



Policy and Resources Committee

Date: THURSDAY, 12 DECEMBER 2019
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

10. **CULTURE MILE REVENUE BUDGET**
Report of the Town Clerk.
For Decision
(Pages 1 - 12)
11. **PROJECT FUNDING**
Report of the Chamberlain.
For Decision
(Pages 13 - 16)
19. **ANNUAL CAPITAL PRIORITISATION**
Report of the Chamberlain.
For Decision
(Pages 17 - 30)
20. **CULTURE MILE REVENUE BUDGET: NON-PUBLIC APPENDIX**
To be considered in conjunction with Item 10.
For Information
(Pages 31 - 32)

Item received too late for circulation in conjunction with the Agenda.

John Barradell
Town Clerk and Chief Executive

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Committee: Policy and Resources Committee	Date: 5 December 2019
Subject: Culture Mile Revenue Budget – Evidenced request for 3 years of continued investment 2020 – 2023	Public Main paper and Appendices 1&2 Non-Public Appendix 3
Source of Funding: City Fund General Reserve	
Report of: Peter Lisley, Assistant Town Clerk and Culture Mile Director	For Decision
Report author: Tim Jones, Culture Mile Manager, Town Clerk’s Department	

Summary

This paper asks Members to note the significant progress that has been achieved in developing Culture Mile, a major new creative and learning destination for London – an ambition that current investment from the City Corporation has supported since April 2018; and to approve a reducing three-year investment from the City Corporation to deliver activity from April 2020 to March 2023 in an evolving mixed economy model.

The current budget for Culture Mile expires at the end of March 2020. At your meeting of 21st November, Members were advised in the Fundamental Review Outcomes Paper that a request for Culture Mile funding was outstanding and this is that request which aligns with the annual budget setting process to enable incorporation of the Medium Term Financial Plan for consideration by the Court of Common Council. The request ensures that the significant value added of £1.096m that Culture Mile attracted in 2019/20 can continue to be leveraged and that the rapid embedding and expansion of Culture Mile can occur.

Members are asked to approve the budget of £1.378m for 2020/21, £1.307m for 2021/22 and £1.176m for 2022/23. Taken across the 3-year period, this request is a 10% decrease from the 2018/19 – 2019/20 investment from the City Corporation (£1.43m per year), with Year 3 representing a 18% decrease from the annual sum invested by the City Corporation over each of the past 2 years. Alongside a growth in external income and support, this will provide core funding for an initiative which has proved of great value to the City Corporation in demonstrating collaborative working across departments and developing the breadth and scope of the City’s corporate aims.

Current staffing and spend budgets were established for Culture Mile’s core revenue budget by the Policy & Resources Committee on 22 February 2018. This has resulted in significant positive activity and outcomes (see sections 8 – 12) in line with the Culture Mile Strategy 2018-28. The opportunity now exists to capitalise on these developments while Culture Mile itself moves to a mixed

economy model by 2022. Based on external advice received, this transition process is forecast to take three years. Therefore, it is recommended that the City Corporation commits to the continued three-year investment plan proposed in this paper. Over this period Culture Mile will deliver greater benefits in line with the Culture Mile strategy 2018-28, supporting the aims of the City's Corporate Plan and advancing the clear objectives that the City Corporation has for the area, while generating significant value added and attracting external investment to the project.

Recommendations

Members of the Policy & Resources Committee are asked to:

- Note the rapid progress in developing Culture Mile as a major new creative and learning district for London and the UK;
- Endorse the investment of £1.378m for 2020/21, £1.307m for 2021/22 and £1.176m for 2022/23 to Culture Mile to deliver the activity proposed below, prioritising it in the Medium-Term Financial Plan;
- Approve the allocation of £1.378m to Culture Mile in the 2020/21 financial year to be funded from City Fund General Reserve. Subsequent approval requests in 2021/22 and 2022/23 will be subject to a further report to the Policy & Resources Committee which will demonstrate the impact of the previous year's activities on delivering the Culture Mile Strategy 2018-28.

