

Committee	Date
Bridge House Estates Board	27 April 2022
Subject: BHE Annual References to Court Committees	Public
Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?	1, 2 and 3
Report of: David Farnsworth, Managing Director of Bridge House Estates	For decision
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Summary

This report sets out matters for decision which will support the Bridge House Estates Board (“BHE Board”/ “the Board”) in the effective administration and governance of Bridge House Estates (“BHE”) consistent with the City Corporation’s legal obligations as Trustee to do so. To help ensure seamless delivery of BHE’s administration, the report proposes that the BHE Board formally resolves for the ensuing 2022/23 civic year to proactively consult with, and seek the advice of, other Committees of the Court of Common Council, drawing on their experience and expertise, to facilitate existing workstreams and to better inform the Board’s decision-making on certain matters. The process of formal inter-committee consultation is described within the City Corporation’s governance framework as a ‘reference’ from one Court Committee to another by way of formal resolution.

In May 2021 and July 2021, the BHE Board previously approved references to the Policy and Resources Committee, the Investment Committee and the Audit and Risk Management Committee. Those Committees each then gave their support to the references. This report proposes that the BHE Board formally consider making the same references for the ensuing 2022/23 civic year (but for investment matters reflecting the expected alteration to the constitution of the Court of Common Council’s Committees in April 2022). This recommendation was informally supported by the BHE Board at its meeting in February 2022, when it considered its governance arrangements for the following civic year. However, in considering the recommendations, the Board may decide that the references are not required on a formal basis and could instead be consider on an ad-hoc basis as and when required or may consider that they are not needed at all, as all functions can be effectively carried out by the BHE Board itself.

Recommendations

It is recommended that the Bridge House Estates Board, in the discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity no. 1035628) and solely in the charity’s best interests:

1. Consider making the following references to the named Committees of the Court of Common Council for the 2022/23 civic year:

(a) Policy and Resources Committee

IT IS RESOLVED THAT the Policy & Resources Committee's advice be sought in relation to any existing and on-going Bridge House Estates projects which were previously within the purview of that Committee prior to the constitution of the Bridge House Estates Board to assist the Board in taking its decisions for the successful delivery of those projects for Bridge House Estates, as appropriate.

(b) Policy and Resources and Finance Committees

Following the establishment of a Property Investment Board and Financial Investment Board as joint sub-committees of the Policy and Resources and Finance Committees–

- i. IT IS RESOLVED THAT the Property Investment Board's advice be sought on management of investment matters relating to property within the Bridge House Estates investment property portfolio in accordance with the charity's management plans and investment strategies, having regard to the delegations to the City Surveyor (and in particular to the Investment Property Director, who was appointed as agent for Bridge House Estates in a deed of appointment approved by the Policy & Resources Committee on 13th January 2011), as appropriate.
- ii. IT IS RESOLVED THAT the Financial Investment Board's advice be sought on management of investment matters relating to assets within the Bridge House Estates' financial investment portfolio in accordance with the charity's management plans and investment strategies, having regard to the delegations to the Chamberlain (and in particular to the Corporate Treasurer), as appropriate.
- iii. IT IS RESOLVED THAT the Property Investment Board's and the Financial Investment Board's advice be sought on matters within the purview of that Committee relating to the implementation of the Climate Action Strategy which has been adopted for Bridge House Estates and the City Corporation acting in its other capacities, to assist the Bridge House Estates Board in taking its decisions independently for Bridge House Estates, as appropriate.

(c) Audit and Risk Management Committee

IT IS RESOLVED THAT the Audit & Risk Management Committee's advice be sought as appropriate in relation to audit and risk matters as they affect both the external audit of Bridge House Estates Annual Report, and otherwise as they affect audit and risk management for the charity which operates and is managed within City Corporation's operational and management audit and risk framework adopted in the discharge of all its functions, as appropriate.

2. Note that, where the functions of other Committees impact upon those of the BHE Board, there will be a requirement for ongoing consultation between Committees of the Court of Common Council under the City Corporation's corporate governance framework in the usual way to support the effective discharge of the City Corporation's functions as trustee of Bridge House Estates, and otherwise as required to support the City Corporation in the effective oversight and management of all of its functions.

