

Committee: Bridge House Estates Board	Date: 15 November 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
Report of: David Farnsworth, Managing Director of BHE	For Decision

Summary

To support the Bridge House Estates Board (“the BHE Board”/ “the Board”) in the discharge of its functions, this regular report provides updates on key areas of activity across the whole charity since the Board last met in September 2022 and outlines upcoming activities for the Board to note. Specifically, the report provides updates on: the progress of maintenance works on Southwark Bridge, City Bridge Trust’s (CBT) response to the inflationary environment and expected grant spend in 2022/23, various CBT funding programmes, the BHE Board’s Strategic Away Half Day, the Bridging London Strategy, Workplace Posture, Media Coverage, External Audit, Business Planning & Budgeting (2023/24), and the charity’s property investments.

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:

- i) Note the contents of the report;
- ii) Delegate authority to the Town Clerk, in consultation with the Chair and Deputy Chair, to consider a grant proposal of over £500,000 towards Together for London, should this be recommended by the Grants Committee of the BHE Board on 5 December 2022; and
- iii) Delegate authority to the Managing Director of BHE, in consultation with the Chair and Deputy Chair, to settle the charity’s Conflict of Interest Policy following the grant of the Supplemental Royal Charter, to facilitate prompt recommendation to the Court of Common Council for approval.

Main Report

Bridge Updates

1. Bridge Maintenance - Ongoing maintenance and support of the five Thames bridges continues to progress as part of the 50-year Bridge Maintenance Plan. The BHE Board will continue to be updated on bridge engineering matters through ongoing reporting to the Board.
2. Southwark Bridge - The works to waterproof the approach structures to Southwark Bridge should have been completed at the end of September 2022 but disappointingly the contractor has fallen below the standards expected and that they usually deliver. There are some legitimate extensions to this end date but nowhere near the extent of current delays. Officers have been working with the contractors to try and limit the extent of delays and reach completion, including in

some areas removing the extent of works. However, their latest programme to completion now predicts an end date 12 December 2022 but some of the activities are sensitive to weather conditions. The appropriate notifications in accordance with the contract are being issued so that BHE can apply Liquidated and Applied damages, which in this case are not significant values. The Project has been updated to record the delays and at present officers are not predicting any increase to the contract sum and risk allowance budgeted for this financial year.

3. Tower Bridge – A half year (April to September 2022) business performance report for Tower Bridge is presented to the Board today at Item 19. The summer period has been positive for the visitor attraction at Tower Bridge as detailed in the mid-year 2022/23 performance report.
4. The High Voltage overhaul project is due for completion at the end of the calendar year, this being earlier than last reported as had previously been expected to overrun due to unavailability of materials. The final section of the project requires a number of evening power shutdowns. This impacts the venue hire business and officers are working to mitigate negative effects as far as possible. Investigative works relating to a bascules alignment issue have now reached conclusion, with expected remedial works due to take place later this year or in early 2023.
5. Bridge Security – A verbal update on bridge security matters can be provided in the non-public session of today's meeting.

Funding Updates

6. Responding to the Inflationary Environment – As the charity sector faces cost pressures resulting from high inflation and rising service demand, CBT has measures in place to support new applicants with this challenging environment. These include CBT's work as a Living Wage Funder¹, grant-making on a full cost recovery basis (so awards include an appropriate share of organisational overhead) and working with applicants to consider annual cost increases based on expected inflation. Recognising that over 400 active grants were made prior to this period of high inflation, in September the Grants Committee approved a package of additional awards for these existing CBT grantees, calculated as 10% of the funding due over the coming 12 months (pro-rated for those with less than one year remaining on their funding agreement).
7. Officers are working with sector colleagues to identify how else to support Londoners over the coming months. London Community Foundation (LCF) is raising funds for "Together for London"², a small grant scheme for smaller community organisations. Grantees would receive funding for core costs and the provision of emergency support (be it food, essential items, mental health, financial advice, and welfare advice). Priority would be given to organisations supporting those most affected by the crisis (disabled people, older people, minoritized communities, carers, and homeless people).

