



Bridge House Estates Board

Date: WEDNESDAY, 22 FEBRUARY 2023

Time: 11.00 am

Venue: COMMITTEE ROOMS, 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 Alison Gowman
Judith Pleasance
Deputy Henry Pollard
Deputy Nighat Qureishi
Deputy James Thomson

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

Ian Thomas
Town Clerk & Chief Executive

AGENDA

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

Part 1 - Public Agenda

Strategy and Governance

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 15 November 2022.

For Decision
(Pages 7 - 16)

4. OUTSTANDING ACTIONS*

Report of the Town Clerk

For Information
(Pages 17 - 18)

5. MANAGING DIRECTOR'S UPDATE REPORT

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

For Decision
(Pages 19 - 26)

6. RETROSPECTIVE REVIEW OF JOINT PHILANTHROPY STRATEGY 2018 - 2023

Report of the Managing Director of BHE

For Discussion
(Pages 27 - 46)

Finance

7. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2023/24

Report of the Chamberlain

For Decision
(Pages 47 - 90)

8. **UPDATE ON BHE CONTINGENCY FUNDS***
Report of the BHE & Charities Finance Director (representing the Chamberlain)

For Information
(Pages 91 - 96)

Ancillary Object - Charitable Funding

9. **ALLIANCE PARTNERSHIPS - THE BARING FOUNDATION (HUMAN RIGHTS BASED APPROACHES)**
Report of the Managing Director of BHE

For Decision
(Pages 97 - 104)

10. **MINUTES OF THE GRANTS COMMITTEE OF THE BHE BOARD***
To note the public minutes and non-public summary of the Grants Committee of the BHE Board meeting on 5 December 2022.

For Information
(Pages 105 - 114)

Other

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

12. **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

Strategy and Governance

13. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 15 November 2022.

For Decision
(Pages 115 - 122)

14. NON-PUBLIC APPENDIX - MANAGING DIRECTOR'S UPDATE REPORT*

To be considered in conjunction with the report at Item 5.

For Information
(Pages 123 - 124)

15. BRIDGE HOUSE ESTATES - CONFLICTS OF INTERESTS POLICY

Report of the Managing Director of BHE

For Decision
(Pages 125 - 134)

16. BHE RISK MANAGEMENT PROTOCOL AND PRINCIPAL RISK REGISTER

Report of the BHE Chief Operating Officer

For Decision
(Pages 135 - 156)

17. BHE HIGH LEVEL BUSINESS PLAN 2023/24

Report of the Managing Director of BHE

For Decision
(Pages 157 - 166)

Finance

18. 2023/24 BHE BUDGET AND FINANCIAL FORECASTS

Report of the Managing Director of BHE and the BHE & Charities Finance Director

For Decision
(Pages 167 - 180)

**19. BHE CONTINGENCY FUND REQUEST 2022/23 - BHE AND CITY OF LONDON
POLICE INSTITUTIONAL SERVICE LEVEL AGREEMENT (SLA)**

Report of the BHE Chief Operating Officer

For Decision
(Pages 181 - 188)

Primary Object - Bridges

**20. FINDINGS AND RECOMMENDATIONS FROM THE CITY OF LONDON PUBLIC
PROTECTION STUDY**

Report of the Deputy Town Clerk

For Decision
(Pages 189 - 204)

21. TOWER BRIDGE FIRE SUPPRESSION SYSTEM REPLACEMENT AND IMPROVEMENT - GATEWAY 1 AND 2

Report of the Managing Director of BHE and the City Surveyor

For Decision
(Pages 205 - 296)

22. TOWER BRIDGE HV SYSTEM REPLACEMENT AND INCREASING RESILIENCE*

Report of the Managing Director of BHE and the City Surveyor

For Information
(Pages 297 - 316)

Ancillary Object - Charitable Funding

23. NON-PUBLIC MINUTES OF THE GRANTS COMMITTEE OF THE BHE BOARD*

To note the non-public minutes of the Grants Committee of the BHE Board meeting on 5 December 2022.

For Information
(Pages 317 - 320)

Investments

Financial Investments

24. BHE: INVESTMENTS PERFORMANCE MONITORING TO 31 DECEMBER 2022*

Report of the Chamberlain

For Information
(Pages 321 - 358)

Property Investments

25. BHE INVESTMENT PROPERTY MONITORING REPORT: RENT ESTIMATES, DELEGATED AUTHORITIES, RENT REVIEW / LEASE RENEWALS, VOIDS*

Report of the City Surveyor

For Information
(Pages 359 - 368)

26. HORACE JONES HOUSE - GATEWAY 4 PROGRESS REPORT*

Report of the Managing Director of BHE and the City Surveyor

For Information
(Pages 369 - 380)

Other

27. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY***
Report of the Town Clerk

For Information
(Pages 381 - 386)

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**

Part 3 - Confidential Agenda

29. **SECURITY UPDATE**
Report of the BHE Chief Operating Officer

For Discussion

30. **CONFIDENTIAL MINUTES OF THE GRANTS COMMITTEE OF THE BHE BOARD***
To note the confidential minutes of the Grants Committee of the BHE Board meeting on 5 December 2022.

For Information

BRIDGE HOUSE ESTATES BOARD Tuesday, 15 November 2022

Minutes of the meeting of the Bridge House Estates Board held at Committee Rooms, West Wing, Guildhall / Microsoft Teams on Tuesday, 15 November 2022 at 11.00 am

Present

Members:

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

Officers:

David Farnsworth	- Managing Director of Bridge House Estates
Karen Atkinson	- BHE & Charities Finance Director (representing the Chamberlain)
Simon Latham	- BHE Chief Operating Officer
Fiona Rawes	- BHE & CoLC Philanthropy Director
Anne Pietsch	- Comptroller & City Solicitor's Dept.
Maureen Romeril	- Comptroller & City Solicitor's Dept.
Amelia Ehren	- BHE
Samantha Grimmett-Batt	- BHE
Geraldine Page	- BHE
Tim Wilson	- BHE
Nicholas Gill	- City Surveyor's Department
Ola Obadara	- City Surveyor's Department
Andrew Cross	- City Surveyor's Department
Paul Monaghan	- Environment Department
Natalie Jordan	- BHE
Joseph Anstee	- BHE

The Chair welcomed those in attendance to the meeting, as well as any members of the public and partner organisations observing the meeting via YouTube.

1. **APOLOGIES**

There were no apologies.

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

There were no declarations.

3. **MINUTES**

RESOLVED – That the minutes of the meeting held on 13 September 2022 be agreed as a correct record.

The Chair gave thanks to the Deputy Chair for chairing the meeting in his absence.

4. **OUTSTANDING ACTIONS***

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

RESOLVED – That the list of outstanding actions be noted.

5. **MANAGING DIRECTOR'S 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 September 2022 and outlining upcoming activities for the Board to note. The Managing Director of BHE thanked Members for their attendance at the Board's recent Strategic Away Half-Day, and Members and officers for their contributions to the Lord Mayor's Show the previous weekend, the procession having featured a BHE float.

The Managing Director of BHE then introduced the report, drawing Members' attention to the key points and recommendations requesting delegated authority for decisions relating to a funding application over £500,000 and the charity's Conflict of Interest policy.

Tower Bridge

The Managing Director of BHE advised that the main elevator within the North Tower had been out of action, with visitors being re-routed to the Exhibition via the South Tower. Whilst this was difficult operationally, there had been positive feedback regarding the management of the issue. The Board was advised that officers were working with the City Surveyor's Department to resolve the issue and it was hoped that the elevator could be fixed within three weeks.

Conflict of Interest Policy

The Managing Director of BHE outlined the context of the request for delegated authority to agree the policy, noting that this was contingent on the timing of final approval of the Supplemental Royal Charter, and that if the delegated authority were exercised, the draft policy would be circulated to the full Board for comment.

In response to a question from a Member, the Managing Director of BHE advised that the wider governance review of BHE had facilitated a better understanding of handling conflicts of interest in the context of managing the difficulties arising from a lack of funding in other areas. The Managing Director of BHE added that acting in the best interests of the charity was a clear guiding point on which

Members and officers were vigilant, and that the policy would be drafted on the basis of legal advice provided by the Comptroller and City Solicitor's Department and Bates Wells.

Members commented that the policy should be clear on the appropriate relationship between the charity, the City Corporation as trustee and the City Corporation in its other capacities, but also noting the nuances relevant to this. The Managing Director of BHE responded that work on the policy was part of a broader workstream examining the commitments between the charity and the City Corporation for opportunities to clarify this relationship in a mutually beneficial way. The separate and independent oversight of BHE business through the BHE Board was also noted as being a key in the City Corporation's management of conflicts of interests and loyalty.

The Chair thanked Members for their discussion on this point before drawing the Board's attention to the recommendations, which were agreed.

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) Note the contents of the report;
- ii) Delegate authority to the Town Clerk, in consultation with the Chair and Deputy Chair, to consider a grant proposal of over £500,000 towards Together for London, should this be recommended by the Grants Committee of the BHE Board on 5 December 2022; and
- iii) Delegate authority to the Managing Director of BHE, in consultation with the Chair and Deputy Chair, to settle the charity's Conflict of Interest Policy following the grant of the Supplemental Royal Charter, to facilitate prompt recommendation to the Court of Common Council for approval.

6. **APPROACH AND TIMELINE TO REDEVELOPING THE JOINT PHILANTHROPY STRATEGY AND CORPORATE VOLUNTEERING STRATEGY**

The Board considered a report of the Managing Director of BHE regarding the proposed approach and timeline to redeveloping the Joint Philanthropy Strategy and Corporate Volunteering Strategy. The BHE & CoLC Philanthropy Director introduced the report and drew Members' attention to the key points. In response to questions from Members, the Board was advised that it was expected that outputs for the current strategies could be produced in time for the next Board meeting in February 2023, which aligned with the timescales set out in the report.

The Managing Director of BHE advised that the work would seek to define the distinct City Corporation commitments to the joint strategy, and that the timing would work well with expected changes within the wider organisation to consider the respective funding priorities and responsibilities between the charity and the City Corporation.

Members noted that the report would also be submitted to the Policy & Resources Committee and suggested that it be made clear that this was a joint strategy that should be funded accordingly, with costs being fairly shared and attributable to BHE and otherwise to the City Corporation in accordance with their commitments within the Strategy and desired outputs. In response to a question from a Member, the BHE & CoLC Philanthropy Director advised that the City Corporation budget for 2023/24 would contain some provision for corporate volunteering and Central Grants Unit work not attributable to BHE.

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

RESOLVED – That the BHE Board, in the 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 update on the implementation of the Joint Philanthropy Strategy and the Corporate Volunteering Strategy;
- ii) Agree an extension to the Joint Philanthropy Strategy of one year until 31st March 2024;
- iii) Subject to (ii) above, approve the approach and timeline for shaping recommendations for the future direction of the Joint Philanthropy Strategy proposed in paragraph 7; and
- iv) Note the proposed approach to the Corporate Volunteering Strategy.

7. **GOVERNANCE ARRANGEMENTS - CO-OPTED MEMBERS**

The Board considered a report of the Managing Director of BHE seeking approval for the recruitment of Co-opted Members for the BHE Board and Grants Committee. The Managing Director of BHE introduced the report, advising that the proposals followed from discussion at the Board's Strategic Away Half-Day, and that the terms of the current Grants Committee Co-opted Members were due to expire in 2023.

The Chair noted that the terms were currently only staggered by six months, and suggested that this be adjusted to create a bigger step, in order to provide increased mentoring opportunities and greater continuity. Members further suggested that consideration should be given to using a recruiter such as Nurole in the recruitment process, and to taking steps to ensuring as broad a range of applicants as possible were reached. It was further noted that interview panels should also be sufficiently diverse.

The Chair sought confirmation from Members that the Board wished to proceed with seeking Co-opted Members for the main BHE Board, and this was agreed. It was noted that the draft terms of reference for the Board's prospective Investment Committee would also include provision for the addition of Co-opted Members, and would also propose arrangements for the charity's social investments. The Managing Director of BHE advised that this would be

considered with regards to arrangements for the Grants Committee in presenting terms of reference early in 2023 for the commencement of the next civic year.

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:

- a) Authorise a recruitment exercise for up to two Co-opted Members of the Grants Committee of the BHE Board, to be appointed for a term of up to four years;
- b) Note the indicative timeline for recruitment of the Grants Committee co-opted Members set out in the report, with shortlisting and interviews intended to take place in March 2023 with a view to staggering terms;
- c) Authorise a recruitment exercise for up to two Co-opted Members of the BHE Board, to be recommended to the Court of Common Council for approval; and,
- d) Delegate authority to the Managing Director of BHE, in consultation with the Chair and Deputy Chair, to agree an appropriate advertisement, role description and person specification for each position.

8. UPDATE ON BHE CONTINGENCY FUNDS*

The Board received a report of the BHE & Charities Finance Director providing an update on the Bridge House Estates (BHE) Central Contingency balances held for 2022/23 and providing detail of new requests being made against these balances.

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

- i) Note the BHE Contingency budgets currently held for 2022/23 (para 4); and,
- ii) Note that a total of £179,000 has been approved under delegated authority: £79,000 additional amount for the approved pay review for staff across BHE, and £100,000 to support the development and implementation of the new CRM database for BHE.

9. BUDGET MONITORING: 1 APRIL TO 30 SEPTEMBER 2022

The Board received a report of the BHE & Charities Finance Director providing a financial update on BHE activities to 30 September 2022. The BHE & Charities Finance Director introduced the report and outlined the key points for Members, advising that the potential impact of current construction market conditions on any bridge replacement work was necessitating a review of the charity's level of designated reserves held for this purpose.

RESOLVED – That the report be noted.

10. **MINUTES OF THE GRANTS COMMITTEE OF THE BRIDGE HOUSE ESTATES BOARD***

RESOLVED – That the public minutes and non-public summary of the Grants Committee of the BHE Board meeting on 26 September 2022 be noted.

11. **STRATEGIC INITIATIVE: DO IT NOW NOW CIC (19406)**

The Board considered a report of the Managing Director of BHE requesting funding of £2,004,000 to be awarded to Do It Now Now Community Interest Company (CIC) (DINN Enterprise CIC, registered company no. 11937494) over two years towards the 'Continuum Fund', a bespoke, holistic package of finance and support for Black-led Charity and Social Enterprises (CSEs) to become business ready with access to a wide range of external funding sources including social investment. The Chair introduced the item and sought clarification that the proposal fell within the scope of the charity's geographical area of benefit in furthering its ancillary object as set out in the charity's governing document. The Managing Director of BHE confirmed that the proposal accorded with BHE's governing document, with any onward grant-making to go to London-focussed organisations, and funding for running costs proportionate to this, in line with usual City Bridge Trust (CBT) funding practices.

In response to questions from Members, the Managing Director of BHE gave the Board further information regarding the governance of DINN CIC, and confirmed that there were conditions attached to the funding which would mitigate risk. Funding would be released on a quarterly basis, in accordance with a funding schedule agreed with the BHE & Charities Finance team, who would also have additional oversight. The Managing Director of BHE added that being the first significant funder would have an important role in encouraging other funders to make commitments, which was known as 'pump priming', and that whilst DINN CIC was a relatively new organisation, it had successfully delivered an initial round of funding during the Covid-19 pandemic and had a successful record of running a grants programme.

The Chair invited the Deputy Chair, also the Chair of the Grants Committee, to comment on the Committee's consideration of the proposal. The Deputy Chair commented that the charity, as a funder, had a stated objective of tackling inequality and should be seeking to support initiatives which would contribute to this on a wider basis. The Deputy Chair added that this was a strategic initiative rather than a straightforward grant, which may seem less orthodox, but CBT had an existing relationship with the organisation through two previous iterations, and had contributed to previous initiatives. The proposals were a positive opportunity to scale up DINN CIC's work and would increase the reach of BHE's funding.

In response to a question from a Member, the Managing Director of BHE confirmed that officers had undertaken the usual due diligence with regards to the organisation's staffing, additional detail of which could be shared separately, and that the conditions provided assurance of ongoing sustainability.

A Member suggested that terminology such as 'historic underinvestment' should be qualified and provide an evidence base to facilitate the monitoring of activity

and proportionality. The Managing Director of BHE responded that analysis of CBT grant-making undertaken by the Impact & Learning team took this into consideration and examples could be shared with Members.

The Chair thanked Members for their discussion which demonstrated clear scrutiny of the proposals, before thanking officers for their work on the proposals. The Chair added that strategic initiatives were an area where BHE could add significant value and were an engaging way of moving the charity forwards. Noting the steer from the Board to ensure that diligent monitoring and oversight of the initiative, the Chair drew the Board's attention to the recommendation, which was agreed.

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, agree the grant of £2,004,000 over two years to Do It Now Now CIC as per the terms recommended to the Board by its Grants Committee.

12. DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY*

The Board received a report of the Town Clerk advising the BHE Board of actions 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).

RESOLVED – That the report be noted.

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

There was no other business.

14. 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.

15. NON-PUBLIC MINUTES

RESOLVED – That the non-public minutes of the meeting held on 13 September 2022 be agreed as a correct record.

16. BRIDGE HOUSE ESTATES - OVERARCHING SAFEGUARDING POLICY STATEMENT

The Board considered a report of the BHE Chief Operating Officer.

17. DRAFT BHE SUICIDE PREVENTION ACTION PLAN

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

18. **DELEGATED AUTHORITY REQUEST: APPROVAL OF THE 2021/22 ANNUAL REPORT AND FINANCIAL STATEMENTS**

The Board considered a report of the BHE & Charities Finance Director.

19. **TOWER BRIDGE HALF YEAR BUSINESS PERFORMANCE REPORT - APRIL TO SEPT 2022**

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

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

RESOLVED – That the non-public minutes of the Grants Committee of the BHE Board meeting on 26 September 2022 be noted.

21. **ALLIANCE PARTNERSHIPS - COMIC RELIEF (GLOBAL MAJORITY FUND) (REF: 19551)**

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

22. **INVESTMENTS PERFORMANCE MONITORING TO 30 SEPTEMBER: BRIDGE HOUSE ESTATES***

The Board received a report of the Chamberlain.

23. **BHE - 23 FINSBURY CIRCUS, LONDON, EC2M - GATEWAY 4C**

The Board considered a report of the City Surveyor.

24. **DELEGATED AUTHORITY REQUESTS**

a) **Salisbury House, 77-82 London Wall, EC2 - Delegated Authority Request**

The Board considered a report of the City Surveyor.

b) **BHE - Electra House, 84 Moorgate, London, EC2M - Delegated Authority Request**

The Board considered a report of the City Surveyor.

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

The Board received a report of the City Surveyor.

26. **BHE INVESTMENT PROPERTY: MONITORING REPORT (RENTAL FORECAST, DELEGATED AUTHORITIES AND ARREARS)***

The Board received a report of the City Surveyor.

27. **ORACLE PROPERTY MANAGER (OPN) REPLACEMENT***

The Board received 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.

The meeting ended at 12.29 pm

Chair

**Contact Officer: Joseph Anstee
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Bridge House Estates Board – Outstanding Actions, February 2023

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.	13 September 2022	A report regarding the public protection study on feasible options for physical suicide prevention measures on the five Bridges to be brought to the Board.	Simon Latham/Milly Ehren	February 2023	February 2023	<p><u>Feb 2023</u>: Report presented on today's agenda.</p> <p><i>* To be taken off outstanding action list for next meeting.</i></p>	
2.	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 and new lease over 226 Tower Bridge Road.	Nick Gill/ Karen Atkinson	2022	January 2023	<p>This is now complete.</p> <p><u>Nov 2022</u>: Discussions taken place to agree treatment of lease premiums. Treatment of 226 Tower Bridge Road agreed. Final details for the Adelaide House lease transaction are expected to be available this calendar year.</p> <p><u>Sep 2022</u>: Lease premiums for both properties to be reported to the Board at a future meeting.</p>	

						<i>* To be taken off outstanding action list for next meeting.</i>	
3.	24 November 2021	Review of Transitional Investment Strategy Statement	Karen Atkinson/ Simon Latham	December 2022	-	<u>Feb 2023:</u> The BHE Investments Working Group will consider the ISS on 20 February 2022, with a view to presenting to the BHE Board for decision on 27 March 2023.	

