

Committee	Date
Bridge House Estates Board	11 January 2022
Subject: Managing Director's Update Report	Public
Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> 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 functions, this regular report provides an update on key areas of activity across the whole charity since the Board last met in November 2021, and outlines upcoming activities for the Board to note. Specifically, the report provides updates on: Hostile Vehicle Mitigation measures and the production of a Service Level Agreement between BHE and the City of London Police (provided in a non-public appendix at Item 14), activities at Tower Bridge, the implementation of recommendations arising from the interim review of the *Bridging Divides* funding strategy, developments relating to Philanthropy House, the progress of the implementation of the charity’s Leadership Team following the completion of the Target Operating Model (TOM) process, strategic priorities for the BHE Communications Team and matters relating to the charity’s finances and investment portfolios.

Recommendations

- i) The Bridge House Estates Board are asked to note the contents of the report.

Main Report

Bridge Updates

1. Hostile Vehicle Mitigation – An update on Hostile Vehicle Mitigation is provided at Appendix 1 in the non-public section at Item 14.
2. BHE & City of London Police Service Level Agreement – An update on the production of a Service Level Agreement between BHE & the City of London Police is provided at Appendix 1 in the non-public section at Item 14.
3. Millennium Bridge – The Greater London Authority (GLA) and their event partners recently approached the City Corporation in confidence for a road closure to Millennium Bridge for the GLA’s New Year’s Eve light display and firework celebrations. Subsequently, the Assistant Director Engineering became involved in reviewing the proposals to ensure they were not injurious to the Bridge and disruption was minimised. Following the approval of the BHE Board Chair, in conjunction with other City Corporation Committee Chairs, concerning the artistic content of the celebrations the Comptroller and City Solicitor prepared and signed a legal letter agreement to proceed with the celebrations. Officers will in due course

develop new procedures to consider future applications for use of the bridges due to the change in Committee responsibilities following the creation of the BHE Board and the change in officer responsibilities resulting from the TOM process and establishment of the BHE Leadership Team.

4. Tower Bridge - Major projects continue at Tower Bridge, with a year-long overhaul of its high voltage electric system having commenced on 13 December 2021, and the ten-month hydraulics replacement project completed on time and within budget on 17 December 2021.
5. Following a continuous increase in visitors since reopening in May 2021, the tourism business at Tower Bridge saw a 14% decrease in footfall since the announcement and implementation of further Government restrictions in early December 2021. The events business at the Bridge experienced a number of cancellations and postponements following the latest announcements in December 2021, although (at the time of writing) this only comprised 5 of 21 events facilitated in December 2021.

Funding Updates

6. Interim Bridging Divides Review Implementation – The Grants Committee of the BHE Board last met in December 2020 and received updates on the continued implementation of the recommendations arising from the early 2021 interim review of the Bridging Divides funding strategy, of which several highlights are referenced below. The public minutes of the Grants Committee can be found at Item 7 of this agenda and the non-public minutes at Item 18.
 - a. A transitional funding support scheme has now been launched for organisations whose work is not currently covered by the charity's responsive grant making programmes but was eligible prior to the start of the pandemic. This reflects the wish to assist the wider sector in London whilst working to update our funding programmes to reflect lessons learned from the past two years. It is expected that recommendations will be presented to the March 2022 Grants Committee for an agreed suite of updated Bridging Divides funding programmes.
 - b. New collaborations with other funders called Alliance Partnerships (referred to as the "Alliance Fund" previously, but since renamed to avoid confusion with participating funders' funds), have also been scoped. The Grants Committee agreed the first collaboration at their meeting on 6th December with ROSA, a grant-making charity that funds women's organisations. The Grants Committee agreed funding of £499,999 towards Rosa's Rise Fund which will award BME women-led organisations benefitting Londoners. The Grants Committee also agreed to earmark up to £15m in total towards such collaborations.
 - c. Over the summer, CBT worked with London Funders and other charity, statutory, corporate, and independent partners from the London Community

