



## **Resource Allocation Sub (Policy and Resources) Committee INFORMATION PACK**

**Date:** THURSDAY, 11 JULY 2024

**Time:** 10.00 am

**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

10. **\*CITY SURVEYOR'S BUSINESS PLAN 2023-28 - QUARTER 4 2023/24 UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 3 - 14)

11. **\*THE CITY SURVEYOR'S CORPORATE AND DEPARTMENTAL RISK REGISTER  
- JUNE 2024 UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 15 - 40)

12. **\*23/24 ENERGY & DECARBONISATION PERFORMANCE Q4 UPDATE FOR THE  
OPERATIONAL PORTFOLIO**

Report of the City Surveyor.

**For Information**  
(Pages 41 - 52)

13. **\*REPORT OF ACTION TAKEN BETWEEN MEETINGS**

Report of the Town Clerk.

**For Information**  
(Pages 53 - 56)

23. **\*CITIGEN AND HEAT NETWORK ZONING UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 57 - 268)

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<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Sub (Policy and Resources) Committee	11 July 2024
<b>Subject:</b> City Surveyor's Business Plan 2023-28 - Quarter 4 2023/24 Update	<b>Report – public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth</b>
<b>Does this proposal require extra revenue and/or capital spending? N/A</b>	<b>N</b>
<b>If so, how much? N/A</b>	<b>N/A</b>
<b>What is the source of Funding? N/A</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department? N/A</b>	<b>N/A</b>
<b>Report of: The City Surveyor and Executive Director of Property (CS.159/24)</b>	<b>For Information</b>
<b>Report author:</b> <b>John Galvin/Anna Flashman/Faith Bowman</b> City Surveyor's Department	

## Summary

- This report provides Members of Resource Allocation Sub (Policy and Resources) Committee (RASC) details of the key performance indicators in quarter 4 2023/24 against the City Surveyor's 2023-28 Business Plan. A similar report is presented to Members of Investment Committee (IC, CSD).
- Overall, the department has continued to successfully deliver against its approved objectives set out in the Business Plan in a challenging environment. In 2023/24 the delivery of core services, providing significant support to the progression of major programmes and the integration of the Markets team into the department have remained key priorities.
- In 2023/24 key achievements for the department were as follows:
  - The approval of £133.7m for the Cyclical Works Programme (CWP). This comprises of £55.1m backlog requirements (known as the bow wave), £75.8m of forward plan works over the next three years, and c£2.8m for staff resourcing. This will be delivered over a five-year period. £18m of these works are part of our pathway to net zero carbon. The CWP excludes ring-fenced and institutional property.
  - Generation of £1.5m additional new property income (highways transactions and property disposals) and £4.4m rates savings over 6 years of the ratings list benefitting the Corporation's budgets beyond the City Surveyor's.
  - The implementation of the new Integrated Facilities Management (IFM) approach, driving further efficiency and savings across the organisation.
  - Additional rent of £6.6m against the Original Budget of £98.2m by the Investment Property Group, supporting the City Corporation's public value aspirations.

- Successful implementation of the class-leading property management software system known as MRI Horizon, helping improve the management of all property income across the organisation (investment and operational property income).
  - Property Projects Group successfully completed the following projects: Barking Reach Remediation Project, 84 Moorgate Investment Project, New Bridge Street Investment Project and the Rough Sleepers Assessment Centre for Community and Children's Services.
  - Significant reduction of £8.6m in energy costs through the Power Purchase Agreement through credits received and a reduction in our market-based emissions of 11,090 tCO<sub>2</sub>e.
- Seven of the City Surveyor's Department (CSD) performance measures are overseen by RASC. At the end of the reporting year, two achieved target (green), three marginally behind (amber) and two were below target (red).
  - The red indicators were as follows:
    - KPI. 1 – Asset realisation and additional income (however, see above achievements)
    - KPI. 5 – Adherence to Budgetary Spend Profiles
  - The City Surveyor's 2023/24 outturn indicates that the department was overspent by £1.3m at year end on City Fund and City's Estate services. This was against a budget of £31.1m (4%). The key areas of overspend on the departmental budget line were; lower than anticipated vacancies on staffing budgets and some residual (12%) savings not being achieved; the Guildhall complex budget partly due to the vacancy budget not being achieved and additional agency staff being required across the security and function teams; and an overspend on Smithfield Market due to the savings target not being immediately achieved due to the closure of the Poultry Market. However, if the City Bridge Foundation underspend of £609k is taken into consideration, the overspend reduces to £691k (2%) against a total budget of £33.8m.
  - In relation to the Guildhall complex overspending, £180k relates to costs associated with Guildhall events. As the Guildhall trading account is not yet operational, the additional event income, which would otherwise offset this cost, is currently shown under the Remembrancer's local risk budget. However, if this is taken into consideration, the overall position is an overspend of £511k (1.5%) against a total budget of £33.8m.
  - These figures also exclude £1.5m additional property income (highways transactions and property disposals) and £4.4m rates savings generated by this department. This income benefits the City Corporation overall either as they accrue under the relevant departments local risk budgets, or through the organisation's central risk budget.
  - The department recently reviewed its cost pressures and income generating opportunities through the Deep Dive process. These are currently being considered by the Chamberlain's Department.

### **Recommendation**

- That Members note the content of this report.

## **Main Report**

### **Background**

1. In line with the City Corporation's performance management approach this is a regular update report on the progress made against the department's 2023-28 Business Plan (CS 372/22). The City Surveyor's Department (CSD) reports performance quarterly to Resource Allocation Sub (Policy and Resources) Committee (RASC) and once every six months to Investment Committee.
2. The department's business plan outlines twelve Key Performance Indicators (KPIs). RASC oversee progress against seven of these measures, whilst Investment Committee oversee nine (four measures are reported to both Committees).
3. Performance is assessed on a traffic light basis (RAG), where red denotes a high risk of non-attainment, amber indicates some concern, whilst green denotes the measure being on/ahead of target.

### **Current Position**

4. This report provides the latest budget information which is set out in Appendix A. Appendix B provides a detailed table of the department's KPIs.
5. A separate monitoring report on the risks within the department is also circulated for this meeting.

### **Financial Statement**

6. The City Surveyor's 2023/24 outturn (Appendix A) reveals that the department was overspent by £1.3m (4%) against a budget of £31.1m at year end on City Fund and City's Estate services. However, if City Bridge Foundation is taken into consideration, the overall position is an overspend of £691k (2%) against a total budget of £33.8m.
7. The key drivers of the overspend on the City Surveyor's City Fund and City's Estate services is an overspend on Departmental and Guildhall salary budgets due to not achieving the vacancy factor, an additional £140k of recruitment and staff costs, additional agency staff costs, additional agency staff costs for the security and function teams and £151k of residual Fundamental Review savings that were not achieved.
8. In relation to the Guildhall complex overspending, £180k relates to costs associated with Guildhall events. As the Guildhall trading account is not yet operational, the additional event income, which would otherwise offset this cost, is currently shown under the Remembrancer's local risk budget. However, if this is taken into consideration, the overall position is an overspend of £511k (1.5%) against a total budget of £33.8m.
9. Additionally, there was an overspend on one-off reactive repairs and maintenance work at Smithfield Market. Further, the savings target at this location was not achieved following the closure of the Poultry Market.
10. These figures also exclude £1.5m additional property income (highways transactions and property disposals) and £4.4m rates savings over 6 years of the ratings list (New Street/Bishopsgate Police Stations) generated by this department. These amounts are accounted for under the relevant departments local risk budgets or under the central risk budget to the benefit of the City overall.

11. On a positive note, rental income which is shown under central risk, reveals an overall surplus of £6.6m compared to the original budget for City’s Estate and City Fund estate and of £2.1m against the latest December forecast.
12. The department has reviewed its cost pressures as part of the Deep Dive process. These pressures, and possible mitigations, are currently being considered by colleagues in the Chamberlain’s Department. This review further identified opportunities to generate additional income through charging on premium lease renewals and assisting with lucrative highway transactions. These opportunities are contingent on the availability of additional resource, and business cases are in development.

#### Quarter 4 2023/24 update

13. The table below provides an ‘at a glance’ assessment of the department’s performance through the second half of the 2023/24 reporting year.

Status <sup>1</sup>	Green	Amber	Red	TBC	N/A
Resource Allocation Sub Committee	2	3	2		
Overall (including non-RASC measures)	4	5	2	1	

14. Of the seven measures reported to this Committee, two were on target (green), three were marginally behind (amber) and two did not reach the target set at the beginning of the year (red).
15. The red and amber KPIs relevant to RASC are as follows:

A. KPI. 1 Asset Realisation and Additional Income (operational non-housing)

This measure tracks the additional income and receipts delivered by the City Surveyor’s Department – through both asset realisation and through the delivery of additional income for other departments. The target for this measure varies considerably year-on-year.

Target – £5.1m by the end of the year

2023/24 Performance - £1.5m (Red)

Whilst several property transactions were progressing in line with expectations, the sale of the former nursery site at West Ham Park did not progress due to planning issues and the purchaser withdrew from the purchase prior to exchange. This has negatively impacted year-end performance.

Several highway transactions are under negotiation including at 60 Aldgate High Street and 120 Fleet Street that are due for completion in early 2024/25 totalling £2.8m which has added to the year-end target not being fully met.

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<sup>1</sup> Red = High Risk of Failure or Not Achieved; Amber = Some Concern; Green = On Target or Achieved.

However, this will be a positive start in 2024/25 when these transactions are due for completion.

These figures exclude £4.4m rates savings generated by this department.

#### B. KPI. 4 Property Contract Performance Compliance

This indicator provides an overall assessment of our suppliers' performance against their contract measures. This is across eight criteria spanning both operational performance and key City of London objectives.

Target of more than 80% of contract measures achieved.

Performance 71% (Amber)

The integrated Facilities Management (IFM) contract was mobilised in April 2023. Performance across the IFM suppliers has improved with steadily each quarter. It should be recognised that the IFM contracts have now been in place twelve months against a 5+5-year contract term, and performance is good for this stage in the tenure.

#### C. KPI. 5 Adherence to Budgetary Spend Profiles (Projects)

This objective of this indicator is that the actual spend, plus spend that has been receipted, will fall between 95% and 105% of the revised budget by year-end. This would indicate that services and projects are being delivered, and they are being delivered within their anticipated budgets.

Estimated target -100% with programmed property projects within agreed tolerance 95% to 105% of revised budget

Performance 93% (Red)

Five investment projects were deferred with an estimated cost of circa £125m which has impacted year-end performance. Spend is in line with profile across most of the sub-categories, with overall expenditure only marginally behind profile.

#### D. KPI. 6 – Capital Projects – Project Risk Status

This indicator assesses the proportion of projects which are red (which may be due to cost, time, or a combination of both) against the total number of projects.

Target – Less than 30%

Performance – 43% (Amber)

As reported previously to this Committee over 60% of the department's current projects commenced in 2020 or before, meaning that their delivery has been significantly impacted by COVID-19. These projects have been subject to extended periods of reduced site capacity/productivity and from subsequent high levels of construction price inflation. This has resulted in a greater number of projects falling outside of time and/or price expectations. Whilst performance on current projects is positive, the volume of older projects has provided a drag on performance overall.

The department has flagged a risk on its departmental risk register relating to the possibility that a main contractor, or significant sub-contractor, may go into

administration. This item is covered in more detail on the Risk Update Report, also presented to this Committee.

