



Procurement Sub (Finance) Committee

Date: WEDNESDAY, 13 MARCH 2019
Time: 11.00 am
Venue: COMMITTEE ROOM 2 - 2ND FLOOR WEST WING, GUILDHALL

Members: Deputy Hugh Morris (Chairman)
Deputy Robert Merrett (Deputy Chairman)
Randall Anderson
John Fletcher
Michael Hudson
Deputy Clare James
Susan Pearson
Deputy Jamie Ingham Clark
Jeremy Mayhew

Enquiries: Antoinette Duhaney
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Lunch will be served in 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

Public agenda

1. **APOLOGIES**

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

3. **PUBLIC MINUTES**

To agree the public minutes of the meeting held on 16th January 2019.

For Decision
(Pages 1 - 4)

4. **SUB-COMMITTEE FORWARD PLAN**

Report of the Town Clerk.

For Information
(Pages 5 - 6)

5. **EU EXIT READINESS: SUPPLY CHAIN CATEGORY INSIGHT**

Report of the Chamberlain.

For Information
(Pages 7 - 28)

6. **ONE SAVINGS APPROACH**

Report of the Chamberlain.

For Information
(Pages 29 - 32)

7. **PROCUREMENT STRATEGY 2019 - 2023 - EMERGING KEY THEMES - TO FOLLOW**

Report of the Chamberlain

For Decision

8. **THE TRANSITION TO A ZERO EMISSIONS FLEET**

Report of the Director of the Built Environment and the Chamberlain.

For Information
(Pages 33 - 42)

9. **PUBLIC 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 Schedule 12A of the Local Government Act.

For Decision

Non-Public Agenda

12. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 16th January 2019.

For Decision
(Pages 43 - 46)

13. **FUNDING ARRANGEMENTS FOR ULTRA LOW EMISSION ZONE**

Report of the Chamberlain.

For Information
(Pages 47 - 52)

14. **REVIEW OF RECENT HOUSING PROCUREMENT ISSUES AND PROPOSED MITIGATIONS TO IMPROVE COMPETITIVE TENDERING**

Report of the Chamberlain

For Decision
(Pages 53 - 60)

a) **Resolution of the Community and Children's Services Committee - 8 February 2019**

To consider a resolution of the Community and Children's Services Committee dated 8 February 2019 regarding the review of recent housing procurement issues and proposed mitigations to improve competitive tendering.

For Decision
(Pages 61 - 62)

15. **PROJECT MANAGEMENT CONSULTANTS (FOR CONSTRUCTION) FRAMEWORK PROCUREMENT STAGE 1 STRATEGY - REVISED**

Report of the Chamberlain.

For Decision
(Pages 63 - 68)

16. **MEDIA PLANNING AND BUYING SERVICES FOR THE BARBICAN CENTRE -
PROCUREMENT STAGE 1 STRATEGY**

Report of the Chamberlain.

For Decision
(Pages 69 - 78)

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

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

PROCUREMENT SUB-COMMITTEE PUBLIC MINUTES

Wednesday, 16 January 2019

Minutes of the meeting of the Procurement Sub-Committee held at the Guildhall EC2 at 10.00 am

Present

Members:

Hugh Morris (Chairman)	Susan Pearson
Deputy Robert Merrett (Deputy Chairman)	Deputy Jamie Ingham Clark
Randall Anderson	Jeremy Mayhew
Michael Hudson	

Officers:

John Cater	- Committee Clerk
Christopher Bell	- Chamberlain's Department
Mona Lewis	- Chamberlain's Department
Ola Obadara	- City Surveyor's Department
Natalie Evans	- Chamberlain's Department
Chris Hartwell	- City Surveyor's Department
Geoff Parnell	- Chamberlain's Department
Michael Harrington	- Chamberlain's Department

1. APOLOGIES

Apologies for absence were received from John Fletcher and Clare James.

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

There were no declarations.

3. MINUTES

The Minutes of the meeting held on 7th November 2018 were approved as an accurate record.

4. UPDATE ON PLAN TO IMPROVE 10-DAY PAYMENT PERFORMANCE

The Sub-Committee received a Report of the Chamberlain concerning the plan to improve the 10-day payment performance.

The Commercial Director informed Members that since the action plan was produced, the 10-day payment performance (i.e. payment of invoices to the Corporation's SME suppliers) has increased from 84% in October, to 91% in November.

With most of the action plan now completed, and the move from calendar days to working days for 10-day invoice payments, the Commercial team have

witnessed a significant improvement in the figures and having exceeded the 85% target in November, fully expect to repeat this each month for the remainder of the current financial year.

Compared to other Local Authorities within London, the City Corporation appears to be leading the way, not only in terms of paying SMEs within 10 days, but also, with regard to paying all suppliers within 30 days. A further update will be provided at February's Procurement Sub-Committee meeting.

Members commended the work of the team and welcomed the Commercial Director's update regarding e-invoice virtual printing; despite the initial costs to set up the new Baseware system, it had the potential to bring efficiencies and reduce IT security risks. Going forward, all new contracts would be mandated to utilize Baseware, however, the Director stressed that progress was expected to be slower with the utility companies and other local authorities.

Turning to appendix 1, Members expressed concern about the City of London Police's performance (67% of invoices paid within 10 days in November 2018). The Director responded that this figure had been highlighted to the Commissioner and several Members of the Commercial Team have been providing support since last year in a collective effort to improve performance.

The Deputy Chairman of the Finance Committee stressed that remedial action for the Police was ongoing. Payment performance was a component of a wider set of concerns around financial controls at CoLP. In addition to the expected appointment of more permanent, full time staff in the Police's Finance team in 2019, a Head of Finance and COO would soon also be in place.

Members added that if the Police continued to underperform in this area. There was the real prospect of the wider Corporation being negatively impacted; data on invoice payment performance was readily available to potential suppliers and gaining a reputation for tardiness could mean they are less likely to tender for contracts.

RESOLVED – that the Sub-Committee noted the Report

5. **UPDATE ON IMPLEMENTATION TO ENHANCEMENTS TO LIVING WAGE POLICY - SUPPLIER CONTRACTS**

The Sub-Committee received a Report of the Chamberlain concerning the Living Wage Policy.

RESOLVED – that the Sub-Committee noted the Report.

6. **CITY CORPORATION MODERN SLAVERY STATEMENT**

The Sub-Committee received a Report of the Chamberlain concerning the Corporation's Modern Slavery Statement.

RESOLVED – that the Sub-Committee noted the Report.

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUBCOMMITTEE**

There was one question.

A Member asked whether, in light of its financial difficulties in recent months, the City was preparing contingency plans if Interserve collapsed.

The Commercial Director responded that work was ongoing to ensure the City was as insulated as possible in the worst-case scenario. Interserve had been reassuring the Corporation that the outlook was secure, however market sentiment appeared to be moving against them, with some analysts expecting major developments by this summer.

The Commercial Director identified five projects that Interserve were (or had recently been) involved in. these included:

- i) Old Bailey works – a mitigation plan was in place to ensure the works could be transferred to another supplier at short notice
- ii) The Police shooting range – would be completed by a different provider
- iii) Minor Cleansing contract – minimal amount (2K), that could be transferred
- iv) Works at the Girls School – work should be complete by February
- v) BIMS Survey – most of the work has already been transferred to Skanska

The Commercial Director added that his team continues to monitor the wider outsourcing industry. There was a concern in the department about how the Corporation was assessing supplier's financial risk. Hitherto, the culture at the Corporation had been one of caution; whilst it was vital to undertake robust due diligence, overzealousness, particularly when analysing the risk of SME's or tech start-ups, could, ultimately, land the Corporation with inferior suppliers.

In response to a query concerning the Corporation's policy on air quality targets, the Commercial Director informed Members that Reports were being finalised and were likely to be submitted to the March committee cycle. A Member added that it was important to reach a single policy and approach to air quality targets, it should be recognised that converting the entire vehicle fleet to electric would not be cheap and that establishing a robust cost benefit analysis would be vital before Members were consulted.

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

9. **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.

10. **NON-PUBLIC MINUTES**

The Non-Public Minutes of the meeting held on 7th November 2018 were approved as an accurate record.

11. **MAJOR CONSTRUCTION WORKS FRAMEWORKS - STAGE 2 AWARD REPORT**

The Sub-Committee considered two Reports of the Chamberlain concerning the major construction works frameworks and the minor works frameworks.

12. **MINOR WORKS FRAMEWORKS - STAGE 2 AWARD REPORT**

The Sub-Committee considered two Reports of the Chamberlain concerning the major construction works frameworks and the minor works frameworks.

13. **DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD REPORT**

The Sub-Committee received a Report of the Chamberlain concerning the Chief Officers Purchase Card statistics for Q1 2018/19.

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

There were no non-public questions.

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

There was no other urgent non-public business.

The meeting closed at 11.30 am

Chairman

Contact Officer: John Cater
john.cater@cityoflondon.gov.uk

Procurement Sub-Committee – Work Programme 2019

Meeting:	3/4/19	15/5/19	13/6/19	10/7/19	Sept (TBC)	Oct (TBC)	Nov (TBC)
Strategy, Policy, Continuous Improvements and Performance							
	<ul style="list-style-type: none"> * Accounts Payable, Data and Reporting * Continuous Improvement Roadmap Overview * Procurement Strategy 2019-2022 (Final Paper for Decision) * Draft savings target 19/20 	<ul style="list-style-type: none"> * P-card Update Paper 		<ul style="list-style-type: none"> * eInvoicing and Automation * P-card Update Paper 		<ul style="list-style-type: none"> * P-card Update Paper 	
Sourcing and Category Management							
	<ul style="list-style-type: none"> * Lift repairs and maintenance – Stage 2 Award Report * Travel Management Services and Booking tool - Stage 1 * Corporate Security (Manned Guarding) - Award Report * Power Purchase Agreement - Stage 1 	<ul style="list-style-type: none"> * Barbican Media Planning Services – Stage 2 Award Report * IT Services 2020 procurements 	<ul style="list-style-type: none"> * Children’s Centres * Travel Management Services and Booking tool - Stage 2 Award Report 	<ul style="list-style-type: none"> * Travel Management Service * Revenues Enforcement Agents * Power Purchase Agreement - Stage 2 Award 	<ul style="list-style-type: none"> * Action Fraud Services * Secure City 	<ul style="list-style-type: none"> * Corporate Cleaning Services 	
Contract Management, Operations and Responsible Procurement							
		<ul style="list-style-type: none"> * Responsible Procurement Report * Corporate Supplier Scorecard Results and Updates * CCM Annual Review FY17/18 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates * Property Insurance Renewals - Property Insurance including Business Interruption and Contractors All Risk Insurance – Contract Extension * CCM Framework 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates 	<ul style="list-style-type: none"> * Corporate Supplier Scorecard Results and Updates

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Committee(s): Finance Committee Procurement Sub-Committee	Date: 19 February 2019 13 March 2019
Subject: EU exit readiness: Category insight report	Public
Report of: The Chamberlain	For Information
Report authors: Chris Bell, Commercial Director, Chamberlain's Darran Reid, Assistant Director of Commercial Contract Management, Chamberlain's	

Summary

Due to the ongoing uncertain nature of the EU exit deal, the Commercial Director as the owner of the corporate risk on Brexit Supply Chain commissioned an external consultancy firm (Efficio Consulting) to work with us to produce Category level risk cards. The categories that the report focuses on were selected based on internal knowledge, spend data and of the areas that would be most impacted by Brexit.

The category cards have been produced in the main through desk top research, industry insights and stakeholder knowledge have been developed to allow us at this stage to identify the main risks in these categories.

Each Category is structured as follows:

- Category overview
- Common contracting methods in this category
- The City of London context
- Brexit risks
- Potential mitigations

The full EU Exit Readiness Category Insight Report can be found at Appendix 1.

