 20 June 2022 at 11.00 am

### Present

#### Members:

Paul Martinelli (Chair)  
Deputy Nighat Qureishi (Deputy Chair)  
Jannat Hossain (Co-opted Member)

#### Officers:

David Farnsworth	- Managing Director of Bridge House Estates
Simon Latham	- BHE
Amelia Ehren	- BHE
Caspar Cech-Lucas	- City Bridge Trust, BHE
Dinah Cox	- City Bridge Trust, BHE
Clara Espinosa	- City Bridge Trust, BHE
Jenny Field	- City Bridge Trust, BHE
Samantha Grimmett-Batt	- City Bridge Trust, BHE
Sandra Jones	- City Bridge Trust, BHE
Julia Mirkin	- City Bridge Trust, BHE
Geraldine Page	- City Bridge Trust, BHE
Anne Pietsch	- Comptroller & City Solicitor's Dept.
Fiona Rawes	- City Bridge Trust, BHE
Tim Wilson	- City Bridge Trust, BHE
Joseph Anstee	- Town Clerk's Department

The Chair opened the meeting by welcoming Members and officers, as well as any members of the public or stakeholders observing the meeting via YouTube.

#### 1. APOLOGIES

Apologies for absence were received from Alderman & Sheriff Alison Gowman, William Hoyle (Co-opted Member) and Judith Pleasance.

#### 2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

#### 3. TERMS OF REFERENCE

**RESOLVED** – That the Committee receive its terms of reference, as agreed by the BHE Board at its meeting on 27 April 2022.

4. **ELECTION OF CHAIR**

The Committee proceeded to elect a Chair in accordance with Standing Order 29. Expressions of interest were sought and Paul Martinelli, being the only Member indicating their willingness to serve, was duly elected Chair of the Grants Committee of the BHE Board for the ensuing year.

The Chair thanked Members and officers for their support and for the positive work of the Committee during its first year, before inviting the Committee to look forward and outwards toward the allocation of the grants budget over the next year.

5. **ELECTION OF DEPUTY CHAIR**

The Committee proceeded to elect a Deputy Chair in accordance with Standing Order No.30. Expressions of interest were sought and Deputy Nighat Qureishi, being the only Member indicating their willingness to serve, was duly elected Deputy Chair of the BHE Board for the ensuing year. The Deputy Chair thanked Members and officers for their support.

The Chair then gave thanks to Alderman & Sheriff Alison Gowman for her support as Deputy Chair and paid tribute to her commitment to the charity across a wide range of activities.

6. **MINUTES\***

**RESOLVED** – That the public minutes and non-public summary of the meeting held on 9 March 2022 be agreed as a correct record.

7. **OUTSTANDING ACTIONS**

The Committee received a list of outstanding actions and noted the updates provided in respect of the items listed. The Committee noted that the BHE Board would be considering the charity's principal risk register at its next meeting.

**RESOLVED** – That the outstanding actions list be noted.

8. **BHE MANAGING DIRECTOR'S UPDATE REPORT**

The Committee considered a report of the Managing Director of BHE providing an update on key areas of activity and outlining upcoming activities. The Managing Director of BHE introduced the report, and the Committee discussed the updates provided.

Impact and Learning

The Managing Director of BHE advised that previous induction and training sessions in respect of both the main Board and the Grants Committee had been recorded and were available for Members, who were also encouraged to contact officers if they felt there was any further topics for training or Member development that would be beneficial.

Recruitment

In response to a question from a Member, the Managing Director of BHE advised that recruitment to vacancies within the CBT team had been done on a



staggered basis as vacancies had arisen due to retirements, which in turn dictated the timing of recruitment exercises. Further recruitment would be reviewed following the anticipated approval of the Supplemental Royal Charter.

#### Learning Visits

In response to a question from the Chair, the Managing Director of BHE advised that it was hoped to complete the trial of a new approach to learning visits in the next few weeks, following delays arising due to Covid-19, and that if successful it was hoped to undertake these visits on a wider basis following the summer recess.

The Chair then gave thanks to Lewisham Local for their feedback and partnership in the learning case study set out in the report.

**RESOLVED** – That the report be noted.

#### 9. **ANCHOR PROGRAMME**

The Committee considered a report of the Managing Director of BHE requesting approval to proceed with the implementation of the Anchor Programme, a proposed new funding stream which aimed to grow stronger, more resilient communities. The Managing Director of BHE introduced the report and presented the proposals to the Committee.

In response to a question from the Deputy Chair, the Managing Director of BHE outlined the process by which the proposed allocation of £20 million had been reached, which had included a design group in conjunction with partner organisations, and how CBT would mitigate against inflationary costs. The Committee was advised that whilst the proposed allocation was not necessarily intended to bring in other funders, the funding may exercise CBT's natural leverage. The Managing Director of BHE then confirmed that grants proposed as part of the proposed would be submitted in accordance with the usual framework.

A Member commented that it was important to define what systemic change would look like within the context of the proposals. The Managing Director of BHE thanked the Member for raising this point and responded that CBT would aim to be clear on what the groups involved wanted from the programme, and that an advisory group would be in place during implementation and delivery of the programme.

The Chair then thanked Members for their comments before drawing the Committee's attention to the recommendations.

**RESOLVED** – That the Grants Committee of the BHE Board agree to allocate up to £20m, in principle, to be committed between 2022/23 and 2024/25, and subject to the usual assessment (including financial assessment) and delegated authority protocols, towards "Anchor Programme" grants which meet the proposal/guidelines set out.

10. **SUMMARY OF BRIDGING DIVIDES\***

The Committee noted a summary of the Bridging Divides programme.

11. **STRATEGIC INITIATIVE - ACTION FOR RACE EQUALITY - WINDRUSH JUSTICE (REF: 19453)**

The Committee considered a report of the Managing Director of BHE requesting funding of £400,000 over three years as a strategic initiative to Action for Race Equality for the Windrush Justice programme, a pan-funder initiative developed by the Paul Hamlyn Foundation. The Managing Director of BHE introduced the report and presented the proposals to the Committee. In response to a question from the Chair, the Managing Director of BHE confirmed that any compensation funds recovered as part of the initiative would be directed to the individuals to whom they were due.

**RESOLVED** – That the Grants Committee of the BHE Board approve a grant of £400,000 over three years (£160,000; £160,000; £80,000) to Action for Race Equality towards the pan-funder Windrush Justice programme. City Bridge Trust's funding is restricted to the small grants, capacity building, and convening elements of work, with all monies restricted for the benefit of Londoners.

12. **STRATEGIC INITIATIVE - PLACE2BE (REF: 19322)**

The Committee considered a report of the Managing Director of BHE requesting funding of £363,940 to Place2Be over four years as a strategic initiative to carry out a longitudinal research study to explore the long-term impact of one-to-one school-based counselling. The Managing Director of BHE introduced the report and presented the proposal to the Committee.

In response to questions from Members, the Managing Director of BHE advised that the grant funding would be available to all London schools within the Place2Be network from September 2022, which would facilitate a large number of interventions. The Committee noted that Place2Be worked with nearly 500 schools nationally. The Chair commented that he had previously visited the organisation, who were doing really positive work. With regards to assessing outcomes, the Managing Director of BHE advised that this was undertaken through an evaluation process at the end of the intervention. The Managing Director of BHE then advised that officers received regular updates from the organisation, and that these and other materials could be shared with Members.

**RESOLVED** – That the Grants Committee of the BHE Board approve funding of £363,940 to Place2Be over four years (£122,271, £95,425, £97,904, £48,340) to carry out a longitudinal research study, to explore the long-term impact of one-to-one school-based counselling, supporting the case for early intervention in mental health.

