



Resource Allocation Sub (Policy and Resources) Committee

Date: THURSDAY, 7 MAY 2020
Time: 12.00 pm
Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)
Members: Deputy Catherine McGuinness (Chair)
Jeremy Mayhew (Deputy Chairman)
Deputy Keith Bottomley
Tijs Broeke
Deputy Jamie Ingham Clark
Karina Dostalova
Simon Duckworth
Anne Fairweather
Sheriff Christopher Hayward
Alderman Vincent Keaveny
Deputy Edward Lord
Alderman Ian Luder
Deputy Dr Giles Shilson
Deputy Tom Sleigh
Sir Michael Snyder
Alderman Sir David Wootton

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Accessing the virtual public meeting

Members of the public can observe the virtual public meeting at the below link:
<https://youtu.be/P-9ZoZA1gSM>

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To agree the public minutes of the Sub-Committee meeting held on 19 March 2020.
For Decision
(Pages 1 - 4)
4. **CAPITAL FUNDING UPDATE**
Report of the Chamberlain.
For Decision
(Pages 5 - 10)
5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
6. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
7. **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 1 of the Schedule 12A of the Local Government Act.

Part 2 - Non-Public Agenda

8. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the Sub-Committee meeting held on 19 March 2020.
For Decision
(Pages 11 - 12)
9. **OPTIONS PROPOSAL TO ASSIST INVESTMENT AND OPERATIONAL TENANTS FOR JUNE QUARTER RENTS**
Report of the City Surveyor (TO FOLLOW).
For Decision
10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

RESOURCE ALLOCATION SUB (POLICY AND RESOURCES) COMMITTEE

Thursday, 19 March 2020

Minutes of the meeting of the Resource Allocation Sub (Policy and Resources) Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Thursday, 19 March 2020 at 12.00 pm

Present

Members:

Deputy Catherine McGuinness (Chairman)	Alderman Vincent Keaveny
Jeremy Mayhew (Deputy Chairman)	Deputy Edward Lord
Deputy Jamie Ingham Clark	Alderman Ian Luder

In Attendance (by video or teleconference facility):

Tijs Broeke
Karina Dostalova
Simon Duckworth (Deputy Chairman)
Anne Fairweather
Sheriff Christopher Hayward (Vice Chairman)
Deputy Dr Giles Shilson
Deputy Tom Sleigh
Sir Michael Snyder
Alderman Sir David Wootton

In Attendance (non-Members of the Sub-Committee):

Andrew McMurtrie

Officers:

Angela Roach	- Assistant Town Clerk & Director of Members Services
Simon Latham	- Town Clerk's Department
Greg Moore	- Town Clerk's Department
Emma Cunnington	- Town Clerk's Department
Caroline Al-Beyerty	- Deputy Chamberlain
Paul Wilkinson	- City Surveyor
Nick Gill	- City Surveyor's Department

1. APOLOGIES

There were no apologies.

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

There were no declarations.

3. MINUTES

The public minutes of the meeting held on 23 January 2020 were approved as a correct record.

Due to the ongoing COVID crisis and Government directives to minimise non-essential travel, a small number of Members (sufficient for a quorum) had attended in person. However, in view of the unprecedented circumstances and to facilitate informal contributions by those Members not physically present ahead of any decision-making, the meeting was adjourned at this point in proceedings. The meeting was subsequently reconvened and the public re-admitted, with all items of business then considered in the normal way.

4. CAPITAL FUNDING UPDATE

The Sub-Committee considered a report of the Chamberlain setting out various bids for Capital Funding.

Reference was made to the importance of robust communication around the annual bids process, to build on organisational understanding in good time ahead of the next round.

With reference to the projects being progressed, a Member observed that they were to be subject to the usual Gateway and other approval processes. Given the likely cancellation of a number of meetings as part of the immediate COVID response, particularly sub-committee meetings, it was queried how this would be managed. Members observed that thought would need to be given to this as there were many unknowns at this point; for instance, the impact of forthcoming legislation on virtual meetings, the timescales in which approvals might be needed, and any delays that might arise to both the projects and approvals required as a result of COVID. Retaining suitable Member oversight would be crucial.

RESOLVED: That Members:-

1. agree the allocation of central funding of up to £4.449m to allow schemes (i) to (x) as set out in Table 1 and detailed in paragraph 6 of the report to progress, subject to the requisite gateway and other approvals.
2. note the full schedule of 2020/21 successful capital bids provided in Appendix 1 - comprising 'in principle' funding amounting to £89m together with 'in principle' internal loan funding of £47.7m.
3. note that a review of the annual capital bid process is under review and that any changes proposed will be brought back to Members for consideration.

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

There were no questions.

6. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

7. 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 the Schedule 12A of the Local Government Act.