Committee: Bridge House Estates Board	Date: 22 February 2023
Subject: Managing Director's Update Report	Public
Report of: David Farnsworth, Managing Director of BHE	For Decision

Summary

To support the Bridge House Estates Board (“the BHE Board”/ “the Board”) in the discharge of its functions, this regular report provides updates on key areas of activity across the whole charity since the Board last met in November 2022 and outlines upcoming activities for the Board to note. Specifically, the report provides updates on: the business recovery at Tower Bridge and ongoing work on a new long-term development plan for the attraction; funding updates on the Anchor Programme, Bridge Programme, Small Grants Programme, Foundation Practice Rating, LocalMotion and recent cost of living payments; outline plans for the 2nd Funded Organisations Networking and Learning Day; the timetable for recruitment to co-opted Members of the Grants Committee; communications updates on the branding project and new website; and investment updates on the charity’s financial, property and social investments.

The report also outlines a recommendation for the Board to formally appoint Lead Members for Safeguarding, Climate Action and Equity, Diversity and Inclusion.

Recommendations

It is recommended that the BHE Board, in the discharge of functions for the City Corporation as Trustee of BHE and solely in the charity’s best interests:

- i) Note the contents of the report;
- ii) Appoint Lead Members from the Board, for Safeguarding (with current focus on Suicide Prevention), Climate Action, and Equity, Diversity and Inclusion (EDI), plus any additional policy areas deemed appropriate.

Main Report

Bridge Updates

1. Bridge Maintenance – Ongoing maintenance and support of the five Thames bridges continues to progress as part of the 50-year Bridge Maintenance Plan. Officers will be undertaking an in-depth review of the existing 50-year plan for bridge maintenance and of the replacement plans during 2023/24, to ensure that assumptions and timings are robust. The BHE Board will be updated on bridge engineering matters through ongoing reporting to the Board.
2. Bridge Security – A more detailed update on bridge security matters will be provided in the confidential session of today’s meeting.
3. Tower Bridge – The visitor attraction at Tower Bridge has continued to experience positive business recovery in recent months. 56,527 visitors were welcomed in December alone, the significance being that this was the first month which

represented 100% of pre-pandemic visitor numbers (in direct comparison with December 2019). Retail income for November and December combined was £344,764, this positive performance being due in part to the successful run of a pop-up Christmas shop within the South Tower.

4. Officers are currently working on a long-term development plan for the attraction. Whilst still at an early stage, this endeavour provides an exciting opportunity to consider the strategic and physical growth of the existing business at the Bridge (including learning, connecting communities, tourism, events and retail), while also considering new areas for development and engaging with new audiences. The plan will be underpinned by the principle of Tower Bridge embodying the strategic aims and values of the charity in all activities. A report will be submitted to an upcoming meeting of the Board to provide a detailed progress update and an opportunity for Member input.
5. The Bridge's High Voltage overhaul project is due for practical completion in March 2023, with the final section of the project requiring several evening power shutdowns in February and March. A number of major projects will commence following completion, including a Sprinkler system replacement project, for which a decision is sought as part of this meeting's agenda, and refurbishment of the Bridge's hydraulic motors. The full condition report for the Bridge is expected this month, with a subsequent update report to be submitted to the Board.

Funding Updates

6. Anchor Programme – Following the Grants Committee's endorsement of a £20m allocation from the designated grants fund in June 2022, work has continued on the Anchor Programme. The programme aims to support anchor voluntary sector organisations with their long-term sustainability, to deliver systemic change aimed at improving the lives of the most marginalised Londoners. The programme is being led by Khadra Aden and Clara Espinosa, who were recruited internally on fixed-term contracts to be the Anchor Co-Leads. Since the last update, an advisory panel of seven organisations was set up to further develop and co-design the programme. The aim is to launch the first expression of interest stage in April 2023.
7. The Bridge Programme – City Bridge Trust's (CBT) "Funder Plus" offer, the Bridge Programme, connects CBT grant funded organisations with a range of free, non-financial support to help address specific issues they have, whilst enhancing capacity, resilience, and longer-term stability. Areas of support include fundraising and business planning, management systems, HR, and governance. Following the appointment of James Lee to the Bridge Programme and Total Assets Lead in October, a process began to transfer the current administration and future development of the Bridge Programme. Officers have consulted extensively with the current externally contracted administrator of the Bridge Programme to ensure a smooth transition towards CBT hosting all application materials and administrative duties by the end of March 2023.
8. Small Grants Programme – The Small Grants Programme is currently undergoing an internal review. CBT has been delivering a Small Grants Programme in some capacity since 2000, and has always been committed to supporting smaller, grass

roots organisations that form the bedrock of the charity sector. Building on the recent review of Bridging Divides funding criteria in light of the COVID-19 pandemic, a review of the Small Grants Programme will ensure it best serves Londoners in a “post”-pandemic world. The goals of the review are as follows:

- a. Open the Small Grants Programme to a wider variety of organisations,
 - b. Remove barriers associated with accessing funding for small organisations,
 - c. Make it easier for user led organisations to access Small Grants funding,
 - d. Enhance CBT’s reputation as a funder that funds small organisations, and
 - e. Raise our grants decision approval rate (currently 42%, as of December 2022).
9. The review is being carried out by Caspar Cech-Lucas (Small Grants Programme Lead) and will include elements of co-creation with the sector, consultation with other funders, and the views and expertise of the entire CBT team. Recommendations from the review will be presented to the Grants Committee at its June meeting.
10. Foundation Practice Rating – CBT has just received a Foundation Practice Rating (FPR). The FPR, launched in 2021, aims to improve foundations’ practices around diversity, transparency and accountability. It is funded by a group of UK foundations, including CBT, and is led by Friends Provident Foundation. They have commissioned Giving Evidence (<http://www.giving-evidence.com/>), a research and consultancy group, to conduct the research. The FPR scores on three elements; Accountability, Transparency and Diversity. All the foundations funding the work are assessed and rated each year, scored from A (the highest) to D. CBT scored A and A for Accountability and Transparency, and C for Diversity, giving an overall score of B. Having scored lowest on Diversity, officers are now addressing the findings to see where improvements can be made to ensure CBT’s rating can be improved to A.
11. 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. The focus of the BHE contribution to the collaboration is the London Borough of Enfield. Six visits are planned over the coming year to enable each funder to visit different places within the collaboration. CBT are also hosting a ‘lunch and learn’ session for all BHE staff in March to discuss key learning from the first year. Officers will be requesting a session later this year to spend some dedicated time on Local Motion with the BHE Board.
12. Cost of Living – CBT has now distributed £1.2m of funding to support uplifts for over 350 of its grant-holders facing both increased demand and increased costs. BHE is also supporting the sector via a £1m contribution to the London Community Foundation’s Together for London appeal, approved by the Board under delegated authority in December 2022, and it is expected this money will be awarded onwards to over 100 organisations. Officers continue to engage with counterparts in the food, energy and community credit sectors to see what else can be done to support disadvantaged Londoners during this period of prolonged inflation.

13. Propel – Applications to the first round of Propel closed on 9 December 2022. The programme received 600 applications, across three mission areas: Building Strong Communities, Robust Safety Net, and New Deal for Children and Young People. Ultimately, 29 Explore applications and 13 Deliver and Develop applications have been taken forward for full assessment by CBT. Plans for future iterations of the programme are in development, convened by London Funders. Officers remain involved in strategic, communications, and operational working groups to ensure that learning from the first round is suitably incorporated into these plans and that the programme continues to meet the strategic aims of CBT.

Impact & Learning

14. 2nd Funded Organisations Networking and Learning Day, March 2023, Barbican – Following the success of the first in-person Funded Organisations Networking and Learning Day, hosted at Guildhall in April 2022, the Impact and Learning Team are hosting a second event on 20 March 2023. This will be held at the Barbican for up to 180 current grant holders. The day will be as participatory as possible, delivered in line with the Impact & Learning Team’s RIVER principles: Relevant, Interactive, Varied, Empowering and Reviewed. It has been designed to meet the needs of funded organisations, identified through analysis of reporting, case studies and feedback.

15. Paul Martinelli, Chair of the Grants Committee, will introduce the day, and Co-opted Member Jannat Hossain will close. There will be several guest speakers from organisations funded by CBT, and the sessions will be facilitated by the Impact and Learning Team and CBT grant holder, The Media Trust.

16. By the end of the day attendees will have:

- a. Connected with other funded organisations in an inclusive and supportive environment on topics of shared relevance.
- b. Identified at least one workable solution to a challenge they are facing. Planned one action they can take – or one way they can influence others – to implement positive change within or beyond their organisation.
- c. Heard about the additional support CBT can provide (including the Bridge Programme, LEAP volunteering and funding flexibility).

17. This event is a unique opportunity for Members to meet current grant holders and understand their challenges, successes and needs. All Members are invited and encouraged to attend all or part of the day. Please contact Ruth and Donna at Impact@cityoflondon.gov.uk for further information.

Strategy and Governance Updates

18. Co-opted Members – Following the Board’s agreement at the last meeting, officers have progressed recruitment exercises for Co-opted Members of the Grants Committee and the BHE Board, for appointment this year. In advance of the expiration of the terms of the highly effective current Co-opted Members, the recruitment campaign in respect of the Grants Committee vacancies went live on 3 February 2023, with the application period running to 6 March 2023. Links to the

advert and social media posts have been circulated and are copied below. Members are encouraged to share and promote the campaign with any relevant organisations and networks with which they are involved.

- City of London Corporation Website:
https://jobs.cityoflondon.gov.uk/citrentp_webrecruitment/wrd/run/ETREC107GF.open?VACANCY_ID%3d767247Yo8P&WVID=48351134Nh&LANG=USA
- Twitter: <https://twitter.com/CityBridgeTrust/status/1623346243920449536>
- LinkedIn: https://www.linkedin.com/posts/city-bridge-trust_job-profile-activity-7029112206604558336-uKes

19. Similarly, officers have prepared an advert and recruitment literature for the appointment of Co-opted Members to the BHE Board, and are seeking to engage a specialist recruitment consultant, as well as undertaking a regular recruitment campaign, given the particular skillsets sought. The Board will be updated once this recruitment campaign is live.

20. Lead Members – The Board has previously supported the appointment of Lead Members for key policy areas and cross-cutting, important issues, in the interests of increasing Member involvement and empowerment where they have expertise, lived experience or special interest. Initial expressions of interest were sought from Members as the Board’s Lead Member for Safeguarding (with current focus on Suicide Prevention), Climate Action, and Equity, Diversity and Inclusion (EDI). Confirmation of these expressions will be sought with a view to making appointments at today’s meeting, and Members are encouraged to advise the BHE Governance Officer, Joseph Anstee (joseph.anstee@cityoflondongov.uk) ahead of the meeting should they wish to be considered.

21. Governance Review – As is usual practice, the Board and charity’s governance has been monitored and assessed for its effectiveness on an ongoing basis over the course of the year. Ahead of the next civic year, for which the first Board meeting is scheduled for 15 May 2023, a full report on governance arrangements will be brought to the 27 March 2023 meeting, informed by the discussion at the Board’s away day and Member feedback throughout the year. This report will include the annual review of the Board’s terms of reference, in line with wider corporate practice, and recommendations regarding the Board’s Committees.

Communications Update

22. Branding Update - The BHE Board Away Day in October provided an excellent steer in synthesising three distinct designs of brand positions to go into final research before concluding recommendations are made. Flowing from the three agreed names, the new agency, Portland Communications, created corresponding ‘stylescapes’ comprising designs, narratives and straplines to go into testing.

23. Portland has approached 15 ‘warm’ contacts of BHE, from the world of: Engineering, Tower Bridge, the River Community, Funding, Finance, the City of

London, Investments, Politics, Youth Representatives, Equity Organisations and Climate.

24. The London poll and Board and officer on-line surveys will take place in early March. It is anticipated that findings from the research will be ready to share at the March BHE Board meeting. The new brand identity, alongside recommendations on design, narrative, straplines, will be brought to the May Board Meeting for consideration.
25. Website - The new BHE website launched in mid-January, supported by an internal and external promotion. Without doubt it has made the CBT funding and non-financial offer clearer and easier to navigate, and the feedback so far has been overwhelmingly positive. Although it is currently positioned as a CBT website, it has been built as the new BHE website and will be switched over once the branding is finalised.
26. Media Coverage – Since the last Bridge House Estates Board meeting there have been 44 items of media coverage referencing Bridge House Estates, City Bridge Trust and other City Corporation charitable giving. This included a feature on the Blackfriars Bridge refurbishment in Londonist, television interviews with the Deputy Chair on donations to Connect: North Korea and Loughborough Junction Action Group on London Live, an interview with the BHE & Charities Finance Director on Climate Action in Charity Finance and coverage in charity sector media of the launch of the new Propel funding initiative.

Finance Updates

27. 2021/22 Bank Mandate Fraud: Sharing of Internal Audit Report – An update on this matter is provided in the non-public appendix to the report (no financial loss sustained).

Investment Updates

28. Social Investment – The return on the charity's social investments is 2.91% (calculated 8 February 2023) with £10.2m committed, of which £9.4m has been drawn. No new considerations are underway until such time as the charity has agreed a new social impact investment plan, which officers are currently working on, pending confirmation of the Supplemental Royal Charter and approval of the charity's new Investment Strategy Statement. BHE has 15 active social investment commitments, of which five are expected to mature or redeem early this calendar year. The social impact themes currently supported include homelessness, domestic violence, young carers, LGBTQ+ migrants, and adults with learning disabilities. Since the Board's last meeting, the bridging loan to YMCA London City and North has been repaid in full, and investors held a learning session on HCT's recent administration.
29. Financial Investments – A full report on the performance on BHE's financial investment portfolio is provided later on today's agenda.
30. Property Investments – A full report on the performance monitoring of BHE's property investment portfolio is provided later on today's agenda.

Conclusion

31. This report provides a high-level summary of activities across the whole charity's operations and activities since the last Board meeting in November 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 on any of the updates given in this report can be provided to the Board either orally at the meeting, as a written circulation in advance, or as a follow-up action from the meeting.

David Farnsworth

Managing Director of Bridge House Estates

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Committees:	Date:
Bridge House Estates Board Policy and Resources Committee	22 February 2023 23 February 2023
Subject: Retrospective Review of Joint Philanthropy Strategy 2018 - 2023	Public
For BHE, which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?	1, 2 and 3
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to support?	3 and 5
Does this proposal require extra revenue and/or capital spending?	No
Report of: David Farnsworth, Managing Director of Bridge House Estates	For Discussion
Report Author: Fiona Rawes, Philanthropy Director	

Summary

A Joint Philanthropy Strategy was jointly adopted in June 2018 for the City of London Corporation (CoLC) itself, and as Trustee of Bridge House Estates (Registered Charity No. 1035628) in furthering the charity’s ancillary object. It was developed in recognition of the fact that, as noted in Appendix 1, the CoLC undertakes significant philanthropy, whether in its own right or as Trustee of Bridge House Estates (BHE) and that a more strategic approach was required to analyse, cohere and communicate this philanthropy to maximise its impact, as well as ensuring that the CoLC was contributing to, and raising awareness of, high impact and/or high value philanthropic practice more broadly.

This Report provides a review of progress, from April 2021 to date, of the Philanthropy Strategy, having previously updated the Policy & Resources Committee and the City Bridge Trust Grants Committee on progress from June 2018 – March 2021. A summary of findings from that period is set out in Appendix 2.

The Report is the initial milestone in a 6-stage process (see Appendix 3) to review and, if appropriate, renew the Joint Philanthropy Strategy. It concludes that there is much to be proud of across a range of areas including but not limited to:

- £10.5m funding from BHE’s charitable funding arm City Bridge Trust (CBT) to charitable partners who are uniquely focused on raising the quality and scale of philanthropy; and
- increasing oversight and influence of CoLC funding through the work of the Central Grants Unit (CGU) which has led to much greater consistency, efficiency and impact for the funds distributed from the CoLC and the various associated charities which now fall within its purview.

More challenging aspects of implementation have included setting a realistic framework for impact evaluation given the resources available; determining what level of consistency is possible across the different funding streams given variations in resourcing and governance oversight across them; and securing appropriate levels of cross-organisational leadership and championship for the engagement of employee, residential and community volunteers in a post-pandemic world.

The review suggests there are fruitful areas for enquiry in this next phase with key questions likely to include how we do more to cohere and amplify BHE's significant contribution to increasing the quality and scale of philanthropy; whether and how the aspirations of the Joint Strategy align with those of BHE's funding strategy, "Bridging Divides" particularly, taking account of equity considerations; and finally whether it is realistic, in a resource-constrained context to anticipate continued or additional funding from the CoLC to support this work over and above that already committed.

Opportunities for member engagement will be provided in the next stages of the review process which aims to conclude in late Autumn 2023. At that stage recommendations will be brought back to these committees for consideration and decision.

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 reg. no. 1035628) and solely in the charity's best interests:

1. Note and discuss the update on the implementation of the Joint Philanthropy Strategy to date, the process and timings of the strategy review and the encouragement and opportunities for Member Engagement.

It is recommended that the Policy & Resources Committee:

1. Note and discuss the update on the implementation of the Joint Philanthropy Strategy to date; the process and timings of the strategy review and the encouragement and opportunities for Member engagement.

Main Report

Background

1. In June 2018, the Court of Common Council approved a [Joint Philanthropy Strategy](#) (the 'Joint Strategy') for 2018 – 2023. The Joint Strategy was prepared for the CoLC in its general corporate capacity, and as Trustee of BHE (Charity Registration No. 1035628) in furthering the charity's ancillary object.¹ The Joint Strategy encompasses the giving of time, money, assets and skills by individuals, businesses, trusts and foundations and aims, through the work of the CoLC in conjunction with others, to increase the impact, value and profile of philanthropy.
 2. The Joint Strategy has three outcomes:
 - a. High impact philanthropy is role modelled by the CoLC and CBT contributing, in particular, to a reduction in inequality and/or an increase in social mobility.
 - b. Higher impact and/or higher value philanthropy is generated from others as a result of the CoLC and CBTs' support for philanthropic infrastructure.
 - c. Key audiences are better equipped to generate higher impact and/or higher value philanthropy as a result of the CoLC and CBTs' awareness-raising activities about it.
-

3. Unless otherwise stated, all references in this Report and Appendices to the CoLC are to the CoLC acting both in its general corporate capacity and as Trustee of BHE. The principal activities of BHE in furthering the charity's ancillary object in support of the Joint Strategy are being delivered through the charity's funding arm, CBT.
4. A phase 1 implementation plan for the period spanning April 2019 – March 2020 was endorsed by the CBT Committee for BHE in November 2018 and approved by the P&R Committee for both BHE and for itself in February 2019. The plan focused on building a stronger understanding of the CoLC's philanthropic practice, focus and impact, and also laid the foundations for providing greater support for, and awareness-raising of philanthropy externally. Officers planned to use the resulting insights to shape a phase 2 implementation plan for April 2020 – March 2023.
5. A mid-term evaluation (reference at end of report) of the Joint Strategy's implementation was therefore undertaken and presented to the former CBT Committee and to the Policy and Resources Committee in March/April 2021 respectively, and approval to a 2021-2023 implementation plan agreed. Its findings are summarised in Appendix 2. It noted the significant upheavals in philanthropic practice and charitable delivery wrought by covid and made recommendations to:
 - a. further refine and increase the impact of the CoLC's philanthropy, whether in its own capacity or as Trustee of BHE;
 - b. support other organisations who are playing a leading role in increasing the scale and impact of philanthropy more broadly, with a particular focus on cross sectoral collaboration where possible; and
 - c. raise awareness of excellence in philanthropic practice, drawing on our networks, assets and convening power to support this.
6. In November 2022, noting various time-critical internal and external contextual factors, approval was secured from the BHE Board and from the Policy and Resources Committee to extend both the Joint Philanthropy Strategy and the Corporate Volunteering Strategy for a further year. This would enable a combined strategic review to be jointly undertaken and recommendations around the future of both strategies to be developed and made.
7. The timeline of the review process is outlined in Appendix 3 and focuses on the development, testing and costing of proposals for any future iteration of this work with a view to returning to the BHE Board and Policy and Resources Committee with these proposals in late Autumn 2023. Members will be actively engaged as outlined in Appendix 3.

