



Corporate Asset Sub (Finance) Committee

Date: FRIDAY, 23 SEPTEMBER 2016
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Nicholas Bensted-Smith (Chairman)
Deputy Brian Harris (Deputy Chairman)
Randall Anderson
Chris Boden
Deputy Roger Chadwick
Alderman Alison Gowman
Gregory Jones QC
Edward Lord
Jeremy Mayhew
Deputy Alastair Moss
Tom Sleigh
Deputy John Tomlinson

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christopher.braithwaite@cityoflondon.gov.uk

Lunch will be served in the Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **DECLARATIONS BY MEMBERS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To agree the public minutes and summary of the meeting held on 19 July 2016.
For Decision
(Pages 1 - 4)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
Report of the Town Clerk.
For Information
(Pages 5 - 6)
5. **REVIEW OF CORPORATE ASSET STRATEGY 2012-16 AND PROPOSAL FOR A NEW STRATEGY 2017-20**
Report of the City Surveyor.
For Decision
(Pages 7 - 10)
6. **ACCOMMODATION AND WAYS OF WORKING**
Report of the Town Clerk.
For Information
(Pages 11 - 24)
7. **THE MANSION HOUSE CONSERVATION MANAGEMENT PLAN**
Report of the City Surveyor.
For Decision
(Pages 25 - 30)
8. **ENERGY EFFICIENCY FUND (EEF) - UPDATE**
Report of the City Surveyor.
For Decision
(Pages 31 - 36)
9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

11. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

12. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 19 July 2016.

For Decision
(Pages 37 - 42)

13. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
Report of the Town Clerk.

For Information
(Pages 43 - 44)

14. **OPERATIONAL PROPERTY PORTFOLIO - ANNUAL REPORT 2016**
Report of the City Surveyor.

For Information
(Pages 45 - 50)

15. **CYCLICAL WORKS PROGRAMME - PROPOSAL FOR 2017/18**
Joint report of the Chamberlain and City Surveyor.

For Decision
(Pages 51 - 120)

16. **ADDITIONAL REPAIRS AND MAINTENANCE PROGRAMMES – PROGRESS REPORT**
Report of the City Surveyor.

For Information
(Pages 121 - 124)

17. **SECURITY CROSS-CUTTING AGGREGATE REPORT GATEWAY 1/2 - GUILDHALL AND BARBICAN CENTRE**
Report of the City Surveyor.

NB – The individual Gateway reports are attached as appendices as follows:

Appendix 1 – Guildhall: Glazing and Anti-Shatter Film Installation (page 131)

Appendix 2 – Barbican Centre: Anti-Shatter film Installation (page 137)

Appendix 3 – Guildhall: CCTV and Intruder Alarm Systems (page 155)

Appendix 4 – Barbican Centre: CCTV (page 161)

Appendix 5 – Guildhall: Access Control, West Wing (page 167)

Appendix 6 – Barbican Centre: Access Requirements (page 177)

Appendix 7 – Guildhall: Hostile Vehicle Mitigation (page 183)

Appendix 8 – Barbican Centre: Hostile Vehicle Mitigation (page 189)

For Information
(Pages 125 - 196)

18. **POLICE ACCOMMODATION STRATEGY: OVERVIEW & PROGRAMME UPDATE REPORT (TO FOLLOW)**
Joint report of the Chamberlain, City Surveyor and Commissioner of the City of London Police.
For Information
(To follow)
19. **BUSINESS PLAN PROGRESS 2016-19 - QUARTER 1 2016/17**
Report of the City Surveyor.
For Information
(Pages 197 - 208)
20. **CITY SURVEYOR'S DEPARTMENTAL QUARTERLY RISK REGISTER UPDATE**
Report of the City Surveyor.
For Information
(Pages 209 - 214)
21. **ST LAWRENCE JEWRY CHURCH - ISSUE REPORT (GATEWAY 2)**
Report of the City Surveyor.
For Information
(Pages 215 - 218)
22. **BRANDON MEWS - DEMISE OF ADJOINING CAR SPACES**
Report of the Director of Community and Children's Services.
For Decision
(Pages 219 - 226)
23. **THE CITY CENTRE - CONTRACT WAIVER**
Report of the City Surveyor.
For Decision
(Pages 227 - 232)
24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

CORPORATE ASSET SUB (FINANCE) COMMITTEE

Tuesday, 19 July 2016

Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held at the Guildhall EC2 at 3.15 pm

Present

Members:

Nicholas Bensted-Smith (Chairman)
Randall Anderson
Chris Boden
Edward Lord

Jeremy Mayhew
Deputy Alastair Moss
Deputy John Tomlinson

Officers:

Peter Lisley	- Assistant Town Clerk
Christopher Braithwaite	- Town Clerk's Department
Robin Newman	- Town Clerk's Department
Dianne Merrifield	- Chamberlain's Department
Peter Bennett	- City Surveyor
Chris Hartwell	- City Surveyor's Department
Paul Nagle	- Chamberlain's Department
Sean Power	- City Surveyor's
Peter Young	- City Surveyor's Department
Sam Cook	- Remembrancer's Department
Jim Turner	- Barbican Centre

1. APOLOGIES

The Town Clerk advised the Sub-Committee that the Finance Committee had agreed to appoint Nick Bensted-Smith, Alderman Alison Gowman and Gregory Jones to the Sub-Committee.

Apologies were received from Deputy Brian Harris and Deputy Roger Chadwick.

2. DECLARATIONS BY MEMBERS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

No declarations of interest were made.

3. MINUTES

RESOLVED – That the public minutes and non-public summary of the previous meeting held on 25 May 2016 are approved as an accurate record.

4. OUTSTANDING ACTIONS

The Sub-Committee considered a report of the Town Clerk which provided information of outstanding actions from previous meetings.

RESOLVED – That the Committee notes the report.

5. HOUSING AND PLANNING ACT

The Sub-Committee considered a report of the Remembrancer which advised Members of the enactment of the Housing and Planning Act, the Bill for which had previously been reported to the Committee. The report advised that the Act included measures to encourage land held in the public sector to be made available for housing development. These measures were:

- a duty for Government departments (and potentially other public authorities) to engage with other public authorities when developing proposals to dispose of land;
- a duty for public authorities to prepare and publish annual reports about surplus land-holdings;
- a power to set broader criteria for the Secretary of State to direct the disposal of public sector land;
- a duty for local authorities to prepare and publish annual assessments of the sustainability and efficiency of the property estate.

The report also advised that during the passing of the act, a ministerial statement had been obtained during the passage of the Bill which confirmed that the Act would apply only to City Fund properties.

The City Surveyor explained that at the next meeting the Sub-Committee would be provided with details of the annual reports which it would receive to fulfil the duties within the Act.

RESOLVED – That the Committee notes the report, in particular:-

- the actions taken to support the City Corporation's interests during the passage of the Bill for the Act; and
- the need to implement, in relation to City Fund properties, the new reporting duties in relation to surplus land and the sustainability and efficiency of buildings.

6. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

7. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

8. EXCLUSION OF THE PUBLIC

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

Item No.	Paragraphs in Schedule 12A
9-14, 16-20	3
15	5

9. **NON-PUBLIC MINUTES**

The non-public minutes of the previous meeting held on 25 May 2016 were approved as an accurate record.

10. **OUTSTANDING ACTIONS**

The Committee noted a report of the Town Clerk which provided information of outstanding actions from the non-public section of previous meetings.