13. **ALLIANCE PARTNERSHIPS - LONDON LEGAL SUPPORT TRUST, ADVISE SKILLS DEVELOPMENT (REF: 19437)**

The Committee considered a report of the Managing Director of BHE requesting funding of £5m to be awarded to London Legal Support Trust

(LLST) [charity no: 1101906] over five years towards onward grant making under the Advice Skills Development Fund (ASDF) (approximately £4.2m of the £5m), and towards the process of co-designing a funding programme, including overall administration costs of both activities (co-design and onward grant making) (approximately £800k of the £5m). The Committee noted that the grant, if endorsed, would be referred to the BHE Board for approval. The Managing Director of BHE introduced the report and presented the proposal to the Committee.

In response to a question from the Chair, the Managing Director of BHE advised that legal support was not a statutory provision for local authorities except in respect of some care and homelessness related provisions, and average provision had declined in recent years in line with increasing budgetary constraints. The Managing Director of BHE confirmed that grant funding would not be replacing statutory funding, and this grant would be used towards remediating the skills gap within the sector with a view to making it more sustainable. Members commented that the replacement of funding previously provided by local or central government was of some concern, but noted that the proposals related to a vital part of the sector. The Managing Director of BHE then outlined how the grant would be used towards the ability to quantify outcomes and measure the quality of delivery.

A Member noted that 16% of the grant was designated for administrative costs, and suggested increasing the overall allocation to £6 million, with any underspend to be returned if necessary. The Managing Director of BHE advised that there was no administrative barrier, or immediately risks, to increasing the overall grant, adding that £5 million was the minimum amount required to achieve the desired impact, with it hoped that a grant from CBT would leverage further funding. The Managing Director of BHE confirmed that there was no risk of the funding being lost, and that officers could take the suggestion of a larger grant away to be assessed, as there was sufficient budget in place to consider it.

The Managing Director of BHE advised that the Committee could agree to recommend the £5 million as a minimum level of funding, and instruct officers to assess the implications of agreeing a larger overall grant ahead of the BHE Board's consideration of the matter. The Chair endorsed this suggestion, and proposed that the Committee agree to recommend the grant to the BHE Board with a minimum allocation of £5 million, with authority delegated to the Chair and Deputy Chair to consider the recommendation of additional funding to the BHE Board once this had been assessed, and this was agreed.

**RESOLVED** – That the Grants Committee of the BHE Board:

- i) Endorse to the BHE Board a grant of at least £5m over five years, as an Alliance Partnership, to London Legal Support Trust [charity no: 1101906] for running costs and onward grant making as part of the Advice Skills Development Fund; and

- ii) Delegate authority to the Chair and Deputy Chair, to consider the recommendation to the BHE Board of any additional funding above £5 million, should this be supported by officers.

#### 14. **THE CORNERSTONE FUND ROUND 2**

The Committee received a report of the Managing Director of BHE presenting the second round of the Cornerstone Fund, with five Stage 2 bids presented in subsequent reports. The Managing Director of BHE introduced the report, outlining the history of the Cornerstone Fund for context and setting out the distinctions between the Cornerstone Fund and other funding streams such as the Anchor Programme. The Chair then drew the Committee's attention to the grant applications set out following the report.

**RESOLVED** – That the report be noted.

##### a) **London Youth (REF: 19238)**

The Committee considered a Cornerstone Fund application in respect of London Youth (Ref: 19238). In response to a comment from the Chair, the Managing Director of BHE advised the phrase 'game-changing' had been carried over having been part of the application, but this could be tweaked if Members felt it was unhelpful. The Chair commented that this was a good proposal which he hoped could deliver.

**RESOLVED** – That the Grants Committee of the BHE Board approve a grant of £300,000 over two years (£138,000; £162,000) to pilot a place-based model to build the capacity of the youth sector to support young people's mental health needs in Croydon.

##### b) **Bridge Renewal Trust (REF: 19150)**

The Committee considered a Cornerstone Fund application in respect of The Bridge Renewal Trust (Ref: 19150). In response to a question from a Member, the Managing Director of BHE assured the Committee that many organisations were under their reserves targets following Covid-19, and that The Bridge Renewal Trust had an ambitious target. The Managing Director of BHE added that officers had undertaken their usual assessments and would have flagged any significant concerns had they been raised.

**RESOLVED** – That the Grants Committee of the BHE Board approve a grant of £300,000 over three years (£100,000 x 3) towards a project to build the capacity of Place Based Giving Schemes in London to develop and apply Participatory Grant Making models in a local context.

##### c) **Africa Advocacy Foundation (REF: 19267)**

The Committee considered a Cornerstone Fund application in respect of Africa Advocacy Foundation (Ref: 19267). The Managing Director of BHE introduced the application and gave the Committee further detail on the proposal. In response to a question from the Deputy Chair, the Managing Director of BHE advised that the organisation were planning to increase their cashflow in order to operate at a higher level, in response to an increasing demand for their services.

**RESOLVED** – That the Grants Committee of the BHE Board approve a grant of £275,000 over two years (£130,733; £144,267) towards the salary costs of staff within the One Voice Network and National Aids Trust involved in delivering the Unheard Voices project; funding also covers project costs; evaluation and project support costs.

d) **AdviceUK (REF: 19250)**

The Committee considered a Cornerstone Fund application in respect of AdviceUK (Ref: 19250)

**RESOLVED** – That the Grants Committee of the BHE Board approve a grant of £342,500 over three years (£106,200; £117,400; £118,900) towards a project whereby AdviceUK and 11 organisations will use a Whole Person, Whole Community approach will co-produce a challenge to funders on the way current monitoring and evaluation of advice services are limiting their effectiveness.

e) **Global Black Thrive (REF: 19237)**

The Committee considered a Cornerstone Fund application in respect of Global Black Thrive (Ref: 19237). In response to a question from the Chair, the Managing Director of BHE advised that further changes to the strategic partnership of organisations were not anticipated. The Managing Director of BHE confirmed that the project had previously received a development grant and that officers were comfortable that the project was moving in the right direction, having undertaken a thorough assessment.

**RESOLVED** – That the Grants Committee of the BHE Board approve a grant of £298,200 over three years (£111,400; £93,400; £93,400) towards a project to build No Wrong Door, a partnership to create a human-centred system in which a referral for any employment support provider in Lambeth would lead the individual to a service which meets their needs, so there will be no ‘wrong door’ for any Black and/or Disabled individual seeking help.

15. **GRANT FUNDING ACTIVITY: PERIOD ENDED 6 JUNE 2022**

The Committee considered a report of the Managing Director of BHE providing details of funds approved and rejected under delegated authority since the last meeting of the Grants Committee, grant variations that had been approved under delegated authority, and seeking the Committee’s approval for 1 grant rejection. The Managing Director of BHE introduced the report and drew Members’ attention to the key points. In response to a question from a Member, the Managing Director of BHE advised that the funding application from the Stationers’ Hall Charity had not proceeded to full assessment, and had been ineligible due to CBT’s policy not to fund capital works retrospectively.

The Chair then drew the Committee’s attention to the financial information provided. Noting a comment made as part of impact and learning feedback from funded organisations about overpayment causing tax concerns, the Managing Director of BHE advised that this had arisen as the organisation had mistakenly received a modest overpayment in their first year as a result of human error, which had carried tax implications due to the organisation’s

structure as a Community Interest Company (CIC). The Managing Director of BHE confirmed that steps had been taken to rectify the error and officers had been reminded to double-check payment schedules prior to authorisation.

**RESOLVED** – That the Grants Committee of the BHE Board:

- i) Receive the report and note its contents; and
- ii) Approve the rejection of the grant application from Agudas Israel Community Service (AICS) (Ref: 19135).

**16. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE AND ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

There was no other business.

**17. 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.

**18. NON-PUBLIC MINUTES**

**RESOLVED** – That the non-public minutes of the meeting held on 9 March 2022 be agreed as a correct record.

**19. BRIDGING DIVIDES: RESPONSIVE GRANT PROGRAMMES**

The Committee considered a report of the Managing Director of BHE.

**20. PIPELINE OF STRATEGIC INITIATIVES\***

The Committee received a report of the Managing Director of BHE.

**21. REPORT OF DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY\***

The Committee received a report of the Town Clerk.

**22. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE AND ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was other business.