¹ <https://www.livingwage.org.uk/living-wage-funders>

² <https://londoncf.org.uk/together-for-london>

8. CBT is not currently positioned to operate its own emergency funding over Winter, but LCF has the back-office functionality to manage a scheme like this. Consequently, it is intended that in December the Grants Committee will consider a proposal for £852,500 towards “Together for London” (forming £800,000 of onward grants and £52,500 for LCF’s management and operational costs).
9. Under the BHE Board’s Terms of Reference, any recommendation for a grant of over £500,000 must be approved by this Board. Since the subsequent BHE Board does not take place until 22 February 2023, and since “Together for London” is a Winter scheme, the Board are asked to delegate authority to the Town Clerk, in consultation with the Chair and Deputy Chair, to consider an award to London Community Foundation, (a registered charity) for £852,500, should this be recommended by the Grants Committee following its meeting on 5 December.
10. CBT Expected Grant Spend in 2022/23 – A Budget Monitoring report for BHE is presented at Item 9 on today’s agenda. This includes the current expected total grant spend for the year, which has been significantly reduced when compared to the original budget that the Grants Committee received in December 2021. Since then, a reforecast has been circulated to the Committee by email, which explained that the expected spend had reduced, and indicated that further revisions would likely be required following further programme development. The reduction in expected spend is due primarily to the time it has taken to develop the collaborative Anchor and CAR funding programmes.
11. LocalMotion - LocalMotion is a collaboration between CBT and five other funders, joining forces to tackle economic, environmental, and social inequality in six places, utilising the resources of all six funders and places to have an impact which is greater than the sum of its parts. The focus of the BHE contribution to the collaboration is the London Borough of Enfield. A learning summit took place on 1 November and was attended by William Hoyle, Co-opted Member of the Grants Committee.
12. Anchor Programme - Following the Grants Committee’s endorsement of a £20m allocation from the designated grants fund in June 2022, the Anchor programme continues to be developed. Funding Managers Clara Espinosa and Khadra Aden have been jointly seconded to the role of Anchor Programme Lead, and an advisory panel has been put in place consisting of six representatives from Civil Society Organisations. The staff and panel are co-designing the criteria and application process for this programme of funding to support equity organisations that support other charitable organisations and London’s communities, with the aim of launching it this winter.
13. Propel - Propel is a funder collaboration to which BHE has allocated £30m over the next 24 months. The programme opened to applications on 6 October across three mission areas: Building Strong Communities, Robust Safety Net, and New Deal for Children and Young People. Organisations can apply for an Explore grant, or for a Deliver and Develop Grant. As at the 3 November, over 200 organisations have set up a profile, 29 applications are underway and nine have been submitted, with five weeks left to apply. Equity partners are working with their member organisations to develop ideas and make applications and with funders to deliver

training in equitable approaches to grant assessments. Applications close on 9 December 2022. Having successfully ‘soft-launched’ enabling eligible organisations to start to apply for funding, plans are underway for the more public-facing formal launch which will take place in late November or early December. The Chair of the BHE Board is likely to represent BHE at the launch. Communications officers are wrapped around this and liaising closely with the key stakeholders.

Governance and Strategy Updates

14. Supplemental Royal Charter and Conflict of Interest Policy - At the time of writing the formal grant of the new Supplemental Charter for BHE is still awaited as a consequence of technical legal issues arising from the timing of the death of Her late Majesty. However, those issues are anticipated to be resolved soon. The Board will recall that under the terms of that Charter a mechanism is provided which expressly allows the City Corporation to manage conflicts of interest, duty and loyalty in a way which complies with good governance standards, demonstrates that decisions have been properly and impartially taken for BHE’s benefit and is consistent with the established internal governance arrangements of the City Corporation. The mechanism requires that where the City Corporation has an actual or potential conflict of interest, duty or loyalty it takes steps to ensure that any such decision is taken in the interests of BHE; and the City Corporation must maintain a policy in place setting out appropriate steps to manage particular conflict situations.
15. This policy is currently being drafted with the benefit of external legal advice, and in consultation with other professional officers of the City Corporation, including the City Remembrancer, the Comptroller and City Solicitor (who is also the City Corporation’s Monitoring Officer) and the Town Clerk. As this policy should become effective upon the grant of the Supplemental Charter (which is awaited), is required under your committee Terms of Reference to be approved by the Court, and as the next Board meeting is not scheduled until February 2023, a contingency delegated authority is hereby sought for the Managing Director of BHE to settle that policy in consultation with the Chair and Deputy Chair to facilitate prompt recommendation to Court for approval. If the delegation is required to be used (dependent on the timings of the seal of the Charter), the full draft policy will be circulated to the BHE Board for input prior to approval under delegated authority.
16. BHE Board Strategic Away Half Day – On 24 October, the BHE Board attended a Strategic Away Half-Day at Tower Bridge. The Board are thanked for their valuable time and contributions on the day, with discussions informing key workstreams. Some formal recommendations from the Away Day are presented on the agenda today, and others will be brought forward to the next meeting in February 2023. The notes and actions from the Away Day have been circulated separately to the Board outside of this meeting.
17. Bridging London Strategy – The charity’s overarching strategy, *Bridging London 2020 – 2045*, is nearing the end of its second year of implementation. A Year 2 Progress Report will therefore be presented to the BHE Board in February 2023 and will highlight the achievements from the past year, alongside learnings and focus areas for delivery in 2023.