8. **NON-PUBLIC MINUTES**

The Sub-Committee approved the non-public minutes of the meeting held on 23 January 2020 as a correct record.

9. **CYCLICAL WORKS PROGRAMME (CWP) AND ADDITIONAL RESOURCES FOR CITY FUND PROPERTIES (ARCFP) REQUEST FOR FUNDING FOR 2020/2021**

The Sub-Committee considered and approved a report of the Chamberlain regarding the approval of funding for the proposed 2020/21 Cyclical Works Programme (CWP) and revisions to the Additional Resources for City Fund Properties (ARCFP).

10. **REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY OR URGENCY PROCEDURES**

The Sub-Committee received a report of the Town Clerk regarding decisions taken under delegated authority or urgency powers since the last meeting of the Committee.

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

There were no questions.

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

There was one oral urgent item, concerning support for business.

13. **CONFIDENTIAL MINUTES - 5 MARCH 2020**

The confidential minutes of the informal meeting of Members of the Resource Allocation Sub-Committee held on 20 February 2020 were noted.

The meeting ended at 12.40 pm

Chairman

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Committee(s): Resource Allocation Sub Committee Policy and Resources	Date(s): 7 May 2020 7 May 2020
Subject: Capital Funding Update	Public
Report of: The Chamberlain	For Decision
Report author: Dianne Merrifield, Group Accountant	

Summary

This report follows on from previous papers on capital prioritisation and the 2020/21 round of annual capital bids.

The first round of annual capital bids for 2020/21 gave 'in principle' funding approval to 46 bids with a total value of £89m, together with 'in principle' internal loan funding of £47.7m. A schedule of the successful bids is included at Appendix 1 for information. In March, drawdown of funding of £4.449m to progress 10 schemes was agreed. This report now proposes the release of up to a further £281.2k to allow two schemes to progress to the next gateway (detailed options appraisal):

- i. Guildhall Complex Chiller Plant Replacement – up to £174.2k (including risk allowance)
- ii. Guildhall Steam Plant Replacement - up to £107k (including risk allowance) .

Funding for each of these schemes will be met from the provisions set aside from the reserves of the three main funds for these 2020/21 annual bids, apportioned on an appropriate basis.

In the context of the financial impact of the Covid19 crisis, at the time of writing this report work is underway to identify priority schemes to be progressed during the current crisis, to ensure that funding for only the most essential schemes is committed for the time being.

Recommendations

Members are requested -

- To agree the allocation of central funding of up to £281.2k to allow 2 schemes to progress to the next gateway:
 - Guildhall Complex Chiller Plant replacement £174.2
 - Guildhall Steam Plant Replacement £107k
- To note that work is underway to identify priority schemes to be progressed during the current crisis to ensure that funding for only the most essential schemes is committed for the time being.

Main Report

Background

1. As part of the fundamental review, Members have agreed the necessity for effective prioritisation of capital and SRP projects, with central funding allocated in a measured way. This has been achieved via the new annual capital bid process which applies prioritisation criteria to ensure that corporate objectives are met and schemes are affordable.
2. The following criteria against which capital and supplementary revenue projects are assessed have been agreed as:
 - i. Must be an essential scheme (Health and Safety or Statutory Compliance, Fully/substantially reimbursable, Major Renewal of Income Generating Asset, Spend to Save with a payback period < 5 years.)
 - ii. Must address a risk on the Corporate Risk register; or the following items that would otherwise be escalated to the corporate risk register:
 - a. Replacement of critical end of life components for core services;
 - b. Schemes required to deliver high priority policies; and
 - c. Schemes with a high reputational impact
 - iii. Must have a sound business case clearly demonstrating the negative impact of the scheme not going ahead, i.e. penalty costs or loss of income, where these are material.

These criteria were used as the basis for prioritising the 2020/21 annual capital bid submissions.

3. The scope of schemes subject to this prioritisation relates only to those funded from central sources, which include the On-Street Parking Reserve, Community Infrastructure Levy (CIL), flexible external contributions and allocations from the general reserves of City Fund, City's Cash or Bridge House Estates*. This means that projects funded from most ring-fenced funds, such as the Housing Revenue Account, Designated Sales Pools and Cyclical Works Programmes are excluded, together with schemes wholly funded from external grants, and tenant/ developer contributions e.g. under S278 agreements and most S106 deposits.

*Contributions from Bridge House Estates are limited to its share of corporate schemes such as works to the Guildhall Complex or corporate IT systems.

Current Position

Approved 2020/21 Annual Capital Bids

4. The first year of the new annual capital bid process gave 'in principle' funding approval to 46 bids with a total value of £89m across the three main funds, together with 'in principle' internal loan funding of £47.7m, as summarised in Table 1 below. A detailed schedule of the successful bids is included at Appendix 1 for information.