**The meeting ended at 12.40 pm**

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Chair

**Contact Officer: Joseph Anstee**  
**[joseph.anstee@cityoflondon.gov.uk](mailto:joseph.anstee@cityoflondon.gov.uk)**

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<b>Committee</b>	<b>Date</b>
Grants Committee of the Bridge House Estates Board Bridge House Estates Board	20 June 2022 6 July 2022
<b>Subject: Alliance Partnerships – London Legal Support Trust (LLST), Advice Skills Development Fund (ASDF) Ref: 19437</b>	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	1,3
<b>Which outcomes in CBT’s funding strategy, <i>Bridging Divides</i>, does this proposal aim to support?</b>	Reducing inequalities, Progressive, Collaborative,
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b> (£5m funding allocation from Bridging Divides designated grant making fund)
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	Bridging Divides allocation 2022-23
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	Yes
<b>Report of:</b> David Farnsworth, Managing Director of BHE	<b>For Decision</b>
<b>Report Authors:</b> Sam Grimmett Batt, Funding Director, Lydia Parr, Head of CAR, Sandra Jones, Funding Manager.	

## Summary

This report requests funding of £5m to be awarded to London Legal Support Trust (LLST) [charity no: 1101906] over five years towards onward grant making under the Advice Skills Development Fund (ASDF) (approximately £4.2m of the £5m), and towards the process of co-designing a funding programme, including overall administration costs of both activities (co-design and onward grant making) (approximately £800k of the £5m).

Following a period of significant under-investment in the advice sector, exacerbated by the Covid-19 pandemic and now cost-of-living crisis, the time has never been better to make a substantial contribution to not just the services which underpin the sector, but its underlying infrastructure too. This funding will increase access (and improve the quality of existing access) to advice services for Londoners seeking support for their housing, welfare benefits, employment, debt, family law and immigration needs. This will be achieved through work to both develop and improve recruitment, retention, training and qualifications, and leadership functions, and to develop new services which open up access to communities which previously faced barriers to access. Furthermore, this funding will complement other work that CBT is funding (in collaboration with others) to address related issues (e.g: legal aid invoicing) and to bridge the gap in investment and provision across smaller and larger services.

Approval of this funding also provides an opportunity to maximise leveraging potential, and support LLST to raise additional funds from other supporters. A payment schedule will be drawn up, allowing the funds to be paid to LLST in instalments and to be received prior to onward grants being committed/paid.

City Bridge Trust (CBT) has funded advice work for much of its history, with specific funding strands/priorities devoted to it during the current (Bridging Divides) and previous (Investing in Londoners) funding strategies. The development of the ASDF is timely, as it will shore up the sector at a time when demand is likely to skyrocket, due to the cost-of-living crisis. It will also continue to build CBT's legacy as a collaborative funder, both within this fund itself and by providing medium-long term support which is complementary to other major funding designed to address the cost-of-living crisis in the more immediate term.

This recommendation is the largest Alliance Partnership recommendation to date, primarily due to the work taking place over a longer period than previously funded Alliance Partnerships (five years). The "per annum" allocation is not dissimilar to previous awards.

### **Recommendations**

The Grants Committee is recommended to:

- i) Endorse to the BHE Board a grant of £5m over five years, as an Alliance Partnership, to London Legal Support Trust [charity no: 1101906] for running costs and onward grant making as part of the Advice Skills Development Fund.

The BHE Board is recommended to:

- ii) Agree the grant of £5m over five years to London Legal Support Trust as per the terms recommended by the Grants Committee.

### **Main Report**

#### **Background**

1. This report seeks support for a recommendation to partner again with an existing long term funder ally, LLST, as an Alliance Partnership.
2. CBT has engaged in collaborative funding practices for much of its 27-year history – particularly, but not limited to, its support of London's voluntary and community sector infrastructure. It has widely been agreed across the sector that collaborative funding approaches are required for a thriving civil society and should form a healthy part of the overall funding ecosystem.
3. At the Grants Committee meeting on 6<sup>th</sup> December 2021, the Committee agreed to earmark up to £15m toward a series of 'Alliance Partnerships' which would advance the mission and vision of the Bridging Divides Strategy (see appendix 2 for a summary of Alliance Partnerships awarded so far). It was agreed that Alliance Partnerships would be awarded to:

- a. Established funders, with a track record of delivering grant funding programmes, where the organisation's primary aim (or primary aim within civil society) is funding.
  - b. For grant programmes which are in development, or recently begun, and which have a finite end point; and for,
  - c. Initiatives which have involved significant scoping/evidence review work, where the funder has specialist knowledge of the funding theme/priority that is additional to CBT's own reach.
4. The proposal in this report meets the above criteria and, if approved, would see CBT strengthen its commitment to supporting Londoners most impacted by inequality and injustice through a partnership that will multiply the impact of the funding we have available.

### **London's advice sector**

5. Advice in this context refers to legal advice given in the areas of law sometimes referred to as 'social welfare law'. This includes the law in relation to housing, welfare benefits, employment, debt, family law and immigration. Most advice service users would not necessarily identify their issue as having a legal component, and most people approach advice services with a particular problem which often covers several areas of social welfare law, e.g., someone presenting with a debt problem could lead to rent arrears and might also have an employment issue/ problem with Universal Credit.
6. Given that people experiencing problems in social welfare law are likely to have very low incomes and that there is very limited access to legal aid in all but a few areas (eviction for example), most of the advice in these areas is delivered by voluntary, third sector organisations or by civic services (such as Local Authority welfare rights advisers, although these are few and far between in London). Collectively, these organisations have been known as the 'advice sector'.
7. More recently the term 'access to justice sector' has been used to encompass voluntary advice services, legal pro bono services, and student law clinics. It is important that those seeking advice can access independent advice as many of the cases taken are critical of statutory services such as local authorities, immigration services, Department for Work and Pensions, health sector, and seek to overturn their decisions – difficult if the advice service is within the organisation where the decision is being challenged.
8. There is a range of agencies offering social welfare advice that make up the advice sector. There are some, such as law centres who employ lawyers, but most advice services are delivered by people who are not qualified lawyers, and as such fall outside of regulation. The exceptions to this are those employing lawyers working in a legal capacity, those giving immigration and asylum advice, which must register with the Office of the Immigration Services Commissioner (OISC) and those giving money advice or financial advice in relation to managing debts, which must be registered with the Financial Conduct Authority (FCA).

9. Three levels of advice are offered: information, generalist (with or without casework) and specialist. Information advice provides information only, such as leaflets or signposting. In broad terms, generalist advice services can identify legal issues and give clients the knowledge and guidance to resolve these and may take responsibility for moving the issue forward (case work); specialist advice organisations can undertake ongoing case work, as well as advocacy and representation. Specialist advice services may also indicate services delivering advice to a specified client group with a particular combination and/or complexity of legal needs (for example, women, disabled people, students, migrant communities etc).
10. There is no statutory basis for the provision of local advice centres apart from through the Care Act 2014 and Homeless Reduction Act 2017 where local authorities do have to provide access to advice for their local populations. These duties are discharged in different ways, although in London many local authorities choose to fund local advice providers to help meet these requirements. Some advice agencies who provide advice at Specialist Level are also in receipt of Legal Aid funding through the Legal Aid Agency for those areas of law that qualify.
11. The sector also distinguishes between services which are part of the 'formal' advice sector and those which fall outside this and are 'informal'. The distinction for the formal sector is those organisations who identify as providing an advice service, who seek and receive funding to provide this service, and who carry indemnity insurance as protection for clients against wrong advice. Many of these services will hold membership of one of the advice networks (Law Centres Network, Citizens Advice, AdviceUK etc) and may also hold recognised quality assurance standards (Lexcel, Specialist Quality Mark or Advice Quality Standard (AQS)). To be funded under CBT's Advice theme, organisations are expected to have a quality mark, usually AQS; we offer to fund organisations to get accreditation if we identify that their service meets our priorities but is lacking the qualification.
12. Those within the 'informal sector' will be providing advice as a small part of other services so therefore may not identify as an advice service. They may not seek or receive funding for this service or simply may be unaware of the activity falling within the definition of advice. They are less likely to hold a quality mark and may not hold indemnity insurance. Such services are frequently small, and community based. Many people delivering advice within both the formal and informal sectors are unpaid volunteers. Whilst there are many paid posts, the sector could not deliver the volume of advice without the support of the volunteers.
13. CBT has a long history of funding the advice sector to address inequalities in London by enabling more Londoners to access debt and legal advice services for support before they hit crisis point. Funding advice work complements most of CBT's other funding streams such as those addressing homelessness or working with disabled people, migrants, refugees, and asylum seekers. This funding covers both generalist and specialist advice levels, and CBT is one of the few funders in London that include generalist level advice.

