

<b>Committee:</b>	<b>Date:</b>
Bridge House Estates Board	11 January 2022
<b>Subject:</b> BHE Grants Committee – Officer Delegations	<b>Public</b>
<b>Which outcomes in the BHE Bridging London 2020 – 2045 Strategy does this proposal aim to support?</b>	1
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>Report of:</b> David Farnsworth, Managing Director of BHE	<b>For decision</b>
<b>Report author:</b> Scott Nixon, Head of Director's Office	

### Summary

This report sets out matters for the Bridge House Estates Board (“BHE Board/ the Board”) to consider and endorse to the Court of Common Council in respect of the BHE Grants Committee proposal on officer delegations that was considered by the Committee at its meeting in December 2021.

To support the efficient and effective delivery of BHE’s activities in furthering its ancillary object, 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 Corporation’s governing framework.

At its meeting in December 2021, the BHE Grants Committee considered three options for the involvement of the full Grants 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 of the Grants Committee), to operate alongside the agreed delegations to officers for grants of £100,001 or more, and the decisions for the award of grants over £250,000 which remain reserved to the Committee. The Grants Committee have recommended an option for the Board to endorse which involves written consultation with the full Committee in the exercise of officer delegated authority for all grants of a value between £100,001 and £250,000. If supported by the Board this would require onward approval to the Court of Common Council as it is inconsistent with the current standard corporate governance framework for regular decision-making already approved by the Court.

The option endorsed by the Grants Committee recommends a change to the current delegations in that for grants of a value between £100,001 and £250,000:

- (a) the full Grants 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 of the Grants Committee within 48 hours of the email being sent; and
- (c) the Chair and Deputy Chair of the Grants Committee have the authority to reject or accept any comments from the wider Committee as part of the decision-making process.

### Recommendations

- i) To consider the recommendation from the Grants Committee to amend the current officer delegations to allow for the involvement of the full Grants Committee in the

- exercise of officer delegated authority for grants of a value of between £100,001 and £250,000 (as set out at paragraph 11c); and,
- ii) If the recommendation from the Grants Committee is endorsed, to recommend to the Court of Common Council the approval of the change on a permanent basis, subject to a six-month review period (i.e., lasting two Grants Committee cycles).

## **Main Report**

### **Background**

1. 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 City Corporation acting by the Court of Common Council) 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, 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>
  
2. 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 delegation's 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>
  
3. 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.
  
4. 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

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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)

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.

5. 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.
6. 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.
7. 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.

### **Current position**

8. At its first meeting in September 2021, the BHE Grants Committee 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**.
9. The delegations were agreed on a temporary basis, subject to a follow up being presented to the Grants Committee 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).
10. At its meeting in December 2021, the Grants Committee considered three options for changes to the delegation framework to officers set by the Grants Committee within its Terms of Reference and the City Corporation's wider corporate governance framework.

11. All three options considered by the Grants Committee are shown below. **The Grants Committee agreed to recommend Option 3** to the BHE Board. As this is a change to the City Corporation's standard corporate governance framework in decision-making, as noted above, this change requires a decision by the Court, upon the recommendation of the BHE Board.

- a. Option 1 - To agree to implement on a permanent basis 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.
- b. Option 2 - 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. Depending on the frequency of the meetings of the Grants Committee and the level of the revised thresholds for decisions by officers under delegated authority, 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.
- c. Option 3 (recommended by the Grants Committee) - 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 all grants of a value between £100,001 and £250,000:
  - i. the full Committee shall be consulted in writing on the decision prior to the exercise of the Chief Officer's delegated authority;
  - ii. 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; and
  - iii. the Chair and Deputy Chair shall, as part of the decision-making process, have the authority to reject or accept any comments from the wider Committee in providing their views to the officer who will take the decision under delegated authority.

12. Option 3 is now recommended by the Grants Committee to the BHE Board to consider whether they wish to endorse the proposal for onward approval by the Court. This option falls outside the City Corporation's standard documented corporate governance framework and changes to that standard framework require the Court's approval (or approval in accordance with the delegated authority process in place already approved by the Court). This will also ensure clarity around the proposed delegation arrangement consistent with the Trustee's obligations to ensure accountability for decision-making.

13. Having regard to a charity trustee's obligations in setting a delegation and decision-making framework, as set out at paragraphs 1 and 2 above, officers continue to have some concerns that adopting the recommended Option 3 as a standard practice for certain classes of decisions potentially risks reducing the transparency of the decision-making process. It also potentially risks undermining the lines of accountability for the decisions being taken and running counter to the move to allow greater levels of officer delegation to enable members of boards and committees to focus on more substantive and strategic decisions.
14. Additionally, following discussions with the Funding Operations Team, concerns were raised that an extra layer of engagement with members of the Committee in the delegated authority approval process may unnecessarily complicate the process and delay the decision-making on awards of funding to applicants. As noted above, delegation arrangements (from the Court for the Trustee) should provide for timely and effective decision-making, whether by Members in Committee or an officer under his/her delegated authority.
15. Nevertheless, it remains open to the City Corporation should it be considered to be in the best interests of BHE, to adopt a revised 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.
16. If the BHE Board and Court of Common Council approve the recommendations in this report, the Grants Committee proposed that the arrangements be implemented permanently but subject to review after a trial period lasting two committee cycles. At the end of the trial, and if the new processes are deemed successful by the Grants Committee Chair and Deputy Chair, the changes will be implemented on a permanent basis. If they are not successful the Grants Committee will recommend adjustments to the BHE Board (and onward to the Court, as required).

## **Conclusion**

17. This report asks the BHE Board to consider the recommendation of the Grants Committee to amend the permanent officer delegations to provide for the full Grants Committee to be consulted in advance of 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 of the Grants Committee. If supported by the BHE Board in the best interests of the charity, this proposal requires the approval of the Court of Common Council.

## **Appendices**

- Appendix 1: Grants Committee Officer delegations and financial thresholds

## **Background reports:**

- Report to the BHE Grants Committee, entitled Grants Committee – Officer Delegations, dated 6 December 2021.

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## **Appendix 1 – Grants Committee Officer Delegations and financial thresholds**

- a. Application recommendations 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. Application recommendations 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. Application recommendations 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. Application recommendations of between £250,001 and £500,000 in total to be approved or rejected by the Grants Committee.