Response (LCR)¹, to build on the learning and shape how the collaborative model might be adapted for non-emergency contexts. Following a series of workshops, an initial set of principles, aims and objectives have been agreed. Whilst development work continues, CBT, along with Bloomberg LP, the Greater London Authority, John Lyon's Charity, London Community Foundation, London Councils, London Funders, Macquarie and Trust for London have signed a shared partnership statement which sets out a desire to continue to collaborate, achieving impact which is greater than the sum of their parts. There is likely to be a focus on Children and Young People, in the immediate future. A report is expected to be presented to your next Grants Committee on 9 March 2022 to make recommendations as to any on-going role for, or contribution to, the collaboration by CBT. The CBT Team remain supportive of the collaboration and CBT's ongoing involvement with this initiative.

7. Philanthropy House - prior to the pandemic, significant work was undertaken by the Philanthropy Director in collaboration with Officers from the City Surveyor's and Comptroller & City Solicitor's Departments to scope and explore the potential of a charitable co-location project (with a working title of 'Philanthropy House') in partnership with a couple of respected funder-membership bodies (the 'Project Partners'). Initial thinking focused on 21 Aldermanbury, close to the Guildhall Estate, but officers were subsequently instructed to develop business modelling for another nearby location within the BHE portfolio, 74 Moorgate, owing to operational challenges with the original building.
8. Shortly before the pandemic, this work was paused pending further clarity on 74 Moorgate's post-development footprint. The Philanthropy Director was then seconded to co-chair, on a full-time basis, the Funder, Voluntary, Community and Faith sectors' input into the Pan-London Strategic Response during the pandemic. Since that time, Officers have regrouped and concluded that;
 - a. It is too soon to undertake business modelling on the charitable co-location market with any level of accuracy owing to the shift in working patterns resulting from the pandemic; and
 - b. It would be more prudent to wait until the conclusion of deliberations relating to BHE's Transitional Investment Strategy Statement and the grant of additional powers to the Trustee, being sought by way of Supplemental Royal Charter, as this would ensure that account is taken of both the most up-to-date policies and available Trustee powers in terms of identifying and evaluating potential options to pursue in support of this project.
9. With this in mind, no specific action is being undertaken at this stage to progress this project pending the outcome of the Privy Council's decision-making on the Supplemental Royal Charter, noted above at 7c. At that point, officers will then review the Project Partners' ongoing appetite for engagement and determine

¹ 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).

whether the co-location market has settled sufficiently to enable more robust business modelling to take place, with decisions being taken in accordance with the charity's Investment Strategy in effect at that time.

Governance and Strategy

10. Governance Arrangements – Following constitution of the BHE Board in April 2021, the Board agreed to keep 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. In support of this, the BHE Board are asked to complete a 'Skills & Effectiveness Audit' informed by Charity Commission guidance, best practice and mindful of BHE's governance context. This will be shared with the Board via separate email link for ease of completion. The results of the audit will feed into a paper to be presented to the February BHE Board meeting, which will focus on BHE governance arrangements for the new civic year, following the appointment of the Board by the Court of Common Council in April 2022. The detailed paper will present options for discussion and decision to support the Board in the effective administration of the charity, for example the number of Board committees, co-option arrangements, and officer delegations.
11. BHE Target Operating Model – Following the approval of the Target Operating Model (TOM) Proposal to establish a BHE Leadership Team by the BHE Board and the Establishment Committee, a 30-day consultation period with impacted employees and relevant stakeholders was initiated on 25 October and closed on 23 November. There were no substantive changes to the structure as a result of the consultation, although a number of job descriptions & titles were updated to better reflect roles and responsibilities across the charity's activities and operation. Subsequently, in December 2021, the Court of Common Council approved the creation of two new Grade I roles – the Chief Operating Officer post and the Chief Funding Officer post.
12. The new structure became effective from 4 January 2022 and assimilation into roles by existing post-holders is taking place. The new Chief Operating Officer and the new Head of Strategy & Governance posts were widely advertised over the Christmas period, with adverts closing on 10 January 2022. Interviews for both roles will take place later this month. The new Chief Funding Officer post will be advertised in February/March 2022, with interviews taking place shortly after. It is anticipated that the new Leadership Team will be fully embedded by May 2022, but this is dependent on notice periods of successful candidates.
13. BHE will remain in transition over the next 12 months or so, particularly as the charity undertakes a review of its wider operational team structure. Further developments on ways of working, the relationship between operational roles in delivering the charity's functions, together with the interface with the enabling and support functions provided by the City Corporation's corporate departments will be progressed within the next few months. The BHE Board will continue to be kept up to date on the implementation of the TOM.