14. Throughout the Investing in Londoners and Bridging Divides funding strategies, CBT has funded 141 advice organisations (some more than once), totalling some £22,000,000, predominantly covering various front-line services.
15. There have also been strategic grants such as projects partnering with the Legal Education Foundation (LEF) e.g., £500,000 towards an Immigration Advice grants programme (also supported by the Greater London Authority (GLA) and Trust for London) and, since 2016, supporting the provision of Justice First Fellowships (also supported by Esmee Fairbairn Foundation and Unbound Philanthropy) which encourages and enables newly qualified lawyers to practice in the social justice arena. CBT has also partnered with LLST by jointly funding its Centres of Excellence project (since 2014) working with smaller organisations to capacity build their specialist advice. CBT also funds a London-wide advice sector forum and a billing co-ordinator (a joint project with the LEF and LLST) to support agencies who get legal aid to bill the Legal Aid Agency properly and so make them more sustainable.
16. CBT has been a major player in the funding and development of the advice sector, identifying how best to support the sector, and partnering with other main advice funders such as LEF, LLST, GLA, Trust for London, National Lottery Community Foundation (NLCF), Paul Hamlyn Foundation, Henry Smith, and Justice Collaborations, to recognise issues and gaps within the sector, exploring how best to support and build its capacity and sustainability.
17. This collaborative working has strengthened over recent years, with our engagement in many of the advice networks and main agencies in London. These networks include the London Advice Alliance (recently facilitated by London Funders) and the Employment Legal Advice Network (a London hub for employment advisors run by Trust for London, Migrants Exchange and Justice Together (a national funders collaborative)). This work is facilitated by some of the main umbrella organisations working with the advice sector such as AdviceUK, Advice Services Alliance, Toynbee Hall, Rightsnet<sup>1</sup> and Law Centres Network.

### **LLST – background and recent funding history**

18. LLST is a registered charity [charity no: 1101906] and independent funder that raises funds to distribute to and otherwise support free legal advice services in London and the South East. It uses this funding to support free legal advice centres across London and the South East, through the provision of grant funding, supporting infrastructure of the sector, and helping agencies reduce costs and save money via pro bono or discounted schemes.
19. It is part of a network of seven Legal Support Trusts across England and in Wales working with the Access to Justice Foundation to support pro bono and advice agencies, ensuring funds can be distributed where needed most throughout England and Wales.

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<sup>1</sup> Formerly the London Advice Services Alliance (LASA).

20. In addition to fundraising and grant-giving, LLST is committed to supporting legal advice centres in being cost-efficient and sustainable. It offers Grants Plus support through money-saving schemes and running or funding places on training courses depending on agencies' needs, and offers advice, support, and guidance where possible.

21. LLST convenes the London Specialist Advice Forum (part funded by CBT) for its Centres of Excellence and other legal advice agencies in order to improve knowledge sharing in the sector, as well as providing peer support.

### Current applications and previous Funding History

Status	Grant information	Type
Under assessment	Continuation of the "Centres of Excellence" programme at £362,363 for two further and final years (see 2019 grant below which is about to end).	Project
Active (2022)	£50,000 for the year towards the costs of a FTE Billing Co-ordinator and associated running costs as a partnership with LLST and LEF to build the capacity of legal organisations to bill the Legal Aid Agency correctly and become more sustainable	Strategic Initiatives
Active (2019 start)	£345,000 over five years to cover the cost of a f/t Development Officer plus senior officer support from the CEO and Head of Funding and associated project costs of establishing, developing and maintaining the London Specialist Advice Forum.	Project
Active (2019 start)	£464,000 over three years towards core salary and other costs to support the provision of Centres of Excellence in Greater London	Bridging Divides
Archived (2017)	£300,000 over two years towards core salary and other costs to support the provision of Centres of Excellence in Greater London.	Project
Archived (2014)	£450,000 over three years towards core salary and other costs to support the provision of Centres of Excellence in Greater London.	Strategic Initiatives

### The skills gap – background

22. In July 2020, the Advice Services Alliance (ASA) published findings<sup>2</sup> that indicated that even before the Covid-19 pandemic hit increasing numbers of people in London were seeking advice for welfare benefits, debt, immigration, and employment issues. Services were struggling to meet the demand. Drivers of increased demand include changes to disability benefits, the roll out of Universal Credit, the no recourse to public funds immigration policy, a shift to online processes for claiming benefits and Brexit. The situation has worsened due to the impact of Covid-19.

<sup>2</sup> [2020, Advice Services Alliance: Advising Londoners, an evaluation of the provision of social welfare advice across London.](#)

23. The provision of advice in London was found to fall short of the high level of demand with 75% of survey respondents informing of gaps or shortages in social welfare advice in their area. Young people and ethnic minority communities are least likely to easily access advice services although they are more likely to need them. People living in deprived areas of outer London boroughs were found to have greater need for advice yet less accessible services than those in inner London.
24. This has been largely because of the impact of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO)<sup>3</sup> which has significantly affected the ability of advice organisations to be able to train staff and to retain and replace experienced practitioners.
25. The government did conduct a post-implementation review of LASPO, publishing its conclusions in 2019. The review acknowledged the principle that people should be able to access the justice system but concluded that due to the economic climate it would not be possible to reinstate any significant areas of previously funded legal aid. A small amount of funding was made available via a subsequent action plan for work which prevents people from requiring legal services in the first place, but this was extremely limited. LLST is not aware of any other central government plans or interventions currently to address the issues identified in the skills gap research.
26. Other drivers of the skills gap include:
- a. A lack of distinct qualifications for much advice work.
  - b. A need for clear, recognised, and accredited pathways for skills and career development.
  - c. A lack of consistency and structure in the training available.
  - d. Recruitment, retention, and leadership pipeline issues.
27. Specifically, there is a question of whether current training offers are meeting the inclusion and relevance needs of the diverse workforce that targeted and community-led organisations (such as BAME and disability focused organisations and groups) represent.
28. Whilst facing a backlog of clients, advice organisations were dealing with depleted funding and resources as well as switching services to remote delivery in response to Covid-19. One in seven advice services reported being told to expect future funding cuts from local authorities and 50% said they did not know what the future held.
29. Despite the many challenges, the advice sector continued to find innovative ways to deliver advice to those who needed it most, such as providing services in health settings, training community ‘intermediaries’ who encounter people with social welfare issues and harnessing pro bono legal support. However, this is not enough to plug the gaps left by funding cuts.

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<sup>3</sup> In April 2013, the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO) came into effect and introduced funding cuts to legal aid, meaning fewer people can access legal advice. Despite a government review of the impact of LASPO in 2017, the Law Society concluded that it is having/has had the following enduring effects:

- o legal aid is no longer available for many who need it and those eligible for legal aid find it hard to access.
- o wide gaps in provision are not being addressed and LASPO has had a negative impact on the state and society.