#### E. KPI. 8 – Capital Projects – Site sustainability waste management

This indicator looks at the overall site waste management (the amount of waste diverted to land field sites).

Target more than 90%  
Performance 89% (Amber)

This indicator has consistently performed above the target in the previous three quarters and the quarter 4 result is currently under review.

### **Corporate & Strategic Implications**

#### **Strategic implications**

16. The City Surveyor's Department aims to support the outcomes in the Corporate Plan.
17. The department has a key role in delivering the vision for the City – through the delivery of major construction projects (Markets Co-location Programme, Sailsbury Square, London Museum, Barbican Renewal), the maintenance of our heritage estate for the benefit of all of London, and the generation of significant income from both the investment and operational property portfolios supports all that we do.
18. The department continues to collaborate with corporate leads to ensure the successful delivery of our strategic priorities, notably Destination City, Climate Action Strategy and the City's Corporate Property Asset Management Strategy 2020-25.

#### **Financial implications**

19. Under the Financial Regulations overspendings on City Fund and City's Estate local risk budgets, whatever the amount, are automatically carried forward to be recovered in the next financial year unless waived wholly or in part by Finance Committee. Once Finance Committee has considered the matter, the City Surveyor will report back to Members in the next quarterly monitoring report setting out how the department intends to recover the overspending that has been carried forward into 2024/25.

#### **Resource implications**

20. The department has worked hard to identify a number of items to mitigate the underlying departmental pressures through the Deep Dive process. The department has identified opportunities to grow the delivery of income and capital receipts for the organisation. Business cases are in development for these opportunities as recourse will be required.

#### **Legal implications**

21. None

#### **Risk implications**

22. Key risks managed by the department are included in the Risk Update Report that is



also reported to this Committee.

### **Equalities implications**

23. None.

### **Climate implications**

24. The department supports the delivery of the Climate Action Strategy through the delivery of minor and major projects. This capacity has been enhanced by the agreement of funding for the Cyclical Works Programme, which includes £18m in carbon reduction works.

### **Security implications**

25. None

### **Conclusion**

26. Over 2023/24 the department has made good progress against its key deliverables set out in the Business Plan. Whilst some measures did not achieve the target set the relevant teams are working diligently to recover time and ensure that programmes are delivered in line with expectations. Whilst the department's local risk position is challenging and inflation costs rising it continues to generate significant income and capital receipts to support the CoLC financial sustainability.

### **Appendices**

- Appendix A Budget Monitoring Statement
- Appendix B Key Performance Indicator Table

### **Background Papers**

- The City Surveyor The City Surveyor's Business Plan 2023-28 (CS 372/22)
- The City Surveyor Business Plan Progress Report – Quarter 1 2023/24 Update (CS 278/23)  
Business Plan Progress Report – Quarter 2 2023/24 Update (CS 310)
- The City Surveyor Business Plan Progress Report – Quarter 3 2023/24 Update (CS 045/24)

Departmental Performance & Services  
City Surveyor's Department

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2023-24 (Period to 31<sup>st</sup> March 2024)

LOCAL RISK BUDGET Year to 31st March 2024	Final Approved Budget £000	Outturn 2023-24 £000	Under / (Over) Spend for Period £000	Note
<b>City Fund</b>				
City Fund Estate	(2,036)	(2,016)	20	
Walbrook Wharf	(1,161)	(1,212)	(51)	
Mayor's & City of London Court	(38)	(24)	14	
Central Criminal Court	(388)	(407)	(19)	
Lower Thames St Roman Bath	(9)	(9)	0	
Spitalfields Market	(254)	(203)	51	
Corporate FM R&M cleaning & security	(1,468)	(1,470)	(2)	
	(5,354)	(5,341)	13	
<b>City's Estate</b>				
City's Estate	(3,162)	(3,063)	99	1
Departmental	(10,546)	(11,007)	(461)	2
Mayoralty & Shrievalty	(95)	(48)	47	
Markets Directorate	(420)	(406)	14	
Billingsgate Market	(320)	(197)	123	3
Smithfield Market	(825)	(1,258)	(433)	4
Corporate FM R&M cleaning & security	(2,368)	(2,531)	(163)	5
	(17,736)	(18,510)	(774)	
<b>Guildhall Administration</b>				
Guildhall Complex	(7,977)	(8,516)	(539)	6
	(7,977)	(8,516)	(539)	
<b>Total City Surveyor Local Risk excluding CBF</b>	<b>(31,067)</b>	<b>(32,367)</b>	<b>(1,300)</b>	
<b>City Bridge Foundation</b>				
City Bridge Foundation	(2,419)	(1,844)	575	7
Tower Bridge Corporate FM cleaning	(318)	(284)	34	
	(2,737)	(2,128)	609	
<b>Total City Surveyor Local Risk including CBF</b>	<b>(33,804)</b>	<b>(34,495)</b>	<b>(691)</b>	

1. Reflects an overachievement on service charge and other income, compared to budget, partly offset by overspendings on professional fees, security and energy costs.
2. The overspending is mainly on employee budgets due to not achieving the vacancy factor; £151k residual Fundamental Review (FR) savings not being achieved; and £140k of additional recruitment costs.
3. The underspend comprises additional rental income achieved during the year at Billingsgate Market as a result of a rent review.
4. Overspend on one-off reactive repairs & maintenance work at Smithfield Market in addition to the savings target not achieved following the closure of the Poultry Market.
5. There was an increase in expenditure due to additional reactive repairs which had to be undertaken, particularly on open spaces.
6. Overspend due to the employee vacancy factor not being achieved and additional agency staff costs across the security and function team.
7. Savings principally on cyclical works as a result of projects cancelled or deferred to 2024/25, in addition to an underspend on professional fees. Some of these underspent budgets will be carried forward to 2024/25 under City Bridge Foundation carry forward.

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# KPI Performance Table Quarter 4 2023/24

## Appendix B

Key Performance Indicators												
Ref	Title	Target	Group	Committee	Q1		Q2		Q3		Q4	
					Actual	RAG	Actual	RAG	Actual	RAG	Actual	RAG
KPI. 1	Asset Realisation and additional income	£5.1m	CPG	RASC	on target	green	on target	green	on target	green	1.5m	red
KPI. 2	Delivery of Climate Action Strategy Milestones - operational estate	<5%	OG	RASC	<2%	green	2%	amber	<2%	green	<5%	green
KPI.3	Delivery of Climate Action Strategy Milestones - investment property	on schedule	OG	I C	on target	green	off target	amber	off target	amber	off target	amber
KPI. 4	Property contract Performance Compliance***	> 80%	OG	RASC	n/a	n/a	68%	amber	70%	amber	71%	amber
KPI. 5	Adherence to Budgetary Spend Profiles (projects)	95% - 105%	All	I C; RASC	14%	green	28%	amber	53%	amber	93.25%	red
KPI. 6	Capital Project - Project Risk Status	< 30%	PPG	I C; RASC	50%	amber	48%	amber	46%	amber	43%	amber
KPI. 7	Capital Project- Health & Safety*	80%	PPG	I C; RASC	n/a	n/a	91%	green	n/a	n/a	95%	green
KPI. 8	Capital Project - Site sustainability waste management	> 90%	PPG	I C; RASC	98%	green	94%	green	97%	green	89%	amber
KPI. 9	Rental Forecasts*	£100.92m	IPG	I C	n/a	n/a	£103.17m	green	n/a	n/a	£104.78m	green
KPI. 10	Minimise Arrears (<2%March)*	<2% eoy	IPG	I C	n/a	n/a	4.25%	amber	n/a	n/a	3.46%	amber
KPI. 11	Minimise voids (*)	<5%	IPG	I C	n/a	n/a	4.18%	green	n/a	n/a	4.40%	green
KPI. 12	Outperform MSCI**	exceed benchmark	IPG	I C	n/a	n/a	n/a	n/a	n/a	n/a	tbc	tbc
	*reported bi annually											
	** reported annually											
	*** to be reported from Q2, post contract mobilisation											
	eoy - end of year											
	Investment Committee (IC) Resource Allocation Sub Committee (RASC)											

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<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Sub (Policy and Resources) Committee – For information	11 July 2024
<b>Subject:</b> The City Surveyor’s Corporate and Departmental Risk Register – June 2024 Update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth</b>
<b>Does this proposal require extra revenue and/or capital spending? N/A</b>	<b>N</b>
<b>If so, how much? N/A</b>	<b>N/A</b>
<b>What is the source of Funding? N/A</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department? N/A</b>	<b>N/A</b>
<b>Report of: The City Surveyor and Executive Director of Property (CS159/24)</b>	<b>For Information</b>
<b>Report author:</b> John Galvin / Faith Bowman / Anna Flashman City Surveyor’s Department	

### Summary

This report has been produced to provide Members of the Resource Allocation Sub (Policy and Resources) Committee (RASC) with a quarterly update on the management of risks within the City Surveyor’s Department.

The City Surveyor’s Departmental Risk Register is reported to both RASC and Investment Committee, with each Committee receiving information aligned with their terms of reference. The way that the risks map to the two Committees are included as Appendix A. Only risks relevant to this Committee are included within the detailed risk register (Appendix B). The full departmental risk register is available on request.

The City Surveyor as Head of Profession is the lead Chief Officer for one corporate risk - Maintenance and renewal of Corporate Operational Assets (excluding housing assets), CR 37. The recently approved funding for the Cyclical Works Programme (CWP) significantly mitigates this risk. CWP funding is applicable to operational property with the exclusion of ring-fenced and institutional assets where property requirements are funded through different mechanisms. The risk will be subject to further review through the Chief Officer Risk Management Group.

There are ten risks managed by the City Surveyor relevant to this Committee. In addition to CR37, there are a further four departmental risks recorded as red. The red risks currently being managed are:

- SUR SMT 005 – Construction and Service Contracts Price Inflation  
Current risk score 16 (Red)
- SUR SMT 006 – Construction Consultancy Management  
Current risk score 16 (Red)

- SUR SMT 009 – Recruitment and retention of property professionals  
Current risk score 16 (Red)
- SUR SMT 011 – Contractor failure  
Current risk score 16 (Red)

### **Recommendation(s)**

Members are asked to note this report, and the actions taken within the City Surveyor's Department to effectively monitor and manage risks arising from our operations.

### **Main Report**

#### **Background**

1. The City of London Corporation's Risk Management Policy and Strategy 2021 (RMP&S) requires each Chief Officer to report regularly to Committee the key risks faced in their department. The City Surveyor's Department (CSD) reports quarterly to both Investment Committee (IC) and Resource Allocation Sub (Policy and Resources) Committee (RASC).
2. Aligned with the new reporting arrangements we report to your Committee the risks which are relevant under the Committee's terms of reference. For clarity and transparency Appendix A provides a summary table of all departmental risks and the Committee to which they are reported. The full departmental risk register is available to Members upon request.
3. The risks relevant to this Committee are included as Appendix B to this report.
4. Risks are reviewed regularly by the department's Senior Management Team (SMT) in line with the organisation's RMP&S. Risks are assessed on a likelihood-impact basis, and the resultant score is associated with a traffic light colour.
5. Should any changes occur between formal meetings a process exists such that risks can be captured, assessed, and mitigating activities considered. This ensures that the risk management process remains 'live.'

#### **Current Position**

6. The key points to note for this period are captured below:
  - a. CR 37  
Maintenance and Renewal of Corporate Physical Operational Assets  
(excluding housing assets)  
Current Risk Score 16 (Red)

The key mitigation for the risk relates to the provision of sufficient funding for ongoing building maintenance and renewal.