Recommendations

Members of the committee are recommended:

- To note the content of this report and the full EU Exit Readiness Category Insight Report.

Main Report

Background

1. Due to the ongoing uncertain nature of the EU exit deal, the Commercial Director as the owner of the corporate risk on Brexit Supply Chain commissioned an external consultancy firm (Efficio Consulting) to work with us to produce Category level risk cards. The categories that the report

focuses on were selected based on internal knowledge, spend data and of the areas that would be most impacted by Brexit.

2. The category cards have been produced in the main through desk top research, industry insights and stakeholder knowledge have been developed to allow us at this stage to identify the main risks in these categories.
3. Each Category is structured as follows:
 - i. Category overview
 - ii. Common contracting methods in this category
 - iii. The City of London context
 - iv. Brexit risks
 - v. Potential mitigations
4. The full EU Exit Readiness Category Insight Report can be found at Appendix 1.

Key Points from the Category Insight report to date

5. Construction is our highest risk category, this is due to the pressure on the industry to supply the required skilled tradesmen should there be a no deal Brexit. Costs are rated as medium but given the nature of our busy capital programme and the need to procure new contractors regularly, the velocity factor means that costs for construction at an increased level are likely to affect us sooner than other services which have security of longer term contracts already in place.
6. Highways maintenance and Food services are the next categories that offer the highest risk, mainly around the ability to supply the services due to reliance on overseas and EU workers in the London marketplace.
7. All categories will have challenges in the main on key workers. Therefore, there could be intermittent service issues in the medium term or cost pressures as suppliers must pay more to attract workers, this will see pressure on rates and likely requests for contract price uplifts. Although we have the security of contracts, it is likely to become prevalent within 3-6 months from the date of exit and requests for contract change controls will need to be managed carefully.
8. Commodities are likely to increase in some areas dependent on the origin of the goods, but our assessment covers the larger areas of spend and we have no red risks highlighted to date with materials being sourced or available from alternative origin countries as mitigation.
9. Finally, although we have the security in the main with existing contracts, we are likely to see price increases for newly procured works and services post Brexit, therefore careful consideration of upcoming new contracts or tenders will be taken in baseline budgeting and service scoping if we seek as a policy to remain cost neutral or drive savings as a default.

Next Steps

10. The mitigation considerations will be used to finalise a supplier engagement strategy, tailoring our requests to key suppliers to focus on the areas we feel are the greatest risk to our organisation.
11. Our intelligence to date from our peers advises us not to commence with full requests to our key suppliers, as until the terms of the EU exit is known we are unlikely to receive much meaningful engagement. Therefore, the timing of supplier outreach must be considered to gain maximum engagement with realistic and insightful mitigation plans produced from the suppliers.
12. The engagement approach is something we will bring to Members of Procurement Sub-Committee once the terms of the deal are known, utilising templates and approaches currently being developed by the Home Office. Given we will be required to use this format for City of London Police, for consistency it is our intentions to utilise these for our corporate engagement. In the meantime, at a local department level if engagement with suppliers has started we would recommend they continue whilst we work up the corporate approach.

Authors

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Appendices

Appendix 1 – EU Exit Readiness Category Insight Report – Efficio Consulting

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EU Exit Readiness: Category Insight

City of London

London, 4 February 2019

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This EU Exit Readiness report provides City of London Corporation with insight into possible impacts of EU exit on its core categories of spend

Overview

Situation summary

- The City of London Corporation (City of London) wishes to understand the possible impacts of Brexit on the key markets from which it buys goods and services
- As far as possible, City of London wishes to make use of existing research and insight
- The requirement is for category/market level insight – not a detailed impact assessment on City of London contracts or projects
- The cost of the work should be kept to a minimum
- The key categories identified by the City of London most at risk due to Brexit are: Construction, Highways maintenance, Facilities services Hard and Soft (cleaning, security, catering), IT, Commodities – Fuel, Energy (gas/electric), IT consumables, MRO, Food, granite, Adult and Social care, Waste collection and street cleansing
- Efficio is well-placed to meet the needs of the City of London. We have deep expertise in the key categories of spend and have completed EU exit readiness assessments for relevant clients in the public and private sectors



Approach

- We have produced 1 page summaries of the impacts on each category, leveraging past work & category knowledge – supplemented with new research to fill gaps
- Each 1 page summary covers, in digestible format:
 - Sector overview – exposure to EU exit risk
 - Possible Brexit impacts (forex, tariffs, freedom of movement restrictions, barriers to trade)
 - Likely risks to an organisation such as the City of London – tailored impact assessment
 - Actions to consider – typical mitigation actions that organisations such as City of London should consider

We have assessed the high level impact of a ‘No-Deal’ Brexit to understand risk to cost and supply

Methodology for EU Exit Assessment



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Assumptions:



- Since a no-deal Brexit may have biggest impact and changes to the industries, this scenario was considered while evaluating impact of each category
- In labour composition, unless specified, “Others” refers to non-EU workers who can be from the UK or other countries
- Supply Risk: **Red** – Significant risk to service continuity, **Amber** – Medium risk to service continuity, **Green** – Low risk to service continuity
- Cost Risk: **Red** – Major cost change potential, **Amber** – Minor cost change potential, **Green** – no change expected

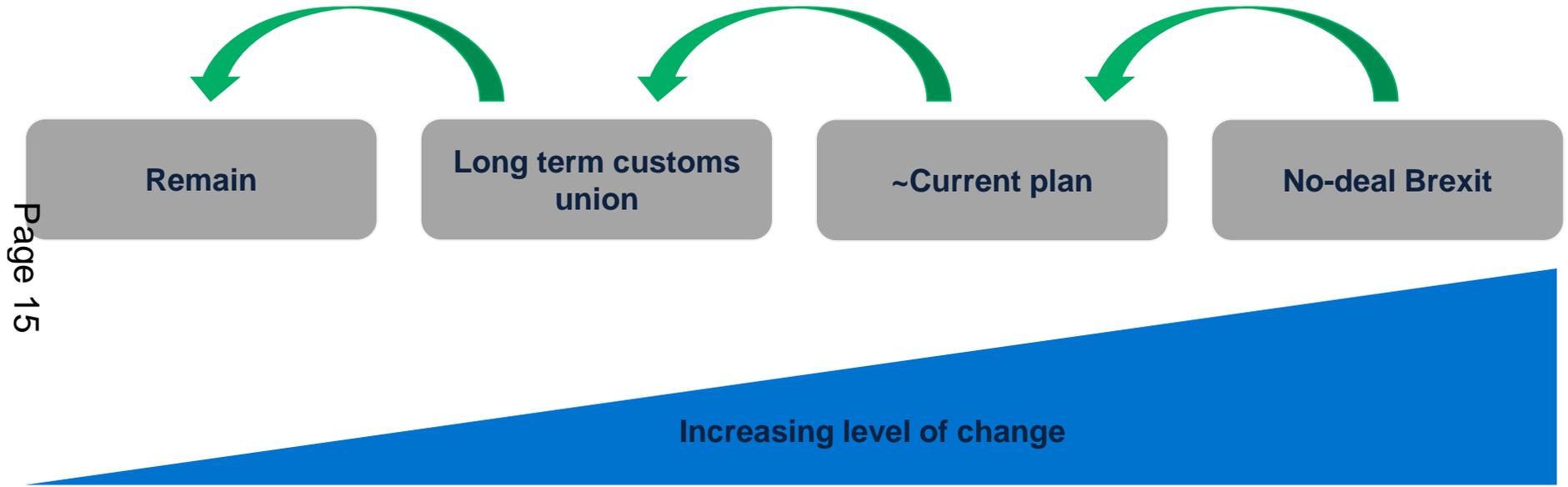
Each category addresses these elements:



- **Category and Contract Overview:** Outline of key features of the industry and typical contract types
- **City of London Context:** Specific CoL considerations for the category
- **Brexit Risks:** Movement of People, Movement of Goods, Tariffs and Forex

There is a wide range of Brexit scenarios; this analysis has been simplified to focus on 'no-deal Brexit'; from which every other scenario can be seen as a 'step back'

Simplifying the possible scenarios



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Each scenario can be understood as a series of 'steps back' from a hard exit scenario

By basing our analysis on a 'no-deal exit' scenario we can understand key risks to supply and cost

Construction is a labour intensive industry and laws regarding freedom of movement will have the biggest impact on this category

Risk	RAG
Supply	High
Cost	Medium



Category Overview

- Labour and Materials are the biggest cost drivers in this category, both of which stand to be impacted by Brexit. Cost Breakdown: Labour (30%), Material (70%)²
- Up to 7% of the UK construction workforce³ and 60% of materials are from the EU¹
- The workforce in London consists of up to 28% workers from the EU³. There are also expected to be a significant portion of workers from non-EU countries working in this industry.
- Construction is a highly time-sensitive industry – any disruption or delays to the supply of labour or materials has a significant impact on costs and revenues
- As of late 2018, a number of major UK construction companies are currently operating in stressed conditions (following the failure of Carillion in early 2018) and Brexit may further add to general industry problems and increase the risk of further failures.



Contracts

- Construction contracts are a mix of lump-sum and cost plus contracts¹. In instances where companies undertake construction for a customer they may also have a mix of contract types which may not be “back-to-back” with supplier contracts. This may create cost pressure at both ends.
- Even in existing agreements where suppliers are contractually bound to a fixed price, CoL may face price pressure from suppliers as they seek to find other ways to increase contract values.



City of London Context

- CoL tendering activity and proposed Major Projects indicate significant investments in construction projects over the next few years (FY18/19 ~£250m; FY19/20 ~£350m; FY20/21 ~£400m)
- There may be potential for suppliers to try to push through cost increases to CoL by Brexit as a context. A review of contracts with suppliers should be conducted to understand how changes in labour movement and tariffs which may impact costs.
- Given the challenges faced by the construction industry at present, CoL may be able to leverage it's strong cash position to secure supply continuity as a result of Brexit (e.g. through early payment)



Brexit Risks

Movement of People

- Potential shortage of labour as 7% of the construction workers in the UK and 28% in London are from the EU³. Loss of freedom of movement, and any changes to the way workers are paid and taxed, presents risk of delay in projects and increasing costs. For example, if there are changes to EU workers' ability to reclaim tax, it may make UK less attractive to EU workers unless wages increase such that workers have the same net position. If wages don't increase to this level, scarcity of labour will drive a labour cost increase regardless.