18. Workplace Posture – An organisation-wide review covering long-term organisational approach to workplace attendance was recently undertaken by the City Corporation’s Chief Operating Officer. This policy will cover all City Corporation employees except for teaching staff and those on professional payroll, and therefore includes BHE officers. Given the need for there to be consultation between BHE and the City Corporation regarding how the charity is administered and resourced, BHE has been engaged and in receipt of certain assurances that the proposals are in the best interests of charity. The Chief Operating Officer’s report was considered by the Corporate Services Committee on 19 October 2022 and the new policies will be disseminated over the coming months.

Communications Update

19. Brand Positioning - Following on from the Brand workshops and the Strategic Away Half Day, the potential brand names discussed will now go out to audience testing. The outcomes of the testing will be shared with the Board for feedback before a formal recommendation is presented for decision.

20. Website - Migration from the old site to the new one begins on 25 November, and the new BHE website will be soft-launched on 12 December. This will allow for any glitches to be addressed over the festive period before it is launched externally in the New Year. The new website is flexible so any changes agreed by the Board in relation to the brand positioning can be incorporated at the relevant time.

21. Media Coverage - Since the last BHE Board meeting on 13 September, there have been 18 items of media coverage referencing CBT and other City Corporation charitable giving. This included widespread coverage in outlets including Fundraising.co.uk, Civil Society, Charity Today and City Matters on the £3.5 million funding to help charities cope with rising prices, and coverage in Hackney Gazette on funding for intergenerational cookery classes run by the charity Made In Hackney.

Finance Updates

22. External Audit – Following the update provided to the September BHE Board, there has been a further extension to the audit timeline. A special meeting of Audit & Risk Management (ARM) Committee is now taking place in December, with expectation that audit work will be complete to enable that Committee to undertake their review. Item 18 on today’s agenda requests that delegated authority be given to the Town Clerk, in consultation with the Chair and Deputy Chair of the BHE Board, to approve the 2021/22 BHE Annual Report and Financial Statements. All Members have the opportunity to attend a briefing session on the Annual Report on 7 December.

23. Business Planning & Budgeting (2023/24) – Budget holders across all activities of the charity are currently working on their business plans and budgets for 2023/24, alongside considerations of forecasts relating to the following three years. The first output from this will be a report to the Grants Committee in early December, with overall plans for the charity being presented to the BHE Board in February 2023.

Investment Updates

24. Property Investments - 230, 244, 244a, 232-236 and 238-242 Lewisham High Street: Pursuant to the agreed BHE property investment strategy, the freehold interests in the assets forming this tertiary retail (retail area on the outskirts of town) in Lewisham were offered for sale at Allsop's public auction on 21 September, and contracts exchanged for the sale of all of them. The sale of 230, 244, 244a and 232-236 238-242 Lewisham High completed on 2 November (£2.965m). Completion of the sale of 238-242 Lewisham High is due on 16 November (£1.815m sale price). The total sale price is £4.78m, which compared to a March 2022 annual valuation of £2.58m.
25. Social Investments - Return on the charity's social investments continues to be around 3.1% IRR, with a valuation of £8.6m. No new considerations are underway until BHE has agreed a new social impact investment plan in the context of its overall investment strategy. Since the last meeting, BHE have recovered a higher sum from the liquidation of Hackney Community Transport (HCT) than expected and have submitted a claim for recovery against another investee in liquidation (Glasgow Together). Otherwise, active social investment commitments remain 60:40 split between property funds and fixed income loans. The social impact themes supported include homelessness, domestic violence, young carers, LGBTQ+ migrants, and adults with learning disabilities.
26. Financial Investments - A full report on the performance on BHE's financial investment portfolio is provided later on today's agenda.

Conclusion

27. This report provides a high-level summary of activities across the whole charity's operations and activities since the last Board meeting in September 2022. The Board is asked to note the content of the report and the progress made in each activity area over recent months. Further information on any of the updates given in this report can be provided to the Board either orally at the meeting, as a written circulation in advance, or as a follow-up action from the meeting.

David Farnsworth

Managing Director of Bridge House Estates

E: David.Farnsworth@cityoflondon.gov.uk