11. **OPERATIONAL PROPERTY REVIEW - PROGRESS REPORT**

The Sub-Committee noted a report of the City Surveyor which outlined the achievements to date in the Operational Property Review, work which was in progress and the challenges ahead to tackle the 'bow wave' of maintenance costs.

12. **CITY SURVEYOR'S BUSINESS PLAN PROGRESS 2015-18 - QUARTER 4 2015/16**

The Sub-Committee noted a report of the City Surveyor which detailed progress in Quarter 4 2015/16 against the City Surveyor's 2015-18 Business Plan. The report also included an update on the commercial property market, and a financial statement.

13. **CITY SURVEYOR'S DEPARTMENT RISK REGISTER**

The Sub-Committee noted a report of the City Surveyor which provided an update on the management of risks within The City Surveyor's Department.

14. **65 AND 65A BASINGHALL STREET**

The Sub-Committee considered and approved a report of the City Surveyor which provided an update regarding the project to consider the potential redevelopment of 65 & 65a Basinghall Street due to the inefficient use of the property's footprint.

15. **COMMUNITY SAFETY/MULTI AGENCY RESOURCE**

The Sub-Committee noted a report of the Town Clerk which advised of a potential location for a community safety/multi agency resource in a property which had previously been designated as surplus to operational requirements.

16. **CITY OF LONDON WIRELESS CONCESSION - REPORT SEEKING DELEGATED AUTHORITY**

The Sub-Committee considered and approved a report of the City Surveyor which sought approval to delegate authority to the Town Clerk to include selected buildings within the City of London Corporation's Corporate Property portfolio for the housing of mobile equipment on rooftops as part of the Wireless Concession to offer improved 3G, 4G and WiFi covering across the City.

17. **BARBICAN CENTRE CAPITAL CAP PROGRAMME - ANNUAL REPORT (2016)**

The Sub-Committee considered and approved a report of the Managing Director of the Barbican Centre which advised the Sub-Committee of the final outturn position for the third year (2015/16) of the Barbican Centre Capital

Cap, provided a revised project programme and expenditure plans for the final year of Cap 3 (2016/17) and provided explanations of Individual Project Budgetary variances of £50k and above.

18. ADDITIONAL WORKS PROGRAMME 2014/15, 2015/16 AND 2016/17 - PROGRESS REPORT

The Sub-Committee noted a report of the City Surveyor which provided an overview of the progress and expenditure of the Additional Works Programmes.

19. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

20. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There was one item of urgent business.

The meeting closed at 4.30 pm

Chairman

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Corporate Asset Sub-Committee – Outstanding Actions

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	19 July 2016, Agenda Item 5	<u>Housing and Planning Act</u> The Sub-Committee to be provided with details of the annual reports which it will receive to fulfil the duties of the Housing and Planning Act.	City Surveyor	September 2016	This information will be included within the Sub-Committee's Work Programme. This is currently being developed, and will be provided to Members at the meeting. Updated versions will be provided at all subsequent meetings.
2.	11 March 2016, Agenda Item 4	<u>Heritage at Risk Register – Annual Report</u> Future annual reports to provide further information regarding the changes in the status of Heritage at Risk assets during the course of the last year.	City Surveyor	March 2017	Next annual report is due in March 2017.

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Committee:	Date:
Corporate Asset Sub-Committee	23 September 2016
Subject: Review of Corporate Asset Strategy 2012-16 and proposal for a new strategy 2017-20	Public
Report of: City Surveyor (CS.297/16)	For Decision
Report author: Paul Friend, Head of Corporate Asset Management	

Summary

This report outlines the current status of the review of the Corporate Asset Strategy 2012-16 and provides recommendations for the proposed new Corporate Asset Strategy 2017-20.

The Corporate Asset Strategy 2012-16 is currently being reviewed to evaluate performance against objectives and changes within Asset Management since last reviewed in September 2014. The Corporate Asset Strategy 2017-2020 will seek to build on the lessons learnt from the existing strategy and integrate new developments in asset management. Specifically the new strategy will incorporate the outcomes of existing reviews into Asset Management, Facilities Management, Service Based Reviews, Operational Property Reviews, statutory requirements and best practice in public sector asset management.

In order to provide a comprehensive review and ensure a holistic approach to asset management within the City of London Corporation, it is proposed that the programme for development of the new strategy is aligned with and fully integrates into key on-going work streams, specifically the Asset Management service based review project overseen by the Strategic Asset Management Programme Board.

Recommendations

Members are asked to:

- a) Approve an interim review of the existing Corporate Asset Strategy 2012-16 and
- b) Agree that the proposed Corporate Asset Strategy 2017-2020 be aligned with the programme for the Asset Management and Facilities Management reviews being undertaken by the Strategic Asset Management Programme Board.

Main Report

Background

1. The existing Corporate Asset Management Strategy 2012-2016 is due for review. The Strategy was last updated in September 2014 which reported progress on delivering the strategic aims and objectives and the next steps required. The existing RAG status was reported with the only red status in the

need for business plans to reflect short, medium and long term objectives within Asset Management.

2. The purpose of the Corporate Asset Management Strategy is to ensure that Asset Management of the City's operational property portfolio is aligned with the City Corporation's strategic vision and key objectives. It provides an overview of the City of London Corporation's use of our operational property resources in the delivery of its services to the City, London and the nation. Furthermore as the basis for making informed decisions on asset management across the operational estate.
3. The review of the Corporate Asset Management Strategy 2012-16 represents an opportunity to review and improve Strategic Asset Management, specifically the performance of the existing Asset Management infrastructure and the interrelationship between Asset Management and Operational Property, Facilities Management, Contract Management and Project Management of major capital projects.
4. A gap analysis, as part of this review, will help to identify resources necessary to meet the corporate and departmental objectives for Asset Management within the future business planning cycles.
5. The need for and implementation of Asset Management Plans across the operational portfolio (contained within Standing Order 53) provides the platform to coordinate existing Asset Management initiatives with revised Corporate and Departmental objectives.
6. Concurrent with the programme to review the existing Corporate Asset Management Strategy, the Strategic Asset Management Programme Board (SAMB) are undertaking a detailed review of Facilities Management (FM) and Asset Management.
7. The Asset Management work stream aims to deliver a set of strategic improvements to the efficiency, effectiveness, and consistency of the Asset Management arrangements across the City Corporation's operational property portfolio. This will support the strategy to continue the development of the Asset Management capability and performance across the organisation and delivery of the target savings as outlined in the Service Based Review (SBR).

Current Position

8. The existing strategy is to be subject to a rigorous review to establish performance against previous objectives and establish lessons learnt. This review will be undertaken in full consultation with all departments that are impacted by the Asset Management Strategy.
9. The new Corporate Asset Management Strategy 2017/20 will set the new vision for Asset Management for the City's operational property portfolio and also incorporate existing and developing work streams in asset management. Specifically, these include on-going projects relating to the range of efficiency

savings identified from the SBR, relating to individual assets Operating Property Review (OPR) and support addressing the recognised 'bow wave' of deferred maintenance.