Current position

8. As outlined in the timeline, the first stage of the review process has been to undertake a retrospective review of the strategy against the 2021-2023 implementation plan signed off by the Policy and Resources Committee and the former CBT Committee. This forms the focus of this report, with analysis provided in Appendix 4.

9. The review noted various contextual factors which have impacted the execution of the strategy. These are detailed in Appendix 5.
10. Notwithstanding these factors, there have been a range of positive outcomes for the Joint Strategy which are explored in more detail in Appendix 4 but can be summarised as follows:
 - a. Within BHE, around £10.5m has been funded by CBT to charitable organisations uniquely focused on increasing the quality of giving.
 - b. the increasing oversight and influence of the CGU has led to much greater consistency, efficiency and impact for distribution of the funding of the CoLC and various associated charities which now falls within its purview.
 - c. Of the 59 Charities within the scope of the Corporate Charities Review workstream, the closure/planned closure of 10 charities is complete/underway, as is the merger/planned merger of 27 charities. Governance, policy or administration work is either complete or underway for 22 charities. This means that, collectively, this constitutes a much leaner, more efficient portfolio of charities with improved governance of their philanthropic and other charitable endeavours.
 - d. There has been a deepening of strategic relationships across sectors. So, for example, the GLA, London Councils, London Funders and a range of corporate funders including Bloomberg collaborated on a joint funding initiative during the pandemic, the London Community Response. This provided excellent foundations for the £100m cross sectoral collaboration, 'Propel' which was launched in November 2022.
 - e. The Corporate Volunteering Strategy has (thus far) seen a 97% uplift in employee volunteering in f/year 2022-23 vs f/year 2021-22 as teams and individuals return to the workplace and prioritise the skills-related and wellbeing benefits which volunteering can unlock. More detail is provided in Appendix 6.
 - f. Links between The Lord Mayor's Appeal ("TLMA") and the Philanthropy Team are now much more embedded with the Philanthropy Director attending all TLMA meetings, and collaboration around issues such as due diligence.
 - g. Tactical use has been made of key influencing opportunities. For example, the BHE Chair used his welcome speech to the BHE-funded Beacon Collaborative's Annual Conference of high-net-worth philanthropist and philanthropy advisers at the Guildhall to announce an allocation, from BHE, of up to £30million in the Propel collaboration which has secured £100m from a range of funders to support charities working to support children and young people, shore up advice and guidance, or to strengthen communities.
11. More challenging aspects of implementation of the Joint Strategy are also noted in Appendix 4 but can be summarised as follows:
 - a. Setting a realistic framework for impact evaluation given the resources currently available for this. For example, whilst the CBT funding arm of BHE benefits from a dedicated Impact and Learning Team and an external "learning partner", no such resource is available to the teams engaged in supporting the CoLC's own giving. As a result, there is variable depth of analysis of the impact and quality of different philanthropic workstreams meaning it is difficult to communicate a credible overarching narrative for the Joint strategy.

- b. Securing adequate resourcing from the CoLC to support the CoLC-facing elements of the strategy.
 - c. Securing appropriate levels of cross organisational leadership of, and championship for, the Corporate Volunteering Strategy at a time of considerable change at senior level and more broadly across the organisation.
 - d. Significant questions as to the longer-term viability, in a post-pandemic world, of the discussed charitable colocation project, Philanthropy House, which had been a substantial workstream pre-pandemic.
12. Going forward, as we consider the learning from the first five years of the Joint Strategy and embark on scoping, with members, officers and external bodies, whether and how the Joint Strategy evolves in this next phase, key questions are likely to include:
- a. How we do more to cohere and amplify BHE's contribution to increasing the quality and scale of philanthropy, and exploit its own assets, skills and networks for the benefit of its funded organisations?
 - b. What are the benefits and disbenefits of continuing a joint strategy between BHE and the CoLC?
 - c. How well do the aspirations of the strategy align with those of BHE's overarching strategy, "Bridging London", and with BHE's funding strategy, "Bridging Divides"?
 - d. How do we position our commitment to Philanthropy in a context where there are many broader questions both about the provenance of philanthropic funding and whether it legitimises and perpetuates inequality?
 - e. How can we raise the profile of our volunteering offer as an integral part of our broader employee value proposition? What leadership and engagement do we require to ensure all our volunteers – whether internal or external - have a consistently excellent experience?
 - f. How realistic it is, in a resource-constrained context, to anticipate any continued or additional funding from the CoLC to support this work over and above that already committed?
 - g. How we can better unlock cross sectoral collaboration around philanthropy recognising the unique links enjoyed by BHE and the CoLC with not for profit, commercial and governmental stakeholders?

Corporate and Strategic Implications

13. Strategic implications - For the CoLC in its corporate capacity, the recommendations in the Report support outcomes 3 & 5 of the Corporate Plan and align with and support the recommendations of the CoLC's Social Mobility and Responsible Business Strategies. These objectives are also considered to be aligned to the strategic objectives of BHE, and in the charity's best interests to support. Specific BHE Strategies which are supported by the recommendations in the Report are the charity's overarching strategy, *Bridging London 2020 - 2045* and its charitable funding strategy *Bridging Divides*. Specifically, it supports BHE's aims of being catalytic, sustainable and impact-driven in order to become a charity that is a world-class charitable funder and responsible leader.

14. Financial implications - Current resourcing needs for the financial year 2023/24 are costed into the relevant budgets. The resourcing implications for any future iteration of the strategy will be costed, with headline figures provided at the earliest opportunity to inform relevant Committee deliberations over the summer and incorporated as appropriate into draft budgets for f/y 2024/25 to support member decisions in Autumn 2023 (see Appendix 3).
15. Legal implications - As Trustee for BHE, the CoLC must continue to independently consider and ensure that the adoption of the Joint Strategy and its implementation in furthering the charity's ancillary object remains in the charity's best interests having regard to the charity's primary object (which takes precedence over the ancillary object) and the charity's overarching strategy under which the Joint Philanthropy Strategy sits; and further that any conflicts of interest arising in the CoLC acting for itself, or otherwise as Trustee of BHE, are managed.
16. Risk implications - Appropriate skills, insights and networks are currently being developed across the relevant CoLC Teams to ensure that any risks attaching to the CoLC's philanthropic activity under the Joint Strategy are identified and the appropriate mitigations put in place. In this way the CoLC can ensure that its focus on role modelling high impact philanthropy remains an integral part of the implementation of the Joint Strategy.
17. Equalities and resources implications - The CoLC's Public Sector Equality Duty (PSED) applies to the exercise of the CoLC's local authority functions only. Nonetheless, pillar 1 of the Joint Philanthropy Strategy has an explicit focus on reducing inequality, and many of the initiatives which are supported or amplified under pillars 2 and 3 are also focused on this. The implementation of the Joint Strategy is therefore expected to positively address inequality alongside the CoLC's separate discharge of the PSED.
18. Climate implications - Officers are engaging with the relevant teams within the CoLC to ensure that the philanthropic activities which the CoLC is role modelling, supporting or amplifying are consistent, where relevant, with the aspirations of the Climate Action Strategy.
19. Security implications: None.

Conclusion

20. This report sets out progress made in the last 2 years to fulfil the aspirations of the Joint Philanthropy Strategy. It notes encouraging progress in certain areas, whilst also outlining areas of challenge and some of the contextual factors which may have contributed to them. It sets the foundations for the next stage of the review process by outlining some key strategic questions which have emerged.

Background Reports

- Report to the Policy & Resources Committee and CBT Grants Committee entitled Joint Philanthropy Strategy Implementation – update and future plans, dated 25th March 2021 and 8th April 2021

- Report to the Bridge House Estates Board and Policy & Resources Committee, entitled Approach and Timeline to Redeveloping the Joint Philanthropy Strategy and Corporate Volunteering Strategy, dated 15 November 2022 and 17 November 2022 (Item 6 and 7 respectively).

Appendices

- Appendix 1: Summary of discretionary charitable giving undertaken by the CoLC and BHE 2019-22
- Appendix 2: Summary of findings from 2021 Strategic Review
- Appendix 3: Joint Philanthropy Strategy Review Plan
- Appendix 4: Review of progress against the Joint Philanthropy Strategy Implementation Plan 2021 - 2023
- Appendix 5: Contextual factors which have influenced progress
- Appendix 6: Employee Volunteering Figures

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Appendix 1: Summary of discretionary charitable giving undertaken by the CoLC and BHE 2019-22

	2019-20	2020-21	2021-22
	£m	£m	£m
BHE	30.5	54.7	29.8
CoLC Funding (City's Cash and City's Fund)	20.1	19.3	17.2
Sundry Trust grants/donations/prizes/bursaries	1.2	1.2	2.0
CoLC Benefits in kind	2.0	0.6	1.7
Total	53.7	75.8	50.6

Points to note:

1. The BHE uplift in spend in 20/21 relates principally to its significant contribution to the pan-London collaborative funding response to the Pandemic; the “London Community Response”. Following a post-pandemic strategic review in 2021-22, further significant charitable funding totalling £60m is expected to be distributed by BHE in 2022-23.
2. Notwithstanding significant additional funding provided in 2019/20 and 2020/21 due to covid disruption to other income streams, there has been an overall reduction of CoLC’s charitable giving which includes its funding of the Open Spaces Charities, its enrichment funding in the Education sphere and donations for a range of other purposes eg International Disasters, Homelessness etc. It should be noted that charities are sometimes commissioned by the CoLC to help it fulfil its statutory duties eg in relation to child or adult social care or for cultural provision. Money used for such purposes is not captured in the above totals which relate simply to discretionary charitable giving over and above that expected from the CoLC when divesting its Local Authority function. Giving undertaken through the Community Infrastructure Levy Neighbourhood Fund is also not reflected here for the same reason.
3. The giving undertaken by the Sundry Trusts relates to those registered charities of which the CoLC is the trustee or where the majority or all individual named trustees are related to, and appointed by, the CoLC. Whilst the number of such charities has been reduced over this period as a result of the streamlining undertaken through the Corporate Charities Review, it is encouraging to note that the giving has increased reflecting improved capacity and oversight of the funds in question and the philanthropic imperatives attaching to them.
4. Benefits in Kind offered across the CoLC – e.g. the free or reduced hiring fees for CoLC event space, free accommodation, pro-bono skilled support etc are captured and reported on by the Central Grants Unit each year. Their value decreased during the pandemic as a result of events being cancelled. However there has been a marked bounce back in f/y 2021-22.

Appendix 2: Summary of findings from 2021 Strategic Review

Pillar 1: High impact philanthropy is role modelled by the CoLC and BHE contributing, in particular, to a reduction in inequality and/or an increase in social mobility.

There was encouraging progress in building a more accurate picture of the CoLC's giving, whether in its own right or as trustee of BHE and other grant-making charities. There was also greater consistency of practice between different giving initiatives across the organisation thanks, in no small part, to the efforts of the CGU. Good progress was also made in harnessing the CoLC's expertise, assets and networks in support of BHE's Bridging Divides strategy and building capacity and insight around monitoring and evaluation practice.

More broadly, under this role modelling pillar, CBT played a leading role in a pioneering new collaboration of over 65 institutional, statutory and corporate funders who came together to maximise their collective impact in responding to the pandemic. The resulting 'London Community Response' inspired over £57m to be given out in grants, with investment moving from crisis response at the start of the pandemic, to building towards the recovery and renewal of civil society as the programme progressed. Significant innovations in funding practice resulted, with the associated funders pooling expertise and streamlining processes to accelerate impact. The model has been widely lauded as an exemplar of progressive cross-sectoral funding collaboration, and has provided the foundations for a £100m collaboration, 'Propel', which is orientated towards providing collaborative funding in non-emergency as well as emergency contexts.

Pillar 2: Higher impact and/or higher value philanthropy is generated from others as a result of the CoLC and BHE's support for philanthropic infrastructure organisations.

A range of thoughtful funding partnerships and broader collaborations were explored and developed with organisations as the Beacon Collaborative, London Funders, Heart of the City and London's Giving to enrich the quality and scale of philanthropic funding in London and beyond. During the pandemic, the Philanthropy Director co-chaired the pan-London Funder, Voluntary, Community and Faith sector response which included not only the London Community Response noted above, but also considerable work to harness, cohere and support the significant upsurge in ward-level volunteering as communities came together to help neighbours who were shielding or vulnerable in other ways. It also enabled partners from a range of sectors to work

together to ensure nimble and impactful responses to pandemic-related issues such as food insecurity, domestic violence, homelessness and bereavement. Refinements in harnessing voluntary and in-kind support have resulted, and the insights have served to enrich and enhance the CoLC and BHEs' own philanthropic practice for the longer term and to deepen their relationships with key organisations in this space.

Whilst considerable work had been undertaken with partners, under this Pillar, to develop a potential charitable co-location workspace for organisations focused on improving Philanthropy, this work was disrupted by the pandemic and has since been paused.

Pillar 3: Key audiences are better equipped to generate higher impact and/or higher value philanthropy as a result of the CoLC and BHE's awareness-raising activities about it

Work under this pillar was, of necessity, emergent whilst BHE recruited and onboarded the Director of Charitable Communications who, in turn, helped to shape and develop the BHE Impact and Learning Team. However, there was encouraging progress resulting from CBT's funding of a number of infrastructure bodies which increase and amplify understanding of what drives effective philanthropy such as London Funders, the London's Giving initiative, the Beacon Collaborative and London Plus.

The CGU deepened its oversight and expertise to support colleagues across the CoLC, as well as other CoLC grant-making charities, to ensure their grant-making was as impactful as possible and their administration effective and efficient. The Head of the CGU also played an active role in learning from and sharing best practice with Borough Grants Officers and both he and the Social Investment Director were in regular contact with Livery Grants and Social Investment Officers to ensure that opportunities to reinforce and amplify one another's work were exploited as actively as possible.

More broadly, 'City Giving Day', an initiative of the Lord Mayor's Appeal to celebrate and amplify the scale and breadth of Corporate Giving and volunteering across the capital started to provide a compelling blueprint for equivalent celebrations in other cities across the UK.

Finally, through their engagement in the Pan-London Covid Response work, Officers and Members reflected on, and contributed to, awareness-raising discussions hosted by organisations such as the Association of Charitable Foundations, the GLA and London Funders around how philanthropic practice was positively evolving as a result of the disruption wrought through the pandemic.

Appendix 3: Joint Philanthropy Strategy Review plan

- **Stage 1: Review (November 2022 – February 2023):** Evaluate the successes/challenges of the Joint Philanthropy Strategy, engaging with key stakeholders. Identify synergies with learnings already generated through Corporate Volunteering Strategy implementation.
- **Stage 2: Plan (February – April 2023):** Note the external and internal operating context and identify, with external support where appropriate, the associated opportunities. Undertake initial testing, with clear opportunities for member engagement. Dovetail with engagement on volunteering, where appropriate, and identify synergies with new learnings generated through ongoing implementation and engagement on Corporate Volunteering Strategy.
- **Stage 3: Develop (May - June 23):** Refine, shape and cost options for the future iteration of these Strategies, recognising key impact areas in common between them.
- **Stage 4: Consult (July – September 2023):** Consult on options for both Philanthropy and Volunteering with key stakeholders including additional opportunities for Member engagement.
- **Stage 5: Governance (October – November 23):** Synthesise findings into recommendations for the future shape of Philanthropy and Volunteering for review and approval as appropriate by the relevant committees.
- **Stage 6: Implementation (December 2023 – March 2024):** Prepare for implementation.

Appendix 4: Review of progress against the Joint Philanthropy Strategy Implementation Plan 2021 - 2023

	Rag Rating	Comment
Pillar 1: Role Modelling high impact philanthropy ourselves		
1.1 Continue work to develop a more accurate annual appraisal of the amount that we give in cash, kind, assets and skills. Agree key messages to share through our communications channels. (Chamberlain's, Communications)	(G)	Good progress has been made on this, with analysis of funding, benefits in kind and volunteering inputs being produced across BHE and the CoLC on an annual basis. Refreshed figures, to include f/y 2022/23, will be available by Autumn 2023.
1.2 Make recommendations for developing a deeper community of practice across the CoLC in relation to how we give and, in particular, how we assess, communicate and ensure consistency of scrutiny of the impact of our giving. Bring forward recommendations to Members in respect of appropriate governance oversight at the appropriate juncture.	(A)	The Central Grants Unit (CGU) has made excellent progress in ensuring greater community of practice across the eight CoLC charitable funds which it manages directly and it plays an active role in supporting and influencing giving practice relating to a range of other funds alongside. However, impact analysis is limited to reporting from the funded organisations themselves with no resourcing to enable independent analysis of the successes of particular funding initiatives or across the funding portfolio as a whole. Beyond the charitable funds within the purview of the CGU, it is not clear how much focus there is on impact measurement. Within a highly cost-constrained environment within CoLC, it has not felt expedient to pursue additional funding to enable this.
1.3 Support the implementation of any resulting changes.	(A)	See above.
1.4 Implement the recommendations resulting from the Corporate Charities Review in order to ensure that the corporate charities,	(G)	This very complex work is progressing effectively. Of the 59 Charities within the scope of the Corporate Charities Review workstream, the closure/planned closure of 10 charities is complete/underway, as is the merger/planned merger of 27 charities. Governance, policy or administration work is either complete or underway for 22

including those with grant-making activities, are well managed and governed and achieve maximum impact for their beneficiaries.		charities. This means that, collectively, this constitutes a much leaner, more efficient portfolio of charities with improved governance of their philanthropic and other charitable endeavours. Dedicated funding has now been secured for f/y 2023-24 and 2024-25 to provide support to the review of the Open Spaces Charities.
1.5 Further develop the work to enable more systematic linkages between the networks, assets and expertise of the City Corporation and BHE's <i>Bridging Divides</i> strategy (e.g. through the BHE Strategic Review, the launch of the revised Employee Volunteering Programme etc.)	(A)	The Corporate Volunteering Manager has worked hard to forge deeper links between employee volunteers from the CoLC and BHE's funded organisations and seen a 97% uplift in engagement in f/y 2022-23 compared to f/y 2021-22. Furthermore, dedicated resourcing has been provided by BHE in the later part of f/y 2022-23 to scope deeper connections between the CoLC and its work. However contextual factors relating to resourcing and capacity within the CoLC mean that the potential of this area is still not yet fully understood or exploited.
Pillar 2 : Supporting high impact and/or high value philanthropy by others		
2.1 Maximise the impact of existing philanthropy-focused partnerships funded by the CoLC and CBT to ensure that limited resources are utilised effectively	(G)	Funding of at least £10.5m has been given by BHE from 2018-23 via its charitable funding arm, CBT, to organisations which are uniquely focused on raising the quality and scale of giving whether of time, assets, money or skills. Whilst there are monitoring mechanisms in place for all these partnerships, no attempt has yet been made to assess their efficacy in the round and to surface particular learning points. However, impact analysis of the London's Giving Strategic initiative, which has absorbed the lion's share of this funding has been undertaken on an annual basis.
2.2 Scope and develop future philanthropy-focused partnerships and collaborations for approval (not least those with a cross-sector focus, recognising the unique access the CoLC enjoys to business,	(G)	As part of BHE's uplift in spend, funding of £7m was allocated in f/year 21-22 to further develop the flagship London's Giving programme. This enables Giving Schemes at borough level to develop programmes of engagement with residents, businesses and the council to increase resourcing and develop solutions to key social issues within their locality. A large range of applications have been received and approved. Further investment in infrastructure to accelerate collaboration and

government and civil society partners.)		<p>impact across the Giving Schemes will be reviewed by the BHE Board and Grants Committee in the coming months.</p> <p>Further significant investment has also been made by BHE in various funder collaborations which are focused not only on achieving positive social outcomes but which are also designed to disrupt, test and improve funder practice. In some of these instances, BHE's funding has catalysed additional investment from other funders, not least its allocation of £30m in support of £100m cross-sectoral partnership Propel (building on its earlier £25m investment in the London Community Response). Other progressive funding commitments include BHE's £20m allocation to the Anchor Fund and the onward grantmaking support it has offered, through its £18m funding allocations for its 'Alliance Partnerships' portfolio to organisations such as Trust for London, the Baobab Foundation and Rosa who have particular reach into, and expertise in funding themes or communities which are aligned to BHE's strategy but additional to its reach.</p>
2.3 Continue to scope and develop the co-location project as appropriate	(R)	Progress on this has halted whilst the co-location market settles post pandemic and we have a more robust understanding of potential tenant demands and office configuration norms to underpin any revised business modelling.
2.4 Deepen our understanding of what CoLC philanthropy has leveraged – both from within CBT and beyond it.	(G)	BHE has mechanisms in place to interrogate this. 93% of its funded organisations agree that CBT's funding has either a positive or strongly positive effect on its fundraising from other organisations. The CGU also collects this information as part of its grant monitoring across its different funds.
Pillar 3: Raising awareness of higher impact/higher value philanthropy through convening, research, thought leadership etc		
3.1 Reflect on the CoLC and CBT's learning around Philanthropy and determine what it would be useful to share, with whom, by when and the optimal platforms for doing so	(A)	With a dedicated Impact and Learning Team in CBT, together with increased Communications resourcing within BHE, there has been more scope to communicate learning amassed through particular investments not least through the London Community Response and through Propel. Both of these have had good independent learning and evaluation partners in place so there is (or will be) robust learning in place to amplify. BHE has also worked smartly with particular funding partners eg the Beacon Collaborative to use their annual HNW Philanthropy