The Court of Common Council agreed a funding amount of £133.7m to be delivered over five years to support the backlog maintenance and next 3 years Cyclical Works Programme. This risk was reviewed in June by the department's management team who felt that as the funding has been awarded for non-ring-fenced and institutional operational property the key mitigation for building and maintenance has been achieved. As the remaining



items sit outside of the responsibility of the City Surveyor's Department with other Chief Officers it has engaged the Corporate Risk team to facilitate the comprehensive review of this risk in collaboration with these Chief Officers through the Chief Officers Risk Management Group to ensure that this risk is mitigated comprehensively across the City of London Corporation.

- b. SUR SMT 005  
Construction and Service Contracts Price inflation  
Current Risk Score 16 (Red)

Whilst market movements have remained steady in recent months, price inflation remains above historic. Particularly in the Property Projects team, feedback is that inflation continues to construction impact inputs, particularly labour.

Tender prices continue to come in at a high level and the department is working with the Chamberlain's procurement team to attract a greater number of contractors to bid on projects. Following this review Two Stage contracts will be used more frequently which is the current market norm. The department will continue to progress mitigations wherever possible.

- c. SUR SMT 006  
Construction Consultancy Management  
Current Risk Score 16 (Red)

The issue of individuals that are assigned from the commercial to the public sector who often do not have the skills and competency required to deliver the work to the required standard is being seen across the construction industry.

The department is working closely with the Procurement team, legal department and Construction Category Board to manage and mitigate this risk. The department continues to take action against consultants when their performance does not meet quality requirements which has resulted in increased end-to-end timescales.

The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4 which is designed to prevent abortive design and development. The impact of this change will be tracked over the coming months.

- d. SUR SMT 009  
Recruitment and Retention of Property Professionals  
Current Risk Score 16 (Red)

The risk scoring on this item was reviewed again by the department's management team in June. There is significant continued competition for the recruitment of experienced property professionals, particularly in Surveying and Project Management.

The department has communicated these pressures corporately and is actively feeding into the wider organisational pay and reward review (Ambition 25) to help mitigate this risk. It should be highlighted that this item has also been identified as a Corporate Risk (CR 39 Recruitment and Retention).

- e. SUR SMT 011

Contractor failure  
Current Risk Score 16 (Red)

This risk relates to the failure of a main contractor, or a main sub-contractor. Particularly with the second of these elements the City Corporation has not historically had significant influence over who is commissioned to undertake work.

Should a main contractor, or sub-contractor, fail, there are knock on implications for warranties, or our capacity to seek redress for any design faults.

The department is now undertaking six-monthly reviews of contractor suitability. Traditionally this only occurs at contract commencement. It is anticipated that this will better prepare the organisation should the contractor experience any difficulties.

- f. SUR SMT 007  
Energy Pricing  
Current Risk Score 4 (Green)

Since the last reporting period the risk rating was reduced from 6 (amber) to 4 (green) as market rates continue to fall and our Power Purchase Agreement (PPA) solar farm will provide long term price certainty. The PPA will supply over 50% of our corporate requirement with below market rate prices. Therefore, this risk has been de-escalated from the departmental risk register and will now be monitored at Operations Group level.

## **Corporate & Strategic Implications**

### **Strategic implications**

7. Organisationally strategic risks are managed on the City Corporation's Corporate Risk Register. Currently the City Surveyor has one risk on this register, CR 37 - Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets).

### **Financial implications**

8. Should a risk manifest there may be financial impacts. The assessment of risk includes consideration of potential financial implications, and this is reflected within the risk scoring.

### **Resource implications**

9. The progression of mitigating activities often requires the provision of adequate resources. Where relevant this has been highlighted within the risk actions.

### **Legal implications**

10. Legal and contractual implications are highlighted where relevant within the department's Risk Register.

### **Risk implications**

11. Key risks managed by the department are included in this Risk Update Report.

### **Equalities implications**

12. The department's risk register highlights the importance of equalities, diversity, and inclusion, particularly through mitigations associated with SUR SMT 009, Recruitment and Retention of Property Professionals.

### **Climate Implications**

13. The department supports the delivery of the Climate Action Strategy through the delivery of minor and major projects. This capacity has been enhanced by the agreement of funding for the Cyclical Works Programme, which includes £18m in carbon reduction works.

### **Security implications**

14. None

### **Conclusion**

15. Members are asked to note the recent changes to the departmental risk register, and the actions taken by CSD to mitigate the likelihood and/or impact of the risks, including the corporate risk regarding non housing operational property maintenance and funding.
16. The current funding allocation to the maintenance and upkeep of the City's operational property portfolio is an ongoing consideration for Members as part of its overall medium-term financial plan.
17. The high-level risk position within the department is broadly aligned with earlier reporting periods. The notable exception to this is the continued reduction in risk scoring in relation to Energy Pricing, and this risk has now been de-escalated from the departmental risk register.

### **Appendices**

- Appendix A Risks by Committee
- Appendix B The City Surveyor's Corporate and Departmental Risk Register relevant to this Committee

### **Background Papers**

- The City Surveyor The City Surveyor's Departmental Risk Register – June 2023 Update (CS 183/23)
- The City Surveyor The City Surveyor's Departmental Risk Register – September 2023 Update (CS279/23)
- The City Surveyor The City Surveyor's Departmental Risk Register – November 2023 Update (CS 326/23)
- The City Surveyor The City Surveyor's Departmental Risk Register – May 2024 Update (CS 055/24)

Departmental Performance & Services  
City Surveyor's Department

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**Risks by Committee**

1. The City Surveyor’s Department (CSD) is currently managing one risk at the Corporate level (CR 37) and a further eleven at the departmental level.
2. Outlined in the table below is how these risks relate to the two reporting Committees, Resource Allocation Sub (Policy and Resources) Committee (RASC) and Investment Committee (IC).
3. Of the twelve total risks, ten relate to RASC and eight to Investment Committee.
4. Only risk relevant to this Committee are included in Appendix B. The full list of risks and their mitigations are available upon request.

<b>Code</b>	<b>Title</b>	<b>RASC</b>	<b>IC</b>	<b>Score</b>
CR 37	Maintenance and renewal of Corporate Operational Assets (excluding housing assets)	X		16
SUR SMT 005	Construction and Service Contracts Price Inflation	X	X	16
SUR SMT 006	Construction Consultancy Management	X	X	16
SUR SMT 009	Recruitment and retention of property professionals	X	X	16
SUR SMT 016	Investment Property Group staffing and Capacity		X	16
SUR SMT 011	Contractor Failure	X	X	16
SUR SMT 002	Insufficient budget to meet user and asset demand at Guildhall	X		12
SUR SMT 003	Investment Strategy Risk		X	12
SUR SMT 010	Insurance - Investment and Corporate Estates	X	X	12
SUR SMT 012	Adjudication & Disputes	X	X	8
SUR SMT 008	Special Structures	X		6
SUR SMT 015	UKPN - Condition and maintenance of substations	X		6

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# SUR Departmental risks - DETAILED REPORT EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman  
Generated on: 13 June 2024



Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	<p><b>Cause:</b> Significant on-going and previously unmet property maintenance costs across the City's Corporate property portfolio (excluding housing).</p> <p><b>Event:</b> Misalignment between funding available and that required by the asset (as defined by the relevant Asset Management Strategy).</p> <p><b>Impact:</b> Built estate becomes not fit for purpose / functions / occupancy. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&amp;S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers.</p>	<p>16</p>	<p>The main driver of this risk is the adequacy of funding to manage and mitigate asset risks.</p> <p>In March 2024 the Court of Common Council agreed £133m funding to be delivered over five years to support the Cyclical Works Programme (CWP). The delivery of these works will significantly support the alignment of the operational estate with the Corporate Property Asset Management Strategy. It should be highlighted that CWP funding is not attributable to ring-fenced property assets (Police estate, New Spitalfields, Billingsgate and the three private schools).</p> <p>Earlier lack of funding did not impact the delivery of Health and Safety and statutory compliance items as these were prioritised within the funding available.</p> <p>This risk is corporate wide and has been extended to sites where asset accountability sits with the relevant Premises Controller in occupation.</p> <p>This risk includes the Barbican Centre and the Guildhall School of Music and Drama (GSMD) who are required to ensure an appropriate experience for audiences, performers, students and staff, to sustain their business models. Similarly, sites across the Environment Department, including the City's off-streetcar parks; the City of London Cemetery and Crematorium; and the Natural Environment Division's green spaces, are open to the public, therefore, adequate funding is critical to manage H&amp;S and reputational impacts.</p>	<p>8</p>	31-Mar-2025	

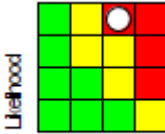
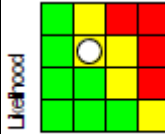

			<p>The City Surveyor has worked hard to ensure that accountability and responsibilities were understood across the organisation and is looking to develop solutions with the Premises Controllers in line with his role as the Head of Profession where gaps in expertise or capacity exist.</p> <p>The target date for this risk (31 March 2025) is included as a 'review point' rather than a target date.</p> <p>The CWP delivery programme is being further defined, and this will provide greater clarity over target timeframes.</p>				
04-Nov-2019 Paul Wilkinson/SLT			<b>12 Jun 2024</b>			Reduce	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR37a <b>Page 24</b>	<p>Cyclical Works Programme (CWP)</p> <p>The Cyclical Works Programme (CWP) is the principal way that the backlog of asset maintenance is delivered to Corporate properties (excluding ring-fenced assets). Funding for the CWP varies annually, and there is a clear link between the availability of funding and the capacity to reduce the risk.</p>	<p>The Delivery Strategy was presented separately to Resource Allocation Sub Committee, Project and Procurement Sub Committee and Policy and Resources Committee in May. This outlined the strategy that will be adopted to deliver the significant programme of works. A number of actions have been planned/undertaken to mitigate the CWP backlog risks. Draft delivery timelines will be confirmed in November 2024 and will inform target risk scoring and delivery. Although the risk will diminish as these works are delivered, the profile of this reduction is still to be determined – therefore the target date of this action (31 March 2025) can be considered a review point.</p> <p>This risk was reviewed in June by the City Surveyor's management team who felt that as the funding has been awarded for non-ring-fenced and institutional operational property the key mitigation for building and maintenance has been achieved. As the remaining items sit outside of the responsibility of the City Surveyor's Department with other Chief Officers it has engaged the Corporate Risk team to facilitate the comprehensive review of this risk in collaboration with these Chief Officers through the Chief Officers Risk Management Group to ensure that this risk is mitigated comprehensively across the City of London Corporation.</p>	Peter Collinson; Sonia Virdee; Paul Wilkinson	12-Jun-2024	31-Mar-2025
CR37b	<p>Ring fenced properties and budgets (CoLP estate, New Spitalfields, Billingsgate and the three private schools)</p> <p>These departmental occupiers allocate their own funds for the maintenance of the built assets. Whilst the City Surveyor's Department recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final</p>	<p>The City Surveyor's Department (CSD) is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance).</p> <p>This action also covers the delivery of the recommendations arising from the recent Internal Audit (IA). Whilst there has been progress in some areas, the actions have not been implemented comprehensively across the Corporation. CSD has highlighted this item to colleagues in IA and departments through the organisation's Chief Officer Risk Management Group.</p> <p>CSD regularly reviews repairs and maintenance risks held by departments across the organisation to ensure that this overarching corporate risk correctly captures the pressures felt by our various departments.</p> <p>The target date for this action is considered as a 'major review' date.</p>	Peter Collinson; Ben Milligan; Paul Wilkinson	12-Jun-2024	31-Mar-2025