10. In addition other City Corporation work streams that impact on Asset Management, such as the review into Contract Management, Accommodation and new Ways of Working, the new FM structure and the on-going integration of Energy management into Strategic Asset Management, need to be incorporated into the new strategy.
11. Recent Government developments, such as the new Housing and Planning Act, the Transparency agenda, emerging best practice within public sector asset management and agile working practices, also need to be incorporated into the strategy.
12. The City Surveyor is best placed within the City Corporation to submit recommendations on the policy relating to Asset Management of the Operational Property Portfolio, in consultation and cooperation with Departments, their services and associated Departmental Business Plans.

Options

13. The recommended option is to undertake a review of the existing Corporate Asset Strategy 2012-16 now and align the development of the new Corporate Asset Strategy 2017-20 with the programme and recommendations from the Strategic Asset Management Programme Board (SAMB). This approach will ensure a fully integrated approach to asset management across all current work streams
14. The alternative is to undertake a review of Corporate Asset Strategy 2012-16 now and submit recommendations for the new Corporate Asset Strategy 2017-20 before the forthcoming recommendations from Strategic Asset Management Programme Board (SAMB). This is not recommended as it may not be possible to align with other key work streams.

Proposals

15. Given the potential impact of the work of the SAMB, the outcome of the Strategic Asset Management (SAM) Reviews will inform a large part of the new strategy. It is essential that the new strategy incorporates all approved recommendations from the SAM reviews. Recommendation of a new strategy that refers only in part to these projects would quickly become out of date or possibly superseded. Critically, the new operating model agreed by Chief Officers will largely determine the infrastructure to achieve the goals of the new strategy.
16. Accordingly, it is recommended that only a review of the existing strategy is undertaken now with submission of the new Corporate Asset Management Strategy, aligned to the programme for the projects contained within the SAM

review. Implementation of the recommendations from these reviews is expected from April 2017.

17. However, it is further proposed that the City Surveyor's Department communicates the outcome of the existing strategy review and an update on the integration of the new strategy into the work of the SAMB at the earliest opportunity.
18. In terms of programme, it is envisaged that the outcomes of the new strategy will fully align with the future business planning cycles (subject to current review) across operational departments. Specifically, to be effective, Asset Management Plans will need to fully integrate with local business plans; to support delivery of service objectives including cross cutting Corporate objectives. Clarity on roles and responsibilities between the City Surveyor's Department and operational departments on asset management activity will also form part of this process. For example Operating Level Agreements (OLAs).

Corporate & Strategic Implications

19. The proposals in this report support the Corporate Plan Strategic Aims:-
 - To provide modern, efficient and high quality local services, including policing, within the Square Mile for workers, residents and visitors
 - To provide valued services, such as education, employment, culture and leisure, to London and the nation

Implications

20. There are no financial implications at this stage; the review into the existing strategy will be undertaken by the Corporate Property Group (CPG) within existing resources. However, should initial investigations reveal a need to seek specialist advice we will revert back to this committee. In addition, the current and future strategy will continue to seek better value for money from our operational assets and improve the efficiency and effectiveness in order to identify savings that can be re-invested.

Conclusion

21. This report recommends an interim review of existing Corporate Asset Strategy 2012-16 and integration of the new Corporate Asset Strategy 2017-20 into the programme of the Strategic Asset Management Programme Board. By ensuring a holistic approach to the Asset Management review, the new corporate strategy will be best placed to support delivery of the corporate and operational department's business plan objectives.

Paul Friend

Head of Corporate Asset Management - Assistant Director

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Committees:	Dates:
Projects Sub-Committee	7 September 2016
Policy and Resources Committee	8 September 2016
Establishment Committee – for information	16 September 2016
Corporate Asset Sub-Committee – for information	23 September 2016
Subject: Accommodation and Ways of Working	Public
Report of: Town Clerk	For Information
Report Author: Paul Nagle, Chamberlain's Department	

Summary

The City Corporation is a modern employer and wherever possible the work-styles and culture within the organisation have kept pace with changes both in the public and private sectors. The current position is, however, typified by Departmental working with staff performance management often focused on inputs and presenteeism. We also have an inefficient utilisation of our office spaces with a high desk to staff ratio of 1.1 which does not support modern approaches to interaction and team working.

This programme aims to modernise working practices, based around the needs of our internal and external customers, optimise our buildings and facilities to provide focus for improvements to our business processes, skills and assets as well as positively enhance the Wellbeing of our staff.

It is planned to introduce a pilot model office, for DBE and some Open Spaces staff on the 1st Floor of Guildhall North Block from October 2016. This will pilot the new ways of working, including accommodation changes and greater agile working enabled through IT. This experience will inform the development of the overall options and business case for the widespread programme of change envisaged.

This programme will be a core enabler and trigger to starting an organisation transformation of Culture. It will also enable the rationalisation and commercial letting opportunities identified from the Operational Property

Recommendations

The **Projects Sub Committee** is recommended to approve the project to progress to Gateway 3 - Outline Options Appraisal

The **Policy and Resources Committee** is recommended to note the report and the implications for the Guildhall Complex

The **Establishment Committee** is recommended to note to Accommodation and New Ways of Working Programme and the implications for the City of London Corporation Workforce

The **Corporate Asset Sub Committee (CASC)** is recommended to note the Accommodation and New Ways of Working Programme and the implications for improving the efficiency and effectiveness of the Corporation's operational property. Particularly in relation to the potential to release Irish Chamber and Walbrook Wharf.

Main Report

Background

1. The City Corporation is a modern employer and wherever possible the work-styles and culture within the organisation have kept pace with changes both in the public and private sectors. The current position is, however, typified by Departmental silo working with staff performance management often focused on inputs and presenteeism. The City Corporation culture and ways of working needs to keep pace with what is now standard practice for large successful organisations that successfully focus on outcomes and customer need, delivering joined up services and with whom we compete with to recruit and retain quality staff. We also have an inefficient utilisation of our office spaces with a high desk to staff ratio of 1.1 which does not support modern approaches to interaction and team working.
2. This programme will be a core enabler and trigger to starting an organisation transformation of Culture, focused on Pride, Passion, Pace and Professionalism, with business processes orientated around achieving excellent outcomes for our customers, with the current culture of Departmental Silos and resistance to change overcome within the overall Transformation Programme. It will create the foundation for a culture that embraces continuous improvement, best practice and flexibility with performance measured through outcomes and delivery – with work styles and the tools to support these clearly defined.
3. The Chief Officers Summit Group, recognising the significance of these issues agreed to the commencement of an Accommodation and Ways of Working project earlier this year. Initial start-up funding of £145k from the Transformation Fund and additional local risk contributions of £10k each from pilot Departments DBE and Open Spaces have enabled external expertise to be commissioned to progress the programme including preparations for introducing a model office.
4. As stated above, the City Corporation is a forward looking organisation and has made some significant investments in improving the workplace and facilities provided over the last two decades through the Guildhall Improvement projects. This investment in the fabric of our central buildings is an enabler for the City Corporation to now embark on a significant cultural change programme. The need for this programme reflects the importance of keeping relative pace with the significant changes in the work environment, expectations of a modern workforce and stakeholders and a focus on transforming the organisational culture of the City Corporation.

Operational Property Review

5. This programme will be interdependent with the operational property review, ensuring that identified benefits of running cost savings and rental income generation initially estimated at £1.6m per year from that project can be achieved through new ways of working. This will be through rationalisation and commercial letting opportunities enabled by staff vacating Walbrook Wharf front

offices and Irish Chambers and moving into a more intensively utilised Guildhall Complex.