Communications Update

14. Three major strategic areas of work for the BHE Communications Team in the first six months of 2022 are listed below. Further details of this work can be found at **Appendix 2**.

- a. Building a **new website** to transform the user experiences and enable a greater and more diverse audience to access support from CBT, as well as enabling BHE to share its impact and learning more effectively. Completion: June 2022.
- b. **Positioning Bridge House Estates**. Working with the Board, officers and with the continued help of the appointed advisory agency, William Joseph, officers will continue using the brand positioning project to inspire and support all staff who undertake BHE work across the City Corporation begin to think and speak as one team. The Communications Team will agree and begin using a set of messaging guidelines. Officers will ensure the Board is included in all developments in this area and will report back on progress at each Board meeting over the coming months. Completion: June 2022.
- c. **Re-describing the charity's funding offer**. In partnership with the CBT Bridging Divides Strategy Group, officers will focus on making key areas of work fully accessible, understandable and easily navigable to external audiences. Completion: March 2022.

BHE Finance Update

15. Following delays experienced with the audit of the 2020/21 Annual Report & Financial Statements, due to resourcing issues with our current auditors (BDO), the Board will be pleased to hear that the audit has now been completed, with the approved Annual Report submitted to the Charity Commission. The audit completion report provided by BDO is included as **Appendix 3** to this paper and will also be presented for information to the next meeting of the Audit & Risk Management Committee. I am pleased to note that there were no significant matters to report as a result of the audit.

16. Continuing discussions are taking place in the preparation of the 2022/23 budget and medium-term forecast. The paper on this, due to be presented to the February 2022 BHE Board, will also include an update on progress against the 2021/22 budget.

17. A Capital Funding Update Report on previously approved bids was presented to Resource Allocation Sub Committee in December 2021. This report noted that savings had been achieved on the Phase 1 Energy Reduction programme, with £37k being returned to BHE. The full report is available to the BHE Board on request.

BHE Investment Portfolio Update

18. **Social Investments**: In November 2021, the Board received an update from the most recent quarter (30th September 2021) showing a return of 3.16% IRR on £9.8m of monies drawn down by our investees. In addition to the £9.8m drawn down, 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. The next complete quarter fell soon after the deadline for papers for

today's meeting and before updates were received from across the portfolio investees. Nonetheless, officers have not seen any notable negative impacts in the period September – December 2021. The social impact themes currently supported include homelessness, domestic violence, social care, vulnerable migrants and adults with learning disabilities. A verbal update on any material issues arising in the most recent quarter will be provided at the Board meeting, as relevant.

19. Financial Investments: the market value of the BHE financial investments portfolio as at 30 November 2021 (the latest information available) is estimated to be £899m, which represents an increase of £12m versus the position as at 30 September (as reported at the Board's November meeting) and an increase of £58m since the start of the financial year. The latest available performance measurement data relates to the portfolio as at 31 October 2021. At that time the portfolio was outperforming its absolute return target of CPI + 4% over the past 12 months, 3 years and 5 years with total annualised returns of 20.2%, 10.3% and 7.7%, respectively. Performance over the last 12 months has been driven by the equities allocation (particularly from UK equity managers Artemis and Majedie and value manager Harris). No asset allocation changes have been implemented since the last Board meeting.