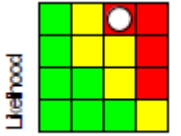
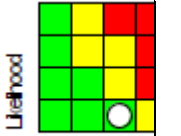
	<p>control over maintenance activity.</p> <p>The City Surveyor's Department is seeking to ensure that communications are optimised such that there is a clear understanding of works to be done, and there is clarity over roles and responsibilities. This helps to reduce risk likelihood.</p>				
CR37f	<p>Annual Major Capital Bids</p> <p>The annual capital bids programme and recommendations (October) are built into the subsequent year's organisational budget which is presented to Court.</p> <p>The City Surveyor's Department presents bids in relation to works at the Guildhall, Walbrook Wharf and the Central Criminal Court. Support is also provided to occupying departments where they are required to collate their own bids. Capital bids are only considered where funding is not possible through other funding routes (such as CWP).</p>	<p>The bid for the H&amp;S works at the Guildhall and the Central Criminal Court were approved in October as part of the overall organisational budget a setting process (March 2024).</p> <p>The City Surveyor's Department will continue to develop bids for the department and offer support to other departments for their bids.</p> <p>The target date on this risk reflects the annual nature of bidding process.</p>	Paul Wilkinson ; Peter Young	12-Jun-2024	31-Mar-2025
CR37g	<p>Operational Property Review</p> <p>The City Corporation has commenced an Operational Property Review (OPR) programme to consider the future property requirements to deliver the organisation's services. This will align with the Resource Priority Refresh programme.</p> <p>Where properties are identified as no longer required to deliver</p>	<p>The Environment, and Community &amp; Children Services reviews have been completed and the results presented to Members. These initial reviews identified baseline operational requirements, financial position, and state of repair which has enabled the consideration of detailed costed options.</p>	Judith Finlay; Bob Roberts; Sonia Virdee; Peter Young	12-Jun-2024	31-Mar-2025

	<p>City services, alternative uses (or disposal) can be progressed. This will both lower the maintenance backlog, and funds can be used for maintenance projects elsewhere in the estate. Whilst a positive move, the majority of outstanding maintenance is at our major buildings (Guildhall, Barbican etc).</p>				
<p>CR37h</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 26</p>	<p>Renewal Programmes</p> <p>Where appropriate it may be more efficient to wrap up a number of maintenance requirement (both forward and backlog) into a major renewal programme. By their nature these will be far wider in scope and therefore substantial funding is required. Whilst these actions are more uncertain it is useful to track progress as, should they progress, they will make a significant impact on the overall risk.</p>	<p>The Barbican Centre renewal project will repair the building so it can function in the future, opening up under-utilised space, improving accessibility, whilst delivering against its sustainability aspirations. Public survey and workshops were completed in December 2022 with further public consultations throughout 2023 to support the initial business case development. In the interim, £25m has been identified to address immediate concerns, and further work up detailed analysis on requirements.</p> <p>A report considering the longer-term needs of the Barbican Centre was presented to Finance Committee in February which highlighted a potential spend of £450m over the next 20-25 years. Further surveys on the work will take place in Spring 2024 which will further inform the business case.</p> <p>The Guildhall School of Music and Drama (GSMD) are working closely with corporate colleagues to develop and further the Barbican Renew project. GSMD have also engaged space consultants who are undertaking a wide-ranging review of the site to ensure future needs are captured and future funding bids are aligned.</p> <p>The Guildhall Renewal programme has developed a range of options that were presented to Members in January 2024. These options highlighted other cash pressures on the City Corporation and subsequently the Resource Allocation Sub Committee (RASC) determined that major renewal is not possible in the short-term which was subsequently approved by Policy and Resources Committee in February 2024. Whilst minor works will continue, this will not result in a step-change in the overall risk position.</p> <p>Whilst the major renewal of the Guildhall is now deferred, the new Cyclical Works Programme (action CR 37a) includes a significant funding allocation for 2024/25 and following 2 years for the Guildhall Complex site which will help alleviate short- and medium-term issues.</p>	<p>Claire Spencer; Jonathan Vaughan; Peter Young</p>	<p>12-Jun-2024</p>	<p>31-Mar-2025</p>

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 005 Construction and Service Contracts Price Inflation beyond that which was anticipated or planned</b>  14-Oct-2021 Ola Obadara	<b>Cause:</b> Market conditions have led to input price inflation <b>Event:</b> Project and programme cost escalation <b>Impact:</b> Inability to deliver capital and revenue projects within budget	 <b>16</b> Likelihood Impact	<p>Material costs and labour availability are continuing to raise costs beyond that has been anticipated or planned.</p> <p>This item impacts property projects, our facilities management (FM) provision, reactive repairs, and revenue works.</p> <p>Whilst construction cost inflation had been forecast to level out, this has yet to happen. This is across both building materials and construction expertise where labour constraints continue to place upward pressure on pricing.</p> <p>Market conditions remain dynamic and will be kept under review. As such the target date should be considered a review point.</p> <p><b>13 Jun 2024</b></p>	 <b>6</b> Likelihood Impact	31-Mar-2025	  Constant
					Reduce	

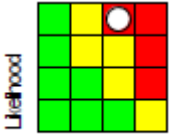
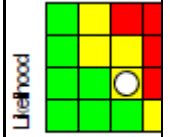

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
Page 27 SUR SMT 005a	Procurement Strategy The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.	This exploration included a review of the prior Single Stage tender process (which had been preferred for medium range projects - £2m - £50m).	Ola Obadara	13-Jun-2024	31-Mar-2025
		Following the review Two Stage contracts will be used more frequently which is the current market norm for these projects. This change enables contractors to better transfer their risk, however, leaves the City with a degree of cost uncertainty, even post Gateway 5. Whilst this transfer is not desired, it does offer far better market coverage and reflects the prevailing external conditions.			
SUR SMT 005d	Contracts Exploring the potential to include different clauses into contracts such that work offered by the City remains attractive to suppliers.	The department and the Chamberlain's Procurement team have explored the inclusion of fluctuating provisions in our contracts. This has resulted in attracting a greater number of contractors to bid on projects, however the inflation risk has been transferred to the organisation. The value of this approach will be continually reviewed.	Ola Obadara	13-Jun-2024	31-Mar-2025

SUR SMT 005e	<p>Contract Engagement</p> <p>Expanding the amount of information available at an early stage of contract exploration. This will provide greater cost certainty.</p>	<p>The team plan to engage early with our contractors on a consultancy basis to obtain as much information as possible prior to contract.</p>	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 005f	<p>Specification and Materials</p> <p>Ensuring materials are readily available before and during the design phase and, if possible, procure in advance of the contract. This limits the impact of further price rises in at risk commodities.</p>	<p>Inflation in raw materials has decreased, however, it should be noted that prices are not typically falling elsewhere. Further consideration is being given to the origin of source materials to ensure supply.</p>	Ola Obadara	13-Jun-2024	31-Mar-2025

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 006 Construction Consultancy Management  14-Oct-2021 Ola Obadara	<b>Cause:</b> Poor performance by consultants <b>Event:</b> Abortive work, delays, or non-performance. <b>Impact:</b> Additional costs, project delays		16	<p>This relates to abortive design / development.</p> <p>The department continues to suffer the impacts of this risk, with action being taken against consultants when their performance does not meet expectations. Individuals assigned in the commercial market to City (and public sector generally) projects often do not have the skill and competency required to deliver the work to the standard required. This issue is being seen across the construction industry.</p> <p><b>13 Jun 2024</b></p>		4	31-Mar-2025	Constant
							Reduce	

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
Page 29 SUR SMT 006a	Commissioning stage	Close work with the Procurement Team in Chamberlain's has resulted in this change. The impact will be tracked over the coming months.			Ola Obadara	13-Jun-2024	31-Mar-2025
	The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This is designed to prevent abortive design and development.						
SUR SMT 006b	Legal  The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements	Where performance has been poor action has been taken against consultants which has increased end-to-end timescales. Due to public sector contract constraints, our ability to seek immediate redress from construction consultancy contractors is limited whilst action is taken, results take longer than would otherwise be possible in a commercial environment. The department is working with colleagues through the Construction Category Board on this item			Ola Obadara	13-Jun-2024	31-Mar-2025

SUR SMT 006c	<p>Procurement</p> <p>Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality applications and this risk may reduce.</p>	<p>The department continues to work with colleagues from the Procurement team to explore available options to manage and mitigate this risk. The City's public sector role limits the number of avenues compared to commercial operators.</p> <p>The City Surveyor's Department participated at the March "Meet the Supplier – Construction and Professional Services" event organised by the Procurement team. This event was aimed at further diversification and strengthening of our supplier base. Subsequently further engagement with colleagues has taken place to consider lessons learnt and next steps.</p>	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 006d	<p>Scope of works</p> <p>The team is reviewing and tightening up the scope of works specification. This will counter opportunistic interpretations of the scope of works that we were seeing from some consultants</p>	<p>Detailed scoping is required to ensure that projects are delivered on-time and on-budget which can lead to extended lead times.</p> <p>Due to a wider lack of skills in the industry, consultants allocated to this element of work are making more errors than desired which has contributed to the overall red risk rating. Further actions are being explored; however, this is an industry wide issue (particularly for public sector organisations).</p>	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 006e	<p>Review of appointment documents</p> <p>The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements</p>	<p>Action has been taken against consultants where performance has been poor which has resulted in increased end to end timescales.</p>	Ola Obadara	13-Jun-2024	31-Mar-2025

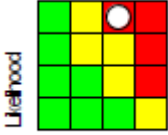
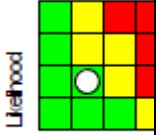

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 009 Recruitment and retention of property professional</b>  21-Jan-2022 Paul Wilkinson  <b>Page 31</b>	<b>Cause:</b> Uncompetitive pay and benefits structures within some professional grades; poor quality work environments; lack of professional progression over recruitment freeze and restructuring period; increased employee focus on work-life balance <b>Event:</b> Increasingly difficult to recruit suitably skilled staff at the correct level for the grade being recruited for. Increasingly difficulty to keep staff who get better reward packages from other organisation (both commercial and public sector) <b>Impact:</b> Increased vacancies, objectives unachieved or delivered late (including project delivery and income generation), reduced customer satisfaction, less real estate activity, reduced employee wellbeing, demotivation of staff. Increased costs borne by the organisation though recruitment campaigns and training etc, or to the department through filling vacancies through comparatively expensive temporary contracts.	 16 Impact	This risk has been identified across several divisions of the City Surveyor's Department particularly within Investment Property, Surveying and Project Management.  This risk was reviewed in June 2024 and its risk score maintained due to specific issues in certain industries.  The department continues to engage with corporate colleagues to mitigate this risk over the long term.  The risk will be kept under review, with the target date reflecting this on-going review.  <b>12 Jun 2024</b>	 8 Impact	31-Mar-2025	  Constant
					Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 009a	Advertising The department and the HR Business Partner has produced a recruitment best practice document, which includes ensuring that vacant posts are advertised in areas which will generate interest from suitably qualified candidates, including those currently under-represented within our workforce.	Recruitment campaigns have followed Corporate best practice recruitment (i.e. diverse panels) which has been well received by staff.	Paul Wilkinson	13-Jun-2024	31-Mar-2025