Main Report

Background

1. In July 2017 – after over three years of planning and development - Culture Mile launched as a new, major cultural district led by the City Corporation in partnership with the Barbican Centre, the Guildhall School of Music and Drama, the London Symphony Orchestra and the Museum of London. Its public event programme began in March 2018 and activities have continued apace since then in pursuit of the transformation of the area between Farringdon and Moorgate into a world class, vibrant and welcoming creative and learning destination for London that uses culture as a core driver for urban regeneration and development. This has been a landmark collaborative initiative for the Corporation in line with the objectives of its Corporate Plan.
2. Cultural districts, and culture-led placemaking strategies, continue to be announced across the world, with continued momentum of global investment (\$8.7 billion new projects announced in 2018) reinforcing the argument that harnessing culture directly aids the competitiveness of cities and urban districts. Recent cultural district announcements in London include East Bank and Woolwich Cultural District, which join more established districts such as Exhibition Road and the South Bank. Over the past decade, commercial developments including King's Cross, Wembley Park and Greenwich Peninsula have put culture at the core of their approach to design, strategic partnerships and public realm activation. The GLA is responding to and influencing this trend through major initiatives such as the Illuminated River project and the London

Borough of Culture. In November 2019 the Heart of London Business Alliance launched its Placeshaping Strategy and Economic Case for Investment; this follows similar strategies produced by Team London Bridge and (currently in development) the Royal Docks. There is now a high-level recognition across sectors that London's ability to 'compete on culture' at an international level should be delivered through major, place-based, multi-year projects that bring the civic, cultural and commercial sectors together in powerful new alliances.

3. Culture Mile is a flagship commitment and key strategic means to demonstrate how the City Corporation can play a major role in London's ongoing success as a global creative city. It leverages the concentration of world class cultural organisations and significant heritage assets in the north west part of the City to give a distinctive character to and experience of the area, in alliance with the work of the Department of the Built Environment on the look and feel of the area, and with the Department of Children and Community Services on amplifying the City's collective creative and cultural learning offer through Culture Mile Learning.
4. Culture Mile has the ingredients to emerge as one of the world's premier cultural and learning destinations. It offers London the opportunity to develop a cultural district underpinned by a world class cultural offer, a deep rooted collaboration between arts and urban design, unparalleled heritage, a long term commitment to education and social mobility in and through arts and culture, and matchless public transport connectivity that will position Culture Mile as the most well connected urban district in the UK.
5. There is substantial regeneration of the area in progress, triggered by the arrival of Crossrail, the relocation of the Museum of London, the transformation of the Beech Street Tunnel, the Barbican Centre's intention to repurpose the Exhibition Halls, the eventual adaptive reuse of the Central Markets, the substantial upgrading and redesign of the area's public realm – and, possibly, subject to approval, the potential new Centre for Music. In this context, Culture Mile provides the City and its partners with the narrative 'glue' that binds these projects together. Its activities demonstrate a shared commitment to recast the district as an inclusive creative area for the City, with joined up thinking across urban design, cultural and artistic projects and programmes and engagement of local communities and stakeholders.
6. Explicitly cross-organisational, Culture Mile has found common ground where commercial, cultural and civic interests meet around the idea of the new cultural district. The project's distributed structure – a model based on closely collaborating 'workstreams', each of which is managed by one of the founding partners - has been an effective mechanism to bring together resource and team members from diverse skillsets and positions and has encouraged innovation and 'agility'.
7. Culture Mile has attracted widespread support, including particular endorsement from Justine Simons OBE, Deputy Mayor for Culture and Creative Industries for the GLA, who said: "By bringing together some of the capital's top cultural organisations, Culture Mile is creating a major new cultural district in our city that

will bring opportunity, inspirational and entertainment to Londoners and visitors for generations to come”.

Current position

Culture Mile Key Achievements 2018-19 (further details in Appendix 2):