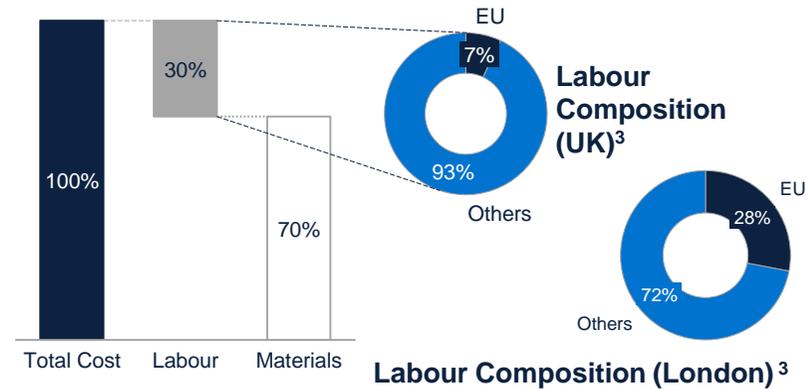
Movement of Goods

- UK imports 60% of total construction materials from the EU¹
- Potential delays at ports if clearance required – leading to additional costs and longer lead times. This will have a knock-on effect on construction timelines, further increasing costs and lost revenues
- Material supplies will be interrupted if suppliers stop serving UK markets altogether
- Some companies have started building safety stock to minimize any price spikes and supply issues¹

Tariffs & Forex

- Material prices may increase due to increase in import/export duties and clearance work.
- Volatility in currency may have an impact on cost
- Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Industry Cost Breakdown²



Potential Mitigations

- Engage major suppliers to identify how CoL can secure supply (e.g. reducing payment terms)
- Engage suppliers to evaluate workforce to identify breakdown of workforce and highlight any critical knowledge or skills held by non-UK employees and related risk of losing these.
- Map what % of employees are not directly employed and without notice periods or obligations
- Discuss with suppliers if they are building safety stock for materials that may be impacted by Brexit

Facilities Management services may see a major impact because of dependence on lower-skilled EU workers

Risk	RAG
Supply	Yellow
Cost	Yellow

Category Overview

- FM consists of Hard and Soft Services which have varying dependency on labour and materials. While hard services would be more affected by changes related to materials, soft services would be impacted by loss of free movement of labour.
- The sector employs up to 10% of the country's workforce¹ and up to 24% of them are from EU⁴.
- Cleaning is a part of Facilities Management, and according to statistics, the workforce involved in the general cleaning of buildings in London consists of 32% EU nationals⁵. There are also expected to be a significant portion of workers from non-EU countries working in this industry.
- The UK market was regarded as the 'most mature and competitive in Europe' but it faces a skills shortage due to the UK's demographic changes and a lack of skilled applicants.
- Workers in the industry are often paid minimum wage or close to those levels, and many are likely to be on short notice periods.
- Cost breakdown: Labour (55%), Material (30%), Overhead (15%)²

Contracts

- There is a mix of cost-plus and fixed price supplier contracts in the FM industry. CoL's own customer contracts may also be a mix and may not be "back-to-back" with supplier contracts. This may create cost pressure at both ends for CoL.
- Average contract period in the industry is 3 years². There may be uncertainty over future contract type and length until impact of Brexit is known.

Page of London Context

- CoL has a diverse portfolio of properties ranging from schools to bridges to commercial offices – all requiring a different set of FM services.
- Certain soft FM services like security could have a greater operational risk than others if they were to fail (e.g. not being able to cover security positions vs struggling to get cleaning services).
- If CoL needs security clearance for FM workers, it may increase complexity and timelines to hire new staff which should be discussed with suppliers
- CoL requires its suppliers to pay the London living wage which is approx. 35% higher than the minimum wage³ and may protect them from shortage of labour to some extent as workers have incentive to work with CoL



Brexit Risks

Movement of People

- Potential shortage of labour as up to 24% of the FM workforce is from the EU⁴
- Upward pressure on wages and costs due to the potential scarcity of labour
- FM industry would be hit directly because of its reliance on lower-skilled migrant workers. As above, CoL London Living Wage policy may limit the impact and ensure CoL has continuity of labour, however suppliers' other contracts may be affected and there may be a knock-on effect

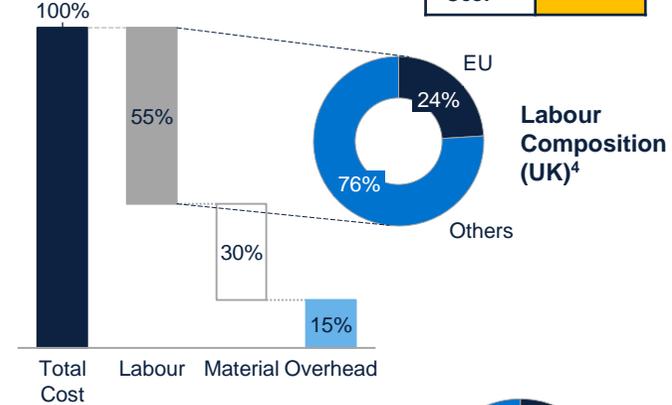
Movement of Goods

- Availability of critical parts may be interrupted due to delays at customs impacting particular areas of hard FM services (e.g. elevators and lifts); for some products, there will not be any international substitution opportunities
- Potential increased supplier costs at any suppliers who rely on EU materials – may face upward pressure

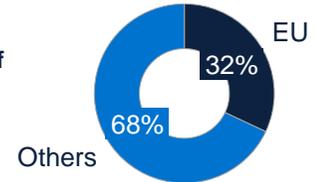
Tariffs & Forex

- Material prices may increase due to increase in import/export duties and clearance work
- Volatility in currency may have impact on cost
- Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Industry Cost Breakdown²



General Cleaning of buildings - Labour Composition (London)⁵



Potential Mitigations

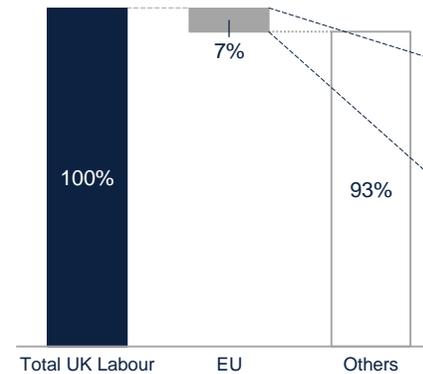
- Review contracts with customers and suppliers to understand relationship and contract types in place and where contract types are not aligned
- Engage major suppliers & gain commitment to service levels and continuity
- Engage suppliers to evaluate workforce to identify breakdown of EU nationals and highlight any critical knowledge or skills held by individual employees and related risk of losing these
- Ensure Service plans and requirements are up to date in case of a need to rapidly transition suppliers or retender

Highways Maintenance is principally dependent on labour with some minor critical equipment requirements – both of which will be affected by EU exit

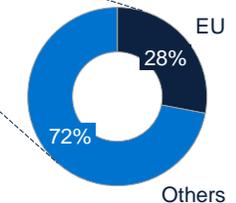
Risk	RAG
Supply	Red
Cost	Yellow

<p>Category Overview</p>	<ul style="list-style-type: none"> Highways maintenance is highly dependent on the utilisation of high-skilled labour (design engineers), low-skilled labour (general operatives), and construction equipment, all of which stand to be impacted by Brexit. Part of highways spend is street furniture some of which have high technical specifications (e.g. street lights) and others which are low specification (e.g. road signs, rubbish bins). Street furniture can be categorised into illuminated (installed & maintained by the highways maintenance supplier) and non-illuminated (installed & defects rectified by the highways maintenance supplier, cleaned by the waste collection and street cleansing supplier). Highway workers are included in the overall construction workforce by the Office of National statistics. It states 7% of UK construction workers and 28% in London are EU nationals.¹ There are also expected to be a significant portion of workers from non-EU countries working in this industry. According to a report by Highways UK, the industry is concerned about future labour shortages due to an ageing workforce, and more people retiring than joining⁴ Typically highways maintenance includes 2 kinds of projects: routine (where there is continuity) & section work (ad-hoc project work)
<p>Contracts</p>	<ul style="list-style-type: none"> Approximately 50% of UK authorities, CoL included, are estimated to use term maintenance contracts² (the contract creates a mechanism for the client to instruct services at different locations without needing to procure a new contract every time) Contracts for routine works are typically long, ranging between 5-10 years in length²
<p>City of London Context</p>	<ul style="list-style-type: none"> CoL manages 5 key bridges and resurfaces about 15-20³ roads each year. CoL roads are heavily utilised by business, leisure and emergency services traffic. It is essential highways maintenance works are able to continue efficiently to avoid major congestion and delays that may significantly impact other sectors of the economy (e.g. tourism, transport, emergency services).
<p>Brexit Risks</p>	<p>Movement of People</p> <ul style="list-style-type: none"> Potential shortage of labour as 7% of construction workers in the UK and 28% in London are from the EU¹ Loss of freedom of movement, and changes to the way workers are paid and taxed, presents risk of delay to projects and increasing costs. For example, changes to EU worker's ability to reclaim tax may make UK less attractive to EU workers unless wages increase such that workers have same net position. If wages don't increase to this level, scarcity of labour will drive a wage increase regardless. <p>Movement of Goods</p> <ul style="list-style-type: none"> Suppliers of higher specification street furniture such as lighting may be local UK companies or large global companies such as Siemens. Either way, finished products or component parts (particularly non-illuminated) are highly likely to be imported from the EU and elsewhere. There is a potential risk to critical part availability if suppliers have their supply chain in the EU. Potential delays at ports if clearance required – leading to additional costs and longer lead times. This will have a knock-on effect on maintenance timelines. Low specification items (e.g. bins) are low impact and low risk due to relative ease of supplier substitution in the event these are manufactured and imported from the EU. <p>Tariffs & Forex</p> <ul style="list-style-type: none"> Material prices may increase due to increase in import/export duties and clearance work. Volatility in currency may have an impact on cost Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Labour Composition (UK)¹



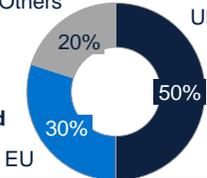
Labour Composition (London)¹



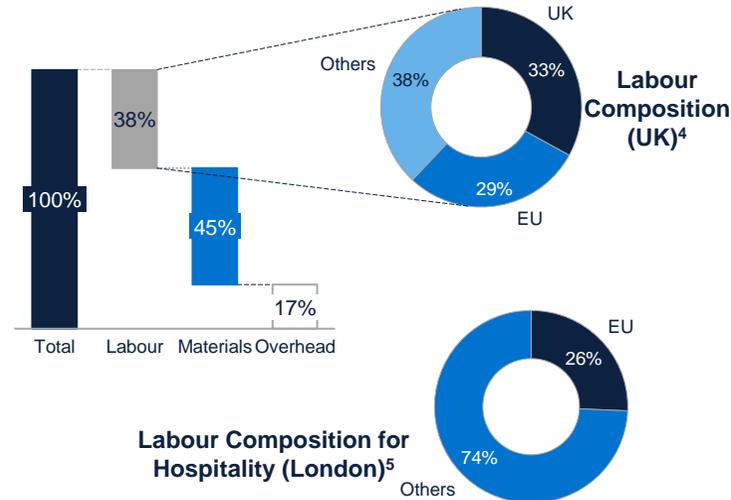
Potential Mitigations	
<ul style="list-style-type: none"> Review services to identify critical services (e.g. street lighting) and associated supplier contracts 	
<ul style="list-style-type: none"> Engage with suppliers, prioritised according to the above review, to ensure they have appropriate labour and safety stock of critical spare parts located in the UK and are taking action to manage inventories in the event of customs delays 	
<ul style="list-style-type: none"> Engage suppliers to evaluate workforce to identify breakdown of EU nationals and highlight any critical knowledge or skills held by individual employees and related risk of losing these. 	
<ul style="list-style-type: none"> Map what % of employees are not directly employed and without notice periods or obligations 	

Food Services & Banqueting are dependent on labour and materials, with Brexit risks associated with shortage of contract labour and availability of food produce