		<p>conference as a platform to communicate key elements of CBT's funding practice to an influential audience and announce new developments. Nevertheless, more could be done on this front.</p> <p>There is no dedicated impact and learning or communications capacity in the CGU. Opportunities to amplify learning from their oversight of CoLC giving is therefore more limited. However we have found that CGU work has been well received by Aldermen/Members who have looked to use central resources to promote it e.g. ensuring that new Emanuel Hospital grants are on COL twitter feed etc.</p>
3.2 Identify other players in the philanthropy space who can complement, amplify and/or challenge CoLC/BHE perspectives and build/deepen partnerships with them	(G)	<p>Through its Alliance Partnerships, BHE has collaborated with other funders who are expert in areas which align with BHE's strategies but have additional reach. These partnerships have helped to amplify the needs of particular communities. There has also been much scope for challenge, learning and communication through other philanthropic collaborations undertaken by BHE including through the Cornerstone Fund, Local Motion and the Anchors Programme.</p> <p>The Philanthropy Director has worked closely with The Lord Mayor's Appeal team who have particularly strong links into the Corporate sector and has provided support around good governance, communications, due diligence and monitoring and evaluation considerations.</p>
3.3 Commission and publicise research as appropriate around under-explored/under-exploited areas of Philanthropy	(R)	<p>This has not been prioritised in this period owing to competing demands on the Philanthropy Director's time. This is a potential area of enquiry for the f/y 2023-24 as part of the strategic review of the strategy.</p>
3.4 Use CoLC convening power to amplify other voices and organisations in the Philanthropy arena, including via the LM, Sheriffs and other Aldermen and Members as appropriate.	(G)	<p>Creative use has been made of the CoLC assets and convening power to amplify other voices and organisations. For example, the Beacon Fellowship, which is funded by BHE, has held its two annual conferences for over 150 HNW philanthropists and specialist providers at the Guildhall. The crypts have been used to host the annual impact and learning day over 150 of BHE's funding partners. Furthermore, Tower Bridge has been used twice in the last year to host key influencers and partners (through BHE's annual dinner) and a range of its funded organisations in September 2022. CoLC assets have also been used to amplify</p>

		<p>particular issues. For example, the Old Bailey was used to launch a research around potential improvements in the court system when supporting victims of violence against women and girls, and the Judges have hosted lunched for two charities specialising in this issue or in the issue of young carers.</p>
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Appendix 5: Contextual factors

A range of contextual factors have influenced progress with the strategy. These include:

1. The impact of the Covid-19 Pandemic followed by Cost-of-Living pressures, both of which have constrained capacity both internally and externally to focus on meeting the demands of the strategy vs other charitable priorities;
2. Significant political and executive-level leadership changes within the CoLC as the recommendations of the Fundamental Review have been worked through and implemented within a context of financial challenge. These have impacted the organisational bandwidth, leadership and resourcing to fully achieve the ambitions of both the Joint Philanthropy Strategy and the Corporate Volunteering Strategy;
3. Significant changes within BHE itself as the governance has embedded and early-stage work to generate a 'one charity' culture has been initiated. Whilst there is much within the BHE context which has helped to support the ambitions of the strategy, there have nevertheless been a number of other big-ticket items which have absorbed capacity at senior level across the charity including recruiting and onboarding the senior team, the Bridging Divides Interim review and work to reshape the BHE Brand and CBT website; and
4. Much greater external focus and attention on the legitimacy of Philanthropy per se including debate around the provenance of philanthropic wealth (including but not limited to its links to colonialism); the role Philanthropy may play in perpetuating inequality; and the need to reshape funding practice to divest much greater power into the hands of communities who have traditionally been most marginalised from participation. These have led to a re-evaluation, within BHE, of its funding strategy and ways of working and are likely to be very pertinent factors as we consider the future shape of the Joint Strategy in this next phase.

Appendix 6 - Employee Volunteering Figures

F/Y dates	Total volunteer head count**	Total volunteer hours**	% increase/ (decrease) in hours	Context notes
2019-2020	97	833		May 2019 - CVM role in place Data reflects employee volunteering captured (inadequately) on City People March 2020 - 1st Covid national lockdown began
2020-2021	30	282	(66%)	April-June 2020 - 1st Covid national lockdown continued Nov-Dec 2020 - 2nd Covid national lockdown Nov 2020 - soft launch of LEAP, the Corporation's Employee Volunteering Programme supported by an online 'shop window' of volunteering opportunities. Jan-March 2021 - 3rd Covid national lockdown
2021-2022	111	1013	322% increase on 20/21 22% increase on 19/20	June 2021 - LEAP formally launched in Volunteer's Week
2022-2023 (Q1-Q3)	193	1999	97% increase on 21/22 already	This data is for Q1 – Q3

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Agenda Item 7

Committee: Financial Investment Board Finance Committee * Bridge House Estates Board	Date: 17 February 2023 21 February 2023 22 February 2023
Subject: Treasury Management Strategy Statement and Annual Investment Strategy 2023/24	Public
Report of: The Chamberlain	For Decision
Report author: Kate Limna – Chamberlain's Department	

** This report is for information for the Finance Committee. The Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 is included as an appendix to the City Fund 2023/24 Budget report, which will be for approval.*

Summary

The attached document sets out the City Corporation's Treasury Management Strategy Statement and Annual Investment Strategy (TMSS) for 2023/24. The Treasury Management Strategy and Annual Investment Statement for 2023/24 has been updated taking account of the latest information concerning the organisation's capital plans and external factors, such as the prospects for interest rates.

The document includes various Treasury and Prudential Indicators required to be set for the City Fund to ensure that the Corporation's capital investment plans are affordable, prudent and sustainable and to help the organisation identify and control the risks around its treasury management activity.

As has historically been the case, this report covers the treasury management activity carried out across the organisation, including in respect of City's Cash and Bridge House Estates. As City's Cash borrowing is not covered by the regulatory framework established for local authorities, the City has adopted its own formal policy in 2018/19 via the City's Cash Borrowing Policy Statement which is included in the TMSS at Appendix 8.

The main proposals within the document are incorporated within the separate report entitled "City Fund 2023/24 Budget" being considered by the Finance Committee on 21 February 2023 and by the Court of Common Council on 9 March 2023.

Responsibility for approving the Corporation's borrowing plans remains with the Court of Common Council, not the Financial Investment Board.

The Bridge House Estates Board is responsible for approving the TMSS on behalf of the Bridge House Estates. The Charity does not currently have borrowing powers and thus the most relevant section for the BHE Board is section 5, of the Annual Investment Strategy, which sets out how surplus cash balances will be managed in the forthcoming year (it does not apply to the Charity's longer term investments which are subject to the BHE Investment Strategy Statement). By adopting in the Corporation's treasury management policies, the BHE Board can ensure that treasury risks associated with the Charity's surplus cash balances are managed efficiently and effectively.

The key areas to highlight are:

Changes to the Treasury Management and Prudential Codes

CIPFA published revised versions of the Treasury Management Code of Practice and the Prudential Code for Capital Finance in Local Authorities on 20th December 2021.

The revised Codes make several changes as detailed at sections 1.4 and 9 of the TMS, including:-

- i) an explicit ban on borrowing to invest primarily for financial return;
- ii) the adoption of a new liability benchmark treasury indicator; as well as
- iii) other revisions to key definitions and reporting requirements, including the requirement of the Chief Finance Officer to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly as part of the authority's integrated revenue, capital and balance sheet monitoring; and
- iv) to maintain a formal and comprehensive knowledge and skills or training policy for those responsible for the scrutiny of treasury management.

Capital financing and borrowing

- The Corporation's capital plans create a borrowing requirement across both the City Fund and City's Cash. City's Cash has partially addressed this borrowing requirement through the issuance of £450m market debt in recent years.
- The City Fund borrowing requirement is expected to increase to £276.2m and £299.8m by 2024/25 and 2025/26 respectively. For the City Fund, there is no immediate requirement to take on external borrowing as it is expected that the City Fund can continue to temporarily use its own cash balances (internal borrowing) for the foreseeable future. Any new external borrowing would serve to increase cash balances and create additional revenue pressures through a "cost of carry", as the rate payable on external borrowing is higher than the interest receivable from treasury management investment activity. Therefore, the proposed treasury management strategy recommends that the City Fund borrowing requirement is managed through the prudent use of internal resources during 2023/24.
- The benefits of this strategy (lower financing costs and reduced counterparty risk) need to be carefully evaluated against the risk of incurring higher borrowing costs in future. Interest rates are expected to reach a peak of 4.5% by June 2023, and incrementally reduce to 2.5% by September 2025 as inflationary pressures subside. However, there is uncertainty surrounding the forecast, particularly around the timing of the Bank of England's decision on interest rate reductions, reduced too soon and inflationary pressures may well build up further, but reduced too late and any downturn or recession may be prolonged. Interest rates are monitored daily and should circumstances change, the Chamberlain will maintain the flexibility to meet some or all of the City Fund borrowing requirement through external borrowing. As such the operational boundary and authorised limit for external debt (Appendix 2 of the TMSS) have been revised to enable the Corporation to secure external debt to meet some or all of the borrowing requirement.

- Local authorities are legally required to set aside a prudent amount for the provision of the repayment of prudential borrowing from revenue each year. It should be noted that this requirement applies for all unfunded City Fund capital expenditure (i.e. spending that is not immediately financed through capital grants, capital receipts etc.) not just for actual external borrowing. The Minimum Revenue Provision (MRP) Policy Statement for 2023/24 sets out this policy for the forthcoming year and is included at Appendix 2 in the TMSS.

Investments

- As at 31 December 2022, the Corporation has “cash” balances totalling £1,252.5m the majority invested in money market funds and fixed income instruments. Cash is expected to decrease in 2023/24 as the Corporation progresses spending on the major projects programme. Most of the treasury cash balances pertain to the City Fund and comprise of liabilities on City Fund’s balance sheet (cash that needs to be paid out to third parties or used for a specific purpose at some point in the future) together with cash backed reserves.
- The Corporation currently manages significant short term investment balances. Although these balances are expected to decline in the next few years as the capital programme progresses, a significant level of core cash will persist for the next ten years based on current financial plans. One of the most acute challenges within the treasury management strategy is preventing the gradual erosion of the real value of these long-term cash balances from the effects of inflation. This is particularly important in the current external environment which is characterised by relatively high inflation and low investment returns (by historical standards).
- It is proposed that the City continues to be prepared to lend monies for up to three years’ duration based on risk assessments for each opportunity undertaken by Treasury Officers and discussed with the Chamberlain. No changes to the Corporation’s creditworthiness policy (as set out in section 5 of the TMSS) are proposed. Officers judge that the current criteria allow the Corporation to achieve adequate diversification amongst a range of high-quality counterparties.

The main changes to the document from last year’s version are highlighted in yellow and underlined.

Recommendations

It is recommended that the **Financial Investment Board** reviews and approves the attached Treasury Management Strategy Statement and Annual Investment Strategy for 2023/24, and submits it to the Finance Committee and the Court of Common Council as part of the City Fund 2023/24 Budget Report for formal adoption.

It is recommended that the **Bridge House Estates Board** reviews and approves the Treasury Management Strategy Statement and Annual Investment Strategy for 2023/24 on behalf of Bridge House Estates.

Appendix (for Finance Committee this appendix is within the City Fund 2023/24 Budget report).

- Treasury Management Strategy Statement and Annual Investment Strategy 2023/24

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TREASURY MANAGEMENT STRATEGY STATEMENT

AND

ANNUAL INVESTMENT STRATEGY

2023/24

Issue Date: 17/02/2023

Agreed by Court of Common Council: XX/0XX/2023

Treasury Management Strategy Statement and Annual Investment Strategy **2023/24**

1. Introduction

1.1. Background

The City of London Corporation (the City) is required in its local authority capacity to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the City's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of capital expenditure plans. These capital plans provide a guide to the borrowing needs of the City, essentially the longer-term cash flow planning, to ensure that the organisation can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans where permitted for individual Funds of the City, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

1.2. The Treasury Management Policy Statement

The City defines its treasury management activities as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The City regards the security of its financial investments through the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The City acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.3. Reporting Requirements

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by the Court of Common Council (the Court) on 3 March 2010, and is applied to all Funds held by the City. **There have been subsequent revisions to the codes in 2017 and 2021.**

The primary requirements of the Code are as follows:

- (i) The City of London Corporation will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- (ii) This organisation will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- (iii) The Court of Common Council delegates responsibility for the implementation and regular monitoring of its treasury management policies to the Finance Committee and the Financial Investment Board **with the Bridge House Estates Board having responsibility on behalf of the charity;** the execution and administration of treasury management decisions is delegated to the Chamberlain, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (iv) The Court of Common Council nominates the Audit and Risk Management Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

The CIPFA **2021** Prudential Code for Capital Finance in Local Authorities and Treasury Management Code of Practice require all local authorities to prepare a capital strategy. The capital strategy provides a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services as well as an overview of how the associated risk is managed and the implications for future financial sustainability. The Treasury Management Strategy Statement is reported separately from the Capital Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles from the policy and commercial investments usually driven by expenditure on an asset. It is considered good practice by the City to include all of its Funds within these strategies.

1.4. Recent changes to the CIPFA Treasury Management and Prudential Codes

CIPFA published revised versions of both the Treasury Management Code of Practice and the Prudential Code for Capital Finance in Local Authorities on 20 December 2021.

The revised Treasury Management Code **requires all investments and investment income to be attributed to one of the following three purposes:-**

- All investments and investment income must be categorised into one of three types:

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a local authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code will require an authority to implement the following: -

1. **Adopt a new liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; the authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year, and the following two financial years as a minimum; this is to be shown in chart form, with material differences between the liability benchmark and actual loans to be explained;
2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;

4. **Amendment to the knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;
5. **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;
6. **Environmental, social and governance (ESG) issues** to be addressed within an authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are:

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

An authority's Capital Strategy or Annual Investment Strategy should include:

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;
2. An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);

3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);
6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return;

As this Treasury Management Strategy Statement and Annual Investment Strategy deals **solely** with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.

Furthermore it should be noted that any new requirements are mandatory for the City Fund only.

1.5. Treasury Management Strategy for 2023/24

The Local Government Act 2003 (the Act) and supporting regulations require the City to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the City's capital investment plans are affordable, prudent and sustainable. The City's Prudential Indicators are set in its annual Budget Report and Medium-Term Financial Strategy, while Treasury Indicators are established in this report (Appendix 2).

The Act requires the Court of Common Council to set out its treasury strategy for borrowing (section 4 of this report) and to prepare an Annual Investment Strategy (section 5 of this report). The Investment Strategy sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2023/24 in respect of the required aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the City's treasury adviser, Link Asset Services, Treasury Solutions.

The strategy covers:

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy
- the current treasury position

- treasury indicators which limit the treasury risk and activities of the City
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the DLUHC MRP Guidance, the CIPFA Treasury Management Code and the DLUHC Investment Guidance.

1.6. Current Portfolio Position

The City's treasury portfolio position at 31 December 2022 compared to the position at 31 March 2022 comprised:

Table 1: Treasury Portfolio				
	Actual 31/03/2022		Current 31/12/2022	
Treasury investments	£m	%	£m	%
Banks	£765.0	63%	£795.0	63%
Building societies (rated)	£40.0	3%	£20.0	2%
Local authorities	£0.0	0%	£0.0	0%
Liquidity funds	£127.5	10%	£151.2	12%
Ultra-short dated bond funds	£137.1	11%	£137.9	11%
Short dated bond funds	£156.4	13%	£148.5	12%
Total treasury investments	£1,226.0	100%	£1,252.5	100%
Treasury external borrowing				
LT market debt (City's Cash)	£450.0	100%	£450.0	100%
Total external borrowing	£450.0	100%	£450.0	100%

2. Capital Expenditure Plans and Prudential Indicators

2.1. City Fund

The City's capital expenditure plans are a key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

The City's capital expenditure plans in respect of its local authority functions (the City Fund) are detailed in the 2023/24 Budget Report and Medium-Term Financial Strategy, which also contains the City's Prudential Indicators. The Prudential Indicators summarise the City Fund's annual capital expenditure and financing plans for the medium term.

Estimate of Capital Expenditure and Financing (City Fund)

Table 2	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Capital Expenditure:					
Non-HRA	106.5	138.1	371.3	414.3	208.4
HRA	24.8	20.7	72.9	54.7	10.6
Total	131.3	158.8	444.2	469.0	219.0
	↓	↓	↓	↓	↓
Financed by:					
Capital grants	39.6	50.7	167.6	188.7	142.5
Capital reserves	46.9	15.5	48.7	227.5	44.8
Revenue	10.3	86.1	69.9	29.0	8.0
Total	96.8	152.3	286.2	445.2	195.3
	↓	↓	↓	↓	↓
Net financing need:	34.5	6.5	158.0	23.8	23.7

The Prudential Indicators also establish the City Fund's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the City Fund's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource (the net financing need in Table 2), will increase the CFR.