Table 1: Summary of approved 2020/21 annual capital bids (all years)	New Bids £m	Loan Facilities £m	Total Central Funding £m
City Fund	69.5	37.1	106.6
City's Cash	18.6	10.6	29.2
Bridge House Estates	0.9	0.0	0.9
	89.0	47.7	136.7

5. Provisions have been included in the latest updates of the medium term financial plans to demonstrate affordability – these were used as the basis for the 2020/21 budgets agreed by the Finance Committee and Court of Common Council.

Current Requests for Release of Funding

6. Since March, two further schemes arising from the 2020/21 round of new bids have progressed through gateway 2, for which release of central funding of £281.2k is now requested. These are detailed below:

i. Guildhall Complex Chiller Plant Replacement - funding of up to £174.2k (including risk allowance) now requested to reach the next gateway

- This scheme is for the replacement of the chiller plant and cooling towers in the Guildhall Complex which are at the end of their economic life, with some replacement parts no longer available. New regulations coming into force from January 2022 will restrict the use of the refrigerants used by the main chillers.
- The 'in principal' funding approval was based on the need to replace the critical end of life plant in the *West Wing only*, with a total estimated cost of up to £3m including risk. The current proposal is to look at options including for the replacement of chiller plant *across the whole of the Guildhall complex* with a cost of up to £4.324m. Should this expanded option be recommended at the next gateway, the additional funding will be subject to a further request via the annual bid process.
- The request is to draw down funds of £141k to allow the scheme to progress through to the next gateway (detailed option appraisal) and includes surveys, consultant and internal staff costs, plus a costed risk allowance of £33.2k if required.

ii. Guildhall Steam Plant Replacement - funding of up to £107k (including risk allowance) now requested to reach the next gateway

- This scheme proposes the replacement of steam generators which provide humidification to ventilation systems throughout the Guildhall complex.
- Humidification is essential for maintaining environmental conditions within best practice guidelines and insurance requirements for areas such as the Art Gallery, storage areas and Amphitheatre and also maintains comfort conditions in office areas.

- The 'in principle' funding approval was based on the need to replace the critical end of life plant, which has a total estimated cost of up to £1.2m.
- The request is to draw down funds of £85k to allow the scheme to progress through to the next gateway (detailed option appraisal) and includes surveys, consultant and internal staff costs, plus a costed risk allowance of £22k if required.

Funding for each of these schemes will be met from the provision set aside from the reserves of the three main funds for these 2020/21 annual bids, apportioned on an appropriate basis.

Impact of the Covid19 crisis on the allocation of central funding

7. Work to prioritise those schemes to be progressed during the current crisis is underway at the time of writing this report. This is to ensure that only the most essential schemes are progressed for the time being, pending a fuller assessment of the financial impact of the crisis and the potential impact on future affordability of new schemes.

Conclusion

8. A total of £136.7m of central funding was agreed 'in principle' for the delivery of essential schemes as part of the 2020/21 annual capital bid process. Of this sum, the release of up to £4.449m has previously been agreed. Further requests for the release of £281.2k to allow two schemes to progress to the next gateway are now proposed:
 - i. Guildhall Complex Chiller Plant Replacement - £174.2k (including risk allowance)
 - ii. Guildhall Steam Plant Replacement - funding of up to £107k (including risk allowance)

The 'in principle' funding for these schemes was approved on the basis of essential replacement of critical end of life plant.
9. In the context of the financial impact of the Covid19 pandemic, at the time of writing this report work is underway to identify priority schemes to be progressed during the current crisis, to ensure that funding for only the most essential schemes is committed for the time being.

Appendices

Appendix 1 – 2020/21 Approved Bids

Background Papers

- Annual Capital Prioritisation Report , 12 December 2019 (Non-Public).
- Prioritisation of Remaining 2020/21 Annual Capital Bids (Deferred from December 2019 Meeting), 23 January 2020 (Non-Public)