8. Since March 2018, the Culture Mile Team has successfully galvanised the local resident and business communities to share in and support its vision of creating a world class new cultural district in the heart of London. Expectations for the regeneration and development of the area are now hotly anticipated by these groups and by Greater London more widely, including in the neighbouring boroughs, by the GLA and within the UK and international cultural sectors.
9. Over its first 18 months, Culture Mile has delivered over 75,000 additional visitors to the area, quadrupled levels of direct affiliation among businesses through the Culture Mile Network and attracted 46 million social media impressions and impacts. It has positioned itself proactively so that the City can maximise the value both of Crossrail's arrival and the delivery of its key capital projects. Culture Mile is integral to the success of these projects, which rely on a strong perception of the Culture Mile area as a great place to visit with a high quality, authentic and inclusive creative offer.
10. Culture Mile has also become viewed as a leading voice within the UK's business and education sectors for the development of fusion skills through creative learning. This has been underpinned by the City Corporation's £1m investment in East Bank over 4 years from 2019, enabling a 'first of its kind' partnership between two major districts with a focus on creative learning and access to jobs in the creative and cultural industries.
11. Businesses worldwide see the development of creativity within their workforces as their top priority for the future (LinkedIn Learning blog, 2019: <https://learning.linkedin.com/blog/top-skills/why-creativity-is-the-most-important-skill-in-the-world>); and, in the Square Mile, a rapidly increasing number of businesses can be categorised as creative or cultural enterprises (Culture Mile *Creative Enterprise and Innovation* research report, 2019). Culture Mile is now positioned – through its events aimed at the commercial sector, its Network and its plans to develop creative skills and training programmes - to support businesses to meet their needs for creativity in the workplace to broker lasting relationships between “commerce and culture” in the area.
12. Culture Mile can adopt a mixed economy model over the next 2 years which will enable Culture Mile to add even more value and to generate additional investment in culture and creativity in the vicinity. This adds to the attractiveness of the City as a place to work, live and learn and supports rapidly growing sectors which combine design, aesthetics, technology, finance and marketing.

Financial Context

13. For the past two years, the City Corporation's investment in the Culture Mile Revenue budget has covered the full staffing and activity costs of the project's central coordination, programming, property, communities, marketing and comms functions. The £1.378 investment requested for 2020/21 will achieve a 4% reduction in this first year and a total reduction averaging 10% over the 3-year period, with an 18% reduction by Year 3.
14. Appendix 3, which provides an outline of the proposed 2020/21 investment, is non-public because it contains commercially sensitive financial information. Staffing and on costs are combined across the project. Any changes to the staffing stream would take place after full consultation in accordance with the necessary policies and procedures.
15. Transition to a mixed economy model
 - Over the next two years, Culture Mile will move to a sustainable business model so that it can diversify its funding base across stakeholders within the commercial and public sectors. This approach is based on recommendations provided by AEA Consulting which were endorsed by the Culture Mile Working Party in February 2019. These recommendations included the development of a paid membership model, utilising assets to grow new income streams (e.g. fee-paying activities, grants and sponsorship) and exploring the potential to adopt a Business Improvement District style model. CPAT have confirmed that, were Culture Mile to adopt a BID-like structure (within which businesses within the area would pay a membership levy to Culture Mile in return for 'place enhancement' services), a 3 year timeline is reasonable.
 - Financial planning indicates that by March 2022, £131,000 in revenue will have been generated (this is additional to monies generated through the internal income generation staffing – see section 18).
 - Part of the proposed sustainability model includes the potential creation of a new non-profit organisation which would allow Culture Mile to attract external funding from a wider range of sources.
16. Match funding and in-kind support
 - Culture Mile is attracting considerable value-added.
 - Appendix 1 demonstrates that in 2019/20 (to date), that for every pound the City Corporation invested in Culture Mile, an additional 77p has been contributed by project partners and partner organisations in terms of aligned match funding and in-kind support.
 - In 2019/20 the City Corporation's investment of £1.43m has been enhanced so far by an estimated £1.096m. This amount includes a total contribution of staff time of over 564 days', worth over £117k (approx.) of the £1.019m amount.
 - These calculations also show that almost 48% of this support – at least £523k – was in the form of programming – demonstrating how Culture Mile is a catalyst for further public-facing activities.
 - In addition to the substantial investments of time and resource from core partners, Culture Mile's core activities provide a year-round consistent

message, narrative, communications and marketing approaches which provide the 'wrapper' required to present the district.

- Now that its brand is established and activities have been tested, Culture Mile aims to ensure that (subject to the Fundamental Review) comparable levels of in-kind support are maintained. Culture Mile is well placed to increase this amount of external support over the next three years, particularly since the ground has been laid through the development of the Culture Mile Network.

