



Projects Sub (Policy and Resources) Committee

Supplementary Agenda

Date: MONDAY, 17 MAY 2021
Time: 11.00 am
Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

7. **TOM CITY OF LONDON SCHOOL PILOT: SIMPLIFYING THE ANNUAL MAINTENANCE PROCESS**

Report of the Head of CLS and the City Surveyor

For Decision

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

John Barradell
Town Clerk and Chief Executive

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Committee(s): Corporate Projects Board – For decision Projects Sub Committee – For decision	Dated: 4 May 2021 17 May 2021
Subject: TOM City of London School Pilot: Simplifying the annual maintenance process	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	9, 10, 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£ N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: the Head of the City of London School and the City Surveyor	For Decision
Report author: Charles Griffiths (CLS), Pete Collinson (Surveyors), Jonathan Cooper (Surveyors) & Emma Cunnington (TOM Programme)	

Summary

The Target Operating Model (TOM) provides an opportunity for the City of London Corporation to update and simplify, to enable us to be radical, more agile and proactive to withstand both internal and external challenges. Whilst the TOM is intended to revise the organisational structure and deliver significant financial savings to achieve a balanced Medium-Term Financial Plan, it also creates an opportunity to look at how all departments and institutions can benefit from working closely together and staying connected so that – as a whole - we can be greater than the sum of our parts. To help identify opportunities to reengineer processes and ways of working across the whole organisation, officers have been carrying out a pilot within the City of London School with the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity.

This report now provides a fleshed out pilot proposal for this Sub-Committee’s approval concerning the simplification of the annual maintenance process for the School by streamlining and devolving project decisions to the Head of the City of London School, in consultation with the City Surveyor, in order to increase pace, efficiency and responsiveness to priorities emerging in-year.

Recommendations

Members of the Projects Sub Committee are asked to:

- Approve that, as part of the Target Operating Model pilot with the City of London School, the delegation in relation to development, refurbishment and revenue programme schemes, being funded by the City of London School’s ring-fenced maintenance budget, be increased from a total project cost (including works,

fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process.

- Recommend to the Policy and Resources Committee that the scheme of delegations be updated to allow for the Head of the City of London School in consultation with the City Surveyor to approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme, where funding is from the School's ring fenced repairs and maintenance fund.
- Note that, if the above recommendations are agreed, a new regular report would be prepared to provide a 6-monthly update on progress of the annual cyclical works programme regarding time and budgets to the Projects Sub Committee.
- Note that, if the above recommendations are agreed and the pilot is considered a success, a further request will be made in future to apply this process to all relevant institutions and departments where similar ring fenced funds exist to meet the cost of the works. This would be subject to the agreement of the Chamberlain.

Main Report

Background

1. The City Corporation is changing with the implementation of a Target Operating Model (TOM). Simply put, the Target Operating Model (TOM) provides an opportunity for the City of London Corporation to update and simplify, to enable us to be radical, more agile and proactive to withstand both internal and external challenges. We need to make the best use of our resources to deliver our mission: "to create a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK". We will do this through aligning activity, resources and building competence and capability to achieve our Corporate Plan outcomes in a way that is effective, efficient and sustainable, whilst also driving competitiveness in the sectors we operate in.
2. The success of the TOM cannot be achieved by changing the structure alone. For long-lasting change to be effective and positive for all, the capabilities of leadership, talent and collaboration need to be embedded within the organisation for the long term. Whilst the new Target Operating Model is intended to revise the organisational structure and deliver significant financial savings to achieve a balanced Medium-Term Financial Plan, it also creates an opportunity to look at how all departments and institutions can benefit from working closely together and staying connected so that – as a whole - we can be greater than the sum of our parts.
3. As new structures are designed and implemented, it is vital that institutions, service departments and the corporate centre benefit from working together, and that all sides value the service and contribution they receive from each other. It is

recognised that some changes need to be made to current processes and ways of working to achieve this vision.

4. To help identify opportunities to reengineer processes and ways of working across the whole organisation, officers have been carrying out a pilot within the City of London School with the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity. Having piloted, iterated and proved out these proposals with the City of London School, the intention would be to adapt and roll them out more broadly across the City Corporation.
5. The Board of Governors for the City of London School, the Establishment Committee and this Sub-Committee considered a confidential report of the Head of the City of London School at its respective meetings in March 2021, and approved 'in principle' the areas identified to explore further to improve ways of working between the School and the corporate centre.
6. This report now provides a fleshed out pilot proposal for this Sub-Committee's approval concerning the simplification of the annual maintenance process for the School by streamlining and devolving project decisions to the Head of the City of London School, in order to increase pace, efficiency and responsiveness to priorities emerging in-year.