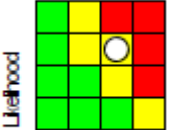
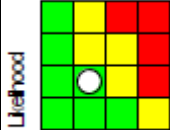

SUR SMT 009b	<p>Best Practice</p> <p>Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.</p>	CSD is supporting Corporate HR with embedding the on-line appraisal system which enables greater tracking of compliance with the performance management process.	Paul Wilkinson	13-Jun-2024	31-Mar-2025
SUR SMT 009c	<p>Communication</p> <p>Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.</p>	Managers across the department are in the process of ensuring that all end of year appraisals have been inputted into the system.	Paul Wilkinson	13-Jun-2024	31-Mar-2025
SUR SMT 009d	<p>Engagement with HR</p> <p>Some of the items highlighted as the 'causes' of this risk are outside the control of CSD, and engagement with our Corporate partners will be critical to overcoming these items. This departmental risk directly supports the Corporate Risk on "Recruitment and Retention" (CR39).</p>	Corporate HR have delivered a new staff survey, and the department will develop an action plan in September following analysis of the results.	Paul Wilkinson	13-Jun-2024	31-Mar-2025
SUR SMT 009e	<p>Equalities, Diversity and Inclusion</p> <p>The department has an active ED&amp;I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department a more attractive destination for under-represented groups and seek to retain and progress staff from all backgrounds. There is corporate HR representation on this departmentally led Group</p>	The CSD ED&I group continues to meet regularly and monitor and track delivery of the ED&I action plan. The June meeting included updates from the Corporate Equalities team and the WIN and Carers and Parents staff networks A neurodiversity all staff talk has been scheduled in September which will cover the full end-to-end process of responsible procurement, the contractor's commitment to delivery, and the social value impact.	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 009f	<p>Pay and Review Survey</p>	The department has highlighted that there are specific pressures within this department in relation to the withdrawal of the earlier reward scheme (where those on top-of-grading salaries could achieve performance	Paul Wilkinson	12-Jun-2024	31-Mar-2025



	The Corporation is reviewing pay & reward	related pay) prior to the review conclusions which has made our remuneration package less competitive than our peers. The department is engaging with Korn Ferry who are currently conducting the Ambition 25 review of pay and reward. Local feedback suggests that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention is more challenging and existing staff are concerned about their current pay and of potential negative impact from Ambition 25.			
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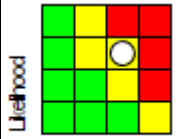
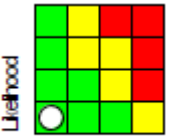

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 011 Contractor Failure</b>  Page 33 -Feb-2023 Obadara	<b>Cause:</b> Market conditions <b>Event:</b> Failure of either a main contractor, or a substantial sub-contractor <b>Impact:</b> Delayed delivery of projects, or the delivery of projects at a higher cost	 Likelihood Impact	<b>16</b>	This risk relates to the failure of a main contractor, or a main sub-contractor. In particular, the City Corporation has not historically had a significant influence over who is commissioned to undertake work.  Should a main contractor, or sub-contractor, fail, there are knock on implications for warranties, or our capacity to seek redress for any design faults. Recent industry uncertainty has raised the risk likelihood, and this risk remains at Red.  <b>13 Jun 2024</b>	 Likelihood Impact	<b>4</b>	31-Mar-2025	  Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 011a	Tendering  Seeking to have greater say over who a main contractor appoints as a sub-contractor. This will help reduce the likelihood of this risk occurring.	The department has commenced work with Procurement to ensure that our commissioning takes greater account of contractor and sub-contractor failure into consideration. We may need to have a greater say in who a main contractor identifies as an appropriate sub-Contractor. Further actions to follow this initial engagement.	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 011b	Review Process  Regular review of contractors and their sustainability will reduce the likelihood of the risk and help us put in place measures to reduce the impact.	The department is instituting six-monthly reviews of contractor suitability. Historically this only happened at contract commencement. This will better prepare the organisation if the contractor (or significant sub-contractor) begins to experience difficulty.	Ola Obadara	13-Jun-2024	31-Mar-2025

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 002</b> <b>Insufficient budget to meet user and asset demand at Guildhall</b>  10-Feb-2015 Peter Young	<b>Cause:</b> Insufficient funding available for Major Works, Cyclical Works and Reactive Maintenance to manage the repair demands on the Guildhall Complex. <b>Event:</b> Insufficient asset funding. <b>Impact:</b> The standard of the Guildhall Complex will deteriorate, resulting in; poorer working environments leading to increased dissatisfaction and lower employee productivity and potential increase in breakdowns and reactive costs as the basic infrastructure of the Complex becomes beyond economic repair.	 Likelihood Impact	<b>12</b>	<p>The principal mitigation actions are related to forecasting and monitoring the allocation of financial and human resources.</p> <p>The Guildhall Renewal programme developed a range of options that were considered by Members in January. However, the organisation's wider financial context means that the larger renewal programmes are unlikely in the short- term.</p> <p>The Cyclical Works Programme has recently been approved, and this includes significant funding for works at the Guildhall which will maintain the building over the medium-term.</p> <p>Corporate Services Committee recently approved an updated policy relating to the minimum number of days that officers should be in the workplace. This increased occupation will result in greater 'wear and tear' on the building and its infrastructure.</p> <p>The target date on this risk will be confirmed once the programme of works is defined.</p> <p><b>12 Jun 2024</b></p>	 Likelihood Impact	<b>4</b>	31-Mar-2025	
							Reduce	


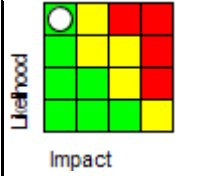
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 002e	Fundamental Review of the North and West Wings of Guildhall  The review will present options to Members on how to consider the medium- and long-term position of the Guildhall site to ensure modern, fit-for-purpose accommodation for Members and Officers	Options have been developed and presented to Members, however, due to the considerable funding gap the progression of any renewal programme will be delayed until more funding is available. However, in the interim reduced scope repair and improvement works will continue to be delivered.	Paul Wilkinson; Peter Young	13-Jun-2024	31-Mar-2025

SUR SMT 002f	<p>Cross departmental working with Remembrancer's Events Team.</p> <p>This activity is seeking to create a single profit and loss account for events at the Guildhall, such that there is greater transparency over income and repair and maintenance outgoings.</p>	<p>Single point of contact for Profit and Loss for event space created within the Remembrancer's. Shadow budget was agreed. The business plans of both the Remembrance and the City Surveyor have highlighted the delivery of this activity as a priority for the coming year.</p> <p>The mechanics of the agreed approach of the Trading Account was presented to Members at Finance committee. The department has sought support from Chamberlain's to implement this.</p>	Remembrancer; John James; Peter Young	13-Jun-2024	31-Jan-2025
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 010 Insurance - Investment and Corporate Estates</b>  26-May-2022 Robert Murphy;	<b>Cause:</b> Revaluation of the City Corporation's estates (Investment and Corporate) does not happen in a timescale compliant with insurance policy requirements or the terms of leases. <b>Event:</b> The City fails to meet the provision under its insurance policies that revaluations are undertaken by a RICS surveyor at least every five years (Investment and Corporate). The City is in breach of its legal obligations as a landlord under the terms of its leases to ensure that the full re-instatement value is insured <b>Impact:</b> The insurance policy does not respond in full (Investment and Corporate). Potential legal action from commercial occupiers in the event of an incident for which there is not appropriate cover.	 <b>12</b>	This risk identifies the need of re-valuation of the City of London Estates – (Investment and Corporate) to ensure that the City reaches its legal obligations under its insurance policies.  The last on-site valuations of the Investment Property Group estate and corporate buildings (other than special sites) was undertaken in 2015. Funding has recently been identified and a budget is now in place. Tender documents have been drafted.  Once contractors are on-site and progressing with completing this activity the risk rating should start to reduce.  <b>13 Jun 2024</b>	 <b>1</b>	31-Mar-2025	  Constant
					Reduce	

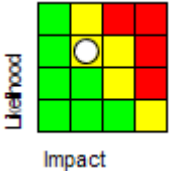
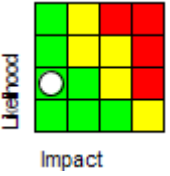

**Part 36**

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a	Register of data  Ensuring the completeness of the organisation's data sets to ensure that assets are not 'lost' and accuracy of our risk scoring.	A property schedule exists, and this has been updated with the survey carried out on Special Sites (by RLF).	Robert Murphy	13-Jun-2024	31-Jan-2025
SUR SMT 010b	Funding  The identification of funding streams to undertake any valuation work is key to the delivery of the programme.	Where leases allow, the cost can be recovered from commercial tenants, and operational occupiers as appropriate. Funding has been agreed and a budget line identified where relevant within the City Corporation.	John James; Robert Murphy	13-Jun-2024	31-Mar-2025
SUR SMT 010c	Delivery  Delivery of the programme of valuation activity. As this progresses the risk score will reduce to target.	The delivery of this activity will be done by an external party. Investment Property Group are currently reviewing properties and gathering information. The tender has been developed and is being finalised and once approved and awarded, contractors will be engaged to progress with the activity.	Robert Murphy	13-Jun-2024	31-Mar-2025

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 012 Adjudication & Disputes  31-Aug-2023 Ola Obadara	<p><b>Cause:</b> The impact of COVID-19 on project delivery.</p> <p><b>Event:</b> Regulations restricted access to sites and resulted in more design work being undertaken remotely. Productivity at sites was adversely impacted.</p> <p><b>Impact:</b> Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.</p>		8	<p>The department's risk register has a separate risk relating to 'construction price inflation'. The inflation risk is wider as it also captures cost escalations due to other causes (Ukraine, energy, etc). This risk only focusses on adjudication &amp; disputes.</p> <p>This risk may remain on the register until projects commenced prior to, or during, the COVID-19 pandemic, have been delivered and finalised. The risk scoring will be kept under review.</p>		4	31-Mar-2025	Constant

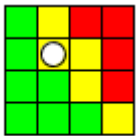
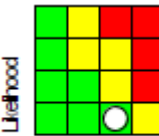

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 012a	Project Review and Claims Consultant  Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).	The department is reviewing projects alongside the contracts to understand our position and has engaged an external Claims Consultants to ensure that risks are managed, and the City's position is protected. Whilst the Claims Consultant has been effective in seeking redress, unfortunately there is a volume of work that needs to be considered. The current risk scoring will be retained until this knot of projects has been delivered and considered.	Ola Obadara	13-Jun-2024	31-Mar-2025

