

Committee	Date
Bridge House Estates Board	24 November 2021
Subject: Managing Director's Update Report	Public
Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?	1, 2 and 3
Does this proposal require extra revenue and/or capital spending?	No
Report of: David Farnsworth, Managing Director of BHE	For information

Summary

To support the Bridge House Estates Board (“the BHE Board”/ “the Board”) in the discharge of its duties, this regular report provides an update on key areas of activity across the whole charity since the Board's last meeting in September 2021 and outlines upcoming activities for the Board to note. Specifically, the report provides updates on: the findings of the London Assembly Transport Committee's inquiry into the management of London's river crossings; a recent maintenance bridge lift issue at Tower Bridge; the progress of the implementation of the recommendations arising from the interim review of the charitable funding strategy *Bridging Divides*; the progress of the charity's external audit process; the performance of the charity's investment portfolio; and the implementation of the BHE Strategic Governance Review and Target Operating Model Process.

Recommendations

- i) Members are asked to note the contents of the report.

Main Report

Bridge Activity Update

1. Ongoing maintenance and support of the five Thames bridges continues to progress as part of the 50-year Bridge Maintenance Plan. Later in the agenda, in the non-public session, the Board will receive a comprehensive overview of the 50-year Bridge Maintenance Plan and an overview of the current thinking on the Bridge Replacement Strategy.
2. In July 2021, on behalf of BHE, I attended the London Assembly Transport Committee to provide evidence into their inquiry into the management of London's River crossings. Earlier this month, the London Assembly Transport Committee published their findings in a public report titled “*London's River Crossings: Bridging the Thames*”¹. The report highlights the state and maintenance of London's river crossings, and the lessons that can be learned from previous closures, and from international examples of river crossing management. The Report also makes a number of recommendations about the management and maintenance of the river crossings. BHE have been asked to provide a formal response to the published

¹ The report can be accessed online: https://www.london.gov.uk/sites/default/files/04112021_final_report_-_transport_committee_-_river_crossings_report.pdf

report: any such response will be informed by this Board meeting with its specific focus on BHE's primary objects, the bridges. Beyond this BHE will continue to engage with the London Assembly Transport Committee to further discuss their findings and provide advice on the effective management of Bridges.

3. Tower Bridge – On 4 November during a maintenance bridge lift at 15:30, the south bascule of Tower Bridge was not able to be lowered to a fully locked position. A hydraulic oil leak was identified at 16:45 and tanks took approximately 35 minutes to refill. This maintenance lift was one of many scheduled for the 10-month major hydraulics replacement project which is a few weeks from completion. Each quarter of the bridge's hydraulics system has been upgraded separately, in order to increase resilience and remain operational during a significant period of works – however in this instance, despite extensive testing prior to commissioning each quarter, one of the new pipe couplings failed. The Bridge was returned to a locked position with pedestrian and road traffic resuming from 17:30. Since this time, the Bridge lift mechanism has been functioning normally.

City Bridge Trust Update

4. Interim Bridging Divides Review - City Bridge Trust (CBT) continues to implement the recommendations arising from the early 2021 interim review of the *Bridging Divides* strategy. Most notably:
 - a. The Anchor Partners initiative seeks to develop a long-term, collaborative approach with key civil society organisations in London. Anchors are organisations with a cross community/cross-locality (or other community centering) remit which often support smaller civil society organisations and are considered to be the backbone of the voluntary and community sector. Such organisations facilitate crucial work tackling inequality across the capital, supporting the mission and vision of *Bridging Divides*. CBT have identified a long-list of potential partners and will host a meeting to share initial thoughts on shaping a programme of significant, long-term support. CBT aim to award developmental grants to prospective partners before the end of the financial year.
 - b. CBT's funding programmes continue to be updated, with 11 of the 19 pre-Covid strands now open to new applicants, having been reviewed and updated in light of the new and current context in London, taking lessons learnt from the pandemic into account. The remaining eight funding strands are being reviewed as part of a wider exercise to ensure learning from the health crisis is reflected in CBT's grant making. CBT will offer transitional funding support to organisations who would otherwise seek support through the strands that remain on pause and officers can provide a verbal update at your meeting if helpful.
 - c. CBT's "Funder Plus" offer, *The Bridge Programme*, relaunched in October and is receiving a steady stream of applications. "Funder Plus" is an approach connecting grant funded organisations with a range of free, non-financial support to help address a specific issue, whilst enhancing capacity, resilience and longer-term stability. Areas of support include Fundraising and Business planning, Management Systems, HR, and Governance. A learning session for the team CBT team is planned in November and this,

along with an evaluation of the programme, will inform future recommendations to the Grants Committee. This work, alongside the wider work undertaken by the Central Grants Unit and Corporate Volunteering Manager on 'total assets' (i.e. the broader range of networks, assets and skills which may enhance our funding offer) is enabling greater sharing and learning between the CBT team and the wider City Corporation. This is because the Funder Plus diagnostic generates insights around non-funding support required by CBT funded organisations and helps inform how City Corporation inputs complement the Funder Plus inputs.