17. Aligned workstreams – Public Realm and Culture Mile Learning

- Alongside the Culture Mile Revenue Budget, the City Corporation has over the past 2 years invested in Culture Mile's Public Realm workstream (led by City Public Realm) and Culture Mile Learning (led by the Museum of London).
- City Public Realm activities within Culture Mile are financed through funds committed previously through the Medium-Term Financial Plan for the realisation of the approved Culture Mile Look and Feel Strategy. The City Public Realm Team have tabled a Paper which is due for decision at Streets and Walkways Committee on 3 December 2019 and Projects Sub on 16 December 2019. This paper requests £691,000 (including a carried forward request of a £91,000 underspend from 2019) for Phase 4 of the 'Culture Mile Look and Feel Experiments' which are proposed to run between Jan and Dec 2020;
- Culture Mile Learning's investment request of £274,500 per year for three years from April 2020 was approved and recommended by the Education Board on 14 November 2019. This resources learning offers aimed at allowing more children and young people from backgrounds that have been under-served to access high quality arts and culture.

18. Income generation Support

- The Resource Allocation Sub Committee has recommended the 'spend to save' proposal of an additional post of a senior income generation professional. This is subject to agreement by the Officer Commercial Group and approval by RASC and the Policy and Resources Committee. This recommendation has also been included in a separate report of the Chamberlain to be taken forward which were agreed at the RASC away day.
- Salary and on costs for the senior income generation post are estimated at £61,000 per annum for the three years with an additional £10,000 in 2020/21 for recruitment. Income assumptions are based on the securement of twice the salary and on costs in Year 1 (2020/21) and three times this amount for each year from Year 2 onwards.
- These estimations have been verified from 3 independent sources with expertise in fundraising and entrepreneurship in arts and culture. A ratio of 3 x salary in funds generation per annum in the long term is the standard assumption within the arts sector. The speed with which Culture Mile gets

to that ROI has been brought forward by one year in recognition of the significant opportunities that are represented by the district's assets and partners.

19. Cultural portfolio review

- In accordance with the aims of the Fundamental Review, Culture Mile will fully participate in the review of the City Corporation's entire cultural portfolio – alongside Cultural & Visitor Services, the Barbican Centre and DBE – and support greater joined up thinking, impacts and efficiency savings.

Culture Mile programme for 2020-23

20. Building on its work to date, it is proposed that between 2020 and 2023 Culture Mile delivers a programme which:

- achieves the aims of the Culture Mile Strategy 2018-28;
- presents a confident, unified and high-quality cultural placemaking narrative across the Smithfield-to-Moorgate area;
- plays a key role on behalf of the City Corporation and the project partners in maintaining the relevance of the City, as well as Greater London's pre-eminence and desirability as a top-tier global cultural city, in a post-Brexit environment;
- supports the attraction, retention and growth of creative enterprises within the district, enhancing the identity of the Square Mile as a place where creative and commercial interests are brought together in powerful new ways and for mutual benefit;
- supports, through advocacy and creative collaboration, the City's stewardship of the 'big moves' in the area including the Museum of London relocation, the aspirations to transform the Beech Street tunnel and the possible eventual reuse of the Central Markets; and
- transitions the project to a new mixed economy model which secures external income.

21. Key public-facing activities over this period will include:

- **Culture Mile Seasons** – delivering a multi-month season of outdoor events and activities each year, aligned with City Corporation commitments and partner themes; integrated with the flagship events led by the partner organisations and wider strategic partners (e.g. East Bank, London Boroughs of Culture, national and international festivals/production agencies), supported by ongoing investment from the partner organisations and working with the Town Clerk's Cultural Services to achieve best value across Corporation outputs;
- **Destination Brand Development** – year-round marketing and PR activity to ensure Culture Mile becomes fully recognised as a high-profile destination brand for London and the UK;

- **Learning Destination** – attracting external funding and delivering major projects, in addition to the City’s Creative and Cultural Learning Strategy, that enhance the identity of Culture Mile as a London’s premier destination for cultural and creative learning;
- **Culture Works** – developing a major scheme for local residential communities providing training, apprenticeships and volunteering opportunities in cultural industries and creative placemaking. Particularly targeted at under-represented/socioeconomically disadvantaged groups and aligned with the City Corporation’s Skills and Social Mobility Strategies;
- **Communities** – working with Town Clerk’s Cultural Services to engage local residents in co-designed projects, offering roles and well as a voice in shaping the future of the district;
- **Family Offer** – joining up and amplification of the combined offer for families from the partner organisations, increasing visibility and awareness of Culture Mile as a district that offers regular family activities;
- **Artist Residencies** – commissioning embedded residencies by artists to work across the project/workstream areas to put current artistic practice at the heart of delivery, in line with the project values of ‘Joined Up’ and ‘Experimental’.