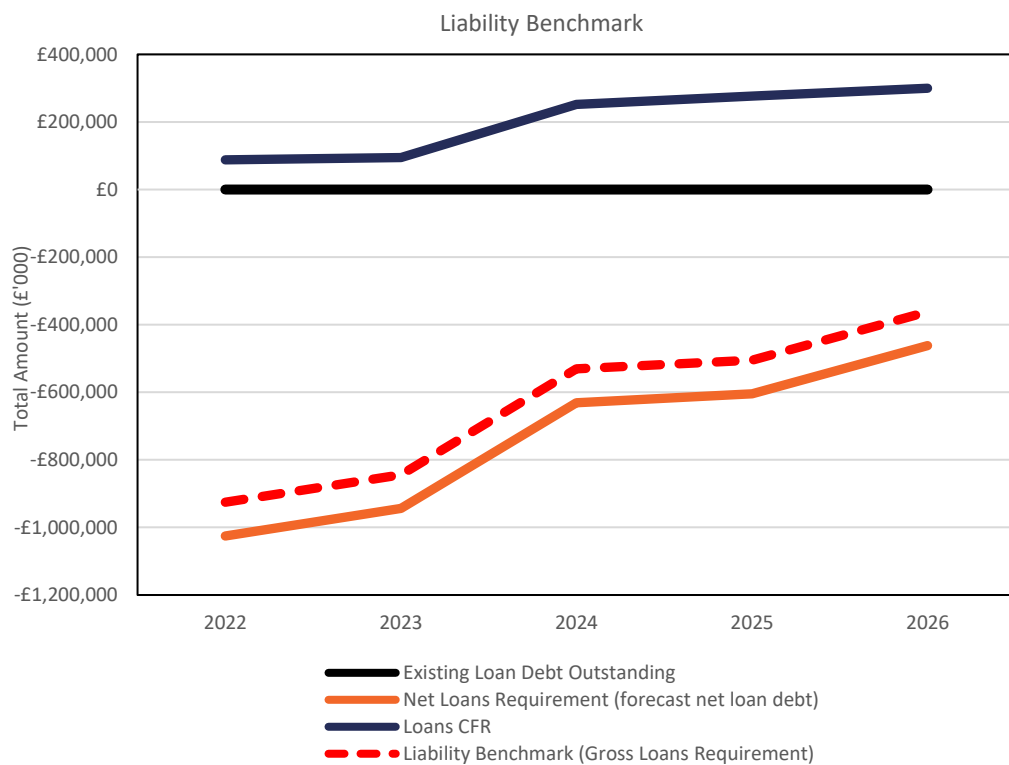
Estimate of the Capital Financing Requirement (City Fund)

Table 3	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Non-HRA	87.9	94.1	238.9	272.0	299.8
HRA	0	0.3	13.5	4.2	0
Total	87.9	94.3	252.4	276.2	299.8

A new prudential indicator for 2023/24 is the Liability Benchmark. The City is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. The prudential indicator for the liability benchmark is only relevant for City Fund, and therefore does not include City's Cash external borrowing.

There are four components to the Liability Benchmark which should be represented in a chart. These are:

1. **Existing Loan Debt Outstanding:** The City's existing loans that are outstanding into future years. This City Fund currently has no external loans, so this will not need to be shown.
2. **Loans Capital Financing Requirement:** calculated in accordance with the Prudential Code and projected into the future based on approved prudential borrowing and planned Minimum Revenue Provision.
3. **Net Loans Requirement:** The City Fund gross loan debt less treasury management investments, projected into the future and based on approved prudential borrowing, planned MRP and any other major cash flow forecasts. As the City plans to not undertake external borrowing the net loan requirement is shown as a negative and plots the expected cash balances across the years.
4. **Liability benchmark (or Gross Loans Requirement):** equals Net Loans Requirement plus a short-term liquidity allowance to allow for a level of excess cash to provide liquidity if needed.



Minimum Revenue Provision (City Fund)

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The City's MRP Policy is detailed in Appendix 2.

2.2. City's Cash

As with the City Fund, any capital expenditure incurred by City's Cash which has not immediately been paid for through a revenue or capital resource, will increase the City's Cash borrowing requirement. The medium term financial plan for City's Cash includes an increase in capital expenditure in the coming years, primarily relating to the major projects programme. All projected capital expenditure in 2023/24 will be financed from the existing £450m stock of debt or other sources. Table 3 summarises the planned City's Cash borrowing over the next few years.

Table 4	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Borrowing	£250m	£450m	£450m	£450m	£450m

A debt financing strategy will be established to ensure borrowing for City's Cash is reduced gradually over time as set out in the City's Cash Borrowing Policy Statement (Appendix 8).

2.3. Bridge House Estates

The Bridge House Estates' financial plans focus on the charity's primary object, namely the support and maintenance of the five Thames bridges that the charity owns, alongside their future replacement. Any surplus income each year is available for its ancillary purposes, namely charitable funding undertaken in the name of the City Bridge Trust. The charity's revenue expenditure plans over the short and medium term are currently funded from ongoing income and the returns on investments held within the unrestricted income fund. Capital spend on the charity's investment property portfolio is funded from the designated sales pool held within the permanent endowment fund, with receipts from disposals or lease premiums which are deemed to be capital in nature being available for this. The current governing documents for BHE do not include powers to access the gains on investments held within the endowment fund, nor to undertake borrowing. The charity is anticipating approval of its Supplemental Royal Charter during early 2023, which will amend these powers and provide the power to adopt total return investment for the permanent endowment fund. This strategy will reflect these new powers once in place.

2.4. Treasury Indicators for 2023/24 – 2025/26

Treasury Indicators (as set out in Appendix 2) are relevant for the purposes of setting an integrated treasury management strategy.

3. Prospects for Interest Rates

The City of London has appointed Link Asset Services (Link) as its treasury advisor and part of their service is to assist the City to formulate a view on interest rates. Appendix 1 draws together a number of forecasts for both short term (Bank Rate – also known as “the Bank of England base rate”) and longer term interest rates. The following table and accompanying text below gives the Link central view.

	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 years	25 year	50 year
Mar 2023	4.25	4.00	4.20	4.60	4.30
Jun 2023	4.50	4.00	4.20	4.60	4.30
Sep 2023	4.50	3.90	4.10	4.40	4.20
Dec 2023	4.25	3.80	4.00	4.30	4.10
Mar 2024	4.00	3.70	3.90	4.20	3.90
Jun 2024	3.75	3.60	3.80	4.10	3.80
Sep 2024	3.25	3.50	3.60	3.90	3.60
Dec 2024	3.00	3.40	3.50	3.80	3.60
Mar 2025	2.75	3.30	3.50	3.70	3.40
Jun 2025	2.75	3.20	3.40	3.60	3.30
Sep 2025	2.50	3.10	3.30	3.50	3.20
Dec 2025	2.50	3.10	3.30	3.40	3.20
Mar 2026	2.50	3.10	3.20	3.40	3.10

Link's central forecast for interest rates was updated on 07 February 2023 and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government's continuing policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase further than 4.5%. The Bank Rate stands at 4.0% currently and is expected to reach a peak of 4.5% by June 2023.

Further down the road, Link anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

PWLB rates yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.75%. Link's view is that markets as have built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

3.1. The balance of risks to the UK economy

The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate).

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates:

- **The Bank of England** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- **The pound** weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury** yields rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and Quantitative tightening**, could be too much for the markets to comfortably digest without higher yields consequently.

3.2. Investment and borrowing rates

- Investment returns are **expected remain elevated, against recent historical rates, in 2023/24**. However, actual economic circumstances may see the MPC fall short of these expectations.
- **Links's long-term, i.e. beyond 10 years, forecast for Bank Rate stands at 2.5%, and as all PWLB certainty rates are currently above this level, borrowing strategies need to be carefully reviewed. Temporary borrowing rates are likely, however, to remain near Bank Rate and may prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.**
- Borrowing rates have also been impacted by changes in Government policy. In November 2020, the Chancellor introduced a prohibition to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme.
- Because borrowing rates are generally expected to be higher than investment rates, any new borrowing undertaken by the City will have a “cost of carry” (the difference between higher borrowing costs and low investment returns) to any new borrowing that causes a temporary increase in cash balances.

3.3. Interest Rate Exposure

The City is required to set out how it intends to manage interest rate exposure.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in

accordance with the amounts provided in its budgetary arrangements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

4. **Borrowing Strategy**

The borrowing strategy is developed from the capital plans and prospect for interest rates outlined in sections 2 and 3 above, respectively.

For both the City Fund and City's Cash, the capital expenditure plans create borrowing requirements and the borrowing strategy aims to make sure that sufficient cash is available to ensure the delivery of the City's capital programme as planned. Bridge House Estates, as stated in section 2.3, does not currently hold the power to borrow.

The City can choose to manage the borrowing requirements through obtaining external debt from a variety of sources; through the temporary use of its own cash resources ("internal borrowing"); or via a combination of these methods.

4.1. **City Fund**

The City Fund has a positive Capital Financing Requirement, and this is expected to grow over the next few years (see table 2 above). As the City Fund currently has no external debt, it is therefore maintaining an under-borrowed position which is forecast to increase if the City Fund does not acquire external debt. This means that the capital borrowing need is being managed within internal resources, i.e. cash supporting the City Fund's reserves, balances and cash flow is being used as a temporary measure. This strategy is prudent because it helps the City Fund to minimise borrowing costs in the near term and because it leads to lower investment balances which reduces counterparty risk. Against these advantages the City is conscious of the increased exposure to interest rate risk that is inherent in internal borrowing (i.e. the risk that the City Fund will need to replace internal borrowing with external borrowing in the future when interest rates are high).

Therefore, against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Chamberlain will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. For example,

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then*

the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the Finance Committee and the Court of Common Council at the next available opportunity.

The City must set two treasury indicators representing the upper limits for the total amount of external debt for City Fund. These limits are required under the Prudential Code in order to ensure borrowing is affordable and is consistent with the City Fund's capital expenditure requirements.

- The **operational boundary for external debt** should represent the most likely scenario for external borrowing. It is acceptable for actual borrowing to deviate from this estimate from time to time. The proposed limit is set to mirror the estimated CFR for the forthcoming year and the following two years.
- The **authorised limit for external debt** is the maximum threshold for external debt for over 2023/24, 2024/25 and 2025/26. This limit is required by the Local Government Act 2003 and is set above the operational boundary to ensure that the City is not restricted in the event of a debt restructuring opportunity.

The proposed limits for 2023/24 are set out in Appendix 2.

The City is also required to set a treasury indicator in respect of the maturity structure of external debt to ensure that the external debt portfolio remains appropriately balanced over the long term. Under the revised Treasury Management Code of Practice, the City is required to set limits for all borrowing (i.e. both fixed rate and variable debt), and the proposed limits are detailed in Appendix 2.

4.2. City's Cash

The capital expenditure plans for City's Cash also create a borrowing requirement. City's Cash has issued fixed rate market debt totalling £450m to fund its capital programme. Of this total, £250m was received in 2019/20 and the remaining £200m was received in 2021/22. City's Cash is likely to have a further temporary borrowing requirement arising in 2023/24. It is not anticipated that any new external borrowing will be acquired by City's Cash in 2022/23. However, the Chamberlain will keep this position under review and in doing so will have regard for liquidity requirements, interest rate risk and the implications for the revenue budget.

The regulatory framework established through the CIPFA professional codes and DLUHC guidance pertains to the City's local authority function, the City Fund. To facilitate effective management of the City's Cash borrowing requirement, this organisation has adopted the City's Cash Borrowing Policy Statement (Appendix 8), which sets out the principles for effectively managing the risks arising from borrowing on behalf of City's Cash. Under this framework, the City has resolved to establish two further treasury indicators, which will help the organisation to ensure its borrowing plans remain prudent, affordable and sustainable:

- **Estimates of financing costs to net revenue stream.** This indicator is given as a percentage and establishes the amount of the City's Cash net revenue that is used to service borrowing costs.
- **Overall borrowing limits.** This indicator represents an upper limit for external debt which officers cannot exceed.

The proposed indicators for **2023/24** are set out in Appendix 2 alongside the City Fund treasury indicators.

4.3. Bridge House Estates

Bridge House Estates does not currently hold the power to borrow. The changes to its governing documents being sought by way of a Supplemental Royal Charter will address this, enabling borrowing to take place for specific purposes relating to its primary objective. There are no current plans for borrowing to take place in the short to medium term.

4.4. Policy on borrowing in advance of need

The City will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the City can ensure the security of such funds.

4.5. Debt rescheduling

The City does not anticipate any debt rescheduling in the near term. However, should any opportunities for debt rescheduling arise (through a decrease in borrowing rates, for instance), such cases will need to be considered in the context of the current treasury position and the size of the cost of debt repayment (i.e. any penalties incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

All rescheduling will be reported to the Court of Common Council, at the earliest meeting following its action.

4.6. Sources of borrowing

Historically, the main source of borrowing for UK local authorities has been the PWLB. Any new loans issued by the PWLB are subject to the PWLB's revised lending arrangements with effect from 26 November 2020. Currently the PWLB Certainty Rate is set at gilts + 80 basis points for new loans. Local authorities have recourse to other sources of external borrowing including financial institutions, other local authorities and the Municipal Bonds Agency. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources

5. Annual Investment Strategy

The Annual Investment Strategy sets out how the City will manage its surplus cash balances for the forthcoming year (i.e. investments held for treasury management purposes). It does not apply to other long-term investment assets, which are dealt with variously by other strategy documents (for instance the Capital Strategy for City Fund, or the Investment Strategy Statement for Bridge House Estates).

5.1. Investment Policy

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This strategy deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The City of London's investment policy will have regard to the DLUHC's Guidance on Local Government Investments ("the Guidance"), the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes 2021 ("the CIPFA TM Code") and CIPFA Treasury Management Guidance Notes 2021.

The City's investment priorities are:

- (a) security; and
- (b) liquidity.

The City will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of the City is low in order to give priority to the security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the City will not engage in such activity.

In accordance with the above guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the City applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the City will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix 3 under the 'specified' and 'non-specified' investments categories.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.

The City Fund will have exposure to Specified and Non-specified Investments. All other participants in the Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 will have exposure to Specified Investments only.

The City will also set a limit for the amount of its investments which are invested for longer than 365 days (see Appendix 2).

5.2. Expected investment balances

The City's medium term financial plans for City Fund and City's Cash imply that total investment balances within the treasury investment portfolio are expected to decline over the next few years as the capital programme is progressed (Bridge House Estates' cash balances are expected to remain consistent) but to remain above a minimum constant level of £529m.

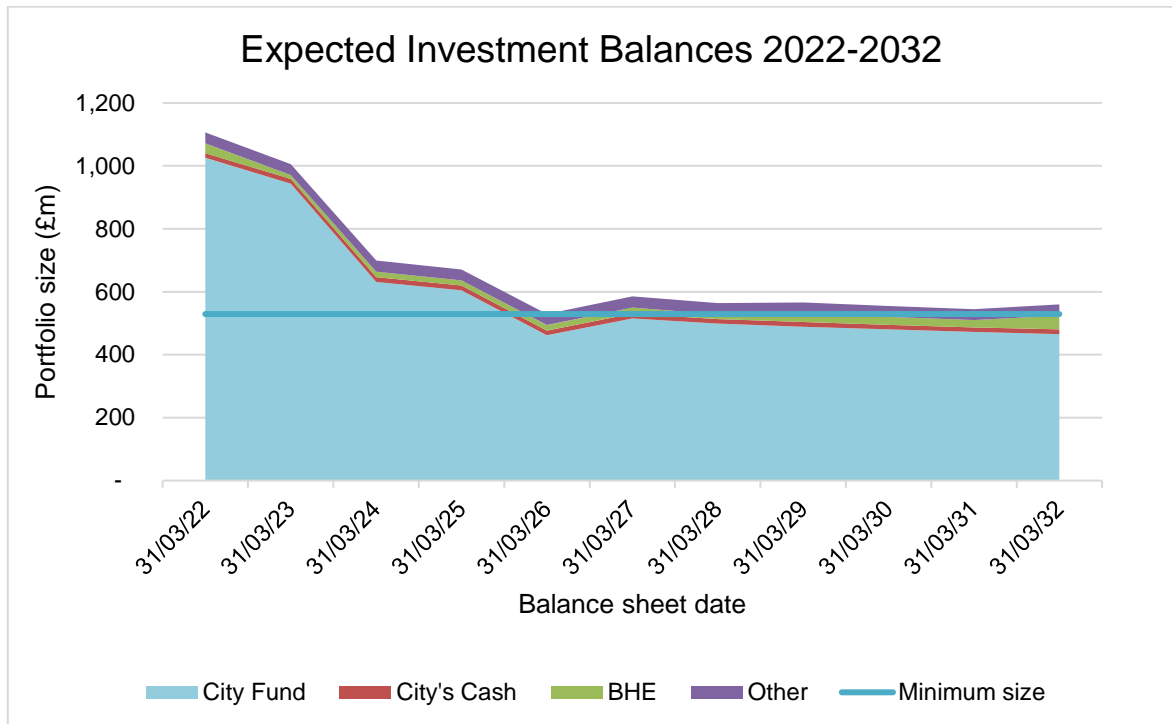


Figure 1 shows projected investment balances across the three funds and others over the coming years as at the end of each financial year.¹ Most of the investment balances relate to City Fund and it should be noted that generally investment balances are expected to be higher between reporting dates.

As the City, and the City Fund in particular, is expected to maintain significant cash balances over the forecast horizon, the treasury management strategy will duly consider how best to protect the capital value of resources, particularly in the context of elevated inflation and low (by historical standards) investment returns. The City's liquidity requirements and will be subject to ongoing monitoring practices **as the capital programme progresses** as specified in paragraph 5.3 below.

5.3. Creditworthiness policy

The primary principle governing the City's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the City will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the City's prudential indicators covering the maximum principal sums invested.

¹ "Other" refers to other entities for whom the City provides treasury management services.

The Chamberlain will maintain a counterparty list in compliance with the following criteria and will revise these criteria and submit them to the Financial Investment Board for approval as necessary. These criteria are separate to those which determine which types of investment instruments are classified as either specified or non-specified as it provides an overall pool of counterparties considered high quality which the City may use, rather than defining what types of investment instruments are to be used.

Regular meetings are held involving the Chamberlain, the Financial Services Director, Corporate Treasurer and members of the Treasury team, where the suitability of prospective counterparties and the optimum duration for lending is discussed and agreed.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty would result in a temporary suspension, which will be reviewed in light of market conditions.

All credit ratings will be monitored daily. The City is alerted to credit warnings and changes to ratings of all three agencies through its use of the Link creditworthiness service.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 – good credit quality – the City will only use banks which:
 - (i) are UK banks; and/or
 - (ii) are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AA+ (Fitch rating)

and have, as a minimum the following Fitch, credit rating:

- (i) Short-term – F1
 - (ii) Long-term – A-
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland ring-fenced operations. This bank can be included if it continues to be part nationalised, or it meets the ratings in Banks 1 above.
 - Banks 3 – The City’s own banker (Lloyds Banking Group) for transactional purposes and if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and duration.
 - Bank subsidiary and treasury operation - The City will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above. This criteria is particularly relevant to City Re Limited,

the City's Captive insurance company, which deposits funds with bank subsidiaries in Guernsey.