- d. CBT continues to work with partners on the London Community Response (LCR), shaping a further programme of work which builds on the learning of waves one to five in identifying ways to continue collaborating in a non-emergency context. LCR was an unprecedented collective emergency response grant programme which saw collaboration between over 60 funders. Co-ordinated by London Funders, CBT played a key role, operating a fund into which other donors could donate (the "pooled" element of the work) and awarding more than half of the grants (c.£30m). It also took a pioneering approach to equitable grant-making, and the majority of CBT awarded grants were made to user-led organisations run by people with lived experience of the issues they were seeking to address. The Grants Committee will receive headlines in the Managing Director's report for their 6th December meeting, and a recommendation paper is planned for distribution by urgency in early 2022.
 - e. New collaborations with funders outside of the London Community Response have also been scoped, and a paper will also be considered by the Grants Committee at their December meeting.
5. Beacon Collaborative – Beacon Collaborative is a strategic initiative funded by CBT within the context both of the *Bridging Divides* strategy and the joint Philanthropy Strategy which focuses on the giving of time, assets, money and skills across BHE and the wider City Corporation. The Collaborative hosted its annual strategic conference at the Guildhall in late October with the Chairs and Deputy Chairs of the BHE Board and its Grants Committee attending. The Chair of the BHE Board gave the welcome speech followed by a speech by Danny Kruger MP, who is now a Principle Private Secretary in the Department for Housing, Communities and Levelling Up.

BHE Finance Update

6. Members will be aware that there have been delays with the audit of the 2020/21 Annual Report & Financial Statements, as a direct result of resourcing issues with our current auditors – BDO. There has been further slippage over recent weeks, although BDO have informed us that they remain confident in their ability to complete their work ahead of the Audit Panel review and consideration by the Audit & Risk Management Committee at their meeting on 30 November. A report in the non-public section of the agenda considers the plan for approval of this year's Annual Report.
7. At the September meeting of the BHE Board, delegated authority was given for the consideration and approval of the appointment of the incoming auditor for 2021/22

and subsequent years. Given the date of the relevant meeting being after the submission deadline for this paper, a verbal update will be provided at the Board meeting.

8. Over recent weeks, work has been ongoing across all activities within the charity on their business plans and budgets for 2022/23. This has included individual discussion sessions to understand key challenges. Further work is taking place to update the forecasting model that we maintain, considering the impact of key variables such as inflation and investment returns. This will be completed in time for the February 2022 Board, at which the 2022/23 budget and medium-term plan will be presented.

BHE Investment Portfolio Update

9. Property Investments – A bid was recently submitted for the Rock and Roll Industrial Units in Park Royal following Chief Officer approval. Unfortunately, BHE were outbid by Aberdeen Standard, with the final price yet to be disclosed. Officers will continue to identify purchases to further increase exposure to the industrial and logistics sector, with the funding strategy to be included in the 2022 Annual Strategy Report, to be approved by this Board.
10. On the sale side, bids have been received for the freehold of 64/65 London Wall following open marketing: a report from the City Surveyor recommending the highest bid and seeking delegation to progress the sale is included as a late report on your agenda today.
11. Social Investment - At the end of the most recent quarter (30th September 2021) the BHE Social Investment Fund calculated a return of 3.16% IRR on £9.8m of monies drawn down by our investees. In addition to the £9.8m drawn, investees can call on an additional £3.9m of funding, so the Fund has total active commitments of £13.7m, divided almost 60:40 between property and fixed income loans.
12. Members will recall that following agreement from the Chair and Deputy Chair of the BHE Board, new social investment placements are on hold pending completion of work on the Supplemental Royal Charter and agreement of any new social investment focus areas. Current work concentrates on portfolio management and the development of future plans.
13. Financial Investments – A full report on the performance of the BHE financial investment portfolio is provided later on the Board's agenda for today.

Cross-Cutting Strategic Ambitions and Governance

14. Corporate Governance Documents Review – In March 2021, at the same time as approving the constitution of the BHE Board, the Court of Common Council authorised the Town Clerk, in consultation with the Comptroller & City Solicitor, to make any other consequential changes to the City Corporation's corporate governance documents which are required to support the effective implementation of the new Board from April 2021. As such, a substantial review of all documents

(listed below) is being undertaken to ensure alignment with the new Member and Officer governance arrangements for BHE. The documents reviewed are the:

- a. Standing Orders
- b. Officer Scheme of Delegations
- c. Financial Regulations
- d. Procurement Code
- e. Project Procedure

15. BHE Strategic Governance Review – The BHE Strategic Governance Review (the Review) continues to progress and is nearing completion as workstreams are implemented and embedded as business as usual. The Review has played a key role in driving forward recent developments for BHE, including progressing the development of a Brand Positioning Statement for the charity, embedding the new Member governance changes and in seeking further governance changes by way of a Supplemental Royal Charter in consultation with the Privy Council Office (PCO). The PCO are currently still considering the Charter, and although the timeframes for formal consideration are subject to Privy Council business, it is now anticipated that a new Supplemental Royal Charter will be granted by the end of the current financial year.
16. BHE Target Operating Model - Following the approval of the BHE Target Operating Model (TOM) Proposal to establish a Leadership Team for the charity by the BHE Board and the Establishment Committee, a 30-day consultation period with impacted employees was initiated on 25 October and will close on 23 November. The purpose of the consultation process is to seek the thoughts from those affected, including any alternative options they may wish to put forward which would achieve the objectives of the change proposal.
17. At the time of writing, the consultation process is still ongoing. However, following the completion of the consultation process all feedback received will be reviewed and considered. If there are no substantive changes to the proposal as a result of consultation, the next step will be to implement the proposal from December 2021 onwards. The BHE Board will be kept up to date with the progress of implementation. However, if there are substantial changes that affect the proposal, then a further report will be brought back to the BHE Board for formal consideration at the appropriate time.

Conclusion

18. This report provides a high-level summary of activities across the whole charity since the last Board meeting in September 2021. Members are 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 Board members either verbally in the meeting or in written format as a follow-up to the meeting.

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