22. Important internal activities over this period will include:

- **Income generation** – recruiting specialist income generation expertise as a dedicated workstream area and attracting income to support the activities of Culture Mile and its partners through major bids, commercial sector engagement and fee-paying activities
- **Paid membership model** – developing and market testing a clear value proposition, supported by evidence-based income targets, that can inform the development of a paid membership model which can be introduced by the start of 2021/22 and deliver significant external funding thereafter (this has started in autumn 2019 and will continue into May 2020);
- **Strategic support** – to major capital projects and Public Realm, including the Museum of London relocation, Beech Street Transformation, reopening of the Barbican Centre’s Exhibition Halls, Smithfield Public Realm and the determination of potential Smithfield Central Market uses;
- **Evaluation** – deepening insights, toughening up KPIs and creating a peer evaluation network with other cultural districts, including East Bank;
- **Major strategic projects** – in addition to those above, such as a ‘Culture Mile card’ offering information and discounts to events in the area; a ‘creativity in business’ forum and brokering model that connects between commerce and culture; others TBD and prioritised with the Culture Mile Executive and Working Party on a 6-monthly basis;
- **Cultural Planning** – working with City Planning to frame Culture Mile appropriately within the Local Plan and to create Planning Guidance that aligns the property sector’s contributions to the Culture Mile Strategy 2018-28 and Look and Feel Strategy;

- **Ongoing partner liaison** - with businesses, developers and occupiers in the area to encourage financial and in-kind contributions to the success of the district;
 - **Transition to a new business model** - by the start of 2022/23 with an updated cost base, governance model/membership and organisational form.
23. Where appropriate, key activities will be delivered in collaboration with Public Realm and Learning workstreams/resources and will seek external funding from start of 2020/21 onwards.

Proposals

24. It is proposed that Members approve an annual revenue budget for Culture Mile of £1.378m for the financial year 2020/21, £1.307m for 2021/22, and £1.176m for 2022/23.

Financial Implications

25. There is no revenue budget provision for Culture Mile from 20/21 financial year. £1.378m for 2020/21, £1.307m for 2021/22 and £1.176m for 2022/23 will need to be included by the Chamberlain in the Medium-Term Financial Plan funded from City Fund General Reserve for the purpose of enabling Culture Mile's core operating budget. The timing of this request aligns with the annual budget setting process for 2020/21.

Corporate & Strategic Implications

26. Culture Mile is delivering against the Corporate Plan 2018-23, and directly against these objectives:
- We are a global hub for innovation in finance and professional services, commerce and culture.
 - We inspire enterprise, excellence, creativity and collaboration.
 - People enjoy good health and wellbeing.
 - People have equal opportunities to enrich their lives and reach their full potential.
27. The City of London's Cultural Strategy 2018-22 and the City of London Visitor Destination Strategy 2019-23. It is also strongly aligned with the draft London Plan and the GLA's Cultural Strategy for London.
28. It is envisaged that as Culture Mile transitions to a new mixed economy business model, the City Corporation will retain a central role to recognise its status as 'the founding funder'. The governance model of any new organisation would be designed to ensure that the City Corporation's interests, and ongoing strategic alignment with the Corporate Plan, are maintained.

Conclusion

29. The City Corporation's investment from 2018-20 has underpinned the effective early development of Culture Mile, with the delivery of substantial public-facing activities and rapid growth of new relationships between the commercial, civic and cultural sectors in the area. Renewed investment for the 2020-23 period will enable the cultural district to confidently enter the next phase of its development, and – with plans to diversify and grow the funding base over this period - will realise the City's ambitions to transform the area into a world class destination for culture and education.
30. Over the 2020-23 period Culture Mile will be integral for the City Corporation to:
- deliver a robust response to Crossrail and harness the significant opportunities for business growth in the area;
 - serve and build value around the capital projects that are out of scope of the Fundamental Review, including the markets and Museum of London relocation;
 - transform the area's attractiveness to business, growing and supporting the City of London's prowess as a leading financial and business district
 - deliver high value added and economic benefit;
 - promote inclusion and social mobility opportunities for local communities in the City and neighbouring boroughs.