Current Position

7. Any project, contained within the annual revenue or cyclical programme of works, also comes within the £250,000 threshold before a Gateway report is required as do capital and supplementary revenue projects up to £50,000 where ringfenced funds are not available.
8. Currently, cyclical maintenance works for the School from the forward maintenance plan are grouped together to create a larger project that can be delivered as one package during the summer break. This requires agreement of the scope at a very early stage to process gateway governance requirements and to enable the works to be designed, procured and delivered within a relatively small window.
9. The process of approving the annual maintenance plan for the School is quite complex and could be streamlined. The works required are fairly straight forward and predictable which also by nature lends itself to greater delegation and what each will cost). If any one of these details changes following approval (around 4-6 months before works commence) an issue report must be raised, which can take 2 months to approve. Works may not proceed on the items in question in the meantime. The current process is set out in Appendix 1.
10. Due to the tight timescales for agreeing and delivering this type of work, the Gateway 1 - 4 is often grouped together to reduce the number of times needed to go to each Board or Committee. Examples of these types of works are this year's reroofing where costs including scaffold can easily exceed £500k. Such works are relatively simple but require a lengthy process in order to complete. An example of this year's works programme at the City of London School is included within Appendix 2.

11. The nature of maintenance is such that new issues may emerge and develop and/or priorities change over time. This, combined with the lack of agility in the above process, added to the fact that the School typically have a very small period in which to complete works (i.e. the school holidays), can result in a significantly increased risk that key maintenance issues are not addressed within the time available. In addition, the process requires significant (non-value adding) effort to oversee and manage.
12. Priorities and needs of the Schools can also often change over a 6-12 month period, and inevitably further failures may be experienced or additional works may arise. The current process makes it difficult for changes to be incorporated within the summer works package. This is due to the need of Chairman approval for the additional works discovered. In addition, the school is required to commit to a set scope of works at least 6-8 months before the summer break period, often prior to any detailed survey or design work being undertaken. Greater use of a costed risk provision would alleviate this but would not solve it completely.
13. The impact of rushing the early stages of work often means that additional issues are discovered on site, requiring additional budget and consequently further approvals. In addition, resource from the City Surveyors group was stretched, requiring use of external consultants to deliver the works. In this instance a waiver was sought to directly appoint consultants rather than follow a procurement exercise.

Proposal

14. It is now proposed that the delegation in relation to development, refurbishment and revenue programme schemes, being funded by the School's ring-fenced maintenance budget, be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process. This higher number is to reflect the fact that the annual works package of circa £1m is usually let to a single contractor to facilitate ease of delivery. Combining a number of minor projects into one procurement means it has the characteristics of a single project and therefore would need to go through the gateway process because of its cost.
15. This proposal requests a delegated authority approach like that of the Investment Property Group that was adopted in May 2019. This enables projects up to £1,000,000 to progress outside of the Gateway process with delegated authority given to the City Surveyor to agree the process documentation.
16. It should be noted that:
 - a. For all projects, the Chamberlain must be consulted to confirm that funding is available for any proposed budget before the project could proceed and City Procurement would continue to be consulted, as appropriate, on procurement issues (including the completion of the relevant procurement documentation/ form).

- b. Should the estimated cost of a project increase to over £1,000,000, the project would revert to the gateway approval process.
- c. Appropriate process documentation must be used for these projects, albeit some may be combined where considered appropriate. In this context, any issues arising would be approved by the City Surveyor subject to consultation with the Chamberlain on financial matters.

17. In addition, it is proposed that the scheme of delegations be updated to allow for the Head of the City of London School, in consultation with the City Surveyor, to:-

- approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme, with funding from appropriate sources agreed with the Chamberlain.

18. The routine cyclical maintenance projects carried out are often smaller packages of work grouped together to create a larger project. If the above proposal is agreed, the works would be, if appropriate, tendered via the new City Frameworks for building fabric and mechanical and electrical projects between £250,000 and £1,000,000. Any works outside the City Framework would be tendered via City Procurement.