Page 37

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 008 Special Structures</b>  20-Oct-2021 Peter Young	<b>Cause:</b> Lack of central register for special structures and/or ambiguity over accountability, responsibility for budget provision <b>Event:</b> Incomplete, or not up-to-date register of special structures and planned maintenance regime <b>Impact:</b> Potential failure of special structure and/or forced closure of asset / space		<b>6</b>	Special structures relate to those structural elements with an asset which supports other (often public) elements, so captures basements, sub-road spaces, supporting structures etc.  Previously there was no central structures register within the portfolio, and therefore no prescribed or routine inspection regime in place to ensure that they remain in a suitable condition which is being addressed through the mitigation of this risk, but the task is significant.  Where remedial works are identified inspections are flagged. These items may be subject to future bids for funds.  <b>13 Jun 2024</b>		<b>2</b>	31-Mar-2025	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 008a	Special Structures register of challenge. By tracking delivery against and up-to-date register, and assessing the structures in a risk-based approach, will help mitigate the risk swiftly	Funding to undertake the technical inspections, create the inventory and survey current condition was approved as part of the Cyclical Works Programme (CWP) 22/23 Bid List. The survey programme is now in progress.  The initial desktop survey has been completed, (February 2024) which identified a list of structures which required more detailed assessment which are currently in progress. The survey process is also developing survey programme for Special Structures (some assets will require more frequent assessment). This information will be captured on the Computer Aided Facilities Management (CAFM) software.	Peter Collinson	13-Jun-2024	31-Mar-2025
SUR SMT 008b	Special structures – investment portfolio Ensuring on-going accuracy of the special structures register in the investment portfolio, in order to understand and assess our risks.	Register for the investment estate exists, however, requires a refreshed survey to ensure on-going accuracy of information. This is being addressed through the programme of works as identified in action SUR SMT 008a.	Peter Collinson; Robert Murphy	13-Jun-2024	31-Mar-2025
SUR SMT 008d	Special Structures – other assets	The Corporate Property Director and Operations Group Director are engaging with other departments to ensure that there is clarity over responsibilities and the actions needed to mitigate this risk comprehensively across the City of London Corporation.	Peter Collinson;	13-Jun-2024	31-Mar-2025

	Ensuring that premises controllers, where this is not the City Surveyor, remain aware of their responsibilities. This helps manage the risk at these locations		Peter Young		
SUR SMT 008e	Special Structures – works  To undertake works where the inspection programme has identified areas of need. This will manage the likelihood of this risk.	Should the inspection process (action SUR SMT 008a) identify assets which require additional works to bridge the gap between current and desired condition, further funding bid requests may result. Note that this action is subject to the availability of funding (CWP bid process, as outlined in action CR37a).  It is likely that these bids will be forthcoming through the first quarter of 2024.	Peter Collinson	13-Jun-2024	31-Mar-2025

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 015 UKPN - Condition and maintenance of substations</b>  Feb-2024 Paul Wilkinson	<b>Cause:</b> Either the failure of UK Power Networks (UKPN) to adequately maintain their facilities adequately (including equipment), or any failure on behalf of the City Corporation to structures where these are our responsibility, to a condition adequate to prevent issues arising. <b>Event:</b> Potential for flood or fire of substation <b>Impact:</b> Potential flood or fire leading to impact on operational assets and interruption to service delivery and/or claim from UKPN for business interruption.	 Likelihood Impact	<b>6</b>  This risk was being tracked on Corporate Property Group Risk Register, but due to recent events (Central Criminal Court substation fire) it has been considered appropriate to raise this risk to the departmental level.  This risk covers investment and operational (non-Housing) assets.  <b>08 Apr 2024</b>	 Likelihood Impact	<b>4</b>		  Constant	
						Reduce		

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 015a	Corporate Working Group The creation of a corporate wide Working Group by the Corporate Health and Safety committee is to bring the relevant organisational leads together (Legal, Housing, City Surveyor's, etc. to jointly assess and address the risk.	This has been set up and is chaired by the City Surveyor. A tracker has been developed for completion by all City departments to identify whether there are any transformers on their assets and progress was reviewed in May. The next step will be to contact UKPN to obtain fires and asbestos risk assessments and liaise with the legal team to ensure that lease agreements are in place and to understand departmental responsibilities.	Oliver Sanandres; Peter Young/Kirpal Kaur	13-Jun-2024	31-Mar-2025
SUR SMT 015b	Identifying Responsibility	The City Surveyor's Department is collating an inventory of all UKPN substations across our estates, and seeking to identify leases wherever these are available. Because of age of the structures, many assets may not have current legal documentation.	Peter Young	13-Jun-2024	31-Mar-2025

	This background data will help codify the split of responsibility between the City Corporation and UKPN	<p>The organisation’s legal team, supported by the external legal experts Hogan Lovells, have been in contact with UKPN in connection with codifying roles and responsibilities.</p> <p>The new working group is refreshing a single schedule of all plantrooms and substations which will enable the City Solicitor and Asset Advisors to identify where existing leases may have expired.</p> <p>The organisation’s legal team, supported by the external legal experts Hogan Lovells, have been in contact with UKPN in connection with codifying roles and responsibilities and arranging access for CoL as landlord.</p>			
SUR SMT 015c	<p>Equipment</p> <p>The organisation will need to be satisfied that equipment housed within City assets continues to operate as anticipated – this information will need to be supplied by UKPN as part of an inspection regime. Similarly, the organisation will need to ensure that any structural elements which are our responsibility are maintained appropriately.</p>	<p>Whilst substation leases will allow for the inspection by the landlord, functionally this requires an attendee from UKPN to ensure that the space is safe to enter and inspect. UKPN are not always responding to CoLC requests.</p> <p>This action is being progressed by the relevant Premises Controllers in City Surveyor’s alongside colleagues from the Comptroller and City Solicitor and the external legal expert Hogan Lovells.</p>	Peter Young	08-Apr-2024	31-Mar-2025



<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Subcommittee	11/07/2024
<b>Subject: 23/24 Energy &amp; Decarbonisation Performance Q4 Update for the Operational Portfolio.</b>	
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>Leading Sustainable Environment</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	no
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	No
<b>Report of: The City Surveyor</b>	<b>For Information</b>
<b>Report author: Emma Bushell</b>	

### Summary

This report presents the 2023/24 Quarter 4 energy performance for the City of London Corporation (COLCCC) operational sites. There has been a 22.2% reduction in energy usage since the 2018/19 baseline year (weather-corrected) and we remain on track to achieve our Net Zero Carbon targets by 2027.

### Recommendation(s)

- Note, that for the rolling year, Q4 23/24 weather-corrected energy consumption has reduced by 22.2% compared to the baseline year 2018/19 as compared to 19% for Q3 23/24.

### Main report

#### Background

1. The 23/24 Q3 Energy performance report was submitted to the RASC meeting on 13<sup>th</sup> March 2024. This noted the rolling 12-month energy performance reduced by 19% on the weather-corrected values for the Climate Action Baseline year of 2018/19.
2. The Climate Action Strategy (CAS) year 4 plan for 2024/25 is being delivered, as approved by the Policy and Resources Committee. The plan includes the CPG workstream, which focuses on reducing the carbon emissions within the City Corporation’s estate through a range of tasks including capital works projects, building control improvements, and monitoring and targeting activities.

#### CAS target alignment

3. The CAS buildings baseline includes the operational property portfolio, landlord supplies to housing estates and investment properties.
4. To achieve the Net Zero CO<sub>2</sub>e target by 2027 for our scope 1 and 2 operational emissions, residual emissions are planned to be mitigated via land-based carbon sequestration from our green spaces.

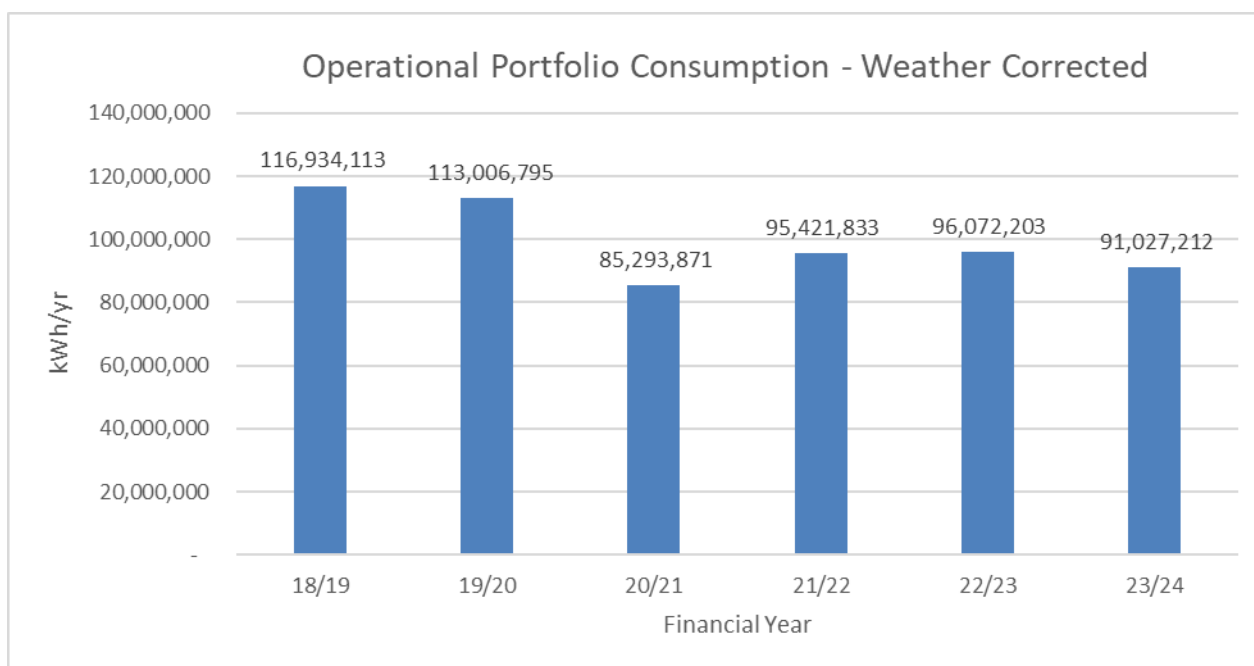
#### Current position

5. For the rolling year, Q4 23/24 weather-corrected energy consumption has reduced by 22.2% compared to the baseline year 2018/19 as compared to 19% for Q3 23/24.

6. Over the last 12 months the 30 highest consuming sites have seen a reduction in energy consumption of 5,378 MWh (5.7%) when compared to the preceding 12 months (Appendix Table 1).
7. A significant contributor to this reduction in energy consumption is the removal of the poultry market at Smithfield Market. This removal likely accounts for roughly 1,000 MWh of the 5,378 MWh drop in energy consumption.
8. As we move into 24/25, we will soon be able to compare two consecutive years post covid (24/25 vs 23/24). COVID-19 caused a significant decrease in energy consumption throughout 20/21 – 22/23 due to a decrease in building occupancy levels. This made it challenging to accurately calculate how buildings had been performing and compare them against other years.
9. The CAS Capital Delivery Programme for Operational Buildings, which was approved at Gateway 2 in December 2022, has progressed many projects within that programme to the Gateway 5 stage. The programme is expected to provide 520 tonnes of CO<sub>2</sub>-e savings per annum across our scope 1 and 2 emissions. This is further detailed in paragraph 15.

