

<b>Committee</b>	<b>Date</b>
Bridge House Estates Board Grants Committee	6 December 2021
<b>Subject: Grants Committee – Officer Delegations</b>	<b>Public</b>
<b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b>	1
<b>Which <i>Bridging Divides</i> Funding Strategy priority does proposal aim to support?</b>	All
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>Report of:</b> Managing Director, BHE	For decision

### Summary

To support the efficiency and effective delivery of BHE’s ancillary objects there is an established practice of delegating authority for certain grant decisions to officers. This is in line with good practice in charity administration and the City of London Corporation’s governance framework. At your September 2021 meeting, you agreed financial thresholds for these delegations and to widen them to include authority to take decisions to reject applications. However, these were agreed on a temporary basis subject to a follow up report being presented to you considering more regular involvement of the full Committee in the exercise of officer delegated authority for grants of a value of between £100,001 and £250,000 (rather than officer consultation solely with the Chair and Deputy Chair). Three options are presented within this report for your consideration.

An amendment to the wording of the recommendation set out in **Appendix 2** is requested in order the base decisions on the amount of funding *recommended* by officers rather than the amount *requested* by the applicant.

### Recommendation

- a) Members are asked to receive this report and consider the proposed options for changes to the delegation framework to officers set by this Committee within its Terms of Reference and the City Corporation’s wider corporate governance framework.
- b) To agree to further amend the wording of the financial threshold’s recommendation, as set out at **Appendix 2**.

### Main Report

#### Background

1. At your September 2021 meeting, you temporarily agreed to delegate authority for certain grant decisions to officers against financial thresholds, and to widen

those delegations to include authority to take decisions to reject applications where appropriate. These are set out at **Appendix 1**.

2. The delegations were agreed on a temporary basis, subject to a follow up report being presented to you considering more regular involvement of the full Committee in the exercise of officer delegated authority for grants of a value over £100,001 (rather than with the usual officer consultation solely with the Chair and Deputy Chair).

## Main report

3. A charity's trustee is ultimately responsible for the decisions and actions of its charity. However, a trustee board of a large charity (in the case of BHE, the Court of Common Council for the City Corporation) cannot and should not seek to do everything and take all decisions for the charity as this would not allow for effective decision-making which would be inconsistent with the trustee's duty to act in the charity's best interests. Subject to any constraints in statute or the charity's own governing document on the decisions reserved to the trustee board (in our case the Court), the trustee should adopt "*decision-making processes [which] are informed, rigorous and timely, and [ensure] that effective delegation, control and risk-assessment, and management systems are set up and monitored*".<sup>1</sup>
4. Charity trustees should, in delegating authority, adopt a clear written framework around the scope and exercise of that delegated authority, including having clear and robust reporting procedures and lines of accountability. Charity Commission's Guidance on trustee delegations states:  
  
*"... Delegation can help trustees to govern more effectively, but they cannot delegate their overall responsibility. ...[Trustees] should set out in writing the limits of any delegated authority. [Trustees] should also put clear reporting procedures in place, so you can ensure the delegated authority is exercised properly. ...[Trustees] should consider and decide what decisions they will not delegate. ...[Trustees] should allow staff ... to carry out any functions that have been delegated to them. But [trustees] must be able to ensure that delegated authority is being properly exercised, through appropriate monitoring and reporting procedures..."*<sup>2</sup>
5. In discharging its obligations as Trustee of BHE the City Corporation acting by the Court operates within the City Corporation's corporate governance framework which - through Standing Orders, Committee Terms of Reference, Financial Regulations, Procurement and Project Codes, etc - sets out a transparent framework of written delegation, both as to scope and process, adopted by the Court.