Governance

19. To give Members added assurance, this process would adopt the model and principles of the Cyclical Works Programme (in Appendix 3, for reference), which manages a cyclical repairs fund substantial element of the City's operational property, and form an officer board with a core group from the City of London School, City Surveyors, Chamberlains and other relevant departments. This would manage the programme of works agreed by Members within the overall funding envelope set. Where savings were made as agreed projects were implemented, it would also allow projects on a prioritised reserve list to be promoted into the programme.

20. If the above proposal is agreed, it is also proposed that a new regular report be prepared to provide a 6-monthly update on progress of the annual cyclical works programme regarding time and budgets to the Projects Sub Committee.

Benefits

21. It is recommended that Members agree the proposal above for the reasons listed below.

22. If agreed, this new process may limit costs of work:

- a. Consultant costs may not be required (or be vastly reduced) as works could be planned within the normal workloads of the City Surveyors.
- b. Smaller packages of cyclical work would be removed from the scheme and delivered separately as traditional cyclical works by the City's term contractors e.g. those under £250k and could be carried out in other term times or out of hours. To use the example of this year's programme

electrical works and mechanical works could be delivered by others, therefore reducing the overall package to less than £1million.

23. The key benefit to the School would be their ability to adapt the 'summer works' cyclical maintenance programme to suit their needs and enable them more time to agree the outline scope. It will also allow for survey and design works to advance at an earlier stage.

Corporate & Strategic Implications

Strategic implications

24. This pilot is part of the wider Target Operating Model programme to assess the organisation's agility to removing barriers to collaboration, causes of friction, inertia and non-value adding activity. If this proposal is improved, it will be continually assessed and reviewed and, if successful, a further proposal will be reported to the relevant committees (including this Sub-Committee) to allow for a further rollout of the new process to other relevant institutions and departments.
25. This proposal meets the objectives of the City Corporation's Corporate Plan – in particular:-
- a. Objective 9 – 'we are digitally and physically well-connected and responsive.'
 - b. Objective 10 – 'we inspire enterprise, excellence, creativity and collaboration.'
 - c. Objective 12 – 'our spaces are secure, resilient and well-maintained.'

Financial implications

26. The school has an annual package of works of just over £1m which is ultimately funded from the fees it collects. In agreeing to the proposed change in the governance arrangements for works projects, Members should assure themselves that the new arrangement will ensure value for money continues to be achieved for these works and that there will be no adverse impact on the level of school fees that need to be charged.
27. Where additional efficiencies have been identified, indicating staff reductions can be made, the relevant saving will be deducted by the Chamberlain towards the 12% savings target for the City Surveyor. This precise amount has yet to be quantified.

Resource implications

28. If agreed, it is estimated that there would be a decrease in resource required to manage the approvals process.

Legal implications

29. None.

Risk implications

30. None.

Equalities implications

31. The proposals within this report do not have any impact (positive or negative) on people protected by the Public Sector Equality Duty 2010 – age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity.

Climate implications

32. None.

Security implications

33. None.

Conclusion

34. The Target Operating Model provides an opportunity for current ways of working to be assessed and re-engineered to allow for more efficient processes to be embedded across the organisation. The aim is for all institutions, service departments and the corporate centre to see the benefit from working together, and that all sides value the service and contribution they receive from each other. This proposal to streamline the annual maintenance process for the City of London School provides an opportunity for a process to be changed, monitored and assessed within a contained, high-performing, well-trusted and motivated part of the City Corporation.

Appendices

- Appendix 1a – Projects & Investments – Current State Process (pre-construction)
- Appendix 1b – School Revenues Work Programme Process Chart
- Appendix 2 - An example of this year's works programme at the City of London School
- Appendix 3 – Cyclical Works Programme Governance Arrangements

Background Papers

- **City Fund, City's Estate and Bridge House Estates – Scheme of Delegations and Gateways** – Report of the City Surveyor – considered by Projects Sub Committee on 15 May 2019
- **TOM review, pilot project at the City of London School and associated benchmark reward changes across the Independent Schools** – Report of the Head of the City of London School – received by the Projects Sub Committee on 24 March 2021

