

<b>Committee</b>	<b>Date</b>
Bridge House Estates Board	14 July 2021
<b>Subject:</b> Governance Arrangements: Establishment of a Grants Committee and Co-Option Protocol	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	1, 2 and 3
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>Report of:</b> David Farnsworth, Managing Director of Bridge House Estates	<b>For decision</b>
<b>Report Author:</b> Amelia Ehren, Strategic Project Lead – Bridge House Estates	

### Summary

This report sets out matters for decision which are recommended to support the Bridge House Estates Board in the effective administration and governance of Bridge House Estates (charity no. 1035628). Specifically, the report proposes: the establishment of a Grants Committee of the Board to have delegated authority to discharge functions directly advancing the charity's ancillary object; and not to delegate any further functions of the Board, keeping such matters for review in April 2022. The report also sets out a Co-Option Protocol for the Appointment of External Members to the BHE Board and its Committees for the Board's consideration, to be recommended to the Court of Common Council for approval. Authority is also sought to appoint the previous two external members of the former City Bridge Trust Committee as co-opted Members to serve on the new Grants Committee.

### Recommendations

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

1. Approve the establishment of a Grants Committee of the Board to have delegated responsibility, in furthering the charity's ancillary object, for decisions relating to the application of income surplus to that required for the charity's primary object and in making relevant recommendations on matters of related strategy and policy to the Board; and, subject to any comments and consideration of financial thresholds, to approve the draft Terms of Reference at **Appendix 1** to reflect the thresholds agreed.
2. Note that the Board will continue to discharge all other functions delegated to it by the Court of Common Council until April 2022, keeping the arrangements it has adopted for the charity's governance administration under review to ensure they are operating effectively, consistent with a charity trustee's obligations.
3. Agree to recommend to the Court of Common Council that the Protocol for Co-Option of External Members to the Bridge House Estates Board and its Committees as set out in **Appendix 2** be adopted.
4. Subject to Recommendations 1 and 3 being approved, and the agreement of the Court to the proposed adoption of the Protocol for Co-Option of External

Members, to recommend to the Court the requirements of the Protocol be exceptionally waived such that the two co-opted members of the previous City Bridge Trust (CBT) Committee are appointed as co-opted members of the new Grants Committee, having regard to their specific skills, knowledge and experience, and the fair, transparent and competitive process they were subject to, for a 1-year term (see paragraph 8).

5. Resolve that the Audit & Risk Management Committee's advice be sought as appropriate in relation to audit and risk matters as they affect both the external audit of Bridge House Estates Annual Report, and otherwise as they affect audit and risk management for the charity which operates and is managed within City Corporation's operational and management audit and risk framework adopted in the discharge of all its functions.

## **Main Report**

### **Background**

1. On 8 June, Members of the Bridge House Estates Board ("the BHE Board/ the Board") attended a Strategic Away Half Day to discuss the governance arrangements of the Board, particularly in regard to the establishment of potential Committees of the Board. Members discussed a variety of options and endorsed the set of recommendations below. This paper therefore sets out matters for decision arising from the recommendations below:
  - a. To establish a 'Grants Committee' to have oversight of activities directly advancing the charity's ancillary object; and to recommend the appointment of the two external co-opted members of the previous City Bridge Trust Committee to the new Grants Committee for one year.
  - b. To retain at Board level, until at least April 2022, all other functions (i.e., relating to the Primary Object; and as well as the charity's general administration – including oversight of investments, finance, and audit & risk, etc), keeping such matters under review.
  - c. To explore further the option to establish a Bridge Management Committee of the Board from April 2022 onwards with the appropriate mix of Members and external co-optees, with the relevant skills, knowledge and experience.
  - d. To explore further the option to establish an Investment Committee of the Board from April 2022, in alignment with outcomes of the Lisvane Review for the City Corporation.
  - e. To explore further the appropriate governance framework for social investments once the Supplemental Royal Charter has been granted, as anticipated (e.g., whether with an Investment Committee and/or the Grants Committee, or otherwise).
  - f. To seek appropriate advice of the City Corporation's Audit & Risk Management Committee where appropriate and otherwise to continue to adopt the City Corporation's audit and risk operational and management framework, keeping such matters under review.

## Proposal and Terms of Reference

2. As endorsed by Members of the BHE Board at the Strategic Away Half Day, this paper recommends the establishment of a 'Grants Committee', to discharge operational functions relating to the ancillary object of BHE. It is recommended that the 'Grants Committee' is established with near immediate effect to ensure that the new governance arrangements support seamless operational delivery of these activities in accordance with the policy which has been adopted, *Bridging Divides*.
3. The BHE Board would, as always with any delegated authority, retain responsibility and accountability for all decisions taken by the Grants Committee, with ultimate responsibility for the City Corporation as Trustee of BHE continuing to be vested in the Court.
4. The proposed remit and responsibilities of the Grants Committee are set out in the draft Terms of Reference at **Appendix 1**, which Members are asked to consider and agree and in so doing to determine the appropriate financial threshold to be applied for funding decisions in making the delegation to the Committee. This report sets out three options for Members to consider:
  - a. To reserve to the Board, upon the Grants Committee recommendation, decisions to apply **£500,000 or more** for a grant, project or activity that further the ancillary object.
  - b. To reserve to the Board, upon the Grants Committee recommendation, decisions to apply **£1,000,000 or more** for a grant, project or activity that further the ancillary object.
  - c. To reserve to the Board, upon the Grants Committee recommendation, decisions to apply **£2,000,000 or more** for a grant, project or activity that further the ancillary object.
5. To support Members in considering the appropriate financial threshold, a summary of funding applications approved by the former CBT Committee over the past five years at each threshold is shown below.