Risk	RAG
Supply	High
Cost	Medium

 Category Overview	<ul style="list-style-type: none"> UK is a mature market for catering services. The market consists of specialized catering providers & large FM companies who provide catering services as a bundled service offering Cost breakdown: Labour (38%), Material (45%), Overheads (17%)² Wages in the food services industry are typically at or close to minimum wage (LLW for CoL) Suppliers have a high proportion of contractors/temporary staff to permanent staff² 30% of the food consumed in the UK was imported from the EU¹ in 2017  <p style="text-align: center;">Origins of food consumed in the UK¹</p>
 Contracts	<ul style="list-style-type: none"> Catering services contracts are typically 2-3 years in length² Alongside cost plus & fixed price contracts, the other contract types used in the category are²: <ul style="list-style-type: none"> concession model (suppliers use the clients' premises and pay a fixed rent/% of revenue) and nil subsidy model (supplier's costs are covered by income generated through services. The clients do not pay the supplier for their services)
 City of London Context	<ul style="list-style-type: none"> As part of CoL, catering services are provided to schools, corporate estate and business events CoL also hosts "banqueting" events which focus on premium produce from the EU Both staff and materials are needed to deliver catering services successfully. Brexit may have an impact on the movement and prices of both of these as 30% of the food in UK is imported from the EU¹ CoL requires its suppliers to pay the London Living Wage which is approx. 35% higher than the minimum wage and may protect them from shortage of labour to some extent as workers have incentive to work with CoL³  <p style="text-align: center;">Minimum Wage London Living Wage</p>
 Brexit Risks	<p>Movement of People</p> <ul style="list-style-type: none"> Potential shortage of labour as up to 29% of the labour is from the EU⁴ If there was loss of freedom of movement, more than 80% of the EU workers working in catering services would not meet UK's requirements for non-EU work visas². Highly likely to see upward pressure on wages and costs due to the potential scarcity of labour in the event of Brexit. In addition, increased staff turnover will likely impact efficiency and service quality in the short term. CoL London Living Wage policy may limit the impact for CoL and ensure CoL has continuity of labour, however suppliers' other contracts may be affected and there may be a knock-on effect. <p>Movement of Goods</p> <ul style="list-style-type: none"> UK imports 30% of food from the EU¹ Potential delays at ports if clearance is required – leading to additional costs and longer lead times Increased time at custom checkpoints may impact availability of certain foods (e.g. perishable items) coming from EU, driving higher prices and/or requiring in product substitution Food supplies will be interrupted if suppliers stop serving UK markets altogether Longer term, changes to policies on farming and food production may structurally alter UK food production and prices/availability Ports may be overburdened if checks need to be done for food imported from EU, leading to delays in perishable items. For example, Terry Jones, Director General of the NFU has said: "Currently, the only ports set up to do veterinary checks on meat are London Gateway, Tilbury, Felixstowe, Southampton and Liverpool."⁶ <p>Tariffs & Forex</p> <ul style="list-style-type: none"> Food prices may increase if being imported from the EU due to increase in import/export duties and clearance work making catering services more expensive Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Industry Cost Breakdown²



Potential Mitigations

- Engage with suppliers to understand their supply chain for food imports & understand what mitigations are being taken to ensure supply continuity (e.g. menu changes)
- Review contracts with suppliers and build contingency by agreeing on flexible catering menus to avoid disruption until further clarity on Brexit
- Engage suppliers to evaluate workforce to identify breakdown of EU nationals and highlight any risks to service and understand their mitigation plans (e.g. training and apprenticeships to maintain staff levels and ensure workers are capable of providing quality service)

Waste Collection and Street Cleansing are heavily reliant on labour, comprising 40% of total cost

Risk	RAG
Supply	Yellow
Cost	Yellow

Category Overview

- Collection and disposal are the two most costly elements of waste management. This review focuses on the waste collection and street cleansing elements, not disposal.
- Cost breakdown: Labour (40%), Transportation (10%), Overheads (5%), Disposal (30%), Others (15%)¹
- Typically workers in the industry are paid minimum wage or close to those levels, and many are likely to be on short notice periods.
- General cleaning of buildings has been used to represent the EU workforce breakdown in this category.

Contracts

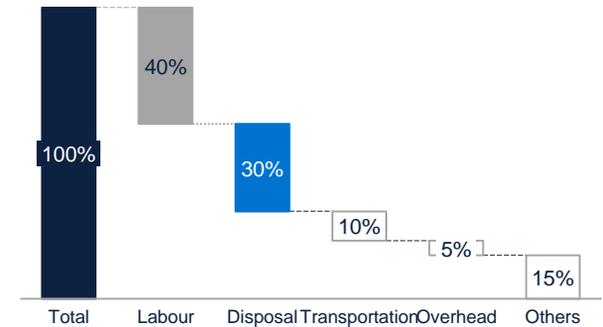
- Waste contracts are typically volume based or fixed price.
- Globally, about 60%¹ of Total Waste management contracts are volume-based so the suppliers work to increase profits by reducing their costs. Normally under this sort of contract, a customer would expect that the supplier would absorb any increases in cost during the contract term.

City of London Context

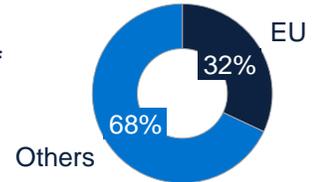
- Labour accounts for approx. 60% of the cost for CoL as it uses a system which involves intensive manual sweeping which has a low level of mechanisation. Streets are swept by hand up to four times daily depending on demand.
- The majority of waste produced in the City originates from businesses and construction companies that operate in the Square Mile. Construction waste is however managed by construction contractors, so won't directly affect these services
- CoL has a very small residential base in comparison to the number of people that work in the area.
- By 2021, commercial/business waste is estimated to make up over 90% of total waste².
- Being an area that is heavily utilised by tourists and businesses, it is essential waste collection and street cleansing services continue without disruption to avoid loss of reputation.
- CoL requires its suppliers to pay the London Living Wage which is approx. 35% higher than the minimum wage and may protect them from shortage of labour to some extent as workers have incentive to work with CoL³



Industry Cost Breakdown¹



General Cleaning of buildings - Labour Composition (London)⁴



Brexit Risks - Movement of People

- Typically, waste collection and street cleansing services employ workers from the EU, many of who may be affected by loss of freedom of movement¹
- Upward pressure on wages and costs due to the potential scarcity of labour
- CoL London Living Wage policy may limit the impact for CoL and ensure CoL has continuity of labour, however suppliers' other contracts may be affected and there may be a knock-on effect.

Brexit Risks - Movement of Goods

- Waste collection and street cleansing are highly unlikely to be affected by any changes to movement of goods however disposal and treatment of waste may be impacted due to UK exporting waste to the EU and non-EU countries

Brexit Risks - Tariffs & Forex

- Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Potential Mitigations

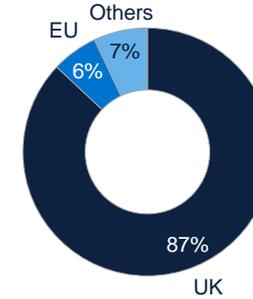
- Engage suppliers to evaluate workforce to identify breakdown of EU nationals.
- Map what % of employees are not directly employed and without notice periods or obligations
- Engage with suppliers to understand impact of Brexit on CoL's contracts (depending on if they are volume-based or fixed price)
- Evaluate workforce to identify breakdown of EU nationals and highlight any critical risks of potential breakdown in service.

IT categories face the main challenges of labour shortages and how and where data is stored and processed post Brexit

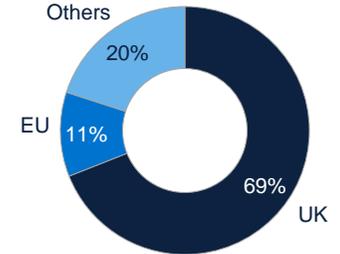
Risk	RAG
Supply	Green
Cost	Yellow

 Category Overview	<ul style="list-style-type: none"> In this category, IT services, data centres and hardware will be reviewed. Though this category is fragmented, the top ten vendors command a larger share of the market¹ with most leading vendors having a global presence (across multiple locations). Data centres are situated both in the UK and globally, Power and space rental costs constitute nearly 65%¹ of the total costs for data centres In order to act on collection, usage, storage and transmission of data within data centres, data sovereignty is an important aspect for enterprises as standards may be different across countries. Although hardware companies may be located in the UK, they may be having distribution centres and warehouses in the EU 11% of the London IT workforce is from the EU and 20% from non-EU countries²
 Contracts	<ul style="list-style-type: none"> IT service and data centre contracts may need to be revisited to understand if there is any data storage and regulatory impact due to changing regulations post Brexit For hardware, the average contract duration is 3-4 years with a refresh of hardware every 18-24 months¹
 City of London Context	<ul style="list-style-type: none"> CoL follows guidelines set by the HMRC regarding data usage and storage. Assuming the data is stored in the UK and continues to be so, there should be minimal impact. City's main outsourced ICT contract includes UK provision for data storage rather than EU. Expect market costs may increase for UK provision when City tender contracts Suppliers providing hardware for the police force may have supply chains extending to the EU which may be disrupted Licensing is another area CoL should review with suppliers to understand impact due to any changes in legislation
 Brexit Risks	<p>Movement of People</p> <ul style="list-style-type: none"> 6% of the workforce in the IT industry is made up of EU nationals, but over 30% of the workers in London are not UK nationals The UK, London in particular, may experience an IT skill shortage, as non UK workers make a big portion of the workforce Labour costs, and visa and immigration costs may increase for suppliers with centres in the UK. This may lead to moving of delivery centres to Europe and other non-EU countries
	<p>Movement of Goods</p> <ul style="list-style-type: none"> Risk of technology firms moving distribution centres to the EU putting an upward pressure on price. May affect supply chain for products and spare parts, especially if they are stocked outside UK. This may lead to longer lead times and waiting time for consumers
	<p>Tariffs & Forex</p> <ul style="list-style-type: none"> Volatility in currency may have an impact on cost Decline in GBP value may reduce the attractiveness of working in the UK for skilled workers from both EU and non-EU national

IT Workforce Composition (UK)



IT Workforce Composition (London)



Potential Mitigations	
<ul style="list-style-type: none"> Confirm with Suppliers future intentions for service locations, safety stock and impact on data storage and processing 	
<ul style="list-style-type: none"> Review if the suppliers are paid in a currency other than Pound Sterling that may be affected by Brexit 	
<ul style="list-style-type: none"> Evaluate workforce to identify breakdown of EU nationals and highlight any critical risks of potential breakdown in service 	
<ul style="list-style-type: none"> Extensively review supplier's supply chain and remind supplier of responsibility for service continuation and proactive planning around spare parts and staffing 	
<ul style="list-style-type: none"> Refresh training package and ensure readiness in case new staff need to be hired and trained 	

Networks and Telecommunications are unlikely to be majorly impacted although have some risks surrounding labour and equipment availability

Risk	RAG
Supply	Green
Cost	Yellow

 Category Overview	<ul style="list-style-type: none"> The network and telecommunications industry consist of both mobile and telecommunications infrastructure (e.g. cables) The telecoms industry is highly regulated which restricts a company's ability to operate in or provide services in certain areas/markets. UK regulation requires companies to maintain licenses for their operations¹. Telecoms markets are governed, in the majority, at a national, not EU, level The industry is characterised by rapid technological change, requiring high capital expenditure costs to set up infrastructure and implement new technologies. Major cost components include labour and equipment (e.g. fibre-optic cables) There are high-skilled workers in the industry as well as semi-skilled workers, involved in infrastructure construction.
 Contracts	<ul style="list-style-type: none"> For mobile, companies tend to adopt a pooling fee structure where a fixed fee is charged, and voice minutes and data is priced for the entire group, irrespective of how the volume is distributed across users¹ Contracts may need to be revisited to understand if there is any data storage and regulatory impact due to changing regulations post Brexit
 City of London Context	<ul style="list-style-type: none"> City of London will have contracts with likely one telecommunications supplier providing employee mobile services and potentially a number of suppliers providing network connectivity across London.
 Brexit Risks	<p>Movement of People</p> <ul style="list-style-type: none"> Loss of freedom of movement, and changes to the way workers are paid and taxed, presents risk of project delays and increasing labour costs Labour costs, and visa and immigration costs may increase for suppliers with centres in the UK. This may lead to moving of delivery centres to Europe and other non-EU countries
	<p>Movement of Goods</p> <ul style="list-style-type: none"> Risk of technology firms moving distribution centres to the EU putting an upward pressure on price. May affect supply chain for products and spare parts (e.g. fibre-optic cables), especially if they are stocked outside UK. This may lead to longer lead times and waiting time for consumers
	<p>Tariffs & Forex</p> <ul style="list-style-type: none"> Risk of increase in costs with companies charging extra for voice and data usage in the EU Volatility in currency may have impact on cost Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Potential Mitigations