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<sup>1</sup> Refer – Charity Governance Code for larger charities, Principle 4 – Decision making, risk and control, <https://www.charitygovernancecode.org/en/4-decision-making>

<sup>2</sup> The Essential Trustee: what you need to know, what you need to do, Section 9.3, page 30: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/866947/CC3\\_feb20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866947/CC3_feb20.pdf)

6. This framework clearly sets out that decisions are either taken collectively by Members (in a meeting of the Court, Committee or Sub-Committee) or by an officer alone. There is currently no provision for the Court, a Committee or a Sub-committee to collectively take decisions through a written procedure (as might be the case with some charity boards having individual trustees). Consistent with the principles of good delegation, and accountable and transparent decision-making (applicable to charity trustees and more generally), the exercise of the delegated authority is required to be reported back to the delegating Committee or Sub-Committee, or the Court as the case may be.
7. A convention has developed within the City Corporation in recent years that the full Committee/Sub-Committee membership might, by exception on a case-by-case basis, request to be informally consulted outside a meeting where a decision is required to be taken between meetings on matters of sensitivity or significance before officer delegated authority is exercised in consultation with the relevant Chair or Deputy Chair (as provided under the City Corporation's corporate governance framework). As matters stand this approach is not usual practice for all decisions and as such is not provided for anywhere in the written corporate governance framework of the City Corporation adopted by the Court.
8. Rather, that framework reflects the underlying principle that the Court's committees and sub-committees meet to collectively take decisions, with a clear distinction between decision-making by Members (collectively in committee) and by officers (acting individually), thus ensuring accountability for the decisions taken in each case. The Chair and Deputy Chair of a committee may, as a matter of practice consistent with their roles take soundings or consider representations from the wider committee, when consulted in the exercise of officer delegated authority.
9. As noted above, other charity boards with individual trustees may be authorised under their governance framework to take decisions collectively in writing, or otherwise to consult by email to form a consensus view in taking a decision in writing and instructing their Chief Executive accordingly. The arrangements for BHE with the City Corporation as corporate Trustee, however, are not equivalent.
10. Should consultation with the full Grants Committee prior to the exercise of officer delegated authority be adopted as standard practice for certain types of grants decisions (in this case all decisions to award grants between £100,001 and £250,000, as was proposed at your previous meeting), this approach would fall outside the City Corporation's documented corporate governance framework. In the view of officers this departure as a standard practice in the discharge of the committee's functions would require a formal change to the governance framework to ensure clarity around the proposed delegation arrangement and be consistent with the trustee's obligations relating to accountability for decision-making. The change would require Court approval.
11. Officers remain of the view that the current corporate governance arrangements operate well and are clearly understood within the City Corporation. Should Members of this Committee require further training, this can be arranged. Officers

consider that the proposed change to require consultation with the full Grants Committee for all grants decisions of a value between £100,001 and £250,000 would introduce a lack of transparency over decision-making process and would undermine the lines of accountability for the decisions being taken. Additionally, following discussions with the Funding Operations Team, concerns were also raised that an extra layer of engagement with Members in the delegated authority approval process may delay the decision-making and unnecessarily complicate the process and delay funding being awarded to applicants. As noted above, delegation arrangements (from the Court for the Trustee) should provide for timely and effective decision-making.

12. Nevertheless, it remains open to the City Corporation should it be considered to be in the best interests of BHE, to adopt a delegated decision-making framework for the charity which provides that all members of the Board (or its Committees) might be consulted in the exercise of officer delegated authority as a standard practice for certain classes of decisions, rather than by exception as is currently the case.

### **Options for consideration**

13. Members are requested to consider the below options for changes to the delegation framework to officers set by this Committee within its Terms of Reference and the City Corporation's wider corporate governance framework.

#### **Option 1**

14. To agree to implement the officer delegations and financial thresholds presented at your September meeting and to widen those delegations to include authority to take decisions to reject applications where appropriate, as set out at **Appendix 1**. If the delegation is recommended to be made on a permanent basis, for transparency and consistent with good governance, the delegations should be reflected in the Chief Officer Scheme of Delegations when next reviewed. This would not prevent consultation with the full Committee in exercising delegated authority in exceptional cases as is currently the convention.

#### **Option 2**

15. The Committee could reconsider the financial thresholds for the exercise of delegated authority by the Chief Officer as set out in **Appendix 1**. This would not prevent consultation with the full Committee in exercising delegated authority in exceptional cases as is currently the convention.
16. Depending on the frequency of the meetings of this Committee and the revised threshold, this option could, however, affect the ability of the charity to operate effectively in taking decisions expediently in the interests of BHE and its beneficiaries.

