

Report – Bridge House Estates Board

Grants Committee Arrangements

To be presented on Thursday, 21st April 2022

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

This report sets out matters for the Court of Common Council in respect of the Grants Committee of the Bridge House Estates (BHE) Board, to support the efficient and effective delivery of BHE's activities in furthering its ancillary object. Principally, it seeks the Court's approval for a new policy by which decisions on funding recommendations can be made by officers and the Chair and Deputy Chair under delegated powers. In line with good practice in charity administration and the City Corporation's governing framework, there is an established practice of delegating authority for certain grant decisions to officers. At its January 2022 meeting, your BHE Board agreed to recommend that a new delegated authority policy be implemented on a permanent basis. This includes an increase to the financial thresholds at each level of delegation in order to increase the time available at meetings for discussion about strategy and wider policy issues, and to reflect the uplift in grant funding available for distribution.

Additionally, the Court is asked to agree that the terms of the current Co-opted Members of the Grants Committee of the BHE Board be extended, in order to ensure continuity of the charity's grant-making activities during this period of transition and embedding the new governance arrangements and ways of working, and so that the terms of the existing Co-opted Members are appropriately aligned with those of the wider Committee. This is in line with the current BHE Board Protocol for Co-Option of External Members adopted by the Court in September 2021.

RECOMMENDATION

The Court is Common Council is recommended to:

- Agree the proposed delegated authority policy set out at paragraph 14.
- Authorise the BHE Board to extend the terms of the two current Co-opted Members of the Grants Committee of the BHE Board, one by a period of 12 months, and one by 18 months, with terms to be determined by the BHE Board.

MAIN REPORT

Background

1. In April 2021, the Court of Common Council formally constituted the BHE Board to exercise the day-to-day management and administration of the charity solely in its best interests, on behalf of and under the oversight of the Court. The creation of the BHE Board consolidates oversight of administration and management of the charity's strategic and operational activities to support its more effective governance to help ensure that decisions can clearly be demonstrated to be taken in the best interests of the charity. Reflecting that the City Corporation acting by the Court of Common Council is the Trustee, and remains ultimately responsible for the discharge of these functions and compliance with the relevant duties of a charity trustee, the Court must retain sufficient oversight of the BHE Board's activities and finances. Some matters have therefore been reserved to the Court.
2. The BHE Board has the express delegated authority from the Court to appoint such sub-committees as are considered necessary for the most effective discharge of BHE functions within the remit of the Board. This allows the Board the freedom to determine how best to administer its charitable functions in compliance with the Trustee's legal obligations. It provides flexibility for the Board and allows those arrangements to be adapted expediently as required for the charity's good administration.
3. To support continuity of the charity's business, the Board has constituted a sub-committee, the Grants Committee of the Bridge House Estates Board, to have responsibility for activities associated with the charity's ancillary object (delivered in the name of CBT), and intends to reappoint the Committee for the ensuing year. The Board has also given consideration to the skills, knowledge and experience required on that sub-committee. The Grants Committee has inherited the functions of the former CBT Committee and the framework in which those duties are exercised as handed down by the Court of Common Council and/or BHE Board.
4. Due to the volume of funding applications considered by CBT, it has been the long-standing practice that those associated with smaller sums are considered by the Chief Officer (previously the Chief Grants Officer & Director of CBT, now the Managing Director of BHE) acting alone, or by the Chief Officer in consultation with the Chair and Deputy Chair for intermediate sums. This is to allow for the Committee meetings to focus on the larger funding decisions and strategic items. All such approvals are made in accordance with the approved funding strategy, Bridging Divides.
5. To support the efficient and effective delivery of BHE's activities in furthering its ancillary object, it is intended that the established practice of delegating authority for certain grant decisions to officers continue. This is in line with good practice in charity administration and the City Corporation's governing framework.

Previously, agreement of the policy for CBT by which decisions on funding recommendations can be made by officers and the Chair and Deputy Chair under delegated powers has been reserved to the Court of Common Council.

Current Position

6. The Court of Common Council most recently agreed a permanent delegated authority policy for CBT at its meeting in September 2019, following a recommendation from the CBT Committee to increase the financial thresholds in order to increase the time available at meetings for discussion about strategy and wider policy issues.
7. As part of CBT's response to the Covid-19 pandemic during 2020, it was proposed that amendments be made to the corporate Scheme of Delegations in respect of CBT, and the CBT delegated authority policy, in order to enable the City's Central Grants Office to respond to the ongoing Covid-19 crisis effectively, and take decisions expediently in the interests of BHE and its beneficiaries. The Court of Common Council subsequently agreed to amend the Scheme of Delegations and for officer delegated authority approval thresholds to be increased and extended on a temporary basis. These thresholds were periodically reviewed by the CBT Committee prior to its dissolution and concurrent transfer of functions to the BHE Board.
8. At its first meeting following its establishment, the Grants Committee of the BHE Board considered several options for the implementation of a renewed permanent delegated authority policy, which reflected both the new governance arrangements following the transfer of BHE functions to the BHE Board in April 2021, the Target Operating Model (TOM) work undertaken in respect of CBT and wider BHE staffing arrangements, and the uplift in grant funding available for distribution. A new policy was then agreed and recommended to the BHE Board at its meeting in December 2021.
9. Your BHE Board then considered the proposed delegated authority policy at its meeting in January 2022 and agreed 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).
10. Furthermore, in constituting the Grants Committee of the BHE Board, the Board was strongly of the view that it was in the best interests of the charity, and the continuity of those charitable activities under the ancillary object, to appoint Co-opted Members to the new sub-committee as soon as possible. A protocol for the co-option of external members to the BHE Board and its sub-committees was agreed by this Honourable Court in September 2021, and in doing so, the Court agreed to waive the requirements of this protocol in order to allow the two previous external members of the City Bridge Trust Committee to be appointed immediately to serve as Co-opted Members of the Grants Committee of the BHE Board.