30. Following publication of the ASA research, the London Funders Advice Network (which is convened by the Association of Charitable Foundations), a group of London's primary advice funders, including Trust for London, CBT, NLCF, LLST and the GLA), set up a task-and-finish group to discuss the workforce crisis in the advice sector in London. The task group was joined by Law Centres Network, AdviceUK, ASA, Refugee Action, some service delivery organisations like Toynbee Hall and University House Legal Advice, and more funders, including Legal Education Foundation and Paul Hamlyn Foundation.
31. This led to a piece of research being commissioned in September 2021 by the group, funded by Trust for London and Paul Hamlyn Foundation. The research was undertaken by academics Dr Anne Rathbone (Centre of Resilience for Social Justice, University of Brighton), Mark Foster (former advice worker, and former Director of Advice, Wellbeing and Assessment at the Cardinal Hume Centre<sup>4</sup>) and Patrick Nyikavaranda (PhD student Brighton and Sussex Medical School).
32. The final report (see appendix 1) for this research was launched on 25<sup>th</sup> May 2022, but this proposal has been developed following the earlier release of an interim report to the commissioning group. The report (referred to henceforth in this report as "the Skills Gap research") consolidates the Advising Londoners research findings and makes recommendations for funders to collaborate with the sector to find co-produced solutions to respond to the current skills gaps crisis.
33. This proposal seeks approval to fund LLST, the primary/expert funder in the legal advice field, to take this partnership work to the next level, where co-produced solutions are developed, funded, and implemented based on the Skills Gaps research findings.

### **The Advice Skills Development Fund (ASDF)**

34. As a response to the skills gap research, LLST has developed an action plan. Utilising the original task and finish group as a steering group, the research recommendations will be reviewed; co-producing potential solutions based on case studies identified in the research (see appendix 3) and designing a funding programme which can be used to award grants for work to advance those solutions. The funding programme is provisionally known as the Advice Skills Development Fund. LLST hopes to distribute the onward grants through the collaborative funder initiative Collaborative Action for Recovery<sup>5</sup> (CAR), convened by London Funders. However, should the CAR not prove suitable, LLST would deliver the programme as a stand-alone or hybrid initiative.
35. The group will design a commissioning process for the funding; assess and make recommendations on the funding applications, and oversee the delivery, monitoring, and evaluation of the funded programmes (including commissioning a monitoring and evaluation partner). A wide range of stakeholders will be engaged in the programme design (in addition to the steering group) including small community-based and specialist organisations.

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<sup>4</sup> The Cardinal Hume Centre [Charity Commission Registration no: 1090836] is a leading London civil society community anchor organisation, supporting families and young people facing poverty and homelessness by helping them to thrive.

<sup>5</sup> [2021.11 - Collaborative Action for Recovery proposal 0.pdf \(londonfunders.org.uk\)](#)



36. Currently the timeline (other than that the work will take place over five years), number and length of grants is unknown, as this will all depend on the work of the steering group to co-design the process and the total amount of funds that are raised. Officers will work with LLST to ensure that a robust plan is in place, including sitting on the steering group. The Grants Committee and BHE Board support at this early stage is requested to maximise leveraging potential with other funders, and to allow LLST to be able to formulate plan as and when the CAR collaboration develops.

### **ASDF - budget and fundraising**

37. LLST has provided an indicative budget, broken down over five years, based on funds raised to date. This includes costs that would be incurred to deliver £5.2m of onward grants (see table below), plus a substantial increase in onward grants too, beyond the £5.2m planned for currently, should further funds for onward granting be raised (providing the same systems and processes are used to deliver all of the funding). Based on current ongoing discussions with other funders, it is likely that significant further funds will be raised towards the running costs and should this be the case LLST will vire any unspent running costs funds from the proposed grant to onward grant making. The table below shows total expected running costs (which include all developmental costs, and learning/evaluation costs) (including those that will be covered by other funders). Some of these costs are fixed costs such that the overall percentage of running costs is likely to reduce if other funders come on board.

<b>Total running costs over five years</b>	
Salaries - Senior Development Manager FT, CEO 2 dpw, Comms & Marketing Manager 1 dpw (inc. on-costs, increase, pension etc).	£535,649
Project costs - commissioning expert advice, commissioning research, evaluation, events, contribution to core costs (rent, utilities etc).	£816,965
<b>Total running costs</b>	<b>£1,352,614</b>

38. Should this proposal be agreed, officers will liaise with LLST once the programme specifics are more certain, (particularly the timeline for awarding onward grants) and a payment schedule will be drawn up accordingly. Payments will be made by CBT to align with planned expenditure (both administration/running costs and payment of onward grants).

39. It is CBT's standard practice to take a flexible approach and to amend payment schedules in line with programmatic expenditure as and when developments occur, however every effort will be made to establish an indicative annual breakdown as quickly as possible to inform cash-flow and investment drawdowns.

40. The running costs reflect expenditure of a nature that CBT regularly supports in its usual project work (predominantly salaries of relevant staff and costs of co-designing the funding framework). It is likely that the award of this grant will trigger further commitments from other funders so the full allocation towards running costs

may not be utilised (in which case any remaining funds will be used for onward grant making).

41. The Grants Committee are asked to consider an award which is significantly higher than the other funds currently awarded/under consideration for this work. This moment in time, as the country and the capital enter an unprecedented cost-of-living crisis, represents a key opportunity to create impact and demonstrate leadership within a sector which is critical to the futures of London's communities most impacted by injustice and inequality. Over the last 25 years, CBT has played a crucial role in the advice sector, as one of its most significant contributors, champions, and supporters. This award, as a percentage of the overall £15m allocated to Alliance Partnership expenditure, and as a percentage of the wider uplift in expenditure, is commensurate with our commitment to the sector to date, and with our ambitions to be a funder which catalyses change and improvement at a significant level. For Alliance Partnerships it has been our practice thus far to contribute the largest sum in each collaboration (in most cases by a considerable margin) due to the aims of the programme to utilise uplift funds in a way which maximises impact. However, the table below should also be viewed in the context that this award will be one of the earliest made and that the final breakdown will likely result in a smaller percentage being ultimately contributed by CBT.

<b>Budget and fundraising over five years</b>				
	<b>Running costs</b>	<b>Onward Grantmaking</b>	<b>Total</b>	<b>Notes</b>
<b>CBT</b>	£812,117	£4,187,883	£5,000,000	Unconfirmed.
<b>National Lottery</b>	£540,497	£0	£540,497	Unconfirmed. Amount indicative, may increase.
<b>Trust for London</b>	£0	£500,000	£500,000	Confirmed.
<b>Greater London Authority</b>	£0	£80,000	£80,000	Confirmed.
<b>Paul Hamlyn Foundation</b>	£0	£0	£0	Unconfirmed, amounts for running costs vs onward grantmaking tbc.
<b>Private law firms</b>	£0	£500,000	£500,000	Confirmed, but amount indicative (depends on apprenticeship placements).
<b>AB Charitable Trust</b>	£0	£0	£0	Unconfirmed, discussions underway.
<b>Total (to date)</b>	<b>£1,352,614</b>	<b>£5,267,883</b>	<b>£6,620,497</b>	

## **Financial information**

42. Note the table below does not include the receipt of the funding proposed in this paper. Reserves were held above target level in 2020 and 2021. Income and expenditure trends are largely stable, however there is a significant increase in income in 2022 primarily due to a new grant towards funding responses directly related to the cost-of-living crisis from a major funding partner. Although this represents a sharp increase in income, most of the increase will be distributed as onward grants. Based on the 2022 budget and LLST's predictions for future income, the total proposed Alliance Partnership award, per annum, is unlikely to amount to more than 50% of LLST's income in any of the years of the award. The

running costs/administration element of the award alone will not exceed 50% of income in any of the years of the award. If the total amount were to exceed 50% of annual funding, officers are satisfied that the importance of this strategic funding to London's advice sector (and its one-off nature) warrants an exception to the policy. An increase in staffing has been factored into the administration budget to allow LLST to expand to accommodate the additional activity this grant will enable.