Appendices (Public)

- Appendix 1 – Estimated Match Funding and In-Kind Support for Culture Mile, 2018/19
- Appendix 2 – Culture Mile Key Achievements 2018-19

Appendices (Non-Public)

- Appendix 3: Indicative Culture Mile Revenue Budget 2020/21

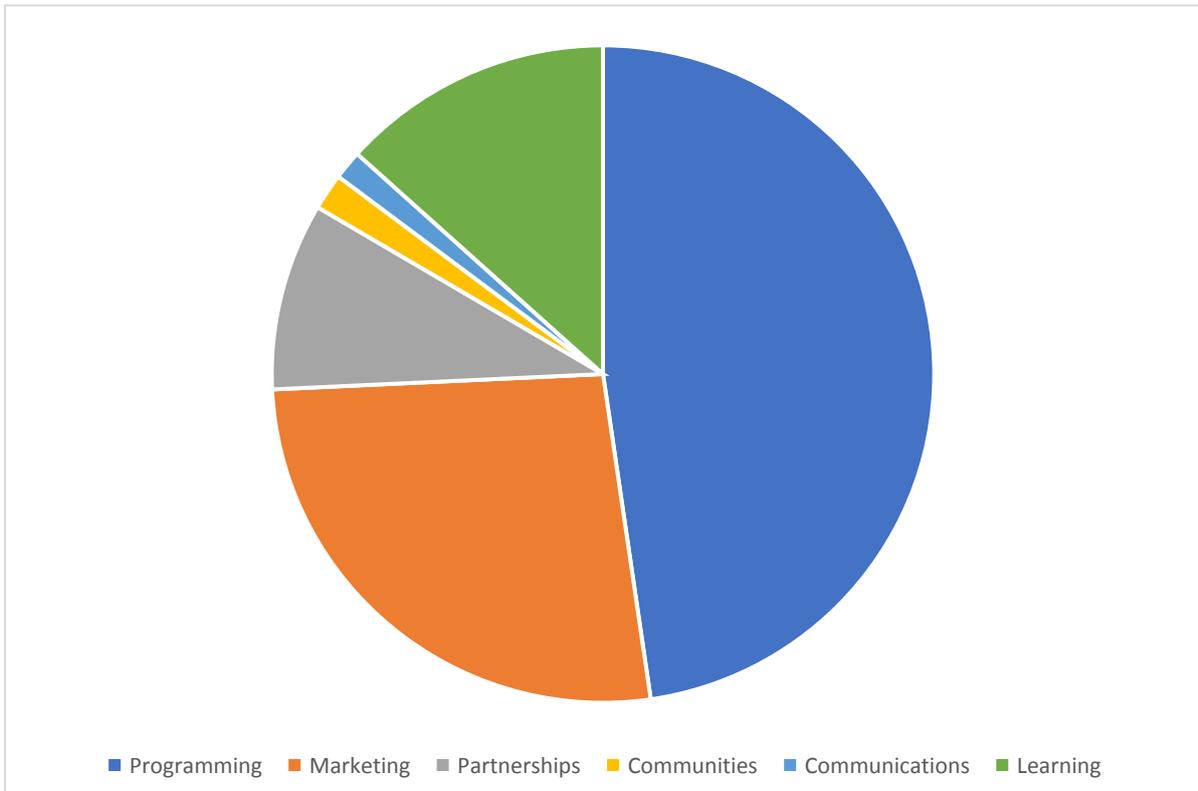
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Appendix 1: Estimated Match Funding and In-Kind Support for Culture Mile, 2018/19



Available data demonstrates match funding and in-kind support totalling £1,096,586 over the 2018/19 period to date, with amounts by workstream area as follows:

Programming	£523,000
Marketing	£291,256
Partnerships	£101,080
Communities	£19,650
Communications	£15,600
Learning	£146,000