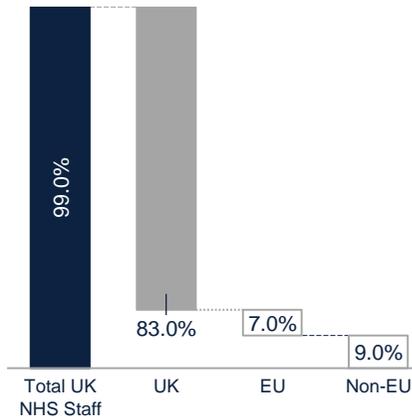
- Confirm with Suppliers future intentions for service locations, and impact on data storage and processing
- Review if the suppliers are paid in a currency other than Pound Sterling that may be affected by Brexit
- Evaluate workforce to identify breakdown of EU nationals and highlight any critical risks of potential breakdown in service
- Extensively review supplier's supply chain and remind supplier of responsibility for service continuation and proactive planning around spare parts and staffing
- Refresh training package and ensure readiness in case new staff need to be hired and trained

Adult and Social Care services need skilled labour to deliver services effectively which may be impacted by loss of freedom of movement

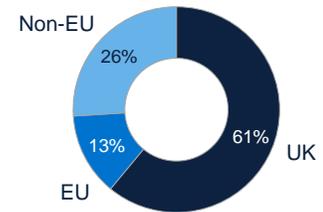
Risk	RAG
Supply	Yellow
Cost	Yellow

 Category Overview	<ul style="list-style-type: none"> Social care services are provided by Local Authorities, Charities and Independents. Social Care Workers in London are predominantly British (61%), with over a quarter non-EU nationals (26%) and the remainder being EU nationals (13%)¹ On average, care workers (who make up over half of the Social Care workforce) are paid marginally (5-10%) above the minimum wage. Almost a quarter of UK care workers are on zero-hour contracts. Approximately half of care workers have relevant qualifications of some level. Health and social care service failures are “high profile” and therefore there will be a reputational risk in the event CoL is unable to provide adequate services to its community.
 Contracts	<ul style="list-style-type: none"> Social care services may be delivered (i) direct with employment agencies or carers, with CoL directly managing the activities of the carers; and/or (ii) via outsourced care providers co-ordinating and providing services on behalf of City of London.
 City of London Context	<ul style="list-style-type: none"> CoL has responsibility for all the people, housing, education, social care and community services of the approximately 8,760-strong residential community in the Square Mile². Assuming the wider London social care workforce is representative of the CoL workforce, the main Brexit risks relate to the 13% of workers who are EU nationals. There may be need for increased spending on training to develop additional workforce capable of providing adult and social care services in London CoL requires its suppliers to pay the London living wage which is approx. 35%³ higher than the minimum wage and may protect them from shortage of labour to some extent as workers have incentive to work with CoL.
 Brexit Risks	Movement of People <ul style="list-style-type: none"> Labour shortages may lead to an upward wage pressure in the industry. As above, CoL London Living Wage policy may limit the impact and ensure CoL has continuity of labour, however suppliers' other contracts may be affected and there may be a knock-on effect In the short term, a shortage of labour due to loss of freedom of movement may result in people may not get required help in time, with potentially high profile negative press coverage
	Movement of Goods <ul style="list-style-type: none"> The supply of occupational therapy aids and home conversion appliances manufactured inside the EU could be interrupted (specialist toilets, handrails, mobility aids)
	Tariffs & Forex <ul style="list-style-type: none"> Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Workforce Composition (UK)¹



Workforce Composition (London)¹



Potential Mitigations

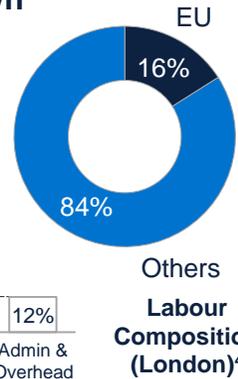
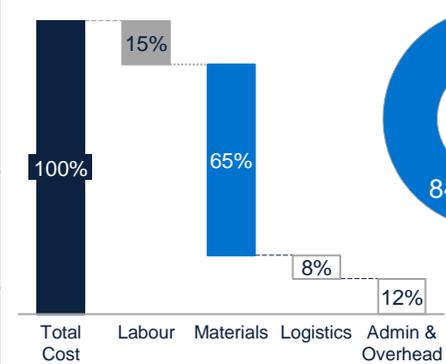
- Evaluate workforce to identify EU nationals and highlight any critical knowledge or skills held by individual employees and related risk of losing it
- Review and develop contingency plans to prioritise services in case there is restricted workforce at supplier
- Refresh training packages and funding to ensure readiness if new staff need to be hired and trained

MRO may see disruption in everyday activities mainly due to disruption in the supply chain of equipment needed for MRO activities

Risk	RAG
Supply	Yellow
Cost	Yellow

 Category Overview	<ul style="list-style-type: none"> MRO is the general categorisation for maintenance, repair and overhaul of plant, machinery and equipment and it's scope varies greatly by industry. For this overview we have focused on CoL critical systems for Water, Power, HVAC, Fire and Security Systems, and Lifts Machinery and equipment in these focus areas is often likely to have been originally manufactured in EU, requiring specialist parts and, in some cases, specialist labour for installation and services The typical MRO category cost breakdown is: Labour (15%), Material (65%), Logistics (8%), Admin/Overheads (12%)¹ Many suppliers keep labour costs low by employing contractors rather than permanent staff¹ Materials and Labour may be severely impacted due to Brexit and disrupt timelines in this category Government statistics include repair & installation of machinery and equipment under the manufacturing industry, and statistics show about 16% of workers in the industry in London are from the EU⁴. There are also expected to be a significant portion of workers from non-EU countries working in this industry.
 Contracts	<ul style="list-style-type: none"> There is a mix of cost plus, fixed price and management fee (all costs incurred + fixed management fee) contracts in the industry Cost plus and Fixed price models are more widely adopted than the Management fee model¹
 City of London Context	<ul style="list-style-type: none"> City of London will have a large number of critical systems for Water, HVAC and Lifts which, should they cease to operate properly, will impact ongoing use of premises/locations. This failure risk is managed by CoL through its MRO supplier contracts, who rely on availability of parts and labour to meet the required response/resolution times for the different repair categories. CoL has 4 different levels of repair categories depending on the associated risk and hazard: Emergency, Urgent, Priority and Non-Urgent repairs². CoL may have customer contracts with significant liabilities in the event that locations/premises are unusable.
 Brexit Risks	<p>Movement of People</p> <ul style="list-style-type: none"> Potential shortage of labour if the industry is reliant on labour from EU countries. For example: GKN's (automotive and aerospace components company) workforce consists of 10% EU nationals³ Upward pressure on wages and costs due to the potential scarcity of labour. Loss of freedom of movement, and changes to the way workers are paid and taxed, presents risk of delay in projects and increasing costs. For example, changes to EU worker's ability to reclaim tax may make UK less attractive to EU workers unless wages increase such that workers have same net position. If wages don't increase to this level, scarcity of labour will drive a labour cost increase regardless. <p>Movement of Goods</p> <ul style="list-style-type: none"> In some cases MRO parts physically located in the UK will be limited, with suppliers restocking from European warehouses when UK inventories reach a certain level. Lean stock management in these cases will have been enabled by efficient customs clearing. Potential delays at ports due to Brexit will result in longer lead times from Europe, requiring UK suppliers to increase local inventories to mitigate Failure to have the appropriate stock on hand for CoL may seriously impact its use of premises, in particular in relation to emergency and urgent repairs. <p>Tariffs & Forex</p> <ul style="list-style-type: none"> Material prices may increase due to increase in import/export duties and clearance work. Volatility in currency may have an impact on cost Decline in the value of GBP may result in a reduction in the attractiveness of working in the UK for both EU and non-EU nationals

Industry Cost Breakdown¹



Potential Mitigations

- Review CoL operations and customer contracts to understand critical assets/services and the critical MRO requirements associated with these.
- Engage with suppliers, prioritised according to the above review, to ensure they have appropriate safety stock of critical spare parts located in the UK and are taking action to manage inventories in the event of customs delays
- Ensure MRO requirements are up to date in case of a need to rapidly transition suppliers or retender

Commodities (Fuels) may see a price increase but supply is not expected to be interrupted

Risk	RAG
Supply	Green
Cost	Yellow



Category Overview

- In 2017 the UK had a net import energy dependency of 35.8% ¹
- Top countries where fuel is imported from¹:
 - Crude Oil: Norway (57%), OPEC (24%), USA (8%) ²
 - Gas: Norway (75%), Qatar (12.6%), Belgium (5.6%) ²
 - Electricity: France and Netherlands ²
 - Coal: Russia (35%), USA (26%), Colombia (7.4%) ²
 - Petroleum products: Netherlands is the largest supplier of transport fuels but the US is the largest supplier of diesel
- 80% of the UK's 25M homes are powered by gas – and around 25% of the country's electricity is
- In 2017 39.7% of electricity was generated from gas, 29.4% from renewables, 20.9% from nuclear, 6.7% from coal. ¹ At the same time, two thirds of domestic energy demand was met by gas ³
- generated by gas-fired power stations³
- Labour working in this industry is typically highly-skilled



Contracts

- Contracts will continue being dictated by the market, with fuel and gas being sold and bought according to market prices



City of London Context

- The same applies to CoL as the wider market in regards to energy prices and how they may change. The market would continue selling at global price levels. CoL has a 100% renewable Electricity Policy. The solution to this is a renewable energy PPA, which brings price certainty by hedging the market.



Brexit Risks

Movement of People

- Since the labour in this industry is highly-skilled, there should be minimal impact due to loss of freedom of movement.
- If workers do need a visa post Brexit, they would be eligible for applying for these since they are highly skilled

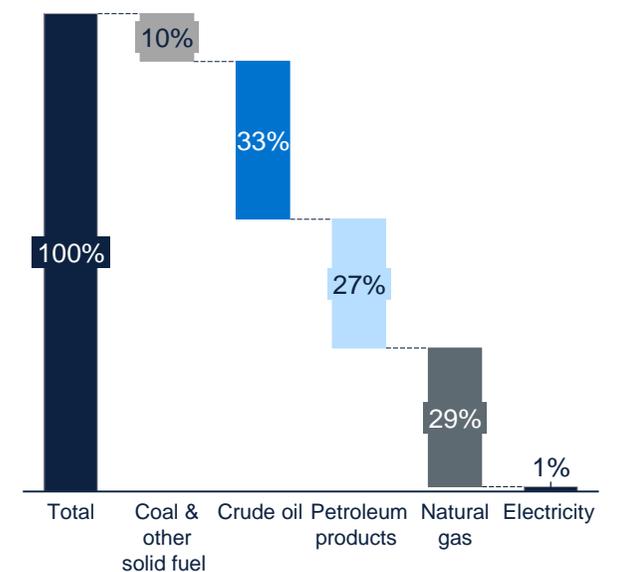
Movement of Goods

- 44% of UK's gas comes through pipelines from Europe and 9% from LNG tankers³
- Short term: potential for higher costs and longer lead times if port clearance is needed.
- Long term: Gas is expected to be increasingly sourced through supplies of LNG from other non-EU countries, such as the USA²

Tariffs & Forex “10-15% drop in currency” (Mitie: CoL energy broker)

- Crude Oil and Gas price may increase if being imported from the EU due to increase in import/export duties and clearance work.
- Volatility in currency may have an impact on cost since oil and gas prices are tied to currency
- Decline in GBP value may reduce the attractiveness of working in the UK for skilled workers from both EU and non-EU nationals