Project Description

6. The programme will create the environment that will enable a significant cultural change through the introduction of ways of working and work spaces that break away from our traditional desk based silos. The project will encourage greater collaboration, co-creation, improved productivity and health benefits for staff with services focused around our customers whether they are internal or external. It will;
 - Clarify our services and how best we can deliver these through improving how we work individually, in our teams and collaboratively with others
 - Establish a set of worker styles that support the culture and ways of working
 - Identify changes to process, policy, technology, design and use of space and facilities
7. There are significant opportunities to improve services and we would like to create a business case describing these benefits, both to staff, customers and the bottom line of costs. The project will involve:-
 - Introduce a flexible and agile work environment supporting new ways of working
 - Increase mobile technology and decrease fixed desk devices based on role and functional needs
 - Rationalisation of operational property – achieved through increased density of staff occupation
 - Reduced sickness levels and loss of productivity through presenteeism
 - Training for managers in HR policy and work practices that support new ways of delivering outcomes

Pilot Model Office

8. It is planned to introduce a pilot model office, for DBE and some Open Spaces staff on the 1st Floor of Guildhall North Block from October 2016. This will pilot the new ways of working, including accommodation changes and greater agile working enabled through IT. This experience will inform the development of the overall options and business case for the widespread programme of change envisaged. Diversity and inclusion staff networks are being closely consulted in the design of the model office as it will be an ideal opportunity to trial improvements in equipment and working practices that support staff wellbeing. The pilot model office will also enable to vacation of Open Spaces staff from the Irish Chambers.
9. As preparation for this change, a corporate wide de-clutter campaign commenced in July, championing good housekeeping of both electronic and paper records, with an aim of reducing the retention of unnecessary records. Member will be aware of the increasing IT costs associated with electronic record keeping.

10. A range of options for introducing this pilot office are currently being considered and costed for which further funding will be necessary. Depending on the recommended pilot option, quantum and nature of costs (revenue or capital) funding to implement the model office is to be sought from Members in October 2016 if approved in order to maintain the momentum of the change programme.

Conclusion

11. This programme will enable the Corporation to keep relative pace with the significant changes in the work environment, expectations of a modern workforce and stakeholders.
12. This programme will be a core enabler and trigger to starting an organisation transformation of Culture. It will create the foundation that embraces continuous improvement, best practice and flexibility with performance measured through outcomes and delivery – with work styles and the tools to support these clearly defined. It will also enable the rationalisation and commercial letting opportunities identified from the Operational Property Review.

Appendices

Appendix 1 – Accommodation and Ways of Working – Gateway 1 / 2 Report

Appendix 2 – Accommodation and Ways of Working – Vision and Objectives

Paul Nagle

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Appendix 1

Committees:		Dates:
Projects Sub Committee – for decision		7 th Sept 2016
Policy and Resources Committee – for information		8 th Sept 2016
Establishment Committee – for information		16 th Sept 2016
Corporate Asset Sub Committee (CASC) – for information		23 rd Sept 2016
Subject: Accommodation and Ways of Working	Gateway 1&2 Project Proposal: Complex	Public
Report of: Town Clerk Report Author: Paul Nagle, Chamberlain's Department		For Decision

Recommendations

1. Approval track and next Gateway	Approval track: 1. Complex Next Gateway: Gateway 3 - Outline Options Appraisal (Complex)																			
2. Resource requirements to reach next Gateway	<table><tr><th>Item</th><th>Reason</th><th>Funds/ Source of Funding</th><th>Cost (£)</th></tr><tr><td>Programme Change Manager</td><td>Leadership and co-ordination, senior officer engagement – 6 months – av 2-3 days per week - £800 per day</td><td>Transformation Fund</td><td>£45,000</td></tr><tr><td>Space Planning and New Ways of Working consultant</td><td>Development of business case, space options, advice on implementation</td><td>£20k – Local Risk c’fwd funding, remainder Transformation Fund.</td><td>£60,000</td></tr><tr><td>2 Business Analyst – (ideally one be in-house secondment – covered by backfill cost)</td><td>Internal communication, project office, - 6 months</td><td>Transformation Fund.</td><td>£60,000</td></tr></table>				Item	Reason	Funds/ Source of Funding	Cost (£)	Programme Change Manager	Leadership and co-ordination, senior officer engagement – 6 months – av 2-3 days per week - £800 per day	Transformation Fund	£45,000	Space Planning and New Ways of Working consultant	Development of business case, space options, advice on implementation	£20k – Local Risk c’fwd funding, remainder Transformation Fund.	£60,000	2 Business Analyst – (ideally one be in-house secondment – covered by backfill cost)	Internal communication, project office, - 6 months	Transformation Fund.	£60,000
Item	Reason	Funds/ Source of Funding	Cost (£)																	
Programme Change Manager	Leadership and co-ordination, senior officer engagement – 6 months – av 2-3 days per week - £800 per day	Transformation Fund	£45,000																	
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2 Business Analyst – (ideally one be in-house secondment – covered by backfill cost)	Internal communication, project office, - 6 months	Transformation Fund.	£60,000																	
3. Next steps	<ul style="list-style-type: none">Oct 16 – Gateway 3 – Outline Options (options for implementing Model Office – including any additional funding if required)Oct/Nov 16 – implemented Model office if approvedDec 16 - Develop success criteria and lessons learned based on pilots for an overall programmeJan 17 - Produce Gateway 4 Detailed Options Appraisal																			

Project Summary

4. Context	<p>This programme aims to modernise working practices, based around the needs of our internal and external customers, optimise our buildings and facilities to provide focus for improvements to our business processes, skills and assets as well as positively enhance the Wellbeing of our staff.</p> <p>The City of London Corporation work-styles and culture, is typified by Departmental working with staff performance management often focused on inputs and presenteeism. We also have an inefficient utilisation of our office spaces with a high desk to staff ratio of 1.1 which does not support modern approaches to interaction and team working. The City Corporation culture and ways of working needs to keep pace with what is now standard practice for large successful organisations that successfully focus on outcomes and customer need, delivering joined up services and with whom we compete with to recruit and retain quality staff.</p> <p>This programme will be a core enabler and trigger to starting an organisation transformation of Culture, focused on Pride, Passion, Pace and Professionalism, with business processes orientated around achieving excellent outcomes for our customers, with the current culture of Departmental working overcome within the overall Transformation Programme. It will create the foundation for a culture that embraces continuous improvement, best practice and flexibility with performance measured through outcomes and delivery – with work styles and the tools to support these clearly defined. It will provide opportunities to breakdown Departmental silos and encourage Cross-Departmental working and interaction to achieve better outcomes for our customers.</p> <p>This programme will be interdependent with the operational property review, ensuring that identified benefits of running cost savings and rental income generation initially estimated at £1.6m per year from that project can be achieved through new ways of working. This will be through rationalisation and commercial letting opportunities enabled by staff vacating Walbrook Wharf front offices and Irish Chambers and moving into a more intensively utilised Guildhall Complex.</p>
5. Brief description of project	<p>The programme will create the environment that will enable a significant cultural change through the introduction of ways of working and work spaces that break away from our traditional desk based silos. The project will encourage greater collaboration, co-creation, improved productivity and health benefits for staff with services focused around our customers whether they are internal or external. It will;</p>