Funding Applications Approved (from 1 <sup>st</sup> July 2016 – present)	
£500,000 - £999,999	Three applications
£1,000,000 – £1,999,999	Two applications
£2,000,000+	One application

6. The draft Terms of Reference reflect the flexibility under the City Corporation's own governance arrangements which allow the Grants Committee to draw upon the skills, knowledge and experience of the BHE Board, the wider Court and external co-optees. The Terms of Reference have also been drafted to reflect the ambition of Members to increase the diversity of the Board/ its Committees to represent the diversity of London, noting that the charity serves Greater London and Londoners.
7. The proposed size of the Grants Committee reflects Members discussion at the Strategic Half Away Day where it was agreed that Committees should be smaller in size than the Board. The proposed composition of the Grants Committee is intended to support the requirement set by the Court that a majority of elected City Corporation Members are required to be in attendance to form a quorum. *Ex-officio*

appointments from other City Corporation committees might also be considered in setting the Terms of Reference, noting the BHE Board and its Committees are required to take decisions independently for the charity, and that conflicts of interest and loyalty must be appropriately managed. A skills audit will be undertaken to assess what expertise is required on the Board and its Committees. It is recommended that the composition and Terms of Reference of the Committee is reviewed after the first year.

8. Given the anticipated business of the Grants Committee based on the previous business of the former CBT Committee and retaining existing delegations to officers, it is recommended that the Committee is required to meet at least four times in a year. This will be kept under review to inform the arrangements after the first year of the Board's operation.

### **Co-Option Protocol**

9. To enable the co-option of External Members to Committees of the BHE Board (and the Board itself if considered appropriate at a future date), it is recommended that the Board, in accordance with its Terms of Reference, recommends to the Court of Common Council an appropriate co-option protocol to ensure a fair and transparent process of appointment. A draft recommended Co-Option Protocol is set out at **Appendix 2** for the Board's consideration for onward recommendation to the Court for approval.
10. Additionally, in the interests of expediency in constituting the Grants Committee and to provide continuity in the oversight of the charity's activities, it is recommended that in approving the Co-Option Protocol, the Court be asked to exceptionally waive those requirements to allow the two previous external members of the CBT Committee to be appointed to the new Grants Committee on an initial 1-year term (as endorsed by Members of the BHE Board at the Strategic Away Half Day). Those individuals were previously recruited to the former CBT Committee through a fair, transparent and competitive process (which involved external advertisement), and their skills, knowledge and experience remain directly relevant to the functions which would be delegated to the proposed Grants Committee. Details relating to the two individuals and a short summary of their relevant, skills, knowledge and experience are set out below:
  - a. Jannat Hossain – Jannat is a Programme Director at the Baring Foundation, which protects and advances human rights and promotes inclusion. Jannat comes from a campaigning and organising background. She spent five years working across civil society on environmental, anti-racist and economic justice campaigns with both large NGOs and small grassroots groups. Jannat is also a trustee of Jubilee Debt Campaign.
  - b. William Hoyle – William has a digital background with over 25 years' experience working in senior roles within commercial telecoms, technology and media companies including Vodafone UK. William also has spent 15 years in the social impact sector working as CEO of Technology Trust, a UK charity and social enterprise, and was a founding CEO of TechforTrade – a small international development charity working in East Africa. William is also Chair of Trustees of the youth enterprise charity 'Business Launchpad', and a volunteer for the homeless charity, Glassdoor.

## **Other Arrangements**

11. As set out at paragraph 1, at their Away-Day, Members of the BHE Board endorsed the recommendation to retain at the Board level, until at least April 2022, all other functions currently vested in the Board, keeping such matters under close review. Members considered that this approach best achieved the Trustee's objectives in constituting the Board, specifically to develop a strong understanding of the governance of the charity and oversight of all of its operations with a view to ensuring that the Trustee's legal obligations are met, and that the charity is operated efficiently and effectively. Members also considered that this provided an opportunity to give further consideration to the Board's governance arrangements and possible delegations over the coming months pending the anticipated grant of the Supplemental Royal Charter, and also the outcomes of the Lisvane Review and implementation of a new Target Operating Model for the City Corporation.
12. The discussion at the Members' Away-Day also recognised that the charity benefits from strong corporate governance and management arrangements which have been adopted by the City Corporation across all of its functions which allow for appropriate adjustments where it is considered to be in the best interests of the charity. There was particular discussion around audit and risk, and the benefit to the charity of continuing to operate within the City Corporation's existing audit and risk operational and management framework; and in drawing upon the skills, knowledge and experience of the City Corporation's Audit and Risk Management Committee. It was recommended that the advice of that Committee be sought, as appropriate, on relevant matters for Bridge House Estates, and this is reflected in the recommendations presented for decision. This is in line with the references previously agreed by the Board in May 2021 to the Policy & Resources Committee, City of London Police Authority Board, and Investment Committee seeking their advice on matters relevant to each Committee/Board, as appropriate.

## **Conclusion**

13. This report recommends that a Grants Committee of the Board be established as soon as possible to discharge operational functions in furthering the charity's ancillary object in accordance with the policy which has been set, and notes the intention expressed by the Board that that no further functions will be delegated during this first year of the Board's operation - with the arrangements being kept under close review. The report also recommends a Co-Option Protocol for the Appointment of External Members for the Court's approval, and that the previous two external co-opted Members of the former CBT Committee are appointed to the new Grants Committee for one year. Finally, the report also formally seeks the advice of the City Corporation's Audit and Risk Management Committee on related internal and external audit and other risk management matters for the charity.

## **Appendices**

- Appendix 1 – Draft Terms of Reference for a Grants Committee of the Board.
- Appendix 2 – Protocol for Co-option of External Members to the Bridge House Estates Board and its Committees.

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