- Building Societies – The City may use all societies which:
 - (i) have assets in excess of £10bn; or
 - (ii) meet the ratings for banks outlined above
- Money Market Funds (MMFs) Constant Net Asset Value (CNAV)* – with minimum credit ratings of AAA/mmf
- Money Market Funds (MMFs) Low-Volatility Net Asset Value (LVNAV)* – with minimum credit ratings of AAA/mmf
- Money Market Funds (MMFs) Variable Net Asset Value (VNAV)* – with minimum credit ratings of AAA/mmf
- Ultra-Short Dated Bond Funds with a credit rating of at least AAA/f (previously referred to as Enhanced Cash Plus Funds)
- Short Dated Bond Fund – These funds typically do not obtain their own standalone credit rating. The funds will invest in a wide array of investment grade instruments, the City will undertake all necessary due diligence to ensure a minimum credit quality across the funds underlying composition is set out within initial Investment Manager Agreements and actively monitor the on-going credit quality of any fund invested.
- Multi-Asset Funds – these funds have the potential to provide above inflation returns with a focus on capital preservation, thus mitigating the erosion in value of long-term cash balances by investing in a range of asset classes that will typically include equities and fixed income. The value of these investments will fluctuate and they are not suitable for cash balances that are required in the near term. Before any investment is undertaken a rigorous due diligence process will be undertaken to identify funds that align with the City's requirements.
- UK Government – including government gilts and the debt management agency deposit facility.
- Local authorities

A limit of £400m will be applied to the use of non-specified investments.

*Under EU money market reforms implemented in 2018/19, three classifications of money market funds exist:

- Constant Net Asset Value (“CNAV”) MMFs – must invest 99.5% of their assets into government debt instruments and are permitted to maintain a constant net asset value.
- Low Volatility Net Asset Value (“LVNAV”) MMFs – permitted to maintain a constant dealing net asset value provided that certain criteria are met,

including that the market net asset value of the fund does not deviate from the dealing net asset value by more than 20 basis points.

- Variable Net Asset Value (“VNAV”) MMFs – price assets using market pricing and therefore offer a fluctuating dealing net asset value

5.4. Environmental, Social and Governance Risks

The City of London Corporation is committed to being a responsible investor. It expects this approach to protect and enhance the value of the assets over the long term. The City recognises that the failure to identify and manage financially material environmental, social and governance risks can lead to adverse financial and reputational consequences. The City will incorporate ESG risk monitoring into its ongoing counterparty monitoring processes, alongside traditional creditworthiness monitoring. This risk analysis will be consistent with the City’s investment horizon, which in many cases will be short term (under one year) in nature.

5.5. Use of additional information other than credit ratings.

Additional requirements under the Code require the City to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

5.6. Time and monetary limits applying to investments.

The time and monetary limits for institutions on the City’s counterparty list are as follows (these will cover both specified and non-specified investments):

	Minimum Creditworthiness Criteria	Money Limit	Time Limit
Banks 1 higher quality	Fitch Rating Long Term: A+ Short Term: F1	£100m	3 years
Banks 1 medium quality	Fitch Long Term Rating Long Term: A Short Term: F1	£100m	1 year
Banks 1 lower quality	Fitch Long Term Rating Long Term: A- Short Term: F1	£50m	6 months
Banks 2 – part nationalised	N/A	£100m	3 years
Banks 3 – City’s banker (transactions only, and if bank falls below above criteria)	N/A	£150m	1 working day
Building Societies higher quality	Fitch Long Term Rating A or assets of £150bn	£100m	3 years
Building Societies medium quality	Fitch Long Term Rating A- or assets of £10bn	£20m	1 year
UK Government (DMADF, Treasury Bills, Gilts)	UK sovereign rating	unlimited	3 years
Local authorities	N/A	£25m	3 years
External Funds*	Fund rating	Money and/or % Limit	Time Limit
Money Market Funds CNAV	AAA	£100m	liquid
Money Market Funds LVNAV	AAA	£100m	liquid
Money Market Funds VNAV	AAA	£100m	liquid
Ultra-Short Dated Bond Funds	AAA	£100m	liquid
Short Dated Bond Funds	N/A	£100m	liquid
Multi Asset Funds	N/A	£50m	liquid

*An overall limit of £100m for each fund manager will also apply.

A list of suitable counterparties conforming to this creditworthiness criteria is provided at Appendix 4. The Chamberlain will review eligible counterparties prior

to inclusion on the approved counterparty list and will monitor the continuing suitability of existing approved counterparties.

5.7. Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ (Fitch) or equivalent. The country limits list, as shown in Appendix 5, will be added to or deducted from by officers should individual country ratings change in accordance with this policy. The UK (which is currently rated as AA-) will be excluded from this stipulated minimum sovereign rating requirement.

5.8. Local authority limits

The City will place deposits up to a maximum of £25m with individual local authorities. In addition the City imposes an overall limit of £250m for outstanding lending to local authorities as a whole at any given time. Although the overall credit standing of the local authority sector is considered high, officers perform additional due diligence on individual prospective local authority borrowers prior to entering into any lending.

5.9. Investment Strategy

In-house funds: The City's in-house managed funds are both cash-flow derived and also represented by core balances which can be made available for investment over a longer period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Investment returns expectations: Based on our Treasury Consultant's latest forecasts, Bank Rate is projected to rise to 4.25% by March 2023 with a peak of 4.5% by June 2023, and then incrementally reduce over the medium term. In these circumstances it is likely that investment earnings from money-market related instruments will increase from the very low levels experienced in recent years. Bank Rate forecasts for financial year ends (March) are: -

- 2022/23 4.25%
- 2023/24 4.00%
- 2024/25 2.75%

5.10. Investment Treasury Indicator and Limit

Total principal funds invested for greater than 365 days are subject to a limit, set with regard to the City's liquidity requirements and to reduce the need for an early sale of an investment, and are based on the availability of funds after each year end.

The Board is asked to approve the treasury indicator and limit:

Maximum principal sums invested for more than 365 days (up to three years)			
	2022/23	2023/24	2024/25
	£M	£M	£M
Principal sums invested >365 days	400	300	300

5.11. Investment performance benchmarking

The City will monitor investment performance against Bank Rate and 3- and 6-month compounded SONIA (Sterling Overnight Index Average).

5.12. End of year investment report

At the end of the financial year, the City will report on its investment activity as part of its Annual Treasury Report.

5.13. External fund managers

A proportion of the City's funds, amounting to **£437.5m as at 31 December 2022**, are externally managed on a discretionary basis by the following fund managers:

- Aberdeen Standard Investments
- CCLA Investment Management Limited
- Deutsche Asset Management (UK) Limited
- Federated Investors (UK) LLP
- Invesco Global Asset Management Limited
- Legal and General Investment Management
- Payden & Rygel Global Limited
- Royal London Asset Management

The City's external fund managers will comply with the Annual Investment Strategy, and the agreements between the City and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk.

The credit criteria to be used for the selection of the Money Market fund manager(s) is based on Fitch Ratings and is AAA/mmf. The Ultra-Short Dated Bond Fund managers (including the Payden & Rygel Sterling Reserve Fund, Federated Sterling Cash Plus Fund and Aberdeen Standard Liquidity Fund (Lux) Short Duration Sterling Fund) are all rated by Standard and Poor's as AAA.

The City also uses two Short Dated Bond Funds managed by Legal and General Investment Management and Royal London Asset Management. Both funds are unrated (as is typical of these instruments). The funds offer significant diversification by being invested in a wide range of investment grade instruments, rated BBB and above and limiting exposure to any one debt issuer or issuance.

The City fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund managers. In order to aid this assessment, the City is provided with a suite of regular reporting from its managers. This includes monthly valuations and fund fact sheets as well as quarterly and annual reports. In addition to formal reports, officers also meet with representatives of the fund manager on a regular basis. These meetings allow for

additional scrutiny of the manager's activity as well as discussions on the outlook for the fund as well as wider markets.

6. Policy on the use of external service providers

The City uses Link Asset Services, Treasury Solutions as its external treasury management advisers.

The City recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The City will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

7. Scheme of Delegation

Please see Appendix 6.

8. Role of the Section 151 officer

Please see Appendix 7.

9. Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, a new introduction within the Code for 2023/24 states that they expect "all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making".

The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- a) Record attendance at training and ensure action is taken where poor attendance is identified.
- b) Prepare tailored learning plans for treasury management officers and board/council members.

- c) Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- d) Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

APPENDICES

1. Interest Rate Forecasts 2023 - 2026
2. Treasury Indicators 2023/24 – 2025/26 and Minimum Revenue Provision Statement
3. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management
4. Current Approved Counterparties
5. Approved Countries for Investments
6. Treasury Management Scheme of Delegation
7. The Treasury Management Role of the Section 151 Officer
8. City's Cash Borrowing Policy Statement

LINK INTEREST RATE FORECASTS 2023 – 2026 (Dated 07/02/2023)

Link Group Interest Rate View 07.02.23													
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

Interest Rate Forecasts									
Bank Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	
Link	4.25%	4.50%	4.50%	4.25%	4.00%	3.75%	3.25%	3.00%	
Cap Econ	4.25%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%	
5Y PWLB RATE									
Link	4.00%	4.00%	3.90%	3.80%	3.70%	3.60%	3.50%	3.40%	
Cap Econ	3.75%	3.65%	3.60%	3.50%	3.45%	3.35%	3.30%	3.25%	
10Y PWLB RATE									
Link	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	
Cap Econ	3.80%	3.70%	3.65%	3.55%	3.50%	3.40%	3.35%	3.30%	
25Y PWLB RATE									
Link	4.60%	4.60%	4.40%	4.30%	4.20%	4.10%	3.90%	3.80%	
Cap Econ	4.13%	4.00%	3.93%	3.80%	3.75%	3.65%	3.60%	3.55%	
50Y PWLB RATE									
Link	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.60%	3.60%	
Cap Econ	3.80%	3.80%	3.80%	3.80%	3.75%	3.65%	3.60%	3.55%	

Note: The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective since 1st November 2012.

TREASURY INDICATORS 2023/24 – 2025/26 AND MINIMUM REVENUE PROVISION STATEMENT

TABLE 1: TREASURY MANAGEMENT INDICATORS	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Probable Outturn	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Authorised Limit for external debt (City Fund) -					
Borrowing	187.9	194.3	352.4	376.2	399.8
other long-term liabilities	12.9	12.8	12.7	12.6	12.5
TOTAL	200.8	207.1	365.1	388.8	412.3
Operational Boundary for external debt (City Fund) -					
Borrowing	87.9	94.3	252.4	276.2	299.8
other long-term liabilities	12.9	12.8	12.7	12.6	12.5
TOTAL	100.8	107.1	265.1	288.8	312.3
Actual external debt (City Fund)*	0	0			
Upper limit for total principal sums invested for over 365 days (per maturity date)	£400m	£300m	£300m	£300m	£300m

*Actual external debt at the end of the financial year

TABLE 2: Maturity structure of borrowing during 2023/24	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

TABLE 3: CITY'S CASH BORROWING INDICATORS	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Probable Outturn	Estimate	Estimate	Estimate
	%	%	%	%	%
Estimates of financing costs to net revenue stream	14.1%	16.1%	19.7%	21.7%	20.1%
	£m	£m	£m	£m	£m
Overall borrowing limits	450	450	450	450	450

MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2023/24

To ensure that capital expenditure funded by borrowing is ultimately financed, the City Fund is required to make a Minimum Revenue Provision (MRP) when the Capital Financing Requirement (CFR) is positive. A positive CFR is indicative of an underlying need to borrow and will arise when capital expenditure is funded by 'borrowing', either external (loans from third parties) or internal (use of cash balances held by the City Fund).

DLUHC regulations have been issued which require the Court of Common Council to approve **an MRP Statement** in advance of each year. The regulatory guidance recommends four options for local authorities. Options 1 and 2 relate to government supported borrowing prior to 2008. As the City Fund does not have any outstanding borrowing from this period, these options are not relevant. For any prudential borrowing undertaken after 2008, options 3 and 4 apply:

- **Option 3: Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- **Option 4: Depreciation method** – MRP will follow standard depreciation accounting procedures;

For any new borrowing under the prudential financing system, the City Fund will apply the asset life method over the useful economic life of the relevant assets. MRP commences in the financial year following the one in which the expenditure was incurred. When borrowing to provide an asset, the asset life is deemed to commence in the year in which the asset first becomes operational. Therefore, MRP will first be made in the financial year following the one in which the asset becomes operational. 'Operational' here means when an asset transfers from Assets under Construction to an Assets in Use category under normal accounting rules.

As in previous years, the City will continue to apply a separate MRP policy for that portion of the CFR which has arisen through the funding of capital expenditure from cash received from long lease premiums which are deferred in accordance with accounting standards. This deferred income is released to revenue over the life of the leases to which it relates, typically between 125 and 250 years.

The City's MRP policy in respect of this form of internal borrowing is based on a mechanism to ensure that the deferred income used to finance capital expenditure is not then 'used again' when it is released to revenue. The amount of the annual MRP is therefore to be equal to the amount of the deferred income released, resulting in an overall neutral impact on the bottom line.

MRP will fall due in the year following the one in which the expenditure is incurred, or the year after the asset becomes operational.

The MRP liability for 2022/23 is £1.3m and is estimated at £1.3m for 2023/24.

TREASURY MANAGEMENT PRACTICES (TMP 1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where appropriate.

	Minimum ‘High’ Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A-,	In-house via Fund Managers
Money Market Funds CNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds LVNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds VNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Ultra-Short Dated Bond Fund	AAA/f (or equivalent)	In-house via Fund Managers
UK Government Gilts	UK Sovereign Rating	In-house & Fund Managers
Treasury Bills	UK Sovereign Rating	In-house & Fund Managers
Sovereign Bond issues (other than the UK government)	AA+	Fund Managers

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of £400m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the categories set out below.

	Minimum Credit Criteria	Use	Maximum	Maximum Maturity Period
Term deposits – other LAs (with maturities in excess of one year)	-	In-house	£25m per LA	Three years
Term deposits, including callable deposits – banks and building societies (with maturities in excess of one year)	Long-term A+, Short-term F1,	In-house and Fund Managers	£300m overall	Three years
Certificates of deposits issued by banks and building societies with maturities in excess of one year	Long-term A+, Short-term F1,	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Government Gilts with maturities in excess of one year	AA-	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Index Linked Gilts	AA-	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
Short Dated Bond Funds	--	In-house via Fund Managers	£100m per Fund	n/a*
Multi Asset Funds	--	In-house via Fund Managers	£50m overall	n/a*

*Short Dated Bonds Funds and Multi Asset Funds are buy and hold investments with no pre-determined maturity at time of funding, liquidity access is typically T + 3 or 4.

APPROVED COUNTERPARTIES AS AT 31 DECEMBER 2022**UK BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES**

FITCH RATINGS		BANK*	LIMIT PER GROUP	DURATION
A+	F1	Barclays Bank PLC (NRFB) Barclays Bank UK PLC (RFB)	£100M	Up to 3 years
A+	F1			
A+	F1	Goldman Sachs International Bank	£100M	Up to 3 years
AA	F1+	Handelsbanken PLC	£100m	Up to 3 years
AA-	F1+	HSBC UK Bank PLC (RFB) HSBC Bank PLC (NRFB)	£100M	Up to 3 years
AA-	F1+			
A+	F1	Lloyds Bank Corporate Markets PLC (NRFB) Lloyds Bank PLC (RFB) Bank of Scotland PLC (RFB)	£150M	Up to 3 years
A+	F1			
A+	F1			
A+	F1	NatWest Markets PLC (NRFB) National Westminster Bank PLC (RFB) The Royal Bank of Scotland PLC (RFB)	£100M	Up to 3 years
A+	F1			
A+	F1			
A+	F1	Santander UK PLC (RFB)	£100M	Up to 3 years

*Under the ring-fencing initiative, the largest UK banks are now legally required to separate the core retail business into a ring-fenced bank (RFB) and to house their complex investment activities into a non-ring-fenced bank (NRFB).

BUILDING SOCIETIES

FITCH RATINGS		BUILDING SOCIETY	ASSETS	LIMIT PER GROUP	DURATION
A	F1	Nationwide	£280Bn	£100M	Up to 3 years
A-	F1	Yorkshire	£56Bn	£20M	Up to 1 year
A-	F1	Coventry	£56Bn	£20M	Up to 1 year
A-	F1	Skipton	£31Bn	£20M	Up to 1 year
A-	F1	Leeds	£24Bn	£20M	Up to 1 year

FOREIGN BANKS

(with a presence in London)

FITCH RATINGS		COUNTRY AND BANK	LIMIT PER GROUP	DURATION
		AUSTRALIA (AAA)		
A+	F1	Australia and New Zealand Banking Group Ltd	£100M	Up to 3 years
A+	F1	National Australia Bank Ltd	£100M	Up to 3 years
		CANADA (AA+)		
AA-	F1+	Bank of Montreal	£100M	Up to 3 years
AA-	F1+	Royal Bank of Canada	£100M	Up to 3 years
AA-	F1+	Toronto-Dominion Bank	£100M	Up to 3 years
		GERMANY (AAA)		
A+	F1+	Landesbank Hessen-Thueringen Girozentrale (Helaba)	£100M	Up to 3 years
		NETHERLANDS (AAA)		
A+	F1	Cooperatieve Rabobank U.A.	£100M	Up to 3 years
		SINGAPORE (AAA)		
AA-	F1+	DBS Bank Ltd.	£100M	Up to 3 years
AA-	F1+	United Overseas Bank Ltd.	£100M	Up to 3 years
		SWEDEN (AAA)		
AA-	F1+	Skandinaviska Enskilda Banken AB	£100M	Up to 3 years
AA-	F1+	Swedbank AB	£100M	Up to 3 years
AA	F1+	Svenska Handelsbanken AB	£100M	Up to 3 years

MONEY MARKET FUNDS

FITCH RATINGS	MONEY MARKET FUNDS Limit of £100M per fund	DURATION
AAA/mmf	CCLA - Public Sector Deposit Fund	Liquid
AAA/mmf	Federated Hermes Short-Term Sterling Prime Fund*	Liquid
AAA/mmf	Aberdeen Sterling Liquidity Fund	Liquid
AAA/mmf	Invesco Liquidity Funds Plc - Sterling Liquidity Portfolio	Liquid
AAA/mmf	DWS Deutsche Global Liquidity Series Plc – Sterling Fund	Liquid

ULTRA SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	ULTRA SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
AAA/f	Payden Sterling Reserve Fund	Liquid
AAA/f	Federated Hermes Sterling Cash Plus Fund*	Liquid
AAA/f	Aberdeen Standard Investments Short Duration Managed Liquidity Fund**	Liquid

*A combined limit of £100m applies to balances across the Money Market Fund and Ultra Short Dated Bond Fund both managed by Federated Hermes and Aberdeen Standard

SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
-	Legal and General Short Dated Sterling Corporate Bond Index Fund	Liquid
-	Royal London Investment Grade Short Dated Credit Fund	Liquid

LOCAL AUTHORITIES

**LIMIT OF £25M PER
AUTHORITY AND £250M
OVERALL**

Any UK local authority

APPROVED COUNTRIES FOR INVESTMENT

This list is based on those countries which have sovereign ratings of AAA and AA+ from Fitch Ratings as at 27 January 2023.

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- United States

AA+

- Canada
- Finland

AA-

- United Kingdom

TREASURY MANAGEMENT SCHEME OF DELEGATION

The roles of the various bodies of the City of London Corporation with regard to treasury management are set out below. Financial Investment Board and the Audit & Risk Management Committee current hold on oversight role on behalf of Bride House Estates in line with formal references agreed with the Bridge House Estates Board.

(i) Court of Common Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy.

(ii) Financial Investment Board and Finance Committee

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit & Risk Management Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The Chamberlain

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers.