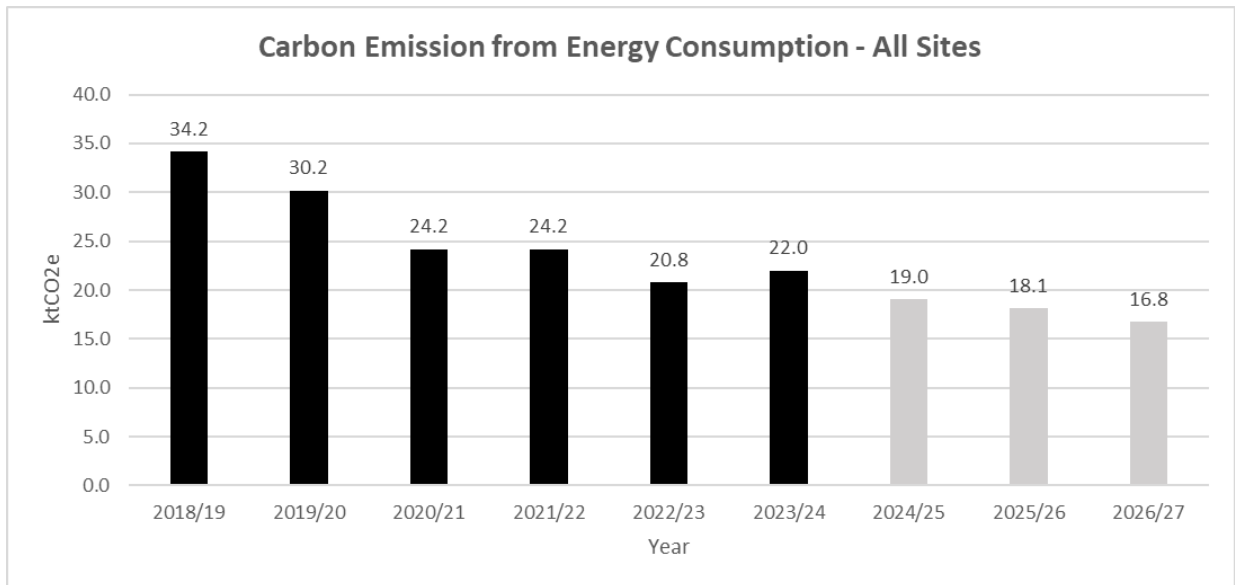
10. **Performance update**

**Chart 1.** Consumption Performance of the operational portfolio (weather-corrected)



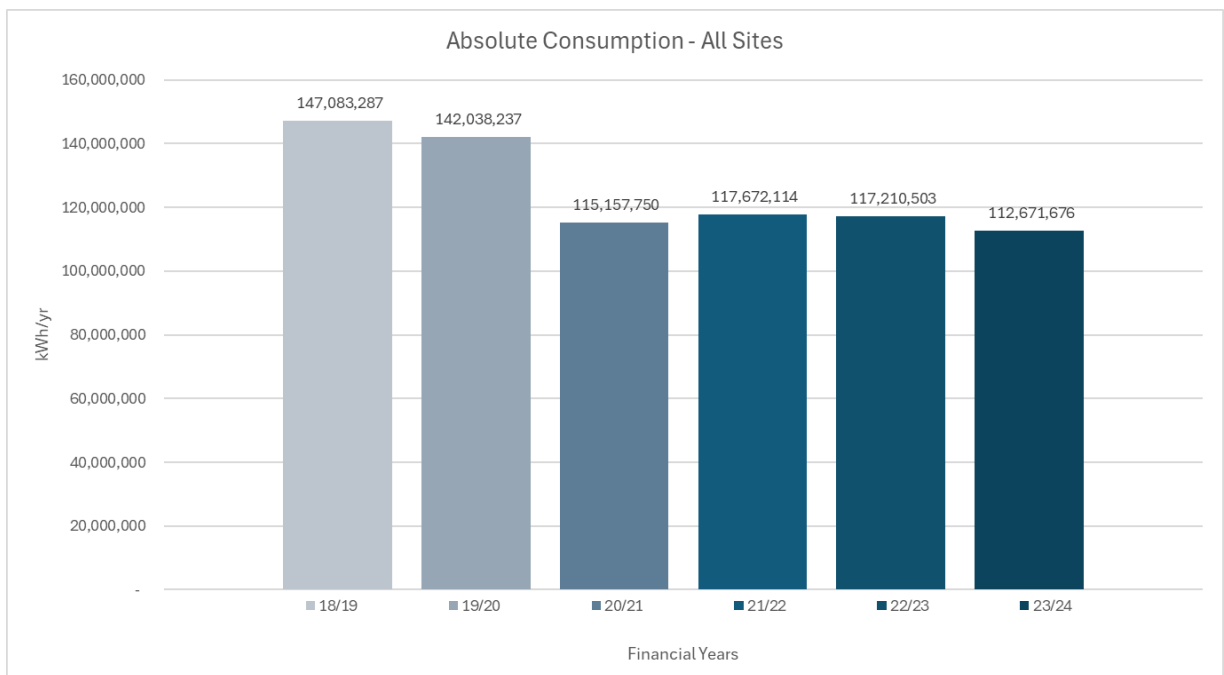
- a. Chart 1 portrays weather-corrected operational portfolio consumption year on year since 18/19. The 23/24 consumption figure was 22.2% less than 18/19 and 5.3% less than 22/23.
- b. Chart 1 is the combined consumption of grid electricity, gas, heat, chill and oil.

**Chart 2.** Carbon Trajectory progress towards the 2027 carbon target for the COLCCC portfolio



- a. 2023/24's total carbon emissions were approximately 22kt CO<sub>2</sub>-e. This is a 12.2ktCO<sub>2</sub>-e reduction compared with the baseline year of 2018/19. Please also note that this figure is currently being audited and is subject to change.
- b. In chart 2, the black bars show how we have performed over previous financial years and the grey bars are the future targets until 2026/27.
- c. Carbon emissions over 23/24 have increased vs 22/23 due to increased carbon factors for grid electricity, Citigen heat and Citigen chill.
- d. Chart 2 is based on the total consumption of grid electricity, gas, heat, chill & oil.

**Chart 3.** Total Consumption across all COLC sites



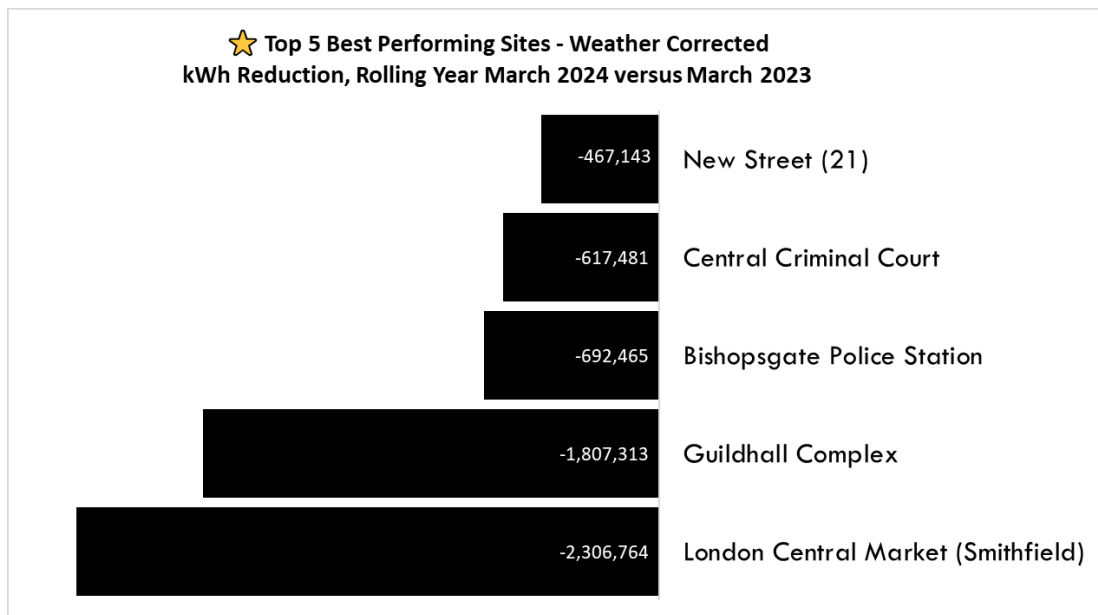
- a. Total consumption across all COLC sites has decreased by 23.4% vs the baseline year of 18/19 (not weather-corrected).

b. The chart shows that despite carbon emissions increasing for 23/24 vs 22/23, total consumption decreased by 4%. Consumption for 23/24 was also lower than during the peak of the COVID-19 lockdown in 20/21.

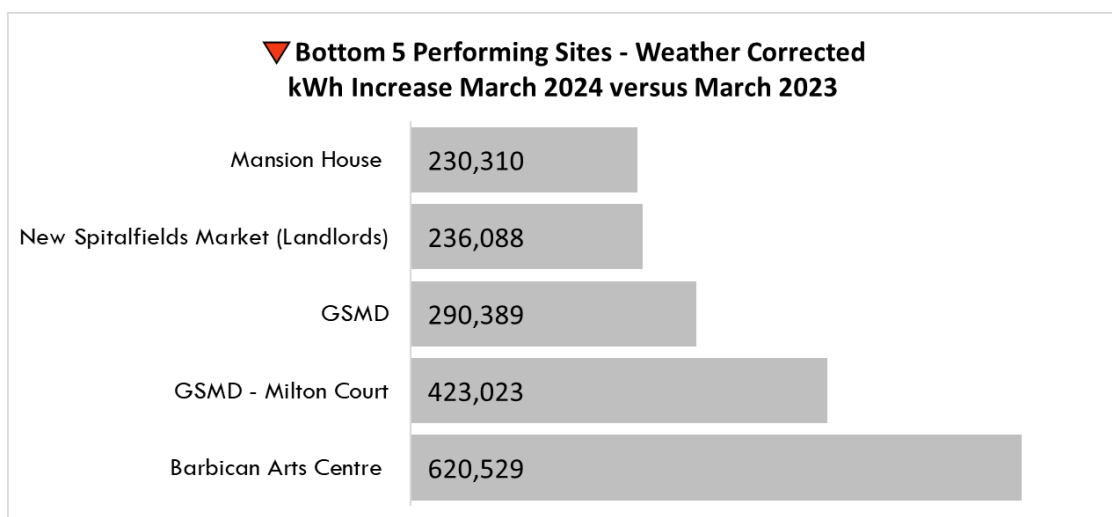
c. Chart 3 is based on the total consumption of electricity, gas, heat, chill & oil.

11. 2023/24 has been the strongest year yet for energy use reduction. However, the impact of the increase in grid electricity carbon factor & Citigen carbon factors has caused an increase in carbon emissions. The completion of the energy and carbon saving projects under the CPG project plan will support the continued reduction of carbon emissions towards our CAS 2027 Net Zero Carbon target, continued focus is needed to ensure the pace of delivery meets requirements.

12. **Chart 4.** Overall performance Q4 Top 5 sites – weather corrected.



**Chart 5:** Overall performance Q4 bottom 5 sites – weather corrected.



13. Chart 2 shows the top-performing sites with the highest energy reductions over the past 12 months compared to the previous 12 months. Chart 4 shows the worst-performing sites with the highest increases in energy use over the same period.

14. The top-performing sites have continued to show a reduction due to improved controls and the implementation of energy-saving measures.

15. The bottom sites have seen increases in heating demand and occupancy levels and increased refurbishment activities. The Energy and Sustainability Team continues to

collaborate with these sites to optimise their performance. Further information can be found in Figure 2 of the Appendix.