	<ul style="list-style-type: none"> • Clarify our services and how best we can deliver these through improving how we work individually, in our teams and collaboratively with others • Establish a set of worker styles that support the culture and ways of working • Identify changes to process, policy, technology, design and use of space and facilities <p>There are significant opportunities to improve services and we would like to create a business case describing these benefits, both to staff, customers and the bottom line of costs. The project will involve:-</p> <ul style="list-style-type: none"> • Introduce a flexible and agile work environment supporting new ways of working • Increase mobile technology and decrease fixed desk devices based on role and functional needs • Rationalisation of operational property – achieved through increased density of staff occupation • Reduced sickness levels and loss of productivity through presenteeism • Training for managers in HR policy and work practices that support new ways of delivering outcomes
6. Consequences if project not approved	<ul style="list-style-type: none"> • Opportunity to enable organisational wide transformation through the adoption of modern ways of working not progressed resulting in underachievement of City of London Corporation ambition. • Do not meet the needs, expectations and demands of an increasingly modern workforce resulting in increasing difficulty in the recruitment and retention of staff • Opportunity to improve efficiency in the use of time & resources in programming internal staff moves not realised. • Status quo maintained on sickness absence levels and presenteeism • Gap between current and future technology and methods of working becomes too large to bridge economically • Lack of opportunities to relocate staff out of Walbrook Wharf, Irish Chambers and Guildhall Justice Rooms.
7. Success criteria	<ul style="list-style-type: none"> • More agile and resilient services • Increased productivity and reduced sickness absence levels • More motivated, engaged and positive workforce • Efficiency and collaboration • Improved reputation as an employer

	<ul style="list-style-type: none"> Enhanced working environment for personnel. Reduced energy needs and carbon footprint Improved utilisation of Guildhall North and West Wings Creation of revenue receipts from surplus premises.
8. Notable exclusions	<ul style="list-style-type: none"> Any of the City of London Police accommodation Consideration will be given to introducing necessary infrastructure across the remainder of the operational portfolio (i.e. offices outside the core Guildhall Complex) at a later date.
9. Governance arrangements	<p>Project Board reporting to Strategic Resources Group, with links to</p> <p>Spending Committee: Policy and Resources Committee</p> <p>Senior Responsible Officer: Simon Murrells, Assistant Town Clerk</p> <p>Project Board: Yes</p>

Prioritisation

10. Link to Strategic Aims	1. To support and promote The City as the world leader in international finance and business services
11. Links to existing strategies, programmes and projects	<p>This proposal would assist all departments with Service Based Review aims and targets.</p> <ul style="list-style-type: none"> Joint Contact and Control Centre One Safe City initiative IT digitisation and Flexible Working Review IT – Unified Communications End User Device Renewal Joint Network Refresh Programme HR Wellbeing Project Guildhall Justice Rooms Redevelopment Project Strategic Energy Review
12. Project category	3a. Spend to save
13. Project priority	A. Essential

Options Appraisal

14. Overview of options	<p><i>i) Do Nothing</i> - This option continues the current inefficient use of our office space compared to modern practices and limits opportunities to progress future Guildhall Justice Rooms and Walbrook Wharf potential redevelopment options.</p>
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	<p>ii) Retain the existing layout and furniture, with increased agile working – Applying a simple 8 desks to 10 staff ratio to the existing desks gives a maximum capacity of circa 1,500 staff (located in North and West Wings, 65 Basinghall Street and Irish Chambers). However, this approach would not provide the ancillary space required to support additional staff in higher densities and would not achieve all the success criteria in terms of cultural change and the benefits from adopting an enhanced working healthy positive environment for personnel.</p> <p>iii) Adopt full modern new ways of working - implementing new office layouts and furniture, agile working IT, with the purpose of optimising the space, increasing staff densities enhancing wellbeing and adopting new ways of working.</p> <p>The Model Office pilot will look at a range of options between ii) and iii) which will be developed for Gateway 4.</p>
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Project Planning

15. Programme and key dates	<p>Overall programme: Propose phased through 2016 - 2018</p> <p>Key dates:</p> <p>October 2016 - Model Office established</p> <p>January 2017 - Development of Detailed Business Case 2016 – (Gateway 4)</p> <p>Other works dates to coordinate:</p> <p>Timing of the Joint Network Refresh, End User Device Replacement because these projects are necessary to provide improved IT infrastructure that will support Agile working.</p>
16. Risk implications	<p>Overall project risk: Amber</p> <ul style="list-style-type: none"> • IT readiness and capability to provide the infrastructure and support new ways of working in a manner which is high performing, available, scalable and secure • Insufficient space for all staff in scope of accommodation changes • Insufficient capacity within business areas to support programme activities delaying implementation or resulting in reduced benefits

	<ul style="list-style-type: none"> • Staff do not embrace changes in ways of working resulting in negligible changes in culture • Changes to working practices negatively impact service delivery
17. Stakeholders and consultees	<ul style="list-style-type: none"> • Chief Officers • Wider staff consultation • Trade Unions

Resource Implications

18. Total estimated cost	<p>Likely cost range: Estimated based on experience for an organisation of this size, although this programme would only cover incremental costs for IT required and outside of the scope of existing IT Programmes.</p> <p>3. £5m+</p>								
19.	<p><i>Stage 1 – initial expert advice on implementation, office planning options and costs</i></p> <p><i>Stage 2 – implementation of model office and development of detailed business case so can progress to Gateway 4.</i></p> <table border="1"> <thead> <tr> <th>Funds/Sources of Funding</th><th>Cost (£)</th></tr> </thead> <tbody> <tr> <td>Local risk contributions from DBE - £10k, Open Spaces - £10k</td><td>20,000</td></tr> <tr> <td>Transformation Fund</td><td>145,000</td></tr> <tr> <td>Total</td><td>165,000</td></tr> </tbody> </table>	Funds/Sources of Funding	Cost (£)	Local risk contributions from DBE - £10k, Open Spaces - £10k	20,000	Transformation Fund	145,000	Total	165,000
Funds/Sources of Funding	Cost (£)								
Local risk contributions from DBE - £10k, Open Spaces - £10k	20,000								
Transformation Fund	145,000								
Total	165,000								
20. On-going revenue implications	<p>A significant financial benefit of the proposal is to reduce revenue costs by operating from a smaller estate (as identified from the operational property review) and to minimise wastage and improve the efficiency of operations through improved processes and ways of working as well as reducing cost from sickness absence and presenteeism.</p>								
21. Investment appraisal	<p>A business case appraisal will be run balancing the estimated costs of investment against lower running costs and potential income and capital creation from released operational assets and other financial benefits.</p>								
22. Procurement strategy/Route to Market	<p>A soft market testing and procurement exercise has been undertaken to research the costs of using an external companies and consultants to develop the project and provide space planning advice.</p> <p>An external Programme Change Manager with experience and skills in delivering similar programmes in other organisations has been procured to deliver the first phase of the project on a</p>								