Year end as at 31 December	2020	2021	2022
	Signed Accounts	Draft Accounts	Budget
	£	£	£
<b>Income &amp; expenditure:</b>			
Income	1,341,310	1,270,071	2,300,934
Expenditure	(1,287,562)	(1,207,993)	(2,300,200)
<b>Surplus/(deficit)</b>	<b>53,748</b>	<b>62,078</b>	<b>734</b>
<b>Reserves:</b>			
Total restricted	79,877	79,877	167,302
Total unrestricted	288,257	350,335	263,644
<b>Total reserves</b>	<b>368,134</b>	<b>430,212</b>	<b>430,946</b>
Of which: free unrestricted	288,257	350,335	263,644
Reserves policy target	172,954	172,954	172,954
Free reserves over/(under) target	115,303	177,381	90,690

## Conclusion

43. CBT's collaborations and Alliance Partnerships achieve more than the sum of their parts (or aim to) as, amongst other things, they provide opportunities for greater expertise to be harnessed and for learning to be shared. CBT is known as a funder which builds relationships with advice organisations and accommodates a focus on life change for clients (e.g. meaningful outcomes for individuals), rather than solely outputs (e.g. number of people seen, regardless of whether they saw any meaningful action/change as a result), and it was noted in the report that many of those interviewed regarded CBT and Trust for London as leading funders in the field for this reason.
44. Supporting this proposal with a grant to LLST of £5m will not only provide leveraging potential but will cement CBT's reputation as a driver of and for improvement in the sector. In the Skills Gap research, several consultees highlighted the need for funding of more strategic work that could address development needs *across the whole sector* (rather than in silo) and to improve the sector's ability to lobby for its aims – this initiative kick starts that process.
45. The funds will enable an increase in volunteering, apprenticeships, and work experience (especially paid opportunities, which were noted in the Skills Gap report as being required to promote equity of access). This will grow recruitment, alongside an increase in entry solutions. The ASDF will enable a bridge between smaller and larger advice agencies. It will mobilise the existing skilled workforce to benefit from grassroots community recruitment, without establishing a system that simply relies on communities as feeders but then drains smaller organisations of their staff once upskilled by them.
46. This funding will create provision for focused initiatives that bring together legal practitioners and those providing advice who do not have legal qualifications to generate solutions together based on mutual respect and links. It will support the

testing of new training and accreditation pathways, contributing to the sector in a way which complements CBT's historical and current support of London's legal advice system, including work to address issues with invoicing for legal aid, and work to continue the Centres of Excellence and Justice First Fellowships.

### **Appendices**

- Appendix 1: "Mind the Gap" research
- Appendix 2: Summary of Alliance Partnerships awarded to date
- Appendix 3: examples of case study recommendations
- Full proposal available on request.

### **Sam Grimmitt Batt**

Funding Director

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## Appendix 1 – “Mind the Gap” research (the Skills Gap research).

[Addressing the Skills Gap within Advice Services, Rathbone, Foster & Nyikavaranda, 2022](#)

## Appendix 2: Summary of Alliance Partnerships awarded to date

Name of recipient	Programme	Amount
Rosa [charity no: 1124856]	Rise Programme focused on womens' organisations led by Black and minoritised ethnicity people.	£499,999
Greater London Authority	Civil Society Roots 3, focused on equity organisations in specific boroughs with low prevalence of such organisations.	£720,000
John Lyons Charity [charity no: 237725]	To strengthen young people's organisations.	£1,020,000
United Saint Saviours [charity no: 1103731]	To strengthen voluntary organisations in Southwark.	£500,000
Trust for London [charity no: 205629]	Racial Justice Fund (specifically focused on economic equity) (£2,000,000)  Disability Justice Fund (focused on capacity building for disabled people's organisations) (£1,500,000).	£3,500,000
<b>Total</b>		<b>£6,239,999</b>

## Appendix 3: examples of case study recommendations

<b>For recruitment and entry</b>
“Grow your own advice staff” but at the community level rather than the big organisation level.
Addressing barriers to moving beyond entry level.
Aligning motivations for getting into the sector with better skills and opportunities to develop skills.
Investment in structured pathways in the areas of advice work that are currently lacking this.
<b>For retention</b>
Improving/standardising salaries, and other employment terms and conditions.
Introduction of CPD and NVQ pathways. Strategic improvement in supervision that takes place across the sector.
Development of an apprenticeship scheme (potentially hosted by Law Centres) including AdviceUK, legal advice providers and the ASA.
Develop provision in DDPOs and support for them to become AQS qualified if relevant, maximising the contribution of DDPOs in meeting client need.
An initiative to develop skills pathways in housing, welfare rights and employment advice.
<b>For leadership</b>
Projects which bring together legal practitioners and community based or more generalist advice practitioners to co-produce solutions to leadership challenges.
Training for management committee and board members on the importance of developing staff to become future leaders.
Contracts and grant assessment to include requiring orgs to show how they are promoting good leadership in their work.

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<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	6 July 2022
<b>Subject:</b> Update to: Alliance Partnerships – London Legal Support Trust (LLST), Advice Skills Development Fund (ASDF) Ref: 19437	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?</b>	1,3
<b>Which outcomes in CBT’s funding strategy, <i>Bridging Divides</i>, does this proposal aim to support?</b>	Reducing inequalities, Progressive, Collaborative,
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
<b>Report of:</b> David Farnsworth, Managing Director of BHE	<b>For decision</b>
<b>Report Authors:</b> Sam Grimmett Batt, Funding Director	

### Summary

At their meeting on 20 June, the Grants Committee agreed to endorse to the BHE Board the recommendation that funding to London Legal Support Trust (LLST) be awarded for the running costs and onward grant-making of the Advice Skills Development Fund (ASDF).

However, the Grants Committee, within its usual powers, decided to endorse a higher grant amount (£6m total funding) than the amount recommended by Officers (£5m total funding) to reflect the importance of the work for London’s communities, and the transformational potential of the ASDF.

Officers have discussed the matter with the charity and are confident that a higher grant amount can easily be accommodated and delivered against by LLST, indeed the charity is actively seeking further funds for onward grant-making. An increased overall grant award will allow for more projects to be funded and/or for funded projects to be increased in breadth/depth. LLST has re-confirmed that, as stated in the original paper, increased onward grant-making funds will not increase the underlying running costs. Officers have examined budgets which support this.

To maintain the original paper in the form presented to Grants Committee on 20<sup>th</sup> June, this update therefore provides a revised recommendation, which supersedes the recommendation in the 20<sup>th</sup> June paper.

The table below has been revised to show the makeup of available/potential funds incorporating a CBT contribution at £6m (note that as other funders are still considering their awards, it may be that, as stated in the original paper, the amount that CBT contributes towards running costs ends up being less, with a higher amount of the CBT award instead allocated to onward grantmaking).

<b>Budget and fundraising</b>				
	<b>Running costs</b>	<b>Onward grantmaking</b>	<b>Total</b>	<b>Notes</b>
<b>CBT</b>	£812,117	£5,187,883	£6,000,000	Unconfirmed.
<b>National Lottery</b>	£540,497	£0	£540,497	Unconfirmed. Amount may change.
<b>Trust for London</b>	£0	£500,000	£500,000	Confirmed.
<b>Greater London Authority</b>	£0	£80,000	£80,000	Confirmed.
<b>Paul Hamlyn Foundation</b>	£0	£0	£0	Unconfirmed. Amounts unknown.
<b>Private law firms</b>	£0	£500,000	£500,000	Confirmed
<b>AB Charitable Trust</b>	£0	£0	£0	Unconfirmed.
<b>Total (to date)</b>	<b>£1,352,614</b>	<b>£6,267,883</b>	<b>£7,620,497</b>	

**Revised recommendation**

The BHE Board is recommended to:

- i) Agree the grant of £6m over five years to London Legal Support Trust [charity no: 1101906] as per the terms recommended by the Grants Committee.

as endorsed by the Grants Committee of the BHE Board.

**Sam Grimmett Batt**

Funding Director

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<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	6 July 2022
<b>Subject:</b> BHE Investments Working Group – Terms of Reference	<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>Report of:</b> David Farnsworth, Managing Director of Bridge House Estates	<b>For Decision</b>
<b>Report Authors:</b> Karen Atkinson, BHE & Charities Finance Director Milly Ehren, BHE Head of Strategy and Governance	

## Summary

At the meeting of the Bridge House Estates Board (“the BHE Board”/ “the Board”) on 27 April 2022, Members agreed to establish a BHE Investments Working Group (“IWG”) to review and make recommendations to the BHE Board on the future management of the charity’s investment portfolio and on the governance arrangements for the BHE Board in relation to the charity’s finance and investment functions. This report now presents for approval to the BHE Board the proposed Terms of Reference of the IWG, as endorsed by the group.