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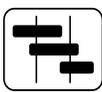
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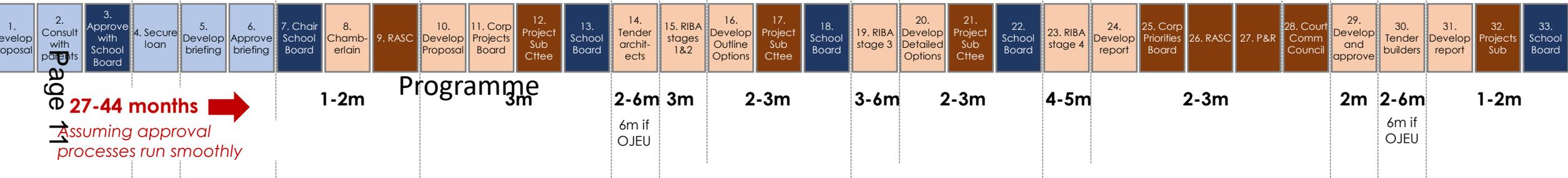
Projects & Investments – Current State Process (pre-construction)

Project Gateway Process

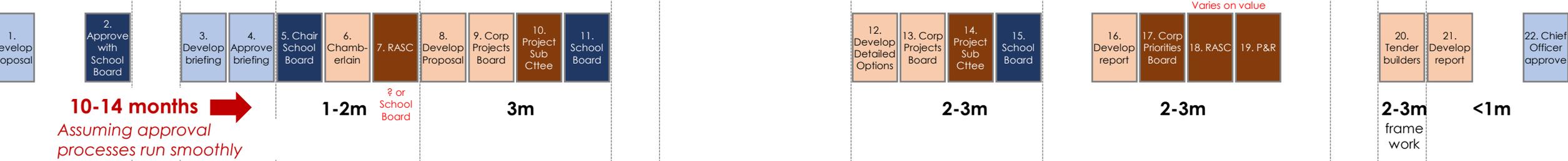


A. Major Project >£5M (e.g. School Master Plan) Compared to typical construction process outside the Corporation, **project duration 50% longer and professional fees 25% greater***

* - Due to: (a) longer elapsed time; (b) need to detail out all outline options (vs. downselect then detail as is more typical externally)



B. Annual Maintenance £500K- £1M (assuming no loan capital reqd.)



C. Deviations from budget during works (issue reports)

a. Noted & within budget

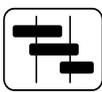
b. Not noted or outside budget

1. Develop Issue Report | 2. Approve Chief Officer | 3. Approve Chair Project Sub | **Works typically unaffected**

1. Develop Issue Report | 2. Approve Corp Projects Board | 3. Approve Projects Sub | 4. Approve School Board | **2 months before work in question can continue**

Key:

- School Officers (light blue)
- School Board (dark blue)
- Corporation Officers & contractors (light orange)
- Corporation Members (dark orange)

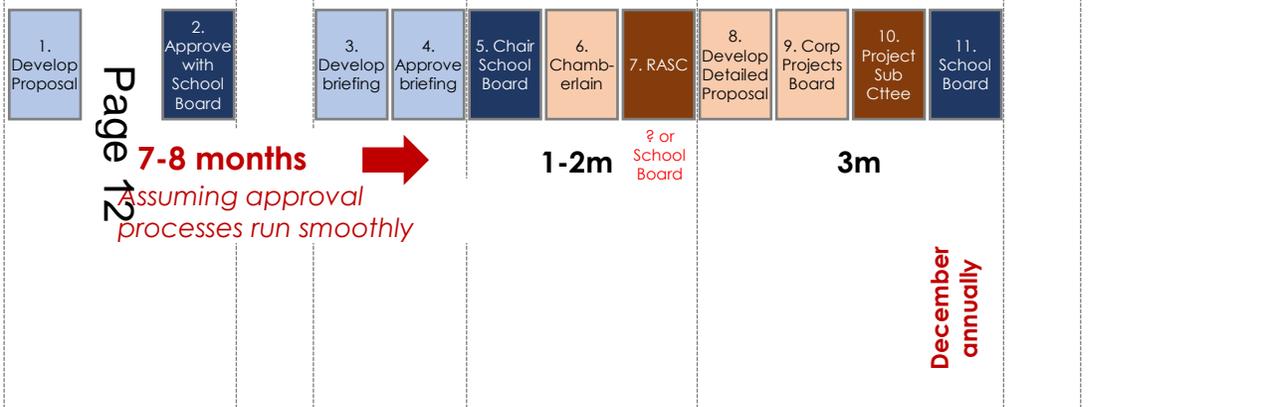


Projects & Investments – Current State Process (pre-construction)

Project Gateway Process



C. Annual Maintenance £500K- £1M (Expedited processes – Combined GW1-4.)



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7-8 months
Assuming approval processes run smoothly