	<p>6 month fixed contract at a rate of £800 per day.</p> <p>A programme space management consultancy to support in the identification of best practice solutions, advising on the benefits of the proposal as well as the cost, alongside other issues to be considered such as M&E upgrade requirements and IT solutions has been contracted initially for £30k. Further work may be contracted to assist in the development of the work space designs.</p> <p>Appointment of the two business analysts would be via internal and external advertising. Ideally one of the business analysts would be via an internal secondment.</p>
23. Legal implications	Potential HR/contract issues, Minimum space requirements under the Workplace (Health, Safety and Welfare) Regulations 1992
24. Corporate property implications	<p>In the context of modern working environments and the Service Based Review it is essential to ensure that we are optimising our central corporate assets. Furthermore industry claims suggest that staff retention and productivity are enhanced if more flexible working is adopted; however, there must be the appropriate associated infrastructure including sufficient break out spaces, quiet spaces, meeting rooms and personal lockers.</p> <p>The proposal must be supported fully by appropriate IT infrastructure and mechanical and electrical capability; existing capacities will be reviewed and options to grade to the necessary levels will be put forward.</p> <p>Chief Officer support and lead will be vital in relation to potential staff resistance to changes in new ways of working.</p>
25. Traffic implications	Increased deliveries / activities at Guildhall Complex will need to be managed.
26. Sustainability and energy implications	Energy consumption likely to increase at Guildhall Complex, but CoL cost will be offset by reduced consumption at other sites if vacated, redeveloped or sold. The Strategic Energy Review and the upcoming Energy Efficiency Fund may prioritise work differently as a result of the Accommodation and Ways of Working Programme.
27. IT implications	<ul style="list-style-type: none"> • Significant IT infrastructure investment / enhancement is already an identified requirement across the organisation. • Chamberlain's IT Division have partly completed network upgrades to allow some agile working and are challenging the existing 'one desk, one fixed computer terminal culture' when dealing with new requests. • This project links to the End User Device Renewal and Joint Network Refresh Programmes. Because these

	projects will enhance IT capability to support agile working. These and further upgrades to infrastructure, IT equipment and telephony will be considered in conjunction with physical space and new ways of working outlined in this report. Progress on these workstreams will be a key dependency for this change programme.
28. Equality Impact Assessment	An equality impact assessment will be undertaken

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The vision

“We will create a **modern** working environment that **engages** people and supports **effective** outcomes”

Modern



Engaging



Effective



The objectives

Objectives:	Modern	Engaging	Effective
Working patterns to meet internal and external needs <ul style="list-style-type: none"> Improved service delivery The ability to work anywhere Flexible, agile working Improved physical and virtual collaboration and innovation Fewer formal meetings 	✓	✓	✓
Improved staff management focused on outputs <ul style="list-style-type: none"> Supported staff, who know where to get effective help and guidance Improved work life balance 	✓	✓	✓
Enhanced working environment <ul style="list-style-type: none"> Flexible working environments Increased use of mobile technology Having the correct equipment for the role Co-location of related services Best practice 	✓	✓	✓
Attracting and retaining staff <ul style="list-style-type: none"> Staff retention / lower sickness rates Improved staff wellbeing 		✓	✓
Make best use of our property assets <ul style="list-style-type: none"> Rationalisation of operational property portfolio Lower running costs / release funds 			✓
Improve our environmental impact <ul style="list-style-type: none"> Reduced carbon footprint Reduced travelling 	✓		✓
Improved business resilience	✓		✓

Committees:	Date:
Corporate Asset Sub-Committee – For Decision	23 September 2016
General Purposes Committee of Aldermen – For Information	18 October 2016
Subject:	Public
The Mansion House Conservation Management Plan	
Report of:	For Decision
The City Surveyor (CS.294/16)	
Report author:	
Julian Kverndal, Senior Heritage Estate Officer	

Summary

To ensure that the Mansion House, a Grade I Listed Building, is being looked after to modern day conservation standards, a Conservation Management Plan (CMP) for the property has been created. It will guide proposals for the building's ongoing use, maintenance and repair.

The CMP states that the current maintenance regime is generally very good. A small number of repair and management issues were highlighted, as were potential opportunities for refurbishment and spatial re-arrangement. This report focuses on the implementation of the 12 policies set out by the CMP. The 10 policies pertaining to ongoing use, maintenance, service installations, security review, disaster recovery planning and collections care are either matching current practice or can be implemented without significant financial outlay.

The policy concerning the introduction of quinquennial (five-yearly) inspections will be incorporated in the 20 year maintenance plan for the House. The policy for periodic extension of the summer recess period for essential repair works will require long term planning and the agreement of the General Purposes Committee of Aldermen.

Recommendation

Members of the **Corporate Asset Sub-Committee** are asked to endorse the implementation of the Mansion House Conservation Management Plan's policies.

Members of the **General Purposes Committee of Aldermen** are asked to note the contents of this report.

Main Report

Background

1. The last time the Mansion House was surveyed/examined was over 25 years ago, as part of the preparation for the 1992/93 refurbishment of the property. As a means of getting an up-to-date survey carried out, a CMP was commissioned in July 2015.
2. The Mansion House CMP explains the significance of the building and sets out policies to ensure that that significance will be retained. It also provides a condition report, a summary of the current maintenance regime and a maintenance manual for the specialist decorations and furnishings.

3. The CMP was completed in March 2016 by Donald Insall Associates, the consultant architects for the last refurbishment of the House; the cost was met by the Additional Works Programme budget.
4. External stakeholders have not been consulted; the plan is an internal management tool. The CMP is a key element in the developing Asset Management Plan for this asset and will be fully incorporated accordingly. Asset Management Plans and their role within the new Corporate Asset Management Strategy 2017-20 is the subject of a separate report to the Corporate Asset Sub-Committee.

5. The CMP states that the current maintenance is generally very good.
6. It highlights a small number of repair and management issues, as well as potential opportunities for refurbishment and spatial re-arrangement. Issues are being addressed by the Keeper of the House and the Property Facilities Manager (PFM) within existing programmes. Opportunities will be taken into consideration should the need for major works or alterations arise.
7. The CMP sets out twelve policies for future care and maintenance:-

Policy No	Policy Text	Current Position
4.2.5	Fire, flood and physical attack can all result in catastrophic destruction of the buildings. A disaster recovery plan for the Mansion House should be prepared to enable recovery following any cataclysm.	Underway under the guidance of the City Surveyor's Fire Safety Advisor.
4.2.6	A longer period of recess might be required every five years in order to facilitate a concentrated, but more extensive, repair programme which would offer benefits in efficiency and economy. This strategy would allow for addressing all of the apparent problems and reducing both reactive and short term works within the maintenance plan. See comment below.	The summer recess is currently limited to four weeks, which limits the scale of work that can be undertaken.
4.2.7	The building's maintenance plan should be based on a regime of quinquennial inspections by conservation accredited staff of the City of London Corporation. Similar to the role of a Surveyor of the Fabric, they will provide an overview of how repairs are to be prioritised, the materials and workmanship required and whether statutory consent needed to be obtained. See comment below.	Not in place. PFM monitors condition of generally accessible spaces.
4.2.8	The collections are very important and are an integral part of the Mansion House "experience". They must be catalogued and maintained to appropriate museum standards. They need to be monitored regularly, and maintenance and conservation must be carried out as and when necessary. The furniture should remain within the rooms for which it was made or purchased. See comment below	Matches current practice for paintings, plate, statues and maquettes; not furniture, copper pots & carpets.
4.2.9	The Art Collections are a very valuable asset to the Mansion House. Appropriate measures to ensure the security, safety and good condition of the collections should be maintained. Temporary loans or removals for conservation should continue to be catalogued. See comment below	Matches current practice.
4.2.10	It is critical to ensure that all collections kept or exhibited in the building are not threatened by environmental or other factors. Mansion House's own collections are subject to their own management document. The various codes of practice for Cultural Collections Management will be applied to all of the materials, where practical.	Matches current practice.