#### **Option 3**

17. To agree to implement the officer delegations and financial thresholds presented at your September meeting on a permanent basis and to widen those delegations to include authority to take decisions to reject applications where appropriate, as

set out in **Appendix 1 subject to one amendment** in that for grants of a value between £100,001 and £250,000:

- (a) the full Committee shall be consulted in writing on the decision prior to the exercise of the Chief Officer's delegated authority.
- (b) Should any Member have a comment on the application to be considered, this should be forwarded directly to the Chair/Deputy Chair within 48 hours of the email being sent.
- (c) The Chair and Deputy Chair have the authority to reject or accept any comments as part of their decision-making process.

18. If this option is supported, as noted above, in the view of officers this change to the City Corporation's standard corporate governance framework should be authorised in the usual way. This will require a decision by the Court, upon the recommendation of the BHE Board and Policy and Resources Committee.

### **Amendment to Delegations wording**

19. Amendments to the wording of the recommendation set out in **Appendix 2** is sought in order the base decisions on the amount of funding *recommended* by officers rather than the amount *requested* by the applicant. This is because funding recommendations follow a process of careful due diligence and are made with reference to awards previously granted by BHE.

20. Organisations may apply for far more funding than BHE is willing to provide, but officers might nonetheless still recommend some level of support. By way of example, at present, if an organisation requests a grant of £300,000 and the post-assessment decision is to recommend an award of £100,000, the funding decision would need to wait until the next scheduled meeting of the Grants' Committee. Had the organisation originally requested £100,000 it could have received a decision far sooner under the scheme of delegations. This amendment is recommended with reference to the Charity Commission's Guidance on trustee delegations set out in paragraph 4 of this paper.

### **Appendices**

- Appendix 1: Officer delegations and financial thresholds
- Appendix 2: Amendments to the wording of the financial threshold recommendations

### **Background report:**

- BHE Grants committee, Grant Approval Threshold review, 30 September 2021

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## Appendix 1

- a. Applications or Recommendations (whichever is the higher) of up to £50,000 in total may be approved or rejected by the Managing Director of BHE or in their absence, the Associate Director of CBT or a CBT Funding Director;
- b. Applications or Recommendations (whichever is the higher) of between £50,001 and £100,000 in total to be approved or rejected by the Managing Director of BHE or in their absence the Associate Director of CBT, in consultation with the Chamberlain (acting by the Charities Finance Team) for recommendations;
- c. Applications or Recommendations (whichever is the higher) of between £100,001 and £250,000 in total to be approved or rejected by the Managing Director of BHE or in their absence the Associate Director of CBT, in consultation with the Chamberlain (acting by the Charities Finance Team) for recommendations, with the decision of the Managing Director of BHE (or the Associate Director of CBT as the case may be) being taken in consultation with the Chair and Deputy Chair of the Grants Committee; and
- d. Applications or Recommendations (whichever is the higher) of between £250,001 and £500,000 in total to be approved or rejected by the Grants Committee.

## Appendix 2

- a. Applications ~~or Recommendations (whichever is the higher)~~ of up to £50,000 in total may be approved or rejected by the Managing Director of BHE or in their absence, the Associate Director of CBT or a CBT Funding Director;
- b. Applications ~~or Recommendations (whichever is the higher)~~ of between £50,001 and £100,000 in total to be approved or rejected by the Managing Director of BHE or in their absence the Associate Director of CBT, in consultation with the Chamberlain (acting by the Charities Finance Team) for recommendations;
- c. Applications ~~or Recommendations (whichever is the higher)~~ of between £100,001 and £250,000 in total to be approved or rejected by the Managing Director of BHE or in their absence the Associate Director of CBT in consultation with the Chamberlain (acting by the Charities Finance Team) for recommendations, with the decision of the Managing Director of BHE (or the Associate Director of CBT as the case may be) being taken in consultation with the Chair and Deputy Chair of the Grants Committee; and
- d. Applications ~~or Recommendations (whichever is the higher)~~ of between £250,001 and £500,000 in total to be approved or rejected by the Grants Committee.