Calculations have been provided by or estimated on behalf of:

- Barbican Centre
- City Corporation Culture and Visitor Services
- Guildhall School
- LSO
- Museum of London
- Culture Mile Learning
- External partners (e.g. Culture Mile Network organisations)
- Other Corporation departments with whom Culture Mile has collaborated, including Education & Skills and Innovation and Growth

Appendix 2 – Culture Mile Key Achievements 2018-19

- The realisation of four flagship events delivered in partnership with the Barbican Centre and the Museum of London that brought a total of 66,000 visitors to the area for high quality, free outdoor events;
- The delivery of *Play the Mile* in 2019, a multi-faceted free outdoor cultural programme that brought an additional 15,175 visitors to the district (including 3,741 Islington residents) and through which a series of co-productions with Town Clerk’s Cultural Services were realised, aligning programme themes and pooling resources;
- A pan-London major brand awareness campaign across billboards, display screens, print and PR, including:
 - 46 million social media impressions and impacts
 - 8,600 fans and followers on social media
 - 300,000 visitors to the Culture Mile website
- A quadrupling of support from businesses local to the area through the Culture Mile Network, with a 46-strong community of organisations committing to work with Culture Mile and its partners on the culture-led transformation of the area;
- An increase in awareness and appreciation of Culture Mile over the period:
 - 36% of visitors within festival events were found to be aware of the district;
 - 87% of those surveyed viewed Culture Mile’s programme as a positive use of outdoor space;
 - 82% thought that Culture Mile benefitted the local community;
 - 78% want to revisit the area once engaging with Culture Mile;
 - 75% saw the district as a recognisable destination.
- Its first award, an inaugural Meanwhile Prize from *The Developer* for the Play Streets project developed for *Play the Mile* by the Museum of London and ZCD Architects in partnership with Islington Play Association;
- The creation of a major ‘first of its kind’ partnerships with East Bank (the new GLA & LB Newham Funded cultural and education district in the Queen Elizabeth Olympic Park) around cultural and creative learning;
- Joint working with Mansion House on the current Lord Mayor’s ‘Trade, Innovation and Culture’ agenda, with the Lord Mayor promoting and directly involved in projects and hosting a major “culture and commerce” event for the area’s business community in spring 2020;
- Instigating a new strategic relationship between the City Corporation and the London Borough of Islington through a walking tour of the City/Islington boundary involving Leaders from both authorities, Members and Councillors and Senior Officers from both authorities. The quarterly meetings have extended into themes including traffic/highways planning, apprenticeships, housing, public realm and community engagement.

Committee(s): Resource Allocation Sub Committee Policy and Resources Finance Committee Court of Common Council	Date(s): 12 December 2019 12 December 2019 21 January 2020 Urgency
Subject: Capital Funding Update	Public
Report of: The Chamberlain	For Decision
Report author: Caroline Al-Beyerty, Deputy Chamberlain	

Summary

This report follows on from the main capital prioritisation paper agreed in April and subsequent funding approvals in May, July and October. It proposes the release of £2.625m to fund two schemes agreed for progression outside of the fundamental review. A contribution of up to £1.375m from City's Cash reserves is required to progress repair works to the earth embankment dams of Baldwins and Birch Hall Park ponds at Epping, to prevent further deterioration from leakage and internal erosion and also overtopping and dam failure during extreme storm events. Up to £1.25m from City Fund reserves is required for replacement of the end of life airwave radio police communication system.

The allocation of new funding for capital schemes, other than those previously agreed for progression outside of the Fundamental Review, is subject to the new annual capital bid process. Details of the new bid submissions for 2020/21 are contained in a separate report on today's agenda.

Recommendations

Members are asked to agree the allocation of central funding of up to £2.625m to allow two schemes to progress, subject to the requisite gateway approvals:

- i. Up to £1.375m from City's Cash reserves as a contribution to the cost of the Baldwins and Birch Hall Park pond works.
- ii. Up to £1.250m from City Fund reserves to meet the cost of a replacement airwave radio communication system.

Main Report

Background

1. Members have agreed it is essential to prioritise effectively any capital and SRP projects to be progressed, with central funding allocated in a measured way by applying a process of prioritisation that ensures corporate objectives are met and schemes are affordable.