Policy No	Policy Text	Current Position
4.2.11	The Mansion House is noted for the integration of Palladian design with a programme of external sculpture within the tympanum of the Portico, and the internal sculpture and plasterwork, to reflect the status of London as a world city, and of the Lord Mayor. As part of the ongoing maintenance strategy, sufficient protection measures to the sculpture and plasterwork should be put in place including ongoing inspection and repair as required.	Matches current practice.
4.2.12	Any future infrastructure projects in the vicinity of Mansion House must be coordinated with minimal intervention to the historic fabric. Any proposals which impact or require alteration to the fabric must be drawn up in association with the City Surveyor's Heritage Estate Section.	Matches current practice.

8. Policy 4.2.4 Security Review – The Mansion House and the City Surveyor's Department have reviewed the City of London Police Counter Terrorism unit's recommendations for security enhancements. It is proposed that, subject to the existing funding for bomb-blast nets and CCTV improvements being sufficient, these enhancements are implemented with the least disturbance to historic fabric.
9. Policy 4.2.6 Extended Summer Recess – As and when there is a need for maintenance works that take longer than four weeks to implement, senior management at the Mansion House will be consulted and they in turn, will consult the Lord Mayor or the Lord Mayor Elect as appropriate. When the project dates have been identified, the approval of the General Purposes Committee of Aldermen will then be sought.
10. Policy 4.2.7, Quinquennial Inspections – Five yearly inspections/surveys are common practice in large property owning organisations. The City Surveyor's Heritage Estate Section has implemented a quinquennial inspection regime of a number of heritage properties, particularly those that are in the public domain and will add the Mansion House to this regime, by adding it to the 20 year maintenance plan for the property, with the first inspection commencing in 2021.
11. Policy 4.2.8, Collections Care – The existing inventories of furniture, carpets and copper pot collections requires updating and standardising. Regular monitoring and maintenance of these items, is also needed. However, the Guildhall Art Gallery have advised that these objects fall outside their expertise. It is therefore proposed that, subject to appropriate resources being available via the City Surveyor's Local Risk budget, the City Surveyor's Heritage Estates Section will arrange for their cataloguing; potentially by a work experience student during the next summer recess. The catalogues will be kept by the Keeper of the Mansion House.
12. Policy 4.2.9, Art Collection – It should be noted that, although installed at the Mansion House, curatorial responsibility for the paintings and statuary comes

under the Guildhall Art Gallery and therefore the asset managing Committee for these works of art is the Culture, Heritage and Libraries Committee.

Proposals

13. It is proposed, subject to approval, to implement all the policies as set out above.

Corporate & Strategic Implications

14. Adopting the above policies will indicate that the City Corporation is adopting good practice systems for looking after its significant properties and support the ongoing upkeep of a key asset for the City.

Implications

15. It will require adjustments to the Mansion House's 20 year maintenance plan, to implement the quinquennial inspections policy. This will be carried out upon approval of this report.

Conclusion

16. The adoption of the CMP policies proposed for the Mansion House is essential to ensure the City Corporation is caring for this extremely significant building in the best and most appropriate manner.

Julian Kverndal

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Background papers

The Mansion House Conservation Management Plan – published 24 March 2016

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Committee:	Date:
Corporate Asset Sub Committee	23 September 2016
Subject:	Public
Energy Efficiency Fund (EEF) - Update	For Decision
Report of:	
City Surveyor (CS.291/16)	
Report author:	
Mansi Sehgal, Corporate Energy Manager	

Summary

Since July 2016, the Terms of Reference of this Sub Committee have included: “To be responsible for strategies, performance and monitoring initiatives in relation to energy”.

This report brings Members up-to-date with progress in establishing the Energy Efficiency Fund, as approved by the Policy and Resources Committee and with current activity by the Corporate Energy Team to support and promote use of the Fund.

The Chief Officer Strategic Energy Programme Board, established in 2015, has agreed the terms and conditions, and bid assessment criteria for the Fund, which was launched in July 2016. To date, six bids have been received, and these are currently being assessed. The Corporate Energy Team is working with departments to develop further bids and establish the potential future demand for the Fund. In order to assist with the future promotion of the Fund, it is proposed to change the name of the fund to ‘Energy Interest-Free Loan Scheme’.

Recommendation

Members are asked to:

- a) Note the report, and the actions being taken to increase take-up of the Energy Efficiency Fund.
- b) Approve the renaming of the fund from ‘Energy Efficiency Fund’ to ‘Energy Efficiency Interest-Free Loan Scheme’.

Main Report

Background

1. In May 2013, the City Corporation commissioned AECOM to carry out a strategic energy review of the operational estate. The overall aim of the review was to prepare a roadmap for how the City Corporation can reduce its energy use by 40% by 2025 against a 2008/09 baseline. In December 2014, the Finance Committee agreed an energy reduction target of 9% for the period 2014/15 to 2017/18, which would maintain the City Corporation’s progress towards the target 40% reduction by 2025.

2. As a result of this study a set of recommendations were put forward and agreed by the Chief Officer Summit Group in January 2014. These were reported to the Efficiency and Performance Sub-Committee in July 2014 and the Finance Committee in December 2014.
3. One of the recommendations was to set up an Energy Efficiency Fund (interest free loan) that would allow for easy access to finance, enabling strategic energy investments to take place in the City Corporation.
4. In September 2014, the Efficiency and Performance Sub Committee gave in-principle support to the establishment of a fund, but highlighted the need for a revised report, with a detailed business case to be presented to the Resource Allocation Sub-Committee.
5. In December 2014, an outline proposal for the fund was reported to the Finance Committee, and in March 2015 the Resource Allocation Sub-Committee approved the establishment of the internal Energy Efficiency Fund, with funding of £500k per annum for five years. This was endorsed by the Policy and Resources Committee.
6. Members authorised the City Surveyor, with the support of the Town Clerk and the Chamberlain, to establish appropriate administration arrangements for the Fund, which would be based on the operational and eligibility criteria outlined in the report to Members. Members also noted a proposal for an annual review of progress with the fund and projects funded, to be reported to the Efficiency and Performance Sub-Committee (now to the Corporate Asset Sub-Committee as this Sub-Committee now has responsibility for energy matters).

Progress in establishing the fund

7. Since approval was given to the establishment of the fund, both the Town Clerk's Head of Sustainability and the (then) Corporate Energy Manager have left the City Corporation. As a result, there were some delays in progressing with the establishment of the fund.
8. The new Corporate Energy Manager joined the City Corporation later in 2015, developing an Opportunity Outline to take forward the full set of recommendations from the AECOM review. This was endorsed by the Chief Officer Summit Group in September 2015, who also agreed the establishment of a Strategic Energy Programme Board to drive this project forward. The Board has been chaired by the Deputy Town Clerk, with membership including the Director of Open Spaces and staff from the Town Clerk's, Chamberlain's and City Surveyor's Departments.
9. The Board reviewed and revised the outline operational and eligibility criteria to develop a formal set of Terms and Conditions for the Fund. The key changes from the outline presented to Members are:
 - To revise the payback period from five years (extendable up to eight years in exceptional cases) to five years (extendable to up to 10 years in exceptional circumstances);

- To allow bids to be made from all City Corporation operational properties, rather than restrict bids to only Guildhall, Walbrook Wharf and the Barbican Centre; and
- To relax the restriction of bids to proven technologies only, allowing consideration to be given to less mature technologies.