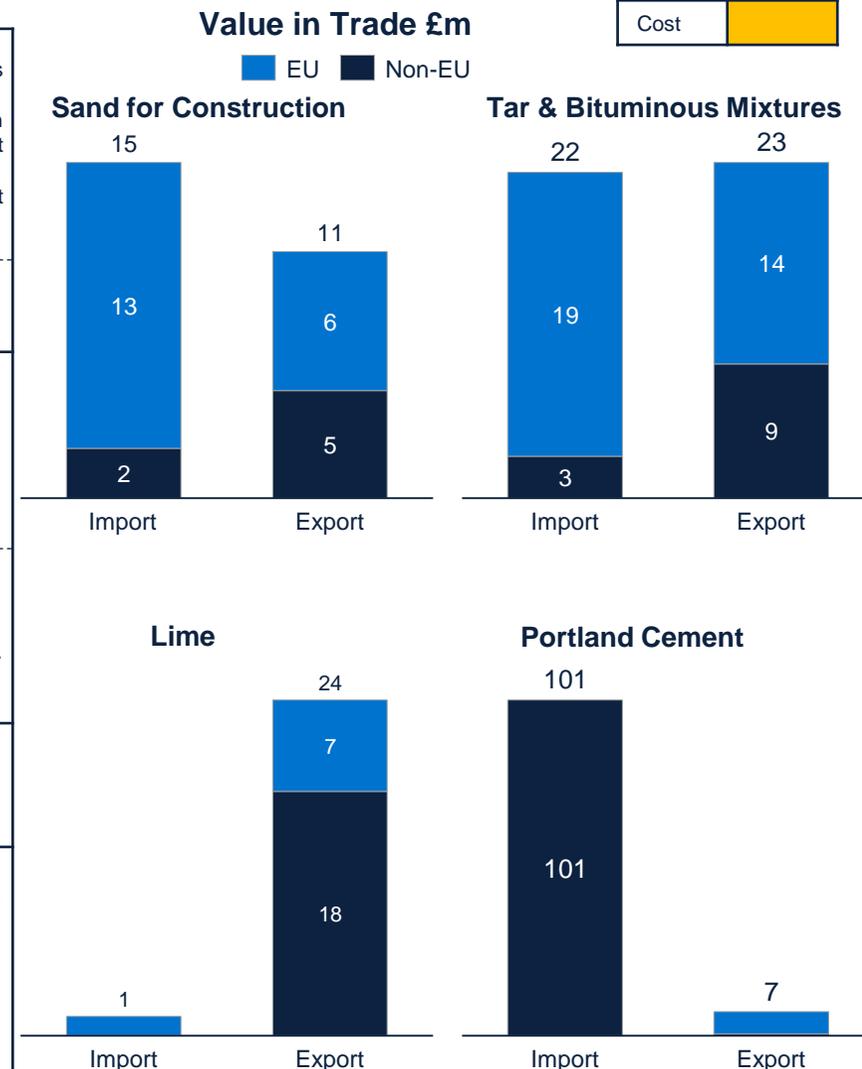
Energy imported into the UK by energy type, 2015⁴



Four key aggregates – Sand, Lime, Cement and Bituminous mixtures - and their value in trade is reviewed below

Risk	RAG
Supply	Green
Cost	Yellow

 Category Overview	<ul style="list-style-type: none"> Aggregates like sand, lime, tar & bituminous mixtures, and cement are some of the key materials used in construction of street pavements, buildings, bridges, monuments and in building interiors. The UK spends varying amounts in the export and import of these aggregates which can be seen in the graphs on the right – with the UK being net importers of Sand and Cement (note: this is at an aggregate level and does not account for the different material grades) Amongst these aggregates, over £100m is spent on import of Portland Cement (which is the most common type of cement used globally as a basic ingredient of concrete amongst other products)¹
 Contracts	<ul style="list-style-type: none"> Not Applicable
 City of London Context	<ul style="list-style-type: none"> CoL resurfaces about 15-20² roads each year and has committed significant amounts to construction over the coming years. While building construction spend is approx. £300m, highways spend is approx. £10m per annum Being an area that is heavily utilised by tourists and businesses, it is important for CoL to maintain the quality of its pavements and other installations to avoid loss of reputation. It is important supply of aggregates according to specifications is maintained to ensure no disruption or delays in any projects
 Brexit Risks	<p>Movement of Goods</p> <ul style="list-style-type: none"> The supply risks appear to be sand and cement where the UK is a net importer. It is important to understand where imported aggregates are entering the UK from as there can be potential delays at ports if clearance is required – leading to additional costs and longer lead times. This may have a knock-on effect on construction timelines, further increasing costs and potentially lost revenues <p>Tariffs & Forex</p> <ul style="list-style-type: none"> Aggregate prices may increase due to increase in import/export duties and clearance work from European and global imports. Volatility in currency may have an impact on prices of all aggregates, regardless of origin <p>Potential Mitigations</p> <ul style="list-style-type: none"> Review with suppliers where aggregates are being imported from to understand if there is potential for prices to increase Review lead-times and ask suppliers about safety stock as uncertainty exists regarding duties and port clearance Provide forecasted plans and requirements, where possible, to suppliers to allow them to secure supply at agreed prices ahead of Brexit Ensure material specifications and forecasts are up to date in case of a need to rapidly transition suppliers if they stop supplying to the UK

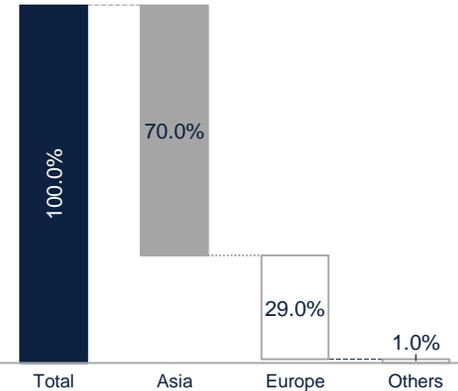


The majority of granite imports to the UK are Asia (70%) with 21% from Norway and 8% from other European countries

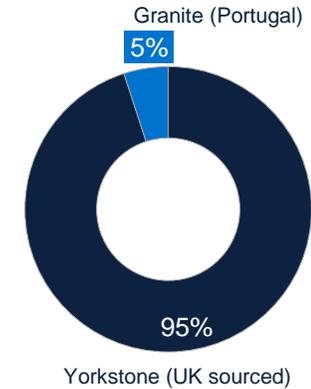
Risk	RAG
Supply	Yellow
Cost	Yellow

 Category Overview	<ul style="list-style-type: none"> Granite is used in construction of street pavements, buildings, bridges, monuments and in building interiors. Granite is available in a range of specifications. The granite market is growing rapidly by the “surging construction and renovation activities in developed countries, rapid industrialization and urbanization in developing countries, changing consumer preference for natural looking home décor, and the growing commercial value of granite products in the global market¹”. The majority of granite imports to the UK come from India (60%). 29% of granite coming into the UK is from Europe (21% Norway, 8% other European countries), and 10% from other Asian countries²
 Contracts	<ul style="list-style-type: none"> Not applicable
 City of London Context	<ul style="list-style-type: none"> CoL resurfaces about 15-20³ roads each year along with other construction projects. Many of the City’s public realm and roadworks make use of granite sets, along with other materials such as mastic asphalt and York stone Being an area that is heavily utilised by tourists and businesses, it is important for CoL to maintain the quality of its pavements and other installations to avoid loss of reputation. It is important supply of granite sets according to specifications is maintained to ensure no disruption or delays in any projects
 Brexit Risks	<p>Movement of People</p> <ul style="list-style-type: none"> Not applicable <p>Movement of Goods</p> <ul style="list-style-type: none"> It is important to understand where granite is entering the UK from as there can be potential delays at ports if clearance is required – leading to additional costs and longer lead times. This may have a knock-on effect on construction timelines, further increasing costs and potentially lost revenues Material supplies will be interrupted if suppliers stop serving UK markets altogether <p>Tariffs & Forex</p> <ul style="list-style-type: none"> Granite prices may increase due to increase in import/export duties and clearance work for European imports. Volatility in currency may have an impact on prices

Source of Granite import to UK²



Non-Asphalt hard surfaces used by CoL for surfacing



Potential Mitigations
<ul style="list-style-type: none"> Review with suppliers where Granite is being imported from to understand if there is potential for prices to increase Review lead-times and ask suppliers about safety stock as uncertainty exists regarding duties and port clearance Provide forecasted plans and requirements, where possible, to suppliers to allow them to secure supply at agreed prices ahead of Brexit Ensure material specifications and forecasts are up to date in case of a need to rapidly transition suppliers if they stop supplying to the UK

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Committee(s) Finance Committee – For decision Procurement Sub (Finance) Committee – For information	Date(s): 19 February 2019 13 March 2019
Subject: One Savings Approach	Public
Report of: The Chamberlain	For Decision
Report author: Philip Gregory, Chamberlain’s Department	

Summary

The City Procurement service, within the Chamberlain’s department, supports the organisation in delivering savings and efficiencies. There are a number of current activities and initiatives which have developed over a period of time; and some of the incentives under these initiatives cause conflict between departments and Chamberlains on who can recognise which part of the saving. At the extreme it drives behaviours whereby departments will prioritise savings that benefit their local risk budget at the expense of wider organisational savings that benefit all departments. This report proposes the introduction of a single, corporate approach to recording and reporting savings and efficiencies, the ‘One Savings Approach’ and aligns incentives.

It is proposed that all savings that arise will contribute towards the ‘Efficiency and Sustainability Plan’ i.e. towards the 2% efficiency savings made by departments and committees. This will include all savings that are developed with the support of the City Procurement service.

Procurement performance against savings targets will still be monitored and scrutinised by Members to ensure it is delivering the expected outputs in support of the overall savings aims.

Recommendation(s)

Members are asked to:

- Approve the introduction of the ‘One Savings Approach’ to savings and efficiencies that are delivered with the support of City Procurement.

Main Report

Background

1. There are a number of current activities and initiatives in delivering savings and efficiencies which have developed over a period of time. These are in line with delivering our ‘Efficiency and Sustainability Plan’ which set out a 2% year on year efficiency requirement. This was included in the plan that was submitted to the

Ministry for Housing, Communities and Local Government (MHCLG) in return for a 4 year settlement agreement on funding. The 4 year settlement agreement ends after 2019/20.

Current Position

- There are currently a number of savings and efficiency programmes currently running across the City Corporation. These are detailed in the table below.

Efficiencies / Savings programme	Description
Service Based Review	Presently we are closing out the final local SBR projects. The majority have now been completed with the last remaining few delivered by the end of 2018/19.
Efficiency and Sustainability plan <i>(Annual 2% budget reduction)</i>	Local risks budgets will be reduced by 2% annually from 2018/19 for three years.
Procurement savings	Efficiencies and Savings generated by the City Procurement service. Each year the procurement team have targets to achieve
Income generation review	Review set up to identify income generation opportunities across the City
Strategic Asset Management	Ongoing review of the organisation's operational property with an aim to reduce footprint and sell or transfer to investment portfolio any vacant space.
Contract Management Savings	New initiative introduced from 2017/18 with Efficiencies and Savings delivered from within the duration of a contract.
Commercial	Efficiencies, Savings and increased income initiatives identified by the new Commercial team (i.e. Consolidated logistic, corporate fleet management)

- Some of the incentives under these initiatives cause conflict between departments and Chamberlains on who can recognise which part of the saving. Historically, departments have benefited from savings made from changes in scope or specification in new contracts; and procurement from savings made in how those services are procured. This leads to excessive resource being employed in the negotiation of whose saving it is- reducing the benefit of the saving to the City Corporation's bottom line; and undermines collaborative behaviours.
- There are also a number of risks arising from having a range of savings and efficiency programmes in operation at any one time. These include:

- a. Conflicting priorities; having a range of savings and efficiency programmes results in activity that prioritises one programme over another.
- b. Double counting; where projects cut across more than one savings and efficiency programme there is a risk that a double count of the saving takes place.
- c. Misalignment with corporate objectives; there is a risk that departments will prioritise savings and efficiencies that benefit their local risk budget and wish to maintain control of such initiatives, forgoing a potential benefit to the organisation as a whole.