Key:

 School Officers	 School Board	 Corporation Officers & contractors	 Corporation Members
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1. Develop Issue Report	2. Approve Corp Projects Board	3. Approve Projects Sub	4. Approve School Board	2 months before work in question can continue
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 <p style="text-align: center;">City Surveyor's Department</p>	Reference: TBA
Guidelines title: Schools Annual Revenue Programme Delivery Timeline	
Document Owner: Alison Bunn, Head of FM, Assistant Director, Operations Group	
Author: Neil Hawkins, Property Facilities Manager, Operations Group	
Version: 1.0	Last amendment: 13/05/2020
Changes overview: First Issue	

Purpose and Scope

- To give a clear overview of the timeline for delivery of the three City of London Schools' annual revenue programme, for all parties involved.
- To define those parties and their responsibilities at each stage.
- It is **not** designed to give detailed instruction of any part of the process.
- It should be read in conjunction with "GQ131 – Revenue Works Programme – Corporate Property", which provides greater detail.

Roles and Responsibilities

- Property Facilities Manager (PFM) (Operations Group) – Overall responsibility for programme management and communications
- School Bursar – Advising on ad-hoc project requirements, seeking School Board funding approval and agreeing programme expenditure
- School Facilities Manager – Reviewing forward maintenance plan and site management
- Minor Projects Team (Operations Group) – Ownership and management of Forward Maintenance Plan, advising on asset condition, project management
- Asset Management (Corporate Property) – Advise on estate ownership and responsibilities
- Chamberlains (City Surveyor) – Raising new revenue projects and monitoring financial progress
- Chamberlains (Capital Team) – Raising new capital projects and monitoring financial progress
- Chamberlains (Schools) – Repairs and Maintenance Fund Reports
- Chamberlains (Procurement) – Procurement of contracts
- PMO Analyst (Town Clerk) – Advise on Gateway reports and process
- Committee and Member Services Officers (Town Clerk) – submitting reports to Board and committees
- City Surveyor – Signing off Authority to start work (Gateway 5) and Gold Sheet
- Corporate Projects Board – Approving Project Briefing (Gateway 1)
- Projects Sub-Committee – Approving Project Proposal (G2) and Optional Appraisal (G3&4)
- School Board of Governors – Approving School funds for revenue programme

Appendix 2

Description	Revised Revenue Bid 2021/22
CEILING OVERHAUL (SPORTS HALL)	£ 2,500
COLD WATER STORAGE TANKS REPLACEMENT (SOUTH) Replace With Reduced Capacity Tank	£ 30,000
CONDITION SURVEY. Tunnelling Survey for Water Ingress From Highways/DBE Above School	£ 6,000
FLOORING REPLACEMENT (PARTIAL) Classroom Flooring	£ 30,000
INTERNAL DECORATIONS (PARTIAL)	£ 40,000
ROADS & PATHS OVERHAUL External Brickwork and Planters	£ 10,000
ROOF REPLACEMENT ((SPORTS HALL) (FELT)) & SKYLIGHTS	£ 275,000
ROOF REPLACEMENT ((SWIMMING POOL) (FELT)) & SKYLIGHTS	£ 255,000
ROOF REPLACEMENT (ARTS DEPARTMENT)	£ 95,000
ROOF REPLACEMENT (COURTYARD)	£ 5,000
SPORTS HALL FLOORING SAND & SEAL	£ 5,000
SUSPENDED CEILING REPLACEMENT	£ 15,000
Replace defective fire doors	£ 75,000
FIRE STOP TO EMERGENCY EXIT ROUTES	£ 50,000
REDEVELOP MODERN LANGUAGES COMPUTER ROOM	£ 70,000
RELOCATE STAINED GLASS WINDOWS	£ 60,000
<u>Total Building Works (Main Site)</u>	<u>£ 1,023,500</u>
LANDLORDS LIGHTING & POWER REWIRE (PHASE 3) DBs and Emergency Lighting	£ 60,000
SWITCHGEAR REPLACEMENT (PHASE 3-REMAINING WORK TO SOUTH SIDE) DBs and Emergency Lighting	£ 25,000
STAIR REFUGE COMUNICATION SYSTEM	£ 30,000
<u>Total Electrical Works</u>	<u>£ 115,000</u>
SWIMMING POOL - DOSING EQUIPMENT REPLACEMENT Sodium Chloride Tank Replacement	£ 15,000
INSTALL NEW COLD WATER BOOSTER PUMPS TO LEVEL 6	£ 15,000
SWIMMING POOL - Insulate filters and heat exchanger	£ 10,000
INSTALL GAS SAFE SYSTEMS INTO 4 X BIOLOGY ROOMS	£ 20,000
<u>Total Heating & Ventilation Works</u>	<u>£ 60,000</u>
Asbestos Refurbishment Surveys	£8,000