CITY'S CASH BORROWING POLICY STATEMENT

1. The City Corporation shall ensure that all of its City's Cash capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the overall fiscal sustainability of City's Cash.
2. Borrowing shall be undertaken on an affordable basis and total capital investment must remain within sustainable limits. When assessing the affordability of its City's Cash investment plans, the City Corporation will consider both the City's Cash resources currently available and its estimated future resources, together with the totality of its City's Cash capital plans, income and expenditure forecasts.
3. To ensure that the benefits of capital expenditure are matched against the costs, a debt financing strategy will be established.
4. To the greatest extent possible, expected finance costs arising from borrowing are matched against appropriate revenue income streams.
5. The City Corporation will organise its borrowing on behalf of City's Cash in such a way as to ensure that financing is available when required to manage liquidity risk (i.e. to make sure that funds are in place to meet payments for capital expenditure on a timely basis). The City Corporation will only borrow in advance of need on behalf of City's Cash on the basis of a sound financial case (for instance, to mitigate exposure to rising interest rates).
6. The City Corporation will ensure debt is appropriately profiled to mitigate refinancing risk.
7. The City Corporation will monitor the sensitivity of liabilities to inflation and will manage inflation risks in the context of the inflation exposures across City's Cash (e.g. the City Corporation will be mindful of the potential impact of index-linked borrowing on the financial position of City's Cash).
8. The City Corporation will seek to obtain value for money in identifying appropriate borrowing for City's Cash. Where internal borrowing (i.e. from City Fund or Bridge House Estates) is used as a source of funding, the City Corporation will keep under review the elevated risk of refinancing.
9. All borrowing is expected to be drawn in Sterling. Where debt is raised in foreign currencies, the City Corporation will consider suitable measures for mitigating the risks presented by fluctuation in exchange rates.
10. Interest rate movement exposure will be managed prudently, balancing cost against likely financial impact.
11. The City Corporation will maintain the following indicators which relate to City's Cash borrowing only:
 - Estimates of financing costs to net revenue stream
 - Overall borrowing limits

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Committee: Bridge House Estates Board	Date: 22 February 2023
Subject: Update on BHE Contingency Funds	Public
Report of: The BHE & Charities Finance Director	For Information
Report Author: Sachin Shah, BHE Transformation Project Accountant	

Summary

This report provides 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 November 2023, three bids have been approved under delegated authority:

- i) £93k BHE capital element for year 1 of the new Enterprise Resource Planning (ERP) project being implemented across the City Corporation;
- ii) £12k towards increases of the market forces supplement within the Investment Property Group team; and
- iii) £40k from the Climate Action Strategy Contingency Fund to support two projects at Tower Bridge identified as contributing to BHE's net zero carbon emissions target.

A request of £195k for additional costs for the services provided by the City of London Police (CoLP) is being presented separately at this meeting.

Recommendation

It is recommended that Members, in discharge of functions for the City Corporation as Trustee of Bridge House Estates 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 a total of £145k has been approved under delegated authority for the three items included in the summary above (para 5-8).
- iii) Note the request of £195k, presented at Item 19 on the agenda, to sufficiently fund the services provided by the CoLP under the terms of the SLA being agreed with the charity
- iv) Note the release of £1.442m of contingency balances held following review of requirements for the remainder of this financial year (para 4)

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 22 February 2023							
	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
Contingencies:							
2022/23 provision approved	850	142	50	500	500	1,259	3,301
Forecast reductions	-	(142)	(50)	(500)	-	(750)	(1,442)
Total forecast provision	850	-	-	-	500	509	1,859
Previously agreed allocations @ November 2022	(262)	-	-	-	(123)	(242)	(627)
Approved under delegated authority post 15 November 2022	(105)	-	-	-	(40)	-	(145)
Pending request on February 2023 agenda	(195)	-	-	-	-	-	(195)
Total commitments	(562)	-	-	-	(163)	(242)	(967)
Uncommitted balances @ 23 February 2023	288	-	-	-	337	267	892

The table reflects forecast reductions across the various Contingency Fund balances following a review of the value of approvals made to date and in consideration of there being less than two months remaining in this financial year. Detail of amounts previously approved either by this Board or under delegated authority are provided in **Appendix 1** of this paper.

New requests

5. A review of a number of key support systems used across the City Corporation has been undertaken in recent years, particularly the core Finance, Payroll and HR systems. It was determined that operation of the existing systems were leading to many inefficiencies in the completion of tasks. During 2019/20, approval was given by Finance and P&R Committees for a project to implement a new ERP (Enterprise, Resource, Planning) system, the total capital budget for which was confirmed in 2022 to be £9.8m. The allocation to BHE has been reported at £441k, being 4.5% of the total. The basis of recharges to the charity are due for review during 2023/24.
6. For the current financial year, £93k was approved under delegated authority in January 2023 from the Central Contingency Fund with the remaining £348k included in future years budgets. Note that capital projects that are outside of the

permanent endowment, such as the ERP project, can be requested and approved from the contingency funds that are part of the unrestricted income funds of the charity.

7. Consideration of remuneration within the Investment Property Group (IPG) team has resulted in a review of market forces supplements for various roles, with £12k allocated to BHE relating to the final quarter of this financial year, approved by delegated authority in January 2023. Future years costs, amounting to £47k annually for the charity are built into budgets/forecasts.
8. Two projects across Tower Bridge have been identified as suitable for funding from the Climate Action Strategy Contingency Fund. The first includes a replacement of the internal attraction and events lighting areas, in which the lighting system has begun to fail recently. The second project is a feasibility study on cooling methods on the Walkways amounting to £7k. Both of these projects will focus on energy efficiency and aid the charity's progress towards net zero emissions with a total of £40k approved via delegated authority.
9. Within the agenda for this meeting, a request is being made to meet the costs relating to policing services provided by the City of London Police (CoLP), set out within the service level agreement negotiated by BHE and the CoLP, and awaiting approval. As previously advised to the Board, any increase from the original budget would require a request from the BHE Central Contingency Fund. £195k is requested for 2022/23.
10. Reference to the 'BHE Head of People' and the 'Project Manager: Bridges' roles were noted in the November update paper as requiring funding from contingency funds, however these are now being met from underspends held within existing budgets.
11. At the time of Board papers submission, there are no further requests for allocations from the BHE Contingency Funds that have been discussed.

Corporate & Strategic Implications

12. 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*.
13. Resource implications: nil.
14. Legal implications: nil.
15. Equalities implications: nil.
16. 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.
17. Climate implications: nil

18. Security implications: nil

Conclusion

19. The BHE Board are asked to note the current contingency budgets held by BHE, the amounts approved under delegated authority, referenced in paragraphs 5 to 8 of this report and to note the request at Item 19 for £195k from contingency funds held.

Sachin Shah

BHE Transformation Project Accountant

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Appendix 1 – BHE Contingency Funds 2022/23

BHE Central Provision

Date Approved	Approval method	Description	Activity	Amount Balance	
				£000	£000
10/03/2022		2022/23 provision			850
		Total provision			850
27/04/2022	Committee	Tower Bridge Project Coordinator	Tower Bridge	43	
27/06/2022	Delegated authority	IT Service Transition Project	Finance/COO	47	
01/09/2022	Delegated authority	Funding requirement for the approved TOM	BHE & Charities	72	
21/10/2022	Delegated authority	Funds required for the purchase of a new	Funding Team	100	
31/01/2023	Delegated authority	Market Forces Supplements	IPG	12	
31/01/2023	Delegated authority	ERP Project	Finance/COO	93	
	Pending	CoLP specified services and related	Bridges	195	
		Total allocations			562
		Uncommitted balance			288

Apprentice costs provision

Date Approved	Approval method	Description	Activity	Amount Balance	
				£000	£000
10/03/2022		2022/23 provision			142
31/01/2023		Forecast provision adjustment			(142)
		Uncommitted balance			0

Joint Projects with City Corporation

Date Approved	Approval method	Description	Activity	Amount Balance	
				£000	£000
10/03/2022		2022/23 provision			50
31/01/2023		Forecast provision adjustment			(50)
		Uncommitted balance			0

Investment Properties - refurbishment of void spaces

Date Approved	Approval method	Description	Activity	Amount Balance	
				£000	£000
10/03/2022		2022/23 provision			500
31/01/2023		Forecast provision adjustment			(500)
		Uncommitted balance			0

Climate Action Strategy

Date Approved	Approval method	Description	Activity	Amount Balance	
				£000	£000
10/03/2022		2022/23 provision			500
06/07/2022	Committee	CAS accelerated year 2 programme	CAS	123	
25/01/2023	Delegated authority	TB projects relevant to CAS	Tower Bridge	40	
		Total allocations			163
		Uncommitted balance			337

Inflationary increases

Date Approved	Approval method	Description	Activity	Amount Balance	
				£000	£000
10/03/2022		2022/23 provision			1,259
31/01/2023		Forecast provision adjustment			(750)
18/05/2022	Under urgency	BHE pay awards estimate		120	
05/07/2022	Delegated authority	May/June 2022 BHE pay awards estimate		43	
06/09/2022	Delegated authority	September 2022 BHE pay awards estimate		79	
		Total allocations			242
		Uncommitted balance			267

Total uncommitted balance					892
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Following the updated forecast, the 2022/23 BHE Contingency Fund provision is comprised of:

- a) £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.
- b) With current levels of UK inflation higher than in recent years, potential inflationary increases of £509k is provided for. BHE departments have been invited to apply for funds to cover the cost of inflationary increases in their budgets should impacts become apparent.
- c) A central provision of £850k for other contingency fund requests.

Committees: Grants Committee of the Bridge House Estates Board Bridge House Estates Board	Date: 5 December 2022 22 February 2023
Subject: Alliance Partnerships – The Baring Foundation (Human Rights Based Approaches) (19548)	Public
Report of: David Farnsworth, Managing Director of BHE	For Decision
Report author: Geraldine Page, Funding Director Hannan Ali, Funding Manager	

Summary

This report seeks the Grants Committee’s endorsement and the BHE Board’s agreement of a grant of £1.5 million towards a new programme run by the Baring Foundation (TBF) to promote and develop the use of human rights-based approaches (HRBAs) for London-focused civil society organisations, using international and domestic human rights laws to support practical, real-world protections for individuals and communities facing discrimination and disadvantage. This will help meet CBT’s mission to reduce inequality and grow stronger, more resilient, and thriving communities for a London that serves everyone.

This alliance partnership initiative would:

- a) Seed fund a year-long development process to identify four themes and four London-focused organisations: and,
- b) Offer four years of funding to the chosen organisations to implement HRBA projects with local communities.

The development process will involve TBF working with two development partners, Just Fair and the British Institute of Human Rights, to carry out consultation work, identify partner organisations, and co-design a four-year funding programme.

TBF will be responsible for awarding and administering the grants during the lifetime of the project, and will manage the learning, research, and evaluation. All grants awarded as part of the project will be subject to TBF’s established assessment processes.

Recommendations

It is recommended that the Grants Committee of 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 BHE Board a grant of £1.5 million over five years to the Baring Foundation (charity no. 258583) to develop and deliver a programme to promote and develop the use of human rights-based approaches (HRBAs) for London-focused civil society organisations

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:

- ii) Agree the grant of £1.5 million over five years to the Baring Foundation as per the terms recommended by the Grants Committee.

Main Report

Background

1. This report seeks support for a recommendation to partner with the Baring Foundation (TBF), an established funder with an excellent reputation for work focused on inequality and disadvantage which is well aligned with City Bridge Trust's (CBT) own funding strategy.
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 been widely 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 December 2021, the Committee agreed to earmark up to £15 million toward a series of 'Alliance Partnerships' which would advance the mission and vision of the Bridging Divides Strategy. A further £3 million towards Alliance Partnerships was agreed at the Grants Committee on 26 September 2022. It was agreed that Alliance Partnerships would be awarded to established funders:
 - a. 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: TBF is an established funder with a primary aim of funding and expertise in this field, the proposed programme will provide funding to identified organisations and will be developed over 4 years and is based on TBF's existing specialist knowledge and research. If approved, it 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.
5. Jannat Hossain is a Co-opted Member of the Bridge House Estates Grants Committee and Programmes Officer at TBF. To avoid any potential conflict of interest, she was not involved in this assessment.

The Baring Foundation and Human Rights Based Approaches (HRBAs)

6. TBF is a registered charity that was created in 1969 as a corporate foundation of Barings Bank, a major London-based merchant bank that can trace its history back to 1762. Since the bank collapsed in 1995, the Foundation ceased to be a corporate foundation and became an independent foundation focusing on three

grants programmes: Arts, International Development and Strengthening Civil Society. Over the last seven years, its programmes have highlighted that human rights in international and domestic law offer practical, real-world protections for individuals and communities facing discrimination and disadvantage.

7. TBF has awarded over £120 million of funding in its first 50 years to civil society across the UK and internationally. Funding guidelines and open round application processes are bespoke, reflecting different programme strategies, identified risks, and intended outcomes. Domestic programmes are often supported by paid advisers to assist in due diligence and assessment.
8. The charity aims to protect and advance human rights and promote inclusion. It has a long-term interest in the role of the law and HRBAs as tools of social change. Effective HRBAs empower people to know and claim their rights, and are designed using participatory grant making techniques, where communities are supported to design the process and focus of work. The building blocks of this approach are often described through the PANEL principles of: Participation, Accountability, Non-Discrimination and Equality, Empowerment and Legality.¹
9. A report published by TBF in September 2015 called 'Effective use of the law and human rights by the voluntary sector' outlined the potential value of law and HRBAs to the voluntary sector and highlighted existing good practice. To conclude it stated *"There are many opportunities and advantages for voluntary organisations to make better use of the law and human rights. Platforms for effective engagement between the voluntary and legal sectors, capacity building activities, research and evaluation and the dissemination of good practices – as well as funding – are key to supporting voluntary organisations to recognise these opportunities and to realise the advantages."*
10. TBF's Strengthening Civil Society Programme 2015-2020 sought to build the capacity of the voluntary and community sector to use the law and HRBAs through capacity building strategies and legal campaigns. It succeeded in encouraging voluntary sector organisation to adopt a legal focus, improved networks between legal and non-legal focused organisations, created provisions of tools, and increased the awareness of legal tools available for frontline staff. A major outcome was the establishment of 'second tier' roles and networks, or sector level 'hubs' such as Birthrights, Asylum Support Appeals Project, and Anti-trafficking and Labour Exploitation Unit (ATLEU).²
11. TBF supports legal action across the UK and focuses on work that assists civil society in understanding when, how, and if the law can support their strategy and goals. Recent projects have supported homeless people to access emergency

¹ More information on the PANEL principles and a self-assessment checklist can be found here: [Human Rights Based Approach](#)

² An independent and evidence-based reflection of the Baring Foundation's Strengthening Civil Society programme highlighted how the better use of the law and human rights could strengthen the Voluntary and Community sector. Part 3 of the [Evaluation SCS Programme 2015-2020](#) ways to effectively use the law to deliver social change.

shelters, prompted local authority landlords to clear pigeon waste from communal staircases, and challenged schools on long term exclusions, all using a HRBA.³

Proposal with the British Institute of Human Rights and Just Fair

12. This alliance partnership initiative would:
 - a. Seed fund a year-long development process to identify four themes and four London-focused organisations: and,
 - b. Offer four years of funding to the chosen organisations to implement HRBA projects with local communities.
13. The development process would involve TBF working with two development partners, the British Institute of Human Rights (BIHR, charity number 1101575) and Just Fair (JF, charity number 1141484), to carry out consultation work, identify partner organisations, and co-design a four-year funding programme. The precise themes would be decided during the design process aligning within CBT's Bridging Divides Strategy.
14. TBF will be responsible for awarding and administering the grants during the lifetime of the project, and will commission/manage the learning, research, and evaluation.
15. Each of the HRBA projects will be led by a civil society organisation supported by a development partner (either BIHR or JF), with additional support from TBF to network with other HRBAs across the UK.
16. All grants awarded as part of the project will be subject to TBF's established assessment processes, including scrutiny on governance, safeguarding and financial due diligence. During the development phase of the project, partners will be supported by TBF to assess relevant risks and implement appropriate mitigations. These are likely to vary depending on the thematic focus, location, and community participation of different projects.
17. In the UK, the use of HRBAs has been championed by Participation and Practice of Rights in Northern Ireland and the Scottish Human Rights Commission. In England, Just Fair and the British Institute of Human Rights have supported work with communities across a range of human rights issues and were therefore chosen as the partners for this project. A partnership agreement will be drafted by TBF and signed by BIHR and JF if this award is approved.
18. BIHR has been a pioneer in promoting and upholding human rights in the UK since it was founded in 1970 and played a key role in calling for the European Convention on Human Rights to be incorporated into UK law. BIHR often unites with organisations to write joint letters and campaign and has a committee of experts with different lived experiences. By empowering people with rights information and

³ TBF's response to call for evidence by the [Joint Committee on Human Rights Inquiry into the Government's Independent Human Rights Act Review](#) draws on the experience of the Foundation as an independent grant-maker across the UK and case studies from funded organisations

supporting communities with advocacy tools, BIHR helps to increase the accountability of public bodies and help change policies affecting people’s lives.

19. Economic, Social, and Cultural Rights (ESCR) in the UK is a non-government organisation incorporated in 2011 and uses the trading name ‘Just Fair’. JF aims to protect rights and create a fairer society by increasing awareness of, advocating for, and encouraging government to respect, protect, and fulfil ESCR. JF has led on ground-breaking evidence-based research, conducted campaigns, and built grassroots social rights movements.

Timeline

20. Year one assumes start as beginning of Q2 (April 2023), so project years are assumed to be financial years 1 of April - 31 of March.

Table 1: Timeline of project for year one

Year	2023												2024			
Month	4	5	6	7	8	9	10	11	12	1	2	3	4			
Project funding agreed																
Development partner agreed																
Development phase designed																
Funders agree approach																
Consultation with civil society																
Civil society partners identified																
Co-design of 4-5 projects																
Four-year grants awarded																
Learning partner appointed																

Impact Measurement

21. An external learning partner would be in place within the first six months of the first year to provide a steer for the works - but not to subvert priorities. The partner will also generate information on the general process and on the specific themes chosen to work on. The partner would be sourced through an open tender process to ensure a level of independence from all project partners.⁴ Previous programme evaluators have undertaken thorough documentation review, run focus groups with staff from partner organisations, attended and observed activities, and interviewed BIHR staff and partners on a non-attributable basis.

22. The key outcome of the project would be that the four organisations involved would be empowered to use a HRBA to participate in the development of policies and practices that impact the lives of the people they represent. This will help meet CBT’s mission to reduce inequality and grow stronger, more resilient, and thriving communities for a London that serves everyone.

⁴ An example of an independent evaluation for BIHR’s work embedding a human rights approach can be found here: [Download.ashx \(bihr.org.uk\)](https://www.bihhr.org.uk/download.ashx).

23. A CBT Funding Director and a Funding Manager will ensure all learning is fed back into any future practice involving civil society organisations and developing funding programmes. Annual reports will be provided to CBT to demonstrate continued alignment of the projects with BHE strategy, and officers will remain in regular communication with staff at TBF.

Communications

24. BHE and CoLC communications and media officers will work with TBF to align communications, and appropriate and commensurate acknowledgment will be ensured in any media, as with all BHE funding.

Budget

25. The table below does not include any of the staff costs and overheads of TBF, which will be met entirely through TBF's own organisational budget. In addition, TBF will contribute £50,000 per year over five years towards the programme, totalling £250,000. It is proposed that the remainder of the costs of the project will be funded by CBT at a total of £1.5 million.