Proposed Delegated Authority Policy

11. The proposed new policy reflects the organisational changes in respect of BHE both with regards to Committee governance, with the BHE Board retaining ultimate responsibility for the approval of the largest grants, and its Grants Committee overseeing the approval or rejection of grants under £500,000. Further to this, the proposed financial thresholds reflect the uplift in grant funding available for distribution, from £25million per annum in 2021/22 to £40million per annum from 2022/23, as agreed in the 2022/23 revenue budget and Medium-term Financial Plan for BHE approved by the Court of Common Council in March 2022.
12. The Covid-19 crisis has enabled CBT, and the wider funding community, to adopt new and better funding practices, including fast turn-around times. Increasing the threshold levels on a permanent basis will enable CBT to retain faster turnaround times, thereby enhancing its reputation as a funder that is responsive to the needs of the sector. It is further proposed that authority is delegated to officers to reject grant applications where appropriate, so that these decisions can be relayed to applicants at a greater pace.
13. The wording of these delegations also reflects the level of funding *recommended* rather than requested, as this seems a more logical approach to the levels of delegation. Furthermore, the wording clarifies that the thresholds refer to the overall grant, and not to annual figures within multi-year grants.
14. The Court is therefore asked to agree that the delegated authority policy set out below be implemented, so that:
 - 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;
 - d) 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.
- e) Application recommendations of between £250,001 and £500,000 in total to be approved or rejected by the Grants Committee of the BHE Board.
15. Applications of over £500,001 will be submitted to the BHE Board for consideration, on the advice of the Grants Committee of the BHE Board, which is consulted on such applications.
16. In line with existing arrangements, recommendations of any amount can be referred to the Grants Committee of the BHE Board, or the BHE Board, for consideration where it is deemed to be necessary.
17. 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 reported back to the Grants Committee of the BHE Board or the BHE Board, as appropriate.
18. If approved, the arrangements will 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 of the BHE Board Chair and Deputy Chair, the changes will be implemented on a permanent basis. If they are not successful the Grants Committee of the BHE Board will recommend adjustments to the BHE Board (and onward to the Court, as required).

Co-opted Members

19. The two Co-opted Members of the Grants Committee of the BHE Board were initially appointed to the former CBT Committee in May 2019 on an initial two-year term, with an optional third year which had been endorsed by that Committee prior to its dissolution, which was fulfilled by their appointment to the Grants Committee of the BHE Board. To help ensure continuity of the charity's grant-making activities, it is now recommended that these terms be extended by 12 and 18 months, with the length of extensions, if agreed, to be allocated when the BHE Board considers the appointment of the Committee for the ensuing year.
20. Consistent with the requirements of the co-option protocol, those individuals were recruited to the CBT Committee at the relevant time through a fair and transparent recruitment process and their skills, knowledge and experience

remain directly relevant to the functions of the Grants Committee of the BHE Board. However, a waiver of the requirements of the BHE Board's Co-option Protocol was required to make the appointments directly and it is now recommended that this waiver be extended.

21. An extension is sought to the terms of the existing Co-opted Members on the Grants Committee of the BHE Board as the Committee and the BHE Board continue to embed the new ways of working and governance arrangements following the transfer of functions to the BHE Board. It will also facilitate the continuation of important ongoing workstreams, including strategic initiatives in collaboration with external partners.
22. Furthermore, the Committee's terms of reference set out that Members of the Grants Committee of the BHE Board are appointed for four-year terms. This proposed extension would, therefore, bring the length of the terms served by the Co-opted Members in line with the constituted 4 Commoners / or Alderman appointed by the BHE Board, and will enable new Co-opted Members to be recruited mid-way through the terms of the wider Committee membership.
23. Consequently, this extension will enable appointments to be made on a staggered basis, to ensure continuity in the discharge of the Committees' business, both with regards to the future appointment of Co-opted Members and in relation to the wider Committee membership.

Duties and Powers of the Trustee

24. 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*".¹
25. 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.
26. It is important that those who serve on committees and sub-committees of the Court charged with responsibilities in relation to BHE, operating within the City Corporation's own internal governance framework, understand the governing documents of BHE, the relevant charity law requirements and expected

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

standards of charity good governance, and the extent and limits of the City Corporation's powers in relation to BHE and the particular duties which apply.

27. All appointments to the BHE Board and its sub-committees shall be made having regard to the skills, knowledge and experience required for the proper discharge of the Trustee's functions by the BHE Board (and its sub-committees).

Conclusion

28. Your BHE Board considers the proposed delegated authority policy and extension to the terms of the current Co-opted Members of the Grants Committee of the BHE Board to be in the best interest of BHE, and seeks the approval of this Honourable Court to enable important work on behalf of the charity to continue. Increased levels of delegation have provided for more time at meetings to allow for focus on strategic items and higher value applications, and have enabled CBT to adopt new and better funding practices, to become more responsive to the needs of the sector, and to increase collaborative working with other funders, and the implementation of these arrangements on a permanent basis would assist in embedding these positive steps.

All of which we submit to the judgement of this Honourable Court.

DATED this 11th day of January 2022.

SIGNED on behalf of the Board.

Deputy Dr Giles Shilson
Chair, Bridge House Estates Board