Main Report

Background

1. In May 2021 and July 2021, the BHE Board approved references to the Policy and Resources Committee, the Investment Committee, and the Audit and Risk Management Committee. These references were agreed and adopted accordingly by the named Committees above.
2. The BHE Board agreed to establish the formal references from the outset of its creation in April 2021 to help ensure the seamless delivery of the Board's functions under the new governance arrangements for BHE, and otherwise to support continuity for the ongoing delivery of existing workstreams which were instigated by those other Committees prior to the creation of the BHE Board. The references also enabled the BHE Board to draw upon the skills, knowledge and experience of other Committees as relevant to the Board's business (e.g., in evaluating suitable strategic investment targets for the charity, etc). It was also intended to help ensure that necessary operational information is regularly shared with the Board to inform their decision-making.
3. At its meeting in February 2022, the BHE Board considered a range of proposals in relation to its governance arrangements for the ensuing year. Following discussion of the different options presented, particularly in relation to the establishment of further Committees of the Board, the proposal to continue with the current references in place was informally supported by the BHE Board – with recognition that the reference to the Investment Committee would need to be amended for 2022/23 following the Court's previous endorsement not to reconstitute that Committee at its meeting in April 2022 when it considers the White Paper by which the Court reconstitutes its Committees and sets their Terms of Reference each civic year.

Proposal

4. Given the background information above, this report recommends that the Board considers whether to make references to the Policy and Resources Committee, including the proposed Property Investment Board and the Financial Investment Board to be jointly established by Policy & Resources Committee and Finance Committee, and the Audit and Risk Management Committee for the 2022/23 civic year. It should be noted that in referring a matter to a Committee of the Court, that matter may be considered by a Sub-Committee of that Committee acting within its terms of reference and delegated authority.

5. The formal reference of the proposed resolutions from the BHE Board to the relevant Committees are set out in the Recommendation 1 above. The relevant Committee (or their Sub-committees as relevant to their delegations and terms of reference) will consider the reference to it and will formally respond to the BHE Board in due course after taking its own decision in each case.
6. The matters identified in the recommendations reflect the need for continuity in the oversight and management of key matters for the charity. They also reflect that it is consistent with the discharge of the City Corporation's duty as trustee to draw on relevant skills, knowledge and experience of other Committees in administering the charity. However, in considering the recommendations, the Board may decide that the references are not required on a formal basis and could instead be consider on an ad-hoc basis as and when required, or may consider that are not needed at all, as all relevant functions can be effectively carried out by the BHE Board itself.
7. If approved, it is recommended that the references to other Committees (and their Sub-committees) is kept under review throughout the year, particularly should it be considered preferable in the future to draw directly on the skills, knowledge and experience of wider membership of the Court by constituting further Committees of the BHE Board itself.
8. Additional to the references which are presented for consideration at this meeting, it is recognised that there will be an ongoing need to consult between Committees in the usual way where the functions of other Committees impact upon those of the Board and vice versa i.e., on matters of mutual interest and operational relevance to the City Corporation across the breadth of its functions, and for the purposes of the Board as relevant to BHE. This will arise for example where:
 - a. there are strategic matters of common interest and significance for the City Corporation, both for itself and as trustee of BHE, such as climate action, security, or philanthropy, etc; or
 - b. on matters of general corporate governance for the City Corporation, such as changes to standing orders, financial and project management policies and procedures, etc; or
 - c. on matters which directly impact upon management of and operational delivery for BHE, such as - in setting a treasury management framework for the City Corporation; or the appointment of Auditors of the City Fund, City's Cash and/or Bridge House Estates Annual Reports; or in considering resourcing needs across the organisation through the implementation of a new Operating Model for the City Corporation, etc.
9. The consultation between Court Committees will both assist the City Corporation in managing its functions effectively across the whole, as well as ensure that the BHE Board is properly consulted on matters which directly impact upon the charity and the discharge of the Board's functions for the City Corporation as trustee of BHE.

Conclusion

10. This report sets out a proposal for governance arrangements to be adopted for the BHE Board's engagement with other Committees of the Court of Common Council through the mechanism of formal reference of resolutions from one Court Committee to another under the City Corporation's internal corporate governance framework. It is recommended that the BHE Board formally consider making a reference to the Policy and Resources Committee, including on investment matters to the proposed Property Investment Board and the Financial Investment Board to be jointly established by Policy & Resources Committee and Finance Committee, and the Audit and Risk Management Committee for the 2022/23 civic year. The recommendations will support the Board in most effectively discharging its functions and responsibilities for the City Corporation as Trustee of BHE under the City Corporation's governance framework, and ensure that proper overview and consideration of matters of common interest or significance across the whole of the City Corporation's operation is maintained, all of which is clearly considered to be in BHE's best interests.

Background Papers

- Report to the Bridge House Estates Board, entitled 'Governance Arrangements: Establishment of a Grants Committee and Co-Option Protocol', dated 14 July 2021, [Item 9].
- Report to the Bridge House Estates Board, entitled 'References to other Grand Committees – Consultation & Advice', dated 4 May 2021, [Item 17].

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