2. Earlier in the year, all pre gateway 5 projects requiring central funding, with a combined estimated cost of £429m, were subjected to an interim assessment against the following criteria:

Projects classified as **essential** which:

- i. Address a risk on the corporate risk register;
 - ii. Have a sound business case that clearly demonstrates the negative impact of deferring the scheme, i.e. penalty costs or loss of income, where these are material (if any schemes are deferred, cancelled or scope reduced there will inevitably be some abortive costs); and
 - iii. Fall within the following categories:
 - Health and safety compliance
 - Statutory compliance
 - Fully/substantially reimbursable
 - Spend-to-save or income- generating, generally with a short payback period (as a rule of thumb within 5 years)
 - Major renewals of income generating assets
 - Subsidiary categories to allow schemes that will ultimately result in a corporate risk:
 - replacement of critical end-of-life components for core services;
 - schemes required to deliver high priority policies; or
 - schemes with a high reputational impact.
3. This assessment resulted in schemes totalling £89m being agreed for progression outside of the Fundamental Review, with the remaining £340m being placed on hold.

Current Position

Bids for Approval

4. There are two schemes previously agreed for progression that are now at Gateway 4(a) of the Project Procedure – Inclusion in the capital programme – for which the release of funding of up to £2.625m is now requested:
 - i. Baldwins and Birch Hall Park Ponds Repairs – funding of up to £1.375m now requested
 - This scheme involves repair works to the earth embankment dams of two large ponds to prevent further deterioration from leakage and internal erosion and also overtopping and dam failure during extreme storm events.
 - This project was agreed for progression outside of the fundamental review on essential health and safety grounds. Whilst these ponds do not currently fall within the same legislative requirements that necessitated the Hampstead Heath Ponds project, they still pose risks under Health and Safety and Occupiers Liability Acts and the proposed works will mitigate flood risks to members of the public and the downstream community.

- The total cost (excluding risk) is estimated at £1.335m, of which £40k has been spent and funded. Baldwins Pond is located on Epping Forest land and is therefore eligible for funding from the Epping Forest Capital Fund, of which there is an unallocated balance of £300k. This leaves a funding shortfall of £995k, plus a costed risk provision of up to £380k. Therefore, the allocation of central funding of up to £1.375m is now requested. It is proposed that this be met through an additional draw down from City's Cash reserves, with £30k to be released now to reach the next gateway and the remainder subject to the approval of the gateway 5 report by Chief Officer.
- ii. Police Airwave Refresh – funding of up to £1.25m now requested
- The current stock of police Airwave radios which provide the critical voice communications are end of life and there is an urgent requirement to provide an interim solution pending the anticipated replacement via the Home Office Emergency Services Mobile Communications Programme (2022 at the earliest).
 - Recognised as essential to operational capability, this project was agreed for progression outside of the fundamental review with funding provided from City Fund reserves.
 - The total estimated cost of replacement is up to £1.25m, of which £29.7k is required now to reach the next gateway with the remainder subject to the approval of the gateway 5 report by Chief Officer.

Annual Bid Process Update

5. Members have approved the introduction of an annual capital bid process to ensure that proposed new schemes are affordable and prioritised against criteria developed through the Fundamental Review, providing the opportunity to consider all bids across the organisation against the same criteria at the same time. Details of the new bid submissions for 2020/21 are contained in a separate report on today's agenda.

Conclusion

6. Release of funding of up to £2.625m is now requested for two schemes that have previously been agreed for progression outside of the Fundamental Review:
 - i. Up to £1.375m from City's Cash reserves as a contribution to the cost of the Baldwins and Birch Hall Park pond works
 - ii. Up to £1.250m from City Fund reserves to meet the cost of a replacement airwave radio communication system.
7. The allocation of new funding for capital schemes, other than those previously agreed for progression outside of the fundamental review, is subject to the new annual capital bid process. Details of the new bid submissions for 2020/21 are contained in a separate report on today's agenda.

Appendices

None

Background Papers

- Capital and Supplementary Revenue Project Funding – Fundamental Review and Interim Revised Prioritisation Process: Policy and Resources Committee, 21 February 2019 (Public).
- Capital Funding – Interim Revised Prioritisation and Project Funding Update April 2019 (Public)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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