

Committee: Bridge House Estates Board	Date: 27 March 2023
Subject: Managing Director's Update Report	Public
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 updates on key areas of activity across the whole charity since the Board last met in November 2022 and outlines upcoming activities for the Board to note. Specifically, the report provides updates on: Tower Bridge, various CBT funding programmes and initiatives, media coverage, financial forecasts and contingency fund updates for the charity, and the charity's social, financial and property investments. The non-public appendix for this report later on the agenda provides further update on the brand positioning project, and an update on Salisbury House.

Recommendations

It is recommended that the BHE Board, in the discharge of functions for the City Corporation as Trustee of BHE and solely in the charity's best interests:

- i) Note the contents of the report;

Strategy & Governance Updates

1. Member Learning and Development – A virtual Member Learning and Development event on Charity Law Essentials and the City Corporation as a Charity Trustee is scheduled later this month and is offered to all Members of the Court of Common Council. The session is scheduled for Thursday 30 March from 10:00 to 11:30 via Microsoft Teams. In addition to the presentation by Bates Wells, who are facilitating the session, a Question & Answer session will be hosted by Board Member Alderman Alison Gowman, with a view to providing a realistic account of the role and the level of commitment required to fulfil the role of a Charity Trustee. Places were still available at the time of writing and Members are encouraged to advise the BHE Governance Officer Joseph Anstee as soon as possible should they wish to attend.

Bridge Updates

2. Tower Bridge – A long-term development plan is presented to the Board for decision on today's agenda, as well a report in respect of the events management contract for Tower Bridge.

Funding Updates

3. The Grants Committee of the BHE Board met since the last BHE Board meeting, on 6 March, and the detailed minutes are at Items 9 and 22 on today's agenda. Key decisions included the endorsements of the first round of funding for the Propel Programme, and significant strategic grants to the Smallwood Trust and Media Trust, which are now put to the Board for approval on today's agenda.

4. Anchor Programme – Following the Grants Committee’s endorsement of a £20m allocation from the designated grants fund in June 2022, work has continued on the Anchor Programme. The programme has been co-designed with civil society organisations and will provide long-term, core funding to second-tier organisations that provide support to frontline groups. The aim is to achieve change for Londoners at a systemic level. An advisory panel of seven organisations was set up to further develop and co-design the programme. The advisory panel have assisted in the creation of a set of eligibility criteria and guiding principles. The programme has now gone live on the CBT website, pre-application workshops delivered on 15 and 16 March and the first expression of interest applications stage opens on mid-April. Officers will also be preparing a presentation for the Grants Committee and BHE Board.
5. Propel - Propel is a funder collaboration stewarded by London Funders, building on the successes of the London Community Response – a pioneering and widely celebrated vehicle for funder collaboration in response to the Covid 19 pandemic. Propel extends collaboration beyond an emergency context to provide strategic and long-term funding at scale for systems change work. Applications to the first round of Propel closed on 9 December 2022. The programme received 600 applications, across three mission areas: Building Strong Communities, Robust Safety Net, and New Deal for Children and Young People (a summary of the mission criteria are included in Agenda Item 6, Appendix 1).
6. As in CBT’s other programmes and in support of the equitable principles at the heart of the collaboration, Propel also collects information on applications according to the DEI Data Standard. Using this information, between the deadline and new year, officers conducted an initial assessment of 432 applications received from organisations that were identified through the application form as user led (that is, led by and for one or more of the following groups: communities experiencing racial inequity, Deaf and Disabled people, LGBT+ people, or women and girls). This was part of a vital role CBT played in the equitable approach of the collaboration, ensuring that all applications from equity organisations were considered.
7. Of the 29 Explore applications and 12 Deliver and Develop applications taken forward for assessment, seven were approved at the Grants Committee meeting on 6 March 2023, with four recommended for the Board’s approval today, as endorsed by the Grants Committee.
8. Plans for future iterations of the programme are in development, convened by London Funders. CBT officers remain involved at strategic, communications, and operational working groups to ensure that learning from the first round is suitably incorporated into these plans and that the programme continues to meet the strategic aims of CBT.
9. The Bridge Programme – CBT’s “Funder Plus” offer, The Bridge Programme, connects CBT grant-funded organisations with a range of free, non-financial support to help address specific issues they have, whilst enhancing capacity, resilience, and longer-term stability. Areas of support include fundraising and business planning, management systems, HR, and governance. Following the appointment of the Bridge Programme and Total Assets Lead in October, officers

began a process to bring in-house the current administration and future development of the Bridge Programme. Officers have consulted extensively with the current externally contracted administrator of the Bridge Programme to ensure a smooth transition towards CBT hosting all application materials and administrative duties by the end of March 2023.