10. The full agreed Terms and Conditions are attached as Appendix 1.

11. The Board has also developed criteria for assessing and prioritising bids against the following criteria:

- a. Payback (35% weighting);
- b. Alignment with corporate objectives, service improvements and links to other strategic projects (15% weighting);
- c. Risks to delivery of the project and quality of evidence of risk management (15% weighting);
- d. Robustness of proposed management and governance arrangements (10% weighting);
- e. Plans for monitoring project success and achieving savings (10% weighting), and
- f. Benefits Realisation, including CO2 savings, reputational impact and wider socio-economic factors (15% weighting).

12. The Fund was launched on 6 July 2016, with an initial deadline for bids of 19 August 2016. This was supported by

- a. An Insight Lunch;
- b. Communications on the Intranet; and
- c. Emails to, and face-to-face meetings with, the departmental Energy Wardens and Energy Coordinators.

Current position

13. Six bids were received of which one project (Guildhall Solar PVs) would not qualify under the current T&Cs relating to the payback period. Please see Appendix 2 for more information on the received bids.

14. These bids are currently being reviewed and assessed against the criteria above. In addition, the Programme Board, in conjunction with the Corporate Energy Team, is investigating factors behind the initial low level of take-up. This could be the result of many factors including: time constraints, lack of technical knowledge, lack of resources or other tangible incentives, still working up proposal, or simply that departments have available or earmarked resources within their existing local risk budgets. It has also been noted that there has been some confusion as to whether the fund is a 'grant' rather than an 'interest free loan'.

Next Steps

15. At present there are some concerns over the uptake of the fund. As a result the Corporate Energy Team is meeting key site managers and facilities managers (including at the Barbican Centre and Smithfield Market) to discuss potential

reasons for not applying for the loan to date, enquiring what proposals are being developed and what could be done to assist in the development of suitable bids.

16. The Corporate Energy Team is also developing a pipeline of projects with a view to prioritising those that would have a larger impact on overall energy reduction. For example at present ideas such as installation of Voltage Optimisation and West wing chiller replacements at Guildhall is being looked at. Furthermore an opportunity to enhance the pumps at Smithfield is already due for refurbishment at the end of this financial year.
17. The Programme Board is looking at better ways to communicate and promote the fund for future bidding rounds, which will meet the success criteria and contribute to the City's target reduction.
18. The Programme Board is aiming to finish this review process by the end of September.

Corporate & Strategic Implications

19. The reduction in energy costs supports Key Policy Priority 2 contained in the 2015-19 Corporate Plan:
 - a. *"Improving the value for money of our services within the constraints of reduced resources"*.
20. The Carbon Descent Plan's (CDP's) focus is to reduce the overall energy use which in turn will lead to savings in energy costs. The CDP is therefore in accord with the second and third objectives of the City's 2015-19 Corporate Plan strategic aims:
 - *"To provide modern, **efficient and high quality local services**, including policing, within the Square Mile for workers, residents and visitors"*.
 - *"To provide **valued services**, such as education, employment, culture and leisure, to London and the nation"*.

Conclusion

21. In line with one of the AECOM recommendations we have introduced the Energy Efficiency fund with £0.5m per year available for departments to submit bids for energy efficiency projects on a loan and payback basis.
22. The take-up so far has been limited (both in types of schemes and the departments who have submitted bids). The Corporate Energy Management Team is working with relevant departments to encourage further bids. A further update will be presented to Members once further bids have been submitted.

Appendices

- Appendix 1 – Energy Efficiency Fund Terms and Conditions
- Appendix 2 – Tranche 1 Bids

Mansi Sehgal, Corporate Energy Manager, City Surveyor's Department
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City of London Corporation: Energy Efficiency Fund (EEF)

Terms and conditions:

- Priority will be given to work on operational properties – in particular the Guildhall complex, Barbican Centre or Walbrook Wharf.
- Priority will be given to the application of proven energy technologies (although experimental or speculative technologies will also be considered).
- Proposals may be submitted for energy saving measures/improvement in projects, where funding was not provided within the approved budget but was proposed in the original specification. (Supporting evidence would be required.)
- The EEF will be independent of the Buildings Repairs and Maintenance (BRM) and Additional Works Programme (AWP) budgets. Projects that have been identified with an energy saving element under the BRM and AWP would continue to be funded through these routes. The EEF cannot be used to divert, replace or subsidise other budgets.
- Consideration will be given to funding for projects where match funding contributions from external/third parties have been secured to support the project costs.
- The minimum value for a project to be eligible will be £5,000. Capital projects over £50,000 and revenue projects over £250,000 will also be subject to Member approval in accordance with the Project Gateway Approval Process.
- The maximum energy savings payback period would normally be 5 years. However, in exceptional cases, this may be extended up to 10 years.
- Straight payback will generally be used when assessing projects but other assessments such as Net Present Value and whole life costing (including on-going maintenance) will also be considered where appropriate, to ensure full evaluation and consideration of projects that do not appear to be immediately viable.
- Loans will be interest-free and repayable from local risk revenue budgets. Applications will need to demonstrate that financial savings will be such that the loan advance can be repaid.
- In general the loan repayment period will be up to 5 years; however in instances where the payback is not 5 years, the loan period will be assessed separately.
- The first repayment will start at the commencement of financial year after the works have reached practical completion, unless the business case states otherwise.

Guidance notes:

All applications will need to be in the form of a completed Business Case Template, which should be submitted to: Mansi Sehgal, Corporate Energy Manager

All applications will be considered by the Programme Board, comprising the Deputy Town Clerk, Director of Open Spaces, Head of Corporate Asset Management, Corporate Energy Manager, Responsible Procurement Manager, and Head of Corporate Performance and Development.

Appendix 2

Tranche 1 EEF Bids

EEF Applications Tranche 1 (August 2016)									
Project	Department	Project	Funds requested	Payback (years)*	NPV**	Savings (kWh/year)	Savings in year 1 (£/year)**	Savings	Tentative Score
1	City Surveyors	Guildhall West Wing Solar PV	£58,594	11.5	£7,476	29,774	£4,968	1.3% reduction for West Wing electricity (excl. chillers)	55%
2	City Surveyors	Guildhall CHW System Condenser Pump Controls	£33,551	1.7	£186,983	162,060	£18,935	14.7% reduction for West Wing Chillers electricity	77%
3	Freeman's School	Freeman's Solar PV	£62,930	8.6	£28,148	35,787	£6,732	25% reduction for Sports Hall electricity	63%
4	Open Spaces	Warren Offices Solar PV	£61,920	9.8	£15,884	30,259	£5,767	29% reduction for Warren offices electricity	63%
5	Open Spaces	Hampstead Lido Solar PV	£37,780	9.1	£9,954	22,200	£3,841	6% reduction for the Lido electricity	50%
6	Open Spaces	Harrow Road Solar PV	£21,520	9.9	£4,590	10,320	£1,967	31% reduction for the site electricity	50%
Total			£276,295		£253,035	290,401	£42,211		
* Pay back year is the point at which the undiscounted cumulative net cash flow exceeds the funding requested.									
** NPV is calculated over life of asset; anticipated life is 25 years for solar PV life and 15 years for pumps controls.									
*** These are the savings for the first 12 months following installation, savings for subsequent years may differ.									

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