Dianne Merrifield

Group Accountant, Capital

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Approved Bids 2020/21						
Project Name	City Fund £'m	City's Cash £'m	BHE £'m	Total Funding Requirement £'m	Release of Funding Previously agreed	Release of Funding now requested
Critical End of Life Replacement						
Barbican Replacement of Art Gallery Chiller	0.300	-	-	0.300	-	-
Car Park - London Wall Joints and Waterproofing	2.000	-	-	2.000	-	-
Car Park - Hampstead Heath, East Heath Car Park Resurface	-	0.415	-	0.415	-	-
Central Criminal Court - Replacement for Heating, Cooling and Electrics for the East Wing Mezzanine including the sheriff's apartments.	1.000	-	-	1.000	-	-
Finsbury Circus Garden Re-instatement	2.558	-	-	2.558	0.081	-
Guildhall - North and East Wing Steam Generator replacement – including Art Gallery	0.744	0.396	0.060	1.200	-	0.107
Guildhall - West Wing - Space Cooling - Chiller Plant & Cooling Tower Replacement	1.860	0.990	0.150	3.000	-	0.174
Guildhall event spaces - Audio & Visual replacement / upgrade	-	0.330	-	0.330	-	-
Guildhall Yard - Refurbishment/ Replacement of Paviments	-	3.000	-	3.000	-	-
I.T - Computer Equipment rooms (CER) Uninterrupted Power Supplies (UPS) Upgrades and Replacements	0.090	0.100	0.010	0.200	-	-
I.T - Essential Computer (Servers) operating system refresh programme	0.068	0.075	0.008	0.151	-	-
I.T - Personal device replacement (Laptops, Desktops and tablet/mobile device)	1.013	1.125	0.112	2.250	-	-
I.T - Rationalisation of Financials, HR & Payroll Systems	2.654	2.949	0.295	5.898	-	-
I.T - Telephony replacement	0.873	0.343	0.034	1.250	-	-
LMA : Replacement of Fire Alarm, Chillers and Landlords Lighting and Power	1.397	-	-	1.397	-	-
Oracle Property Management System Replacement	0.713	0.380	0.058	1.151	0.075	-
Structural - Lindsey Street Bridge Strengthening	5.000	-	-	5.000	-	-
Structural - Dominant House Footbridge	1.025	-	-	1.025	-	-
Structural - West Ham Park Playground Refurbishment	-	1.279	-	1.279	0.863	-
Fully or substantially reimbursable						
Barbican Turret John Wesley High Walk	0.043	-	-	0.043	0.043	-
Chingford Golf Course Development Project	-	0.075	-	0.075	-	-
High Profile Policy Initiative						
Bank Junction Transformation (All Change at Bank)	4.000	-	-	4.000	-	-
Culture Mile Implementation Phase 1 incl CM experiments and Culture Mile Spine	0.580	-	-	0.580	0.580	-
I.T - Smarter working for Members and Officers	0.113	0.125	0.013	0.251	-	-
Rough Sleeping - assessment hub	1.000	-	-	1.000	-	-
Rough Sleeping High Support Hostel - Option 3	0.500	-	-	0.500	-	-
Secure City Programme	15.852	-	-	15.852	0.822	-
Statutory Compliance/Health and Safety						
Barbican Exhibition Halls	5.000	-	-	5.000	-	-
Barbican Podium Waterproofing, Drainage and Landscaping Works (Ben Jonson, Breton & Cromwell Highwalk) Phase 2 – 1st Priority	13.827	-	-	13.827	1.517	-
City of London Primary Academy Islington (COLPAI) temporary site	-	0.300	-	0.300	0.300	-
Golden Lane Lighting and Accessibility	0.500	-	-	0.500	-	-
Guildhall - Great Hall - Internal Stonework Overhaul	-	2.000	-	2.000	-	-
Guildhall - Installation of Public Address & Voice Alarm (PAVA) and lockdown system at the Guildhall (Security Recommendation)	0.930	0.495	0.075	1.500	0.118	-
I.T - Critical Security Works agreed by the DSSC	0.112	0.125	0.013	0.250	-	-
able to share and find information quickly	0.090	0.100	0.010	0.200	-	-
Confined and Dangerous Spaces - Barbican Centre	2.000	-	-	2.000	-	-
Confined and Dangerous Spaces - GSMD	-	0.400	-	0.400	-	-
Fire Safety - Car Park London Wall - Ventilation, electrics, lighting and fire alarm works	1.370	-	-	1.370	-	-
Fire Safety - Works in car parks	1.032	-	-	1.032	-	-
Fire Safety - Frobisher Crescent, Barbican Estate (compartmentation)	0.550	-	-	0.550	-	-
Fire Safety - Smithfield sprinkler head replacement and fire door replacement.	-	0.150	-	0.150	-	-
Queen's Park Public Toilet Rebuild	-	0.380	-	0.380	-	-
Spitalfields Flats Fire Door Safety	0.146	-	-	0.146	-	-
Spend to save with a payback < 5 years						
Energy programme of lighting and M&E upgrade works (Phase 1)	0.440	0.489	0.049	0.978	0.050	-
I.T - GDPR Compliance Project Unstructured data	0.112	0.125	0.013	0.250	-	-
The Monument Visitor Centre	-	2.500	-	2.500	-	-
Total Approved Funding Bids	69.492	18.646	0.900	89.038	4.449	0.281
Loan Facilities						
City of London Police and Housing Revenue Account	37.100	-	-	37.100	-	-
City of London School	-	10.600	-	10.600	-	-
Total Loan Facilities	37.100	10.600	-	47.700	-	-
Total Central Funding	106.592	29.246	0.900	136.738	4.449	0.281

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

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