10. Small Grants Programme – The Small Grants Programme is currently undergoing an internal review. CBT has been delivering a Small Grants Programme in some capacity since 2000, and has always been committed to supporting smaller, grass roots organisations that form the bedrock of the charity sector. Building on the recent review of Bridging Divides funding criteria in light of the COVID-19 pandemic, a review of the Small Grants Programme is underway to ensure it best serves Londoners in a “post”-pandemic world. The review will include elements of co-creation with the sector, consultation with other funders, and the views and expertise of the CBT Team. Recommendations from the review will be presented to the June meeting of the Grants Committee.
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. This is an important year for the collaboration and the Board will be asked to make a decision regarding further support to the collaboration later this year. In preparation for this, six visits are planned over the coming year to enable each funder to visit different places within the collaboration, and Members are welcome to attend any of these visits. CBT are also hosting a ‘lunch and learn’ session for all BHE staff in March to discuss key learning from the first year. Officers will also be preparing an engagement session with dedicated time on LocalMotion for the Grants Committee and BHE Board.
12. Cost of Living – CBT has now distributed £1.2m of funding uplifts to support over 350 of its grant-holders with increased demand and increased costs. Through its funding arm, BHE is also supporting the sector via a £1m contribution to the London Community Foundation’s *Together for London* appeal, and officers expect this money will be awarded onwards to over 100 organisations. Officers continue to speak to counterparts in the food, energy and community credit sectors to see what else can be done to support disadvantaged Londoners during this period of prolonged inflation.
13. London’s Giving Update: Resource Hub Proposals – At the December 2022 meeting, ‘in principle’ approval was given to establish a Resource Hub, in partnership with London Funders, to support the development of place-based giving schemes (PBGS) as part of the London’s Giving Network. Officers were asked to work with London Funders to draw up a fully costed budget for the Resource Hub to be brought to the March Grants Committee meeting. Officers have since met with London Funders, whose Board remains content to host London’s Giving/Resource Hub. However, it is in the process of reviewing its governance structures, not only in the light of London’s Giving but also in its capacity as host of Propel, the funder collaboration of which CBT is a partner. More time is needed than was originally envisaged in order to ensure these structures are appropriate and robust. Officers therefore propose that the detailed budget and funding recommendations for the

Resource Hub are brought to the Grants Committee meeting on 12 June 2023 (as the recommendation will be for more than £500,000 in total, it will also be put to the BHE Board on 5 July 2023). In the meantime, as reported at the last meeting, officers are finalising arrangements for interim funding for London's Giving, which will be approved under delegated authority.

Communications Updates

14. Media Coverage – Since the last Bridge House Estates Board meeting in February, there have been 12 items of media coverage referencing Bridge House Estates, City Bridge Trust and other City Corporation charitable giving.
15. This included television and online coverage on BBC London of the ongoing refurbishment of Blackfriars Bridge, including interviews with Bridge House Estates Board Chair Giles Shilson and Group Engineer Tom Creed, coverage on London Live of a £100,000 grant to Islington-based charity All Change, and an interview in Charity Finance about impact investment with BHE & Charities Finance Director Karen Atkinson.
16. Branding Project Update – An update on this work is provided in the non-public appendix to this report.

Finance Updates

17. Financial Forecasts – The updated full year forecast reflects a net spend of £72.4m in comparison to the original budget of £122.7m. This includes an increase of £3.2m in income, mainly a result of the visitor numbers at Tower Bridge being over 20% greater than budget and closer to pre-pandemic levels.
18. Total expenditure is forecast to be £107.9m, a reduction of £47.1m in comparison to the budget. As previously reported, the change is mainly due to a revision in the timeline of grant commitments. This year's underspend is deferred to be committed across the next three financial years as a result of delays in the launch of various grants programmes, including the Anchor and Propel grants and the Test and Discover programme being developed. The underspend is exacerbated due to contractor delays in two key bridges projects, the Tower Bridge High Voltage Replacement and Blackfriars Bridge refurbishment with these projects anticipated to complete in April 2023 and September 2024 respectively.
19. Contingency Funds – The uncommitted balance of the contingency funds at the end of February is £892,000. Since the most recent contingency funds update provided at the February 2023 board meeting there have been no new requests approved either by delegated authority or under urgency. At the time of board papers submission, there are no further requests for allocations that have been discussed. At the end of the current financial year, any balances remaining will be retained within the unrestricted funds of the charity.

Investment Updates

20. Social Investment – There is little change since the February Managing Director’s report, except to note that the portfolio return has risen slightly to 3.02%. Officers are looking at exit arrangements to one of BHE’s longest social investments – the Real Lettings Property Fund, which is due to repay in stages over 2023/24.
21. Financial Investments – The market value of BHE investments as at 31 January 2023 was £859m which represents an increase of £24m from the position as at 31 December 2022 (as reported at the Board’s February meeting). The recent easing of energy prices increased expectations of a milder-than-feared recession. This combined with recent macro-economic data which showed economic growth to be more resilient than believed, fuelled a positive performance across the UK equity market.
22. The performance of the Fund is measured against an Absolute Return of CPI + 4%; this target is extremely challenging with CPI currently running at 8.8% (down from 9.2% in December). Although, the Fund has outperformed the absolute return benchmark by 3.26% over the quarter, over the 1-year, 3-year and 5-year periods, the fund has underperformed the benchmark. The table below sets out the returns of the Fund as at 31 January 2023:

	Quarter	1 Year	3 Years	5 Years
Absolute Return				
Total Fund Return	4.4	1.53	6.52	5.94
Absolute Return Target (CPI + 4% p.a.)	1.14	14.11	9.34	7.98
Relative Return	3.26	(12.57)	(2.83)	(2.04)

23. Property Investments – A substantive update on the charity’s property investments and capital projects is provided later on the agenda.

Conclusion

24. This report provides a high-level summary of activities across the whole charity’s operations and activities since the last Board meeting in February 2023. 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.

Appendices

- Appendix 1 – Non public appendix to the Managing Director’s Report (Item 13)

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