

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

### Summary

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

### Recommendations

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

### Main report

#### Background

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

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

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

### **BHE Supplemental Royal Charter**

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

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

### **Brand Positioning Project**

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

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

### **Resourcing and Budget**

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

### **Corporate and Strategic Implications**

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

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

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

## **Conclusion**

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

## **Background papers**

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

## **Appendices**

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

## **Amelia Ehren**

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

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

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

## Appendix 2 – Bridge House Estates Positioning Statement

# Bridge House Estates

## Connecting London since 1097

We've been bridging London for 900 years.

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

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

We work to build a fairer London.