Proposals

- 5. It is proposed that all savings that arise will contribute towards the 'Efficiency and Sustainability Plan' i.e. towards the 2% efficiency savings made by departments and committees. This will include all savings that are developed with the support of the City Procurement service, including the commercial contract team.
- 6. This action streamlines the current programmes enabling greater collaboration with departments working together to deliver savings and efficiencies. The proposal also clarifies the way that cashable savings are managed. Departments will benefit from a cashable saving once any costs of the City Procurement service have been deducted.
- 7. Performance of the City Procurement team in securing savings and adding commercial value will be managed by monitoring key performance indicators (KPIs) which will hold to account the City Procurement service ensuring that procurement activity delivers value for money.
- 8. Implementing this single approach will also reduce bureaucracy within the City Corporation, in turn demonstrating improved efficiency.
- 9. A flow chart is being developed to clarify the role that City Procurement plays in supporting the development and delivery of savings and efficiency initiatives. This will be circulated to Chief Officers and publicised on the intranet.

Conclusion

- 10. There are currently a range of savings and efficiency programmes in operation across the City Corporation. This proposal will ensure that all savings that arise will contribute towards the 'Efficiency and Sustainability Plan'. The proposal also clarifies how cashable savings will benefit departments in achieving their 2% efficiency goals.

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Committee(s): Policy & Resources Committee – For decision Planning & Transportation Committee – For Information Port Health & Environmental Services Committee – For information Procurement Sub Committee – For Information Open Spaces Committee – For information	Date(s): 21/02/2019 19/02/2019 05/03/2019 13/03/2019 08/04/2019
Subject: The Transition towards a Zero-Emission Fleet	Public
Report of: Director of the Built Environment and the Chamberlain	For Decision
Report author: Vince Dignam (DBE) and Natalie Evans (CHB)	

Summary

Around half of emissions of oxides of nitrogen (NOx), which contribute to illegal levels of nitrogen dioxide (NO2), and particulate matter (PM) come from transport. These pollutants are collectively estimated to cause around 9,400 equivalent deaths every year in Greater London and impose an economic cost between £1.4bn - £3.7bn a year.

In response to this, City Corporation officers have worked to; reduce City of London Police and corporate fleet, trial new electric technologies, replace diesel vehicles with electric, hybrid or petrol models, install electric vehicle charging infrastructure and encourage our supply chain to minimise their emissions.

Part of the Mayor of London’s approach to improving air quality is the Ultra Low Emission Zone (ULEZ) initiative, which will impose a daily charge on vehicles operating in the Central Charging Zone with emissions of NOx and PM higher than the specified requirements. The first phase of ULEZ comes into effect on 08 April 2019.

The introduction of ULEZ has highlighted the need for a clear corporate policy on fleet reduction, replacement or retrofitting to accelerate the City’s transition to a zero-emission fleet. The purpose of this report is to set out an ambitious yet practical policy, which requires departments to opt for the cleanest possible vehicle or other solution, in line with operational need, technology availability and best value. It proposes this policy be implemented consistently and rigorously through enhanced governance by the Transport Coordination Group (TCG).

The proposed policy would see the following vehicles removed, replaced or retrofitted:

- ULEZ 2019 non-compliant vehicles operating in the Square Mile, immediately (29 Corporate and 44 police vehicles)
- Historically exempt/ residential (temporarily) exempt and ULEZ-compliant fossil fuel vehicles of reputational significance, immediately (5 VIP/ Mayoral vehicles)
- All remaining vehicles used outside the Square Mile/ ULEZ Zone, as and when they reach operational end-of-life or lease

Recommendation(s)

Policy & Resources Committee is asked to:

- Endorse a new policy which requires departments to apply the following priority order to decision-making, when an existing vehicle is non-compliant with air quality regulations or comes to the operational end of life:
 1. not replace the vehicle and cover operational requirements with other available vehicles
 2. swap the vehicle with a low emission equivalent currently being used outside the ULEZ 2019 Central Charging Zone (Square Mile)
 3. replace or retrofit the vehicle with the cleanest possible alternative that:
 - a) meets operational need
 - b) applies the following hierarchy:
 - i. Full electric
 - ii. Plug-in hybrid
 - iii. Petrol hybrid (regenerative braking)
 - iv. Petrol
 - v. (Euro 6/ VI) Diesel
 - c) utilises sufficiently reliable technology and
 - d) constitutes best value for money within the vehicle class.

Planning and Transportation Committee, Port Health & Environmental Services Committee and Open Spaces Committee are asked to:

- Note the report.

Main Report

Background

1. Around half of emissions of oxides of nitrogen (NO_x), which contribute to illegal levels of nitrogen dioxide (NO₂), and particulate matter (PM) come from transport. These pollutants are collectively estimated to cause around 9,400 equivalent deaths every year in Greater London and impose an economic cost between £1.4bn and £3.7bn a year.
2. The Ultra Low Emission Zone (ULEZ) is a Mayor of London initiative designed to improve air quality, which will impose a daily charge on vehicles with emissions of NO_x and PM higher than the specified requirements. Daily charges are £12.50 per day for smaller vehicles, £100 per day for larger vehicles (>3.5 tonnes).
3. The first phase of ULEZ comes into effect on 08 April 2019 and covers vehicles operating in the Central Charging Zone. See Appendix 1 for a map of the area covered. The second phase of ULEZ comes into force on 25 October 2021, covering the area between the North and South Circular. See Appendix 2 for a map of the area covered.
4. As a responsible business and in alignment with the City's Corporation's ambition to improve air quality, 'phase one' of the transition to a zero-emission fleet has involved officers working to; reduce City of London Police and corporate fleet, trial

new electric technologies, replace diesel vehicles with electric, hybrid or petrol models, install electric vehicle charging infrastructure and encourage our supply chain to minimise their emissions. Officers have also been involved in industry boards and with manufacturers and other counterparts to progress improvements in air quality alongside road danger reduction. Details can be found in Appendix 3.

Current Position

5. There are 29 corporate vehicles operating in the Square Mile that do not comply with ULEZ 2019 emissions standards and 54 City of London Police vehicles, ten of which have a 'sunset period' until October 2021 as further time is needed to develop some technology types used by the emergency services.
6. The City Corporation has a Transport Coordination Group (TCG), currently chaired by the Department of Built Environment. The group consists of representatives from across the organisation, including Chamberlain's, Markets and Consumer Protection, Open Spaces, Town Clerks and the Built Environment. All vehicle procurement and leasing is governed by the TCG, which provides scrutiny on whether or not there is an operational need for the vehicle along with all other legislative, operational and policy requirements.
7. The introduction of ULEZ has highlighted and accelerated the need for a clear corporate policy on fleet reduction, replacement or retrofitting.

Options

8. The purpose of this report is to set out an ambitious yet practical policy, which requires departments to opt for the cleanest possible vehicle or other solution, in line with operational need, technology availability and best value. It proposes this policy be implemented consistently and rigorously through enhanced governance by the Transport Coordination Group (TCG). Alternative options available to the City Corporation include:
 - a) Electing not to replace Square Mile vehicles and pay the daily ULEZ charge for all non-compliant vehicles. This would cost £300,000 per year and could imply significant reputational risk.
 - b) Electing to only replace those vehicles that do not meet ULEZ 2019 requirements immediately, delaying the replacement of historical vehicles and others forming part of the Mayoral/ Shrieval fleet until required to do so by the Mayor of London in October 2021. This could have significant reputational impacts due to the visibility of these vehicles and the Lord Mayor's role to champion the City of London as a world leader as part of this year's Mayoral Programme (see Appendix 4 for further details).
 - c) In the interest of cost saving, electing not to buy electric and replace all vehicles with hybrid/petrol where possible or if not Euro VI/6 diesel models, even if electric vehicles are available and relatively prevalent. This would directly contradict the City Corporation's 'No Diesel unless absolutely operationally necessary' Policy and would go against all other policies, strategies and

programmes outlined in Appendix 4. As such it would also imply reputational risk. According to current cost estimations, electing not to buy new electric vehicles would save £180k. This saving would be offset by the fact that increased congestion charges on fossil fuel vehicles are coming in as part of ULEZ 2021.

Proposals

9. The proposed policy would require departments to apply the following priority order to decision-making when an existing vehicle is non-compliant with air quality regulations or comes to the operational end of life:
 1. not replace the vehicle and cover operational requirements with other available vehicles (*e.g. hiring prestige vehicles for specific events, using electric cargo bikes, reconfiguring operations to make fuller use of existing fleet, using corporate contracts such as couriers, pooling resources between departments to share similar vehicles*)
 2. swap the vehicle with a low emission equivalent currently being used by the City Corporation outside the ULEZ 2019 Central Charging Zone (Square Mile)
 3. replace the vehicle with the cleanest possible alternative that:
 - a) meets operational need
 - b) applies the following hierarchy. (*Correct as of February 2019 but to be reviewed regularly by the Transport Coordination Group (TCG) and updated according to advances in vehicle technology and availability of infrastructure of e.g. hydrogen*):
 - i. Full electric
 - ii. Plug-in hybrid
 - iii. Petrol hybrid (regenerative braking)
 - iv. Petrol
 - v. (Euro 6/ VI) Diesel
 - c) utilises suitably reliable technology (*incl. trials and availability of maintenance and repair facilities*) and
 - d) constitutes the most cost-effective option within the vehicle class.
10. The following be removed / replaced / retrofitted according to the proposed policy:
 - ULEZ 2019 non-compliant vehicles operating in the Square Mile, immediately (29 Corporate and 44 police vehicles)
 - Historically exempt/ residential (temporarily) exempt and ULEZ-compliant fossil fuel vehicles of reputational significance, immediately (5 VIP/ Mayoral vehicles)
 - All remaining vehicles used outside the Square Mile/ ULEZ Zone, as and when they reach operational end-of-life or lease
11. It is proposed that the Transport Co-Ordination Group be Chaired from February onwards by the Commercial Director, in order to ensure best value solutions are opted for by departments, in line with all other aspects of the newly proposed policy.
12. After this stage of the transition to a zero-emission fleet in response to ULEZ 2019 has been achieved, collaboration between the TCG and Commercial Fleet Management (CFM) review team will take place, who will seek to future proof against increasingly rigorous legislation, whilst at the same time taking a fresh look

at the way the City uses its fleet as a whole, considering the corporate commercial opportunities for the organisation and the ability to gain service improvement.

Corporate & Strategic Implications

13. A table outlining the policies, strategies and programmes that underpin a transition to a low/zero emission fleet can be found in Appendix 4. It covers relevant aspects of the City Corporation’s Air Quality Strategy, ‘No Diesel’ Policy, Responsible Procurement Strategy, Responsible Business Strategy, Corporate Plan, Mayoral Programme, draft Transport Strategy and draft Climate Action Strategy.

Implications

14. The table below sets out predicted costs according to departmental preferences on replacement vehicles. This is the maximum cost range as it does not factor in residual (trade in) values of existing fleet or fuel savings. Appendices detailing all intended vehicle models and associated costs are available on request, but it should be born in mind that each vehicle replacement request will be scrutinised on a case-by-case basis as part of TCG’s governance procedures, so figures will be continuously reviewed and amended.

Fleet	Total purchase cost	Equivalent annual cost to purchase (7 years life)	Lease costs per annum	Total lease cost (3 year term)
Corporate	£1.1m - £1.5m	£153k - £221k	£240k - £355k	£775k - £1.2m
Police	£1.7m - £1.8m	£247k - £260k	n/a	n/a

15. A parallel report on ULEZ funding (see background papers) was submitted to Finance Committee on 19 February 2019 proposing the specific mechanism by which the costs of procuring/ leasing vehicles could be met by departments, if they do not have sufficient local risk budget available to meet the total cost. The report sets out a process whereby each department would submit a fleet business case, this would consider the age, condition and a residual (trade in) value estimate of the current vehicle along with details of the proposed replacement options with associated costs. It would also include any current local risk budget set aside for vehicle replacement and in those cases where an electric vehicle is replacing a conventional fuel vehicle, existing fuel costs would be provided.