Consultant Building Surveying (10% Building Total)	£115,000
Consultant Mechanical & Electrical (10% M&E)	£33,000
Planning and Building Control Fees	£7,000
CDM Consultant	£10,000
<u>Total Professional Fees</u>	<u>£ 173,000</u>
<u>Total Programme To Be Included in Master Plan Phase 1 Works</u>	<u>£ 1,371,500</u>

Appendix C

Cyclical Works Programme – Governance Arrangements

1. The Cyclical Works Programme Officer Peer Review Group (PRG) shall review the proposed Cyclical Works Programme (CWP) and agree that each scheme should be categorised as a “priority” for keeping the operational property portfolio in a fair to good standard due to the fixed budget available
2. A summary list of the proposed schemes, in priority order, shall be submitted to Corporate Asset Sub Committee (CASC) for agreement and then to a meeting of the Resource Allocation Sub-Committee (RASC) for approval. The RASC meeting and the subsequent Policy and Resources Committee (P&R) must consider the submitted works programme and confirm (or otherwise) the allocation of the necessary funding, taking account of the priority listing of the various repairs and maintenance schemes and, other competing priorities in the context of the overall availability of City Fund and City’s Cash resources.
3. Each year’s agreed work programme, and allocation of funding, will then operate within an overall “ring fence” (one each for the City Fund, City’s Cash and Guildhall Complex), permitting budget transfers between individual schemes and unspent balances to be carried forward to later years to complete works.
4. Approval will also be sought from CASC for a CWP Reserve List of projects at the same time the CWP is approved. This Reserve List of additional schemes, which might be progressed if further resources become available within the relevant fund, shall be submitted to RASC for approval. These projects can be promoted to the Actual List should opportunities such as savings arise. Promotion decisions will be made by the PRG and reported to CASC in the next progress report.
5. The PRG is authorised to bring forward projects from the Reserve List if “surplus” resources become available, subject to such projects being advanced on a requirement basis at the Officers discretion with the details being reported in the next bi-annual CWP progress report to CASC by the City Surveyor.
6. Each CWP repairs and maintenance scheme shall generally proceed, via the usual internal arrangements/controls within the respective Department.
7. In accordance with advice given by City Procurement, the majority of standard refurbishment and cyclical projects will be procured by continuing with the existing Minor Works Framework which will be renewed as appropriate via a compliant OJEU process. However, some of the higher value projects may be subject to a separate tender process.
8. CASC shall scrutinise the progress of schemes on the basis of a bi-annual CWP progress report by the City Surveyor
9. Where additional and urgent priority projects are necessary and not in the programme or Reserve List (e.g. bringing forward a replacement lift that is regularly breaking down) the substitution for another project(s) within the

approved CWP will be recommended by the PRG. Approval for the changes will be sought for the City Surveyor under delegated authority from the CASC. Smaller project substitutions of below £50k will only require PRG approval.

10. Circumstances may arise where the cost associated with delivering an agreed project increase significantly, resulting in the need for a postponement out of the programme of another un-started project to keep spending within the overall CWP funding approval. In this circumstance, the recommended project changes will be suggested by the PRG. Approval for these changes will be sought from the City Surveyor under delegated authority from CASC.

11. Any changes made to the CWP approved Actual List, be they through initiating reserve projects, substitutions, re-prioritisation decisions etc. will be reported to CASC within the next CWP progress report by the City Surveyor. Any changes made between the City's Cash, City Fund and Guildhall Admin Projects will need to consider the impact on the respective funds.

12. The above governance arrangements will also generally apply to the Additional Capital Funds Programme noting that because of their size and capital nature these projects will also progress through the gateway process.

Footnote:

The Cyclical Works Programme Officer Peer Review Group (PRG) is an Officer group, chaired by the Head of Finance (Property Services), with representation from the Chamberlain's Department, City Surveyor's Department, Department of Built Environment, Guildhall School of Music and Drama and the Barbican Centre.