20. Property Investments: On 23 December 2021, BHE successfully exchanged on the freehold interest in DNL House, 17 Hickman Avenue, Walthamstow (with a completion date of 11 January 2022). The exchange of contracts followed two rounds of competitive bidding, including a condition that all parties had to commit to exchange by 24 December 2021 – 10 working days from agreement of heads of terms. Approval by the BHE Board and the Court of Common Council (with support from the Property Investment Board) was achieved within 48 hours of the report being circulated under urgency procedures. This was greatly appreciated by the City Surveyor. This purchase will increase exposure to the industrial and logistics sector to around 4.5% by value of the portfolio and is in accordance with the 2021 Annual Strategy for the charity (previously approved by the Property Investment Board and which remains in effect).

Conclusion

21. This report provides a high-level summary of activities across the whole charity's operation and activities since the Board last met in November 2021. The Board are asked to note the content of the report and the progress made in each activity area over recent months. Further information of any of the updates given in this report can be provided to the Board either verbally in the meeting or in a written format as a follow-up to the meeting.

Appendices

- Appendix 1 – Non-public appendix: Bridges Updates
- Appendix 2 – Communicating Bridge House Estates/ City Bridge Trust
- Appendix 3 – BDO Audit Completion Report

David Farnsworth

Managing Director of Bridge House Estates

E: David.farnsworth@cityoflondon.gov.uk

Appendix 2 - Communicating Bridge House Estates/ City Bridge Trust

Three major strategic areas of work for the Communications Team currently include:

1. Website

Building a **new website** with state-of-the-art functionality and better aesthetics and multimedia content to make it more engaging and easier to navigate for both internal and external users. Ultimately it will transform the user experiences; articulate the broader BHE activities and teams more fully, including the connection with the City Corporation as Trustee; and will enable a greater and more diverse audience to access support from CBT.

Development stages

Stage 1 & 2: User insights and quantitative and qualitative research with staff and funded partners and organisations. User research findings attached.

Further details on the initial insights from audience testing on the CBT website can be found [here](#).

Stage 3 – Building our solution: defining which content will be most valuable to the highest number of audiences to design proposed information architecture.

Stage 4 & 5 - Functionality and design: Full picture of the needs of our audiences & our communication goals are fed into the site functionality. We will also test the designs before it is built with our audiences (including the Board and officers) to ensure that they are meeting the earlier-defined needs. There will be an emphasis on DEI and accessibility.

**Suggest dedicated time is built in here to reflect back the design/function direction with the Board for input (Board input/questions are of course welcome throughout this work and should be directed through the BHE Director of Communications and Engagement, Cathy Mahoney – Catherine.mahoney@cityoflondon.gov.uk).*

Stage 6 - Build: Content Management System, content migration and creation, user testing, Search Engine Optimisation/ Search Function.

Proposed date of completion: Summer 2022

2. Positioning Bridge House Estates

We will continue using the **brand positioning** project to inspire and support all staff to begin thinking and speaking as one team across the whole of the charity's operations, and in furthering both its primary and ancillary purposes. We will contribute to embedding a one-team culture via a series of workshops during which we will move towards a set of tone of voice / messaging guidelines.

Via collaborative working, we will explore where all BHE teams are internally and externally communicating and begin using agreed wording that positions BHE more broadly and clearly with our audiences.

We will ensure the Board is included in all progression in this area and happy with the direction of travel. As we acknowledge that this work will be ongoing, we will report back on progress at each Board meeting.

3. Re-describing our funding offer as *Bridging Divides* fully reopens

In partnership with the CBT *Bridging Divides* Strategy Group, we want to make changes to the way we communicate about our funding streams in furthering the ancillary purpose. This piece of work will focus on making our key areas of work under the charity's ancillary purpose more accessible, understandable and easily navigable to our external audience.

Taking a collaborative approach, this process will include reviewing and proposing changes to how we name, cluster and communicate grant-making, 'funder plus', philanthropy, social investment & strategic initiatives in furthering the charity's ancillary purpose.

Proposed date of completion: March 2022.