## Recommendations

It is recommended that the Bridge House Estates Board, 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:

- i) Agree the BHE Investment Working Group Terms of Reference as set out at Appendix 1.
- ii) Note the proposed direction of travel to be adopted for the revised Investment Strategy Statement (ISS).

## Main Report

### Background

1. Following approval from the BHE Board in April 2022 to establish a BHE Investments Working Group (“IWG”/ “the group”), the group met for the first time on 8 June 2022. The purpose of the first meeting was to appoint a Chair, agree the Terms of Reference to recommend to the BHE Board, to participate in a knowledge exchange of relevant information, and to scope the approach to the review of the Investment Strategy Statement and the governance arrangements for the Board in relation to finance and investments.
2. The group elected Deputy Henry Pollard as the Chair of the IWG and endorsed the Terms of Reference as set out at **Appendix 1**. The BHE Board is now asked to approve the Terms of Reference of the IWG.

3. As outlined in the Terms of Reference, the IWG will proceed with making recommendations to the BHE Board on the future management of the charity's investment portfolio, including recommendations on the revision of the charity's Investment Strategy Statement and investment objectives, and on the governance arrangements for the BHE Board in relation to the charity's finance and investment functions.
4. Following their initial meeting, the IWG recommend that the BHE Board note the proposed direction of travel in developing the revised ISS for the charity, with key points of principle being:
  - a. To adopt the power to take a total return accounting approach to investment of the permanently endowment fund so enabling the trustee to invest for the best overall return whether it is income or capital gain (rather than being required to balance capital growth and income return); and to decide what portion of that overall return to spend in a particular year on the charity's purposes.
  - b. For the revised ISS to be more responsible in approach, with a focus on impactful and catalytic investments.
5. Officers have connected with the Impact Investing Institute and are discussing ways to collaborate and share knowledge with other similar charities who have taken a similar approach with their investments. BHE will be represented at the Finance for Impact Summit, being held at Mansion House on 18 July 2022<sup>1</sup>, by the BHE & Charities Finance Director and the BHE Chief Operating Officer.

## **Conclusion**

6. The BHE Board are asked to note the progress of the establishment of the BHE IWG and are recommended to approve the proposed Terms of Reference for the group as set out at Appendix 1, alongside noting the proposed direction of travel for the revised ISS.

## **Appendices**

- Appendix 1 – BHE Investments Working Group Terms of Reference

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<sup>1</sup> <https://www.theglobalcity.uk/finance-for-impact>

## **Appendix 1 - Terms of Reference for the Bridge Houses Estates Investments Working Group**

### **1. Purpose**

The Bridge House Estates Investments Working Group (BHE IWG) is an informal Member and officer body, with responsibility for reviewing and making recommendations to the BHE Board on the future management of the charity's investment portfolio and related financial and investment governance arrangements.<sup>2</sup>

The BHE IWG will:

- 1.1 Oversee the review and update of the charity's Investment Strategy Statement (ISS), considering matters such as guiding principles, investment objectives, return requirements, risk appetite, asset allocation, responsible investment, reporting & monitoring and regulatory requirements.
- 1.2 Ensure alignment with any BHE strategies, including the *Bridging London* strategy, *Climate Action* strategy and the *Bridging Divides* funding strategy.
- 1.3 Consider the implications and make recommendations relating to the adoption of total return accounting for "Total Return Accounting for Permanent Endowed Charities" and the required policies in relation to this.
- 1.4 Review and make recommendations to the BHE Board in respect of BHE's investment strategy, its reserves position, its underlying asset position, and governance matters relating to the interplay of the charity's financial and investment Board functions and any other related matters which it feels appropriate.
- 1.5 Ensure all work is anchored in the Charity Commission's guidance on good governance.
- 1.6 Deliver formal recommendations to the BHE Board relating to investment strategy, approach and governance no later than 31<sup>st</sup> March 2023.

### **2. Membership**

<b>Name</b>	<b>Job Title</b>
Deputy Henry Pollard (Chair)	Member
Alderman and Sheriff Alison Gowman	Member
Deputy Henry Colthurst	Member
Karen Atkinson	BHE & Charities Finance Director
Simon Latham	Chief Operating Officer
Julia Megone	Charity Accountant
Hikmot Ademosu (Secretariat)	Project Officer
Amelia Ehren (Secretariat)	Head of Strategy and Governance

- 2.1 Other relevant officers, or external experts, will be invited to the meeting as and when required.

### **3. Decisions**

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<sup>2</sup> This covers property, financial and social investments.

3.1 The group will make recommendations to the BHE Board to consider, in respect of its role as acting for the City Corporation as the corporate trustee of BHE.

**4. Duration and timings**

4.1 IWG meetings will take place in person or remotely every 4-6 weeks, or as required until 31 March 2023, and shall aim to last no more than 90 minutes.

**5. Documentation**

5.1 Agendas, and any additional documentation, will be produced and circulated to the group one week in advance of the meeting by the Secretariat.

5.2 Minutes and an action and decisions log will be captured at each meeting and circulated within one week of the meeting by the Secretariat.

**6. Review of Terms of Reference**

6.1 BHE Board will review the future of the BHE IWG no later than 31 March 2023, in the light of its recommendations.

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**End of document**

*Endorsed by the BHE Investment Working Group: 8 June 2022*

*Agreed by: The Bridge House Estates Board [insert date]*

*Compiled by: Hikmot Ademosu, BHE Project Officer*

<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	6 July 2022
<b>Subject:</b> Progress Update – Minimum Energy Efficiency Standards & Net Zero Carbon Action Plan for Investment Property Portfolio	<b>Public</b>
<b>For BHE, which outcomes in the BHE <i>Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	2
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>As approved under CAS for Y1 approved by Policy and Resources on 8 April 2021 &amp; by BHE Board on 14<sup>th</sup> July 2021</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>Yes</b>
<b>Report of:</b> Paul Wilkinson, City Surveyor	<b>For Information</b>
<b>Report Author:</b> Edmund Tran, Senior Energy Engineer	

### Summary

The City Corporation as Trustee of Bridge House Estates (BHE) has adopted the City Corporation’s Net Zero Carbon Action Plan as being in the best interests of the charity. This report summarises the progress of a study being carried out by consultants Currie & Brown and WSP to implement tasks 1a, 1b, 2 and 4 (as listed in paragraph 3) of the Climate Action Strategy (CAS) Investment portfolio plan and update on related Climate Action Plan tasks. The study is progressing according to schedule. In addition, the recruitment of a Sustainable Property Specialist has been completed in order to manage this work and its outcomes as well as the overall CAS plan.

### Recommendations

The Bridge House Estates Board is recommended to:

- i. Note the progress made with surveys, green leases and the recruitment of resource in support of the CAS Investment Property Group (IPG) project plan.
- ii. Note the intended recruitment under officer delegated authority, in accordance with the budget already approved, of Capital Project Management Resource to ensure smooth progress of a pipeline of projects to achieve Energy Performance Certificate Grade B and “Carbon Net Zero”.