Table 2: Costs of programme by year

Year	1	2	3	4	5	Total
Just Fair development partner	£69,569	£47,205	£51,926	£57,118	£62,830	£288,648
BIHR development partner	£60,000	£44,000	£47,000	£50,000	£55,000	£256,000
Organisational costs of consultation/ co-design	£100,000	-	-	-	-	£100,000
Four local organisations as project leads	-	£216,000	£237,600	£261,360	£287,496	£1,002,456
Learning partner	£2,500	£5,000	£5,500	£6,050	£6,655	£25,705
Events	£2,000	£2,200	£2,420	£2,662	£2,928	£12,210
Participation	£6,000	£6,600	£7,260	£7,986	£8,785	£36,631
Accessibility	£1,500	£1,650	£1,815	£1,997	£2,196	£9,158
Programme delivery	-	£4,000	£4,400	£4,840	£5,324	£18,564
Total	£241,569	£326,655	£357,921	£392,013	£431,214	£1,749,372

26. Development partner costs for JF and BIHR for years one to five include staff costs, overheads, and supervision plus allowance for annual cost increases. BIHR intends to staff the project through existing posts. JF would plan to hire a post, alongside support from existing roles.

27. The budget line for local organisations' costs of consultation/co-design was calculated to provide financial support for roughly 20 London-focused community groups who will be part of the creation of the programme. Exact figures will be adapted to reflect the process but are likely to be c.£5,000 grants.

28. Project leads in years two to five assumes four organisations with staff costs of £45,000 per lead. Overheads and supervision were calculated at 20% and are incorporated into the budget.
29. Participation costs are to cover the costs of engaging people with direct experience in the work to cover their time and travel costs in both the development phase and as part of the work with project partners. This assumes a cost of £40 x 100, across each year.
30. Learning partner and events lines include a contingency for inflation costs across the years. The budget also includes accessibility costs, 10 costs assumed at £150 per year, for reasonable adjustment and access needs of the project partners. Programme delivery costs allow each partner £1000 per year to cover the costs of reporting and events associated with the project.

Financial Information

Year end as at	2021	2022	2023
	Signed Accounts	Forecast	Budget
	£	£	£
Income & expenditure:			
Income	2,281,789	4,843,337	5,311,846
Expenditure	(5,177,631)	(6,736,878)	(5,311,846)
Gains/(losses)	7,654,499	(15,885,973)	0
Surplus/(deficit)	4,758,657	(17,779,514)	0
Reserves:			
Total restricted	0	0	0
Total unrestricted	124,779,514	107,000,000	107,000,000
Total reserves	124,779,514	107,000,000	107,000,000
Of which: free unrestricted	124,779,514	107,000,000	107,000,000

31. TBF's income is generated from its investment portfolio and partnerships with other grant makers. All funds held are unrestricted income funds, giving significant flexibility and capacity to absorb challenges in investment performance and to flex grant making on an annual basis accordingly. It aims to achieve a minimum average annual return on investments Consumer Price Index (CPI) + 4%. Income is budgeted on the basis of a distribution from the portfolio equal to a percentage of the rolling average value of the investment funds over the preceding 12 quarters. TBF is a long-term investor and expects losses – as well as gains – on investments over the short term.
32. The charity awarded £3.96m in grants in 20/21, a slight decrease from £4.29m in 19/20. The charity's discretion to award grants in line with the value of investments, the still significant value of its investments, and the fact that investments are held in unrestricted income funds means that its sustainability over the course of this planned Partnership is not considered a significant risk.
33. Grant funding is only included in the charity's annual budgets once it is confirmed. As the project will not go ahead without CBT funding, an appropriate budget line will be added if the grant is awarded.

Conclusion

34. This Alliance Partnership project between CBT and TBF will utilise HRBAs to support individuals and communities facing discrimination and disadvantage in London. TBF is an established funder, with a track record of delivering similar programmes, and the development partners, BIHR and JF, have substantial specialist knowledge of the thematic area and connections in the human rights space beyond CBT's own reach. Each of the HRBA projects will be led by a civil society organisation and be supported by a development partner and TBF to network with other HRBAs.
35. It is recommended that a grant of £1.5 million over five years (£190,000, £275,000, £315,000, £340,000, £380,000) be awarded to develop and deliver a programme to promote and develop the use of Human Rights Based Approaches for London-focused civil society organisations.

Hannan Ali

Funding Manager

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GRANTS COMMITTEE OF THE BRIDGE HOUSE ESTATES BOARD Monday, 5 December 2022

Minutes of the meeting of the Grants Committee of the Bridge House Estates Board held at Committee Rooms, West Wing, Guildhall and via Microsoft Teams on Monday, 5 December 2022 at 11.00 am

Present

Members:

Paul Martinelli (Chair)
Deputy Nighat Qureishi (Deputy Chair)
Alderman Alison Gowman
Judith Pleasance
Jannat Hossain (Co-opted Member)
William Hoyle (Co-opted Member)

Officers:

David Farnsworth	- Managing Director of Bridge House Estates
Dinah Cox	- BHE
Hannan Ali	- BHE
Amelia Ehren	- BHE
Geraldine Page	- BHE
Tim Wilson	- BHE
Jenny Field	- BHE
Sandra Jones	- BHE
Natalie Jordan	- BHE
Helen Martins	- BHE
Julia Megone	- BHE
Anne Pietsch	- Comptroller & City Solicitor's Dept.
Fiona Rawes	- BHE
Joseph Anstee	- BHE

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**

There were no apologies.

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

Alderman & Sheriff Gowman declared her standing interest by virtue of being a Trustee of Trust for London.

Jannat Hossain (Co-opted Member) declared an interest in Item 12 by virtue of employment with The Baring Foundation and advised that she would not participate in this item.

David Farnsworth, Managing Director of BHE, declared an interest in Item 13 by virtue of his role as Chair of London Funders, and advised that he would not participate in this item.

3. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the meeting held on 26 September 2022 be agreed as a correct record.

Matters Arising

The Committee noted that the application in respect of Do It Now Now CIC had received additional scrutiny at the BHE Board meeting on 15 November, with a Member commenting that they had raised points relating to the governance of and engagement with the organisation that should also have raised at the previous Committee meeting. The Chair noted that the Committee's endorsement of the grant had been subject to conditions, and invited the Managing Director of BHE to comment.

The Managing Director of BHE assured the Committee that funding would not be released without certain criteria being satisfied, including that the CIC's Board had a minimum of 3 appointed directors in accordance with CBT's requirements for funding. The Managing Director of BHE added that legal advice had been sought from the Comptroller & City Solicitor's Department, and reiterated that all relevant inquiries would be made and all funding requirements and conditions would need to be satisfied before the funding was released. The Comptroller & City Solicitor confirmed that they were satisfied that the proposed activities of the funded organisation fell within the applicant charity's objects. The Chair thanked officers for their assurances, and asked that any relevant updates relating to the due diligence undertaken be reported to the Committee as appropriate.

The Chair then advised that the use of the term 'historic underinvestment' had been discussed at the BHE Board meeting, and that this would sometimes need to be evidenced and explained in a clearer way within reports, with officers to take this away for consideration going forward.

4. **OUTSTANDING ACTIONS***

The Committee received a list of outstanding actions and noted the updates provided in respect of the items listed.

RESOLVED – That the outstanding actions list be noted.

5. **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. The Managing Director of BHE gave thanks to Members and officers for their contributions to recent successful events involving BHE, including the Media Trust Volunteer Films Showcase, and the Beacon Collaborative annual conference, before introducing and welcoming new colleagues appointed to funding roles within CBT through the 2027 programme.

The Committee then noted the intended recruitment exercise for Co-opted Members for the Committee and the BHE Board in 2023.

RESOLVED -That the Grants Committee of 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, note the contents of the report.

6. UPDATING GRANT RECOMMENDATION REPORTS

The Committee considered a report of the Managing Director of BHE reviewing the structure of grant recommendation reports, and recommending updates to support decision-making by highlighting matters of equitable leadership and finance. The Managing Director of BHE introduced the report and outlined the reasons for the proposed amendments, adding that officers would work with the BHE & Charities Finance team to ensure financial issues were treated appropriately. The Managing Director of BHE added that whilst this matter did not strictly require Committee approval, Committee consultation had been felt appropriate, and that the amendments were proposed alongside a wider review of the BHE Board's agenda and report formats.

RESOLVED - That the Grants Committee of the Bridge House Estates Board, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity reg. no. 1035628) and solely in the charity's best interests, agree that the format of grant reports is restructured so the funding recommendation is moved from the end to the top of the report and a new table is included below the recommendation setting out key issues relevant to equitable leadership and finance.

7. CBT DRAFT OPERATIONAL RISK REGISTER

The Committee considered a report of the Managing Director of BHE outlining the findings and next steps of the CBT Operational Risk register review which was initiated in November 2022. The Managing Director of BHE introduced the report, which formed part of wider work on the charity's principal risk register.

In response to a question from a Member, the Managing Director of BHE advised that organisations across the UK had recently found recruitment difficult, due to a combination of factors, and that the issue was not specific to BHE. The Managing Director of BHE added that staff shortages made assessments, and consequently grant awards, more difficult, and therefore had a significant impact.

The Chair commented that risk CBT 04 in respect of IT Failure could be reviewed given this was a universal issue, and that the finance-related risks could be reviewed on the basis that they could be combined. The Chair further asked that officers consider current and target scores and their reflection of the charity's current and intended position.

In response to a question from a Member regarding risk CBT 06 on Staff capacity, the Managing Director of BHE advised that the charity's staff were part of the City of London Corporation's single employer model, but that opportunities arising from BHE's institutional status would be explored, with a specific Head of People

for BHE currently under recruitment. The Managing Director of BHE added that it was key to remunerate officers appropriately, and that the City Corporation were undertaking a wider review in this area, with a new Executive Director for HR now in post.

The Chair noted that the risk register would be brought back to the Committee for final approval in March 2023 and encouraged officers to seek any further comments or assistance from Members as needed.

RESOLVED - That the Grants Committee of 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) Note the process and outcome of the CBT operational risk review;
- ii) Provide comments as above as to whether the eight operational risks identified from this process are appropriate and scored correctly; and,
- iii) Note that a final CBT Operational Risk Register will be brought to the Grants Committee on 6 March 2023 for approval.

8. BUDGET MONITORING REPORT FOR BHE FUNDING: PERIOD ENDED 31 OCTOBER 2022

The Committee received a report of the BHE & Charities Finance Director (representing the Chamberlain) providing a financial update on Bridge House Estates (BHE) Funding activities to 31 October 2022 and an updated forecast for the financial year ending 31 March 2023.

RESOLVED – That the Grants Committee of 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, note the contents of the report.

9. BHE FUNDING BUDGET 2023/24

The Committee considered a report of the BHE & Charities Finance Director presenting for review and recommendation of the Grants Committee of the Bridge House Estates (BHE) Board, the BHE Funding budget for 2023/24. The BHE & Charities Finance Director introduced the report and advised that the budget would be referred to the BHE Board if endorsed by the Committee. The Committee was advised that inflation had been factored into the budget.

In response to a question from a Member, the Managing Director of BHE advised that application turnaround times were generally faster for onward grant-making programmes, and that officers were reviewing CBT processes with a view to bringing turnaround times down generally. A Member commented that the application portal seemed dated and suggested that officers review the process to see how it might be consolidated or streamlined. The Managing Director of BHE responded that the charity was currently reviewing the grant management system used for this purpose.

The Managing Director of BHE noted that there was a balance required, factoring in staffing levels and appropriate due diligence, but that the aim was for a user-friendly and flexible process for applicants, with less onerous ways of generating data, adding that work to build on the single point of entry model for applications would be continued through the Propel programme. The Committee was further advised that officers were liaising with other funders on due diligence processes, particularly in respect of finance.

The Chair asked that an update on work in respect of application turnaround times be brought back to Committee, before drawing Members' attention to the recommendations, which were agreed.

RESOLVED - That the Grants Committee of 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) Review and recommend the proposed BHE Funding budget for 2023/24 for inclusion in the charity's overall Budget to be presented to the BHE Board in February 2023; and
- ii) Agree that minor amendments for the 2023/24 grants budget arising during the budget setting process be delegated to the BHE & Charities Finance Director.

10. SUMMARY OF BRIDGING DIVIDES*

The Committee noted a summary of the Bridging Divides programme. A Member requested that charity numbers be added to the key organisations referenced in reports going forward, in particular those under consideration for funding, for ease of reference.

11. STRATEGIC INITIATIVE - TOGETHER FOR LONDON (REF: 19887)

The Committee considered a report of the Managing Director of BHE requesting £852,500 over five months as a strategic initiative to support the London Community Foundation's (charity no. 1091263) emergency winter grants' programme Together for London. £800,000 would be deployed in early 2023 through a small grants programme for at least 80 community organisations, with a focus on core costs and the provision of emergency support. The Managing Director of BHE introduced the report and presented the proposals to the Committee, which would be submitted to the BHE Board under delegated authority if endorsed.

The Chair noted the organisation's impressive track record of fast-paced awards and invited comments from Members. A Member asked whether officers had considered a larger grant and suggested an uplift to the recommendation to £1million for onward grant-making, which would match the amount already raised by London Community Foundation and would further cover increasing need in this area. The Managing Director of BHE advised that the proposed uplift would be supported by officers if agreed, adding that there had been a significant volume of applications to the programme, and therefore sufficient demand to ensure that the uplift was appropriate and beneficial.

The Chair then sought Members' approval to recommend a grant of £1,065,000, made up of £1 million for onward grant-making, plus 6.5% to cover operational costs as per the initial proposal, and this was agreed.

RESOLVED – That that the Grants Committee of the Bridge House Estates Board, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity reg. no. 1035628) and solely in the charity's best interests, endorse to the BHE Board a grant of £1,065,000 over five months to the London Community Foundation for onward grant-making through the Together for London Winter appeal and the operational costs of same.

12. **ALLIANCE PARTNERSHIPS - THE BARING FOUNDATION (HUMAN RIGHTS BASED APPROACHES) (19548)**

The Committee considered a report of the Managing Director of BHE seeking the Grants Committee's endorsement of a grant of £1.5 million towards a new programme run by the Baring Foundation (TBF) (charity no. 258583) to promote and develop the use of human rights-based approaches (HRBAs) for London based civil society organisations, using international and domestic human rights laws to support practical, real-world protections for individuals and communities facing discrimination and disadvantage. The Managing Director of BHE introduced the report and presented the proposals to the Committee, which would be submitted to the BHE Board if endorsed.

In response to a question from a Member as to whether the proposals could generate an issue of conflict with the City of London Corporation in its capacity as a local authority, the Managing Director of BHE advised that whilst it was right to highlight a potential area of conflict, this could be mitigated and managed as appropriate if necessary, adding that some work in this area had been done over the course of the governance reforms in respect of the charity.

With regards to the focus of the project and any leverage arising from a contribution from BHE, the Managing Director of BHE advised that there were many funders in this space, including TBF, and that whilst this would be a sole partnership project, around 20 other organisations would be involved in consultation on and development of the programme. The Managing Director of BHE confirmed that the project would be London-focussed and that all organisations involved in the ultimate programme may not be London-based, with this being dependent upon the output of the development phase; however, BHE funding will be subject to conditions for its expenditure in Greater London. The Committee was further advised that, as an Alliance Partnership rather than a regular grant, the reserves held by TBF were not an issue in respect of the proposals.

The Chair then commented that the proposals insofar as they were supported by BHE funding were aligned with the aims, funding policy and objects of BHE and the Alliance Partnerships programme, before drawing Members' attention to the proposals, which were agreed.

RESOLVED – That the Grants Committee of 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, endorse to the BHE Board a grant of £1.5 million over five years to the Baring Foundation (charity no. 258583) to develop and deliver a programme to promote and develop the use of human rights-based approaches (HRBAs) for London based civil society organisations.

13. LONDON'S GIVING: RESOURCE HUB PROPOSALS

The Committee considered a report of the Managing Director of BHE proposing the establishment of a Resource Hub for London’s Giving hosted by London Funders, for the benefit of place-based giving schemes in the capital. The Managing Director of BHE introduced the report and presented the proposals to the Committee, also advising that the proposals would be brought back to the Committee with a fully costed budget for final approval.

RESOLVED - that the Grants Committee of 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) Receive this report and note its contents;
- ii) Approve, in principle, the establishment of a Resource Hub for London’s Giving hosted by London Funder’s in order to take the work of place-based giving schemes in the capital to a new level; and,
- iii) Instruct officers to work with London Funders to draw up a fully costed budget for the Resource Hub, noting the indicative costings provided for illustrative purposes at paragraph 17 below, and bring the proposal back to the next Grants Committee with a recommendation to fund.

14. GRANT FUNDING ACTIVITY: PERIOD ENDED 17 NOVEMBER 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 in September 2022 through to 17 November 2022; the remaining 2022/2023 grants budget; grant spend to date and for this meeting by London Borough compared with the Multiple Index of Deprivation; any grant variations that have been approved under delegated authority; and seeking approval for 3 grant rejections, 5 grants over £250k and 1 grant under £250k.

In response to a question from a Member noting that consistency of grant-giving in some areas was not commensurate with the level of deprivation, the Managing Director of BHE explained that there were several factors in this, such as the strength of the civil society in that area and that it was not always possible to capture more local impacts where grants were given over larger geographical areas, and how officers continued to try and address such discrepancies. Noting that the infographic maps provided only accounted for Bridging Divides grants,

the Chair asked officers to review the infographic maps for any further opportunities to provide information in this area.

With regards to the applications recommended for approval, the Chair clarified a point in respect of the applications for Music of Life (charity no. 1102827) before drawing the Committee's attention to the recommendations for grant approvals, which were agreed. With regards to the applications recommended for rejection, the Chair drew the Committee's attention to the recommendations for grant rejections, which were also agreed.

In response to a question from a Member regarding the applications approved or rejected under delegated authority, the Managing Director of BHE confirmed that Ascension Community Trust (charity no. 1091887), to which a grant had been approved under delegated authority, were not connected to the Ascension Trust (charity no. 1127204), to whom a grant was proposed later on the agenda.

RESOLVED - That the Grants Committee of 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) Receive this report and note its contents;
- ii) Approve the following grants as recommended:
 - One Westminster (295501) - £282,400 over 5 years
 - Voice4Change England (1140624) - £399,040 over 5 years
 - The Orchard Project (1139952) - £281,900 over 5 years
 - Music of Life (1102827) - £254,400 over 5 years
 - Lewisham Local (previously Rushey Green Time Bank) (1101616) - £282,076 over 3 years
 - Wandsworth Care Alliance (1110178) - £127,900 over 3 years;and,
- iii) Approve the rejection of grants as listed in the schedule appended to the report.

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

In response to a question from a Member, the Managing Director of BHE advised that it was hoped for internal testing of the new website to take place in December, before rolling it out for external testing in January 2023. The Managing Director of BHE advised that full details of the website rollout could be provided after the meeting.

The Committee then gave thanks to Dinah Cox on her last meeting of the Committee before moving on from BHE in January 2023. The Chair thanked Dinah on behalf of the Committee and officers for her wisdom, leadership and expertise during her interim role at the charity, to which she had been a great asset, and wished her well for the future.

16. **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.
17. **NON-PUBLIC MINUTES**
RESOLVED – That the non-public minutes of the meeting held on 26 September 2022 be agreed as a correct record.
18. **STRATEGIC INITIATIVE - THE ASCENSION TRUST (BRIDGEWATCH PROGRAMME) (REF: 19112)**
The Committee considered a report of the Managing Director of BHE.
19. **PIPELINE OF STRATEGIC INITIATIVES***
The Committee received a report of the Managing Director of BHE.
20. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE AND ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other business.
21. **EXERCISE OF DELEGATED AUTHORITY TO THE MANAGING DIRECTOR**
The Committee received an update from the Managing Director of BHE.

The meeting ended at 12.57 pm

Chair

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

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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