16. The ‘Net Uplift Cost’ for the vehicle would be provided via a loan and transferred to the local risk budget, with repayments phased over an agreed period no longer than 5 years. The loan would be managed via the Chamberlain’s Department, would be set at 2% above base rate, and would cease to be available from the financial year 2023-2024 when all fleet vehicles should have been transitioned.

Figure A – Net uplift Cost per vehicle formula

$$\text{Net Uplift costs} = \text{New Vehicle Costs} - \text{Current Local Risk Budget} \\ (\text{Existing Budget} + \text{trade in value} + \text{fuel budget offset})$$

17. A project to install new electric charging infrastructure will progress through the gateway process as soon as a clearer prediction can be made on the number of

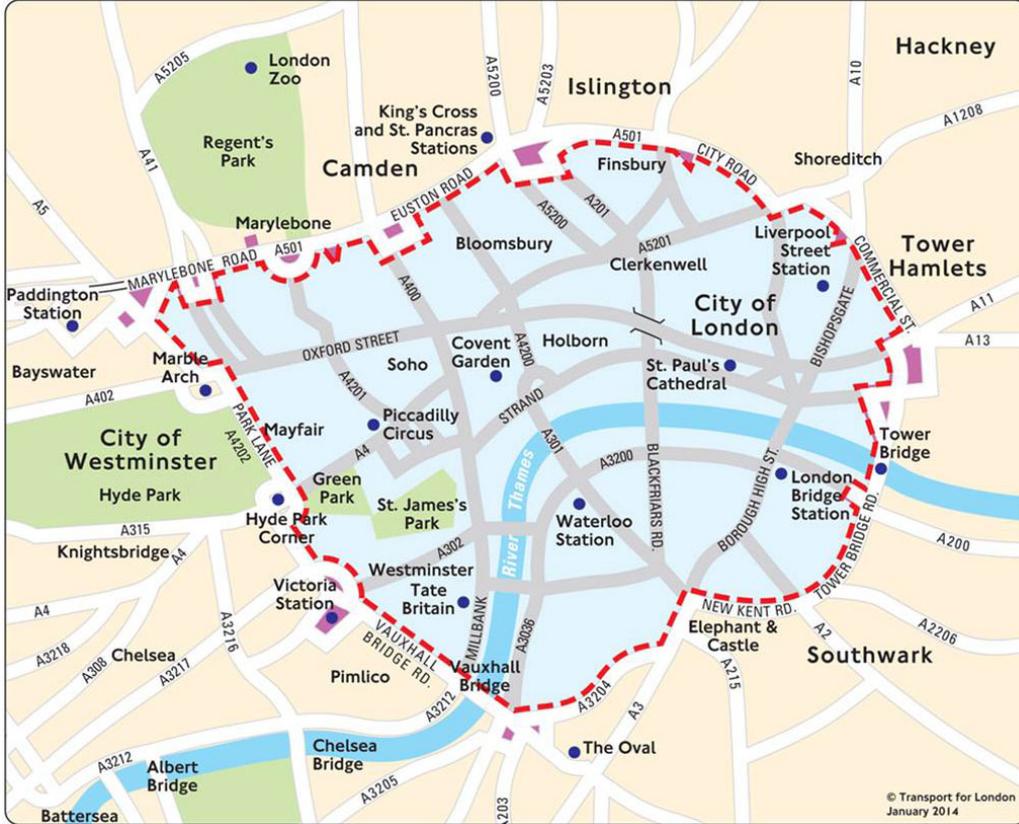
electric vehicles that will be bought/ leased/ retrofitted. This prediction depends on Policy & Resources Committee endorsing this report, in which case there is likely to be eight charge points installed at five locations. If an alternative option is selected, infrastructure decisions will be adapted accordingly. The estimated timeline for completion is July - Sept 2019. The Cleansing team within Department for Built Environment will work closely with City Surveyor's, City Procurement and other relevant departments to arrange workable contingency measures to charge electric vehicles until the infrastructure is ready.

Conclusion

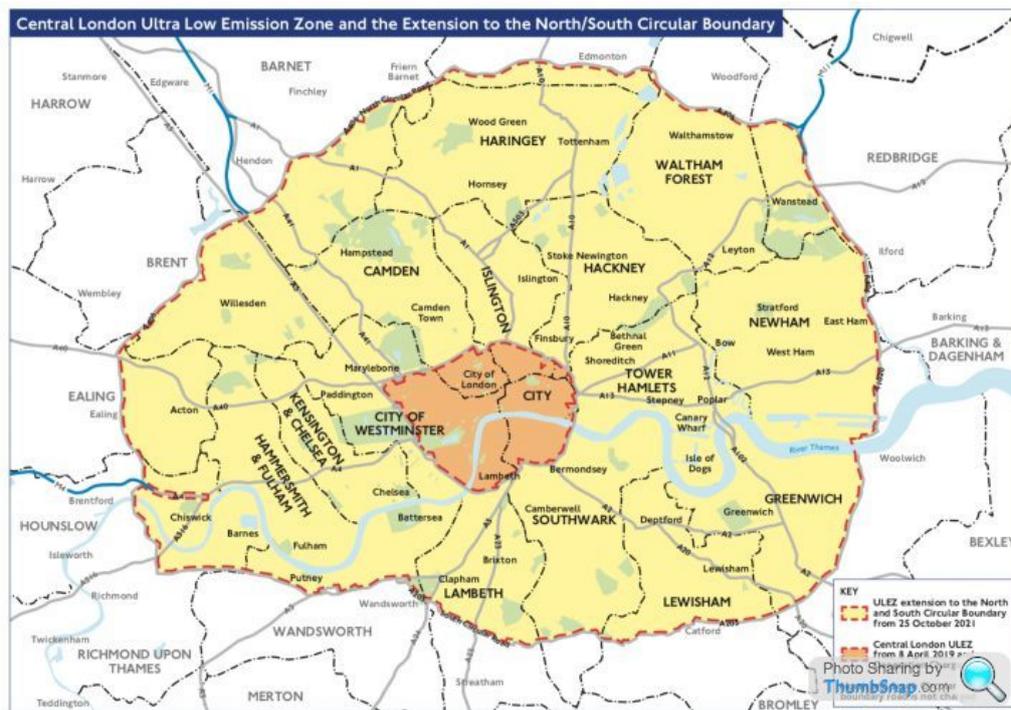
18. The harmful levels of air pollution in the Square Mile are known to be a health hazard and the City Corporation has committed to improving air quality. The Mayor of London's strategy on air quality and introduction of the ULEZ along with increasingly rigorous emissions legislation, are key initiatives which the City Corporation supports. It is therefore important the City Corporation is seen to lead by example and reduce the emissions from its activities as far as reasonably possible.

Appendices

1. The geographical area covered by ULEZ 2019 © Transport for London 2014



2. The geographical area covered by ULEZ 2021 © ThumbSnap.com



3. Phase One achievements

Work undertaken as part the City Corporation’s Transition to a Zero-Emission Fleet so far has involved officers working to achieve the following:

- i. reduce City of London Police fleet (from 125 to 91) and corporate fleet (from 200 to 118)
- ii. trial eight new electric technologies over the last three years, including the UK’s first fully electric Refuse Collection Vehicle (RCV).
- iii. replace diesel vehicles with electric, hybrid or petrol models – we now operate eight electric vehicles and four hybrid models and have swapped two diesel chauffeured vehicles to petrol.
- iv. liaise with the Lord Mayor’s Office to undertake a series of trials and three demonstrations giving a holistic view of available hybrid and electric vehicles
- v. install electric vehicle charging infrastructure – 50 charge points are now available to the public in the Square mile in City Corporation owned car parks and 30 points are available in the Barbican Resident’s car park.
- vi. Survey five City Corporation sites to assess costs and viability of installing additional infrastructure needed to charge new electric vehicles added to the corporate fleet in 2019. This project will be progressed through the gateway process to seek funding for these charge points and associated labour. The number of charge points will be determined by the final decision made on this current report.
- vii. incorporate requirements for phasing in full electric refuse collection and other alternative fuel vehicles into the corporate waste collection contract.
- viii. encourage our supply chain to minimise their emissions – every contractor that has tendered for work involving vehicle movements in the City is required to undertake at least one action of their choice as part of the contract (e.g. green driver training, trailing clean vehicle technologies etc.).

- ix. Officers are involved in industry boards and with manufacturers and other counterparts to progress improvements in air quality alongside road danger reduction including working with six manufacturers on concept vehicles, being board members on the Fleet Operator recognition Scheme (FORS), CLOCs and TfL's LoCity initiative and hosting the international Future Fleet Forum for the last two years.

4. Existing City of London policies, strategies and programmes that underpin a transition to a low/zero emission fleet

	Guidance on fleet, air quality and related topics
Air Quality Strategy – Square Mile. (New draft for consultation in March 2019)	<ul style="list-style-type: none"> • Focus on air quality monitoring; demonstrating leadership, collaborative action; reducing emissions from a range of sources in the Square Mile and raising awareness • Work is underway to pilot an ultra-low emission vehicle only access restriction in Moor Lane. This pilot will provide useful information for local zero emission zones as detailed in the draft Transport Strategy and improvements in air quality in Beech Street
No diesel policy	<ul style="list-style-type: none"> • Driven by the Air Quality Strategy 2015 – 2020, a 'No Diesel' policy was implemented in January 2016, banning the purchase or lease of diesel vehicles by departments unless absolutely operationally necessary. This is managed and overseen by TCG.
Transport Strategy (draft) Proposal 33:	<ul style="list-style-type: none"> • Commits to making the City of London's own vehicle fleet zero emissions', the commitment states 'the City Corporation will upgrade its vehicles which operate in the Square Mile to meet the standards we set for local zero emission zones. Contractors vehicles that operate within the Square Mile will also be required to meet these standards. Where possible charging infrastructure in City Corporation's operational sites will be made available to contractors' vehicles'.
'Shaping Tomorrow's City Today'	<ul style="list-style-type: none"> • The Mayoral Programme aims to promote innovation and technology, champion digital skills and address digital and social inclusion, with a specific commitment to electrify the City Corporation's fleet.
Climate Action Strategy (in progress)	<ul style="list-style-type: none"> • The Zero Emissions City report estimates that if all vehicles in the City switched to 100% renewable electricity the City's overall carbon emissions would decrease by 7%. This would make a significant contribution to the aim of becoming a zero carbon City by 2050. • Electrifying the City Corporation's fleet would demonstrate leadership on this agenda providing evidence to City businesses of the feasibility of using an all-electric fleet and encouraging them to follow suit.
Responsible Business Strategy	<ul style="list-style-type: none"> • Minimise the use of diesel vehicles being used by staff and Members to travel to and from work and during work, by promoting and facilitating more environmentally-friendly forms of travel. • Significantly increase the number of clean vehicles in our fleet and continue to trial new technology. • Encourage and facilitate the uptake of clean alternative vehicles throughout our supply chain. • Increase the number of electric vehicle charge points across our sites
Corporate Plan	<ul style="list-style-type: none"> • We have clean air, land and water and a thriving and sustainable natural environment' • Provide a clean environment & reduce negative effects our activities.

Responsible Procurement Strategy	<ul style="list-style-type: none"> • The 'Procurement Policy to support the Air Quality Strategy', which forms part of the Responsible Procurement Strategy lists actions to comply with the City Corporation's Air Quality Strategy, Transport Policy, or both, including disallowing the purchase of diesel vehicles, requiring investigation by officers into alternative fuel vehicles, setting emissions requirements for non-road mobile machinery (NRMM) and committing to the use of petrol-hybrid taxis as a minimum within corporate contracts and agreements. • Further intended actions to support the above include exploring the use of consolidation centres for our own deliveries and those of works contractors, incentivising relevant suppliers to use zero emission capable vehicles.
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Background Papers

ULEZ Funding – Finance Committee 19/02/2019

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