## Background and context

1. In January 2020 the City of London Corporation (City Corporation) set out on a fast-paced, cross-City Corporation journey to develop an ambitious Climate Action Strategy (CAS). At that point, the City Corporation needed to assess the carbon footprint across both its own varied property holdings (held in its various capacities, including as Trustee of BHE), and across the Square Mile - as well as to develop a plan to achieve Net Zero by 2027 for scope 1 and 2 emissions and 2040 for scope 3 (including the Investment portfolios held by each of the Funds, including as Trustee of BHE).
2. The CAS marked the start of a new and transformative programme of action. On 8 October 2020 the CAS was adopted by the Court of Common Council for the City Corporation, as Trustee of BHE and in delivering its wider functions and activities. Fifteen costed project delivery areas have since been consolidated into ten project plans.
3. This paper provides an update to the BHE board for BHE tasks 1a, 1b, 2, 4, 5c and 5d of the Investment Property Group Project Plan of the Climate Action Strategy. The tasks include:
  - **1a** – Undertake a Minimum Energy Efficiency Standards (MEES) risk and boundary assessment at asset level to deliver portfolio cost and risk profile.
  - **1b** – Identify costs required to upgrade major refurbishment works to Energy Performance Certificate (EPC) Grade B between 2022 and 2030.
  - **2** - Undertake a study to establish process, cost and benefit of an improved metering strategy.
  - **3** - Undertake green lease Memorandum of Understanding (MOU) pilot to generate a working template for portfolio roll-out
  - **4** – Design an operating plan to identify a pathway to 60% emissions reductions by 2040, identifying major milestones and investment strategy, noting that the BHE Board has adopted a more ambitious timetable with 2040 as a long-stop date.
  - **5c** – Recruitment of Sustainable Property Specialist resource to manage work flow
  - **5d** - Recruitment of Capital Project Management resource
4. The general approach to this project includes the following:
  - **Data gathering** – including building floorplans, equipment schedules, Operating & Maintenance Manuals, landlord energy data, tenant energy data.
  - **Site Surveys** – To establish on the ground information regarding the existing mechanical, electrical and automation installation.

- **Analysis and Recommendation** – Information gathered will be processed and developed into a list of interventions for both EPC Grade B with budgetary cost estimates, and a strategic plan for net zero.

### **Current position**

5. The specifications for the asset level survey to carry out a Minimum Energy Efficiency Standard (MEES) boundary analysis and a journey to Carbon Net Zero for directly managed and Full Repairing and Insuring (FRI) buildings has been agreed.
6. The procurement of this project has been concluded and two consultants have been appointed (WSP and Currie & Brown) to carry out the work for 22 BHE buildings across two phases of work. The first phase (3 buildings) has been surveyed and draft reports currently under review. The second phase (19 buildings) has commenced surveying with ten buildings surveyed and awaiting draft reports. One building (Finsbury Circus, 23) will undertake a full strip-out and refurbishment of the property, therefore the survey on the existing building will not be carried out. The specification for the refurbishment will address Grade B and Net Zero.
7. The asset level surveys are expected to be completed by September 2022, including reports with recommendations. There are indications that Currie & Brown may be delayed due to resourcing issues. The project team as a result are carrying out mitigating actions such as a) chairing a director level meeting to underline the importance of meeting deadlines, b) investigating if WSP can satisfactorily absorb scope in good time. Other options will be explored in collaboration with all consultants involved.
8. An operating plan with a portfolio level summary of actions required for EPC Grade B by 2030 and Net Zero by 2040 (and better) is planned for Q4. A master schedule of interventions has been prepared in anticipation of this, and is being updated as reports become available.
9. Part of the scope of works includes developing a metering strategy, which will follow the data gathering and site visit exercises. This is expected to comprise a report summarising metering recommendations for the portfolio.
10. As per the CAS – a Sustainable Property Specialist has been appointed in the form of seconded consultancy from Arcadis recently. They have commenced immediate activities to support the project. This is providing a significant benefit in managing this project.
11. The survey work is continuing according to the year 2 plan for tasks IPG-1a, 1b, 2 and 4 (see Appendix A). The year 2 has been approved at the P&R Committee on 5<sup>th</sup> May 2022. Adjustments were made to the delivery timeframe for the MEES and Net Zero surveys (IPG-1a, 1b, 2 and 4). This reflected the additional volume of

surveys added as part of phase 2, and the impact of resource constraints in the marketplace.

12. As the results of surveys become available and an operating plan is developed, Project Management resource will be required in order to develop and install the measures required for EPC Grade B and Net Zero Carbon. This is outlined as task 5c in the CAS for the Investment Property Group in implementing the CAS. Recruitment has begun in earnest to resource the Project Management need.
13. The CAS includes Capital Projects (Design) standard and Resilient Building project plans. Design standards will include whole life cycle carbon assessments, net zero technology and design standards and post-occupancy evaluation process for use within the investment portfolio. Resilient Buildings will provide:
  - Identification of resilience risks and constraints to implementation for the City Corporation's and BHE's physical assets.
  - Development of Buildings Resilience Action Plan.
  - Dovetailing of identified interventions into existing estates/asset strategy.
14. Work has begun on the whole life cycle carbon assessments. Etude (consultants) have completed an initial scoping study to define the scope of the assessments based on the type, scale and stage and develop a checklist for assessments. We are currently finalising tenders for the first 5 assessments for current projects the results of which will inform the future approach.
15. The CO<sub>2</sub> footprint will be reviewed independently to assess the portfolio using best available data for FY20/21 and FY21/22. This work has been tendered and awarded to Arup, who have commenced work, starting with data gathering.
16. Work has begun with external legal advisors Charles Russell Speechlys and the Comptroller & City Solicitor's Department in developing a template for Green Lease clauses, to be introduced to new upcoming leases. A working group series of meetings have been scheduled and a draft is to be released in Q1 2022 for internal review. For existing leases, an Memorandum of Understanding (MOU) pilot is to be introduced as a pilot with interested tenants, as per task 3 of the project plan. A plan and schedule for progressing this task will be produced at end of June 2022.

### **Corporate and strategic implications**

Strategic implications: For BHE, this project supports the aims and objectives of its overarching strategy, *Bridging London 2020-2045*. It supports BHE's aims of being sustainable and impact-driven and its goal to be a responsible leader. This project, in addition to supporting the CAS directly, also supports delivery against outcomes 1, 5, 7, 10, 11 and 12 in the City Corporation's Corporate Plan, 2018-23 insofar as they are in the best interests of BHE to support.



17. The wider CAS strategy builds upon existing strategies and policies, including: The Responsible Business Strategy 2018-23, the Responsible Investment Policy, the City Procurement Strategy 2020-24, the Local Plan 2015, the draft City Plan 2036, the Air Quality Strategy 2015-20, the Climate Mitigation Strategy, the Carbon Descent Plan, It is aligned to ongoing reviews of our financial and property investment portfolio for all three funds.
18. Financial Implications: Following the results of this work, costs for improvement of assets to EPC Grade B will be incorporated into asset plans for BHE [which will be reported for decision in due course].
19. Resource Implications – There are no new resource implications beyond what was approved by Court on 8<sup>th</sup> October 2020. The overall budget envelope for Y1 has been confirmed by Policy and Resources (P&R) on 8<sup>th</sup> April 2021 and by the BHE Board on 14<sup>th</sup> July 2021. The original Y1 budget and action plan was approved by P&R prior to new governance arrangements for BHE being in place. Subsequently, the BHE Board in July 2021 approved the specific costs for actions relating to BHE and had included this in its 2021/22 budget. This report confirms the expenditure within that agreed budget, specifically recruitment of a Sustainable Property Specialist to support the CAS Programme item 5b, as highlighted in task 5c and the intention to recruit staff resource to fulfil the Project Management Role in task 5d.
20. Risk Implications – To manage risk effectively in the programme, all projects have a risk register and the overall risks are controlled through a corporation level risk CR30 – Climate Action Strategy which is reflected in the BHE’s own risk register and management framework.

## **Conclusion**

23. Year 1 of the CAS NZ4 plan has proceeded as per schedule. The recruitment of Capital PM resource is essential to the continued progress of this project plan and will now be taken forward.

## **Appendices**

- Appendix 1 – IPG CAS Year 2 (Draft) Programme

### **Edmund Tran**

Senior Energy Engineer

City Surveyor's Department

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**APPENDIX B – Summary of Report Progress**

<b>Fund</b>	<b>Number of Properties</b>	<b>Number of EPCs Completed</b>	<b>Number of Completed Draft Reports</b>	<b>Percentage Complete Draft Reports</b>
Bridge House Estates	22	17	3	14%

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