### **Progress on energy projects**

16. **PSDS Project:** In 2021 the COLC was awarded £9.5M under the Public Sector Decarbonisation Scheme (PSDS) to deliver energy efficiency works across five sites, anticipated to save annually c.900t CO<sub>2</sub>-e (based on 2027 carbon factors) and c.£600k in energy costs (based on 2021 energy prices). These works are now complete and our initial post-project verification indicates annual savings of c.780t CO<sub>2</sub>-e (based on projected 2027 carbon factors) and c.£1mil in avoided energy costs (based on current short-term projected prices). Where anticipated energy/carbon savings have not been achieved we are investigating. Final verification of the savings is expected at Gateway 6 in Q4.
17. **CAS Capital Programme:** The CPG project plan of CAS includes the development and delivery of a capital works programme to invest in carbon-saving projects across the scope 1 and 2 emissions within our buildings. In December 2022 Policy and Resources Committee approved a Gateway 2 paper setting out a programme of projects across our operational portfolio. The total capital cost is estimated at £5,338,615 (excluding risk) and targets savings of 520t CO<sub>2</sub>-e per annum and energy cost savings of £550,000 per annum. The first projects have been approved at Gateway 5 and works onsite are proceeding. Seven further projects are in the design and development stages with Gateway approvals due in early 2024. For a full list of projects please see the Appendix.
18. **BEMS:** Improved control of our energy usage through the Building Energy Management System (BEMS) within buildings has played a key role in improving operational energy efficiency. This has been supported through the deployment of a pilot Building Analytics Platform at the Guildhall and LMA in 2022 and the further rollout to CCC and Mansion House is now complete. In the last quarter, BEMS strategy improvements work has focused on, CCC, Freeman's School, Mansion House, Smithfield Market and COLC School. The transition of the BEMS to a new platform has continued with projects close to completion at LMA, Freeman's School (Junior block), Walbrook Wharf, Tower Bridge, and Smithfield West Market and projects at Gateway 5 for Guildhall East Wing (non-office areas), Heathrow Animal Reception Centre, and Epping Forest. These projects are enablers for further energy efficiency projects at these sites.

### **Corporate and strategic implications**

19. **Strategic implications:** Energy performance is linked to resilience and helps ensure business continuity through reduced pressure on the energy infrastructure within the Square Mile. We support a thriving economy by ensuring environmental responsibility in this way. Our energy performance helps to shape outstanding environments through the reduction of CO<sub>2</sub>-e emissions and our commitment to procuring clean renewable energy. In this way our energy performance helps shape the outcome "Leading Sustainable Environment".
20. **Financial implications:** The savings in this report detail reductions in energy consumption and not against agreed budgets. For longer sustainable gains the focus needs to be on improving the efficient use of energy, through targeted investment in energy-saving measures. Note that future savings because of lower energy spend related to the PSDS project will be transferred to the Build Back Better fund for re-investment with further projects.

## Conclusion

21. The energy performance in Q4 23/24 remains on track with the long-term trajectory needed to meet our CAS targets for 2027, although the recent increase in grid electricity carbon factor will make this more challenging. We continue to mobilise the CPG workstream related to operational buildings within the Climate Action Strategy. We have absorbed the impact of the reoccupation of our building stock following the COVID-19 pandemic. Our carbon target is challenging but the current data indicates achievable, requiring action in all areas of the City Corporation to ensure we meet our planned objectives. Our focus is now on ensuring the next phase of climate action projects can be implemented in a timely and effective manner.

### Report authors

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## Appendix

Figure 1. Top 30 site energy performance

Weather Corrected Data: Performance comparison by top 30 sites: Q4 2023/24

Row Labels	Sum of Mar-19	Sum of Mar-20	Sum of Mar-21	Sum of Mar-22	2024 vs 20	2024 vs 2021	Sum of 24 vs 23
London Central Market (Smithfield)	17,056,397	10,476,244	11,421,698	9,114,934	-46.6%	-20.2%	2,306,764
Guildhall Complex	17,540,526	14,277,626	12,714,405	10,907,092	-37.8%	-14.2%	1,807,313
Bishopsgate Police Station	3,420,144	2,774,868	3,021,376	2,328,910	-31.9%	-22.9%	692,465
Central Criminal Court	7,838,884	6,627,954	5,569,876	4,952,395	-36.8%	-11.1%	617,481
New Street (21)	1,807,820	2,545,050	2,640,699	2,173,557	20.2%	-17.7%	467,143
City of London School	3,229,652	3,155,942	3,333,962	2,908,698	-9.9%	-12.8%	425,264
City of London Crematorium	2,814,256	2,298,816	2,324,356	1,926,270	-31.6%	-17.1%	398,086
City of London Freeman's School	4,861,012	4,586,349	4,941,273	4,695,987	-3.4%	-5.0%	245,287
Tower Hill Coach & Car Park	542,795	537,209	549,299	378,301	-30.3%	-31.1%	170,998
Walbrook Wharf Cleansing Depot	1,727,475	2,124,381	2,225,102	2,062,211	19.4%	-7.3%	162,891
Streetlighting	3,800,664	2,050,107	1,963,794	1,836,293	-51.7%	-6.5%	127,501
Animal Reception Centre	746,828	747,981	717,364	664,704	-11.0%	-7.3%	52,660
Open Spaces Golders Hill & Extension	361,287	454,348	239,530	191,738	-46.9%	-20.0%	47,792
Open Spaces Epping Forest	640,887	731,112	638,059	614,182	-4.2%	-3.7%	23,877
Tower Bridge	2,191,939	1,944,603	2,154,450	2,141,032	-2.3%	-0.6%	13,418
Baynard House Car Park	165,216	151,627	172,377	159,043	-3.7%	-7.7%	13,334
Billingsgate Market	3,580,013	3,461,014	3,274,393	3,267,796	-8.7%	-0.2%	6,597
London Wall Car Park	219,171	214,973	205,523	208,929	-4.7%	1.7%	3,406
Open Spaces East Heath & Kenwood	213,111	193,746	141,113	145,014	-32.0%	2.8%	3,902
Open Spaces Hampstead Heath Leisure	655,991	670,971	649,493	657,170	0.2%	1.2%	7,678
Mayor's Court	313,093	253,760	262,489	289,877	-7.4%	10.4%	27,388
Open Spaces Parliament Hill	268,166	279,111	292,829	321,984	20.1%	10.0%	29,155
City of London School For Girls	2,250,462	1,742,594	2,010,810	2,044,198	-9.2%	1.7%	33,388
GSMD - Sundial Court	1,776,176	1,648,327	1,450,305	1,595,964	-10.1%	10.0%	145,659
London Metropolitan Archives	1,344,258	1,265,552	1,162,774	1,312,428	-2.4%	12.9%	149,655
Mansion House	2,289,797	2,250,048	1,725,984	1,956,294	-14.6%	13.3%	230,310
New Spitalfields Market (Landlords)	6,800,091	5,826,230	5,858,179	6,094,266	-10.4%	4.0%	236,088
GSMD	2,174,718	1,981,535	1,937,272	2,227,662	2.4%	15.0%	290,389
GSMD - Milton Court	3,873,643	3,823,398	3,942,392	4,365,415	12.7%	10.7%	423,023
Barbican Arts Centre	17,460,062	14,518,316	16,290,506	16,911,035	-3.1%	3.8%	620,529
<b>Grand Total</b>	<b>111,964,532</b>	<b>93,613,793</b>	<b>93,831,683</b>	<b>88,453,381</b>	<b>-21.0%</b>	<b>-5.7%</b>	<b>5,378,301</b>

Figure 2. Bottom 5 performing sites

Bottom 5 Performing Sites Weather Corrected	Mar-23	Mar-24	Difference kWh 23/24 vs 22/23	Potential Rationale
Barbican Arts Centre	16,290,506	17,135,361	620,529	The site believes this increase in consumption over 23/24 compared with 22/23 is due to a rebound in visitor numbers following COVID-19. Compared to the baseline year, the BACs consumption has decreased by 3%.
GSMD - Milton Court	3,942,392	4,365,415	423,023	The increase has been caused by an increase in heat consumption. The site has had ongoing issues with meter readings with many recent readings needing to be estimated. This metering issue is still being investigated.
GSMD	1,937,272	2,227,662	290,389	Like GSMD – Milton court, this increase in total consumption has been caused by just an increase in heat consumption. This has been flagged to the site to investigate further. It might be that occupancy levels have increased since 22/23 or there could potentially be a leak.
New Spitalfields Market (Landlords)	5,858,179	6,094,266	236,088	This increase in consumption accounts for only a 4% increase in total. Additionally, this increase in consumption has come from the tenants that occupy the market and could be explained by an increase in the number of tenants. Compared to the 18/19 baseline, this site's consumption is over 10% less.
Mansion House	1,725,984	1,956,294	230,310	Recent changes were made to the BMS to reduce water heating time but this may have caused an increase in consumption. The BMS is now under review to see why this happened.



Figure 3. Current CAS Capital Programme Projects

<b>Number</b>	<b>Site</b>	<b>Scope of works</b>	<b>Description</b>
1	Barbican Arts Centre	Pump replacement	Project completed (with one pump being free issued to be installed during summer shutdown) with the Operation and Maintenance Manuals (O&M) being finalised and the Monitoring and Verification (M&V) programme being developed before project handover.
2	Barbican Arts Centre and Guildhall School of Music and Drama	EC fans replacement	On-site works commenced in February following asbestos surveys.
3	Barbican Arts Centre	Lighting replacement	On-site installation works are partially complete, snagging and commissioning are ongoing.
4	Guildhall	Lighting replacement	Work on site has commenced with the staircase completed before moving to the Gallery. The Amphitheatre and Great Hall still require approval from all parties.
5	Tower Hill Coach and Car Park	Lighting, Ventilation and BMS	The lighting project was completed. Ventilation and BMS projects started and are on track to be commissioned by the end of February.
6	Multiple	BMS optimisation: Phase one	Site visits were completed at four properties (21 New Street, Bishopsgate Police Station, Heathrow Animal Reception Centre and Cemetery & Crematorium) with a Draft Investment Grade Audit report issued. The two police sites require dilapidation surveys to be completed and this is being discussed concerning the level of investment against the buildings closure schedule.
7	Multiple	BMS optimisation: Phase two	Site visits are planned at the remaining properties (Central Criminal Court, Tower Bridge and London Metropolitan Archives) for February 2024.
8	London Metropolitan Archives	Solar PV	Installation of Solar PV on building roof. This project is now live.

<b>Number</b>	<b>Site</b>	<b>Scope of works</b>	<b>Description</b>
9	Guildhall School of Music and Drama	LED, BMS, EC Fan	The project scope is being refined before the submission of the GW3-5 paper.
10	Barbican Arts Centre	Specialist Lighting	On hold whilst the Barbican Capital Works discussion is ongoing.
11	Guildhall Hall	EC Fans	On hold until Guildhall Yard East refurbishment options are confirmed.
12	Mansion House - phase 1	Draught proofing, LED lighting, fan replacements, ventilation improvements, pipework insulation, BEMS Optimisation	This project is now live with a Capital Project number in place. The draught proofing element now requires Listed Building consent which will increase its delivery time if the consent is approved or remove this Energy Conservation Measure (ECM) is rejected.
13	Mansion House - phase 2	ASHP and PV installation	GW 3&4 paper approved with Capital Code requested to allow Planning Permission process to start.
14	The Warren	LED lighting, pipe insulation and ASHP	GW3-5 approved with Capital Code requested and detailed design ongoing following stakeholder feedback.
15	Walbrook Wharf - phase 1	EC Fans, pipework insulation, pump replacement, BEMS Optimisation	Project is live with kick off meeting scheduled.
16	Walbrook Wharf - phase 2	ASHP installation	GW3-5 paper to be completed for consultation following completion of internal conversations.
17	Open Space PV – Parliament Hill Lido	PV installation	The project is live with the Planning Permission document pack being put together.
18	Heathrow Animal Reception Centre – Phase 1	Solar PV, LED Lighting, EC Fans	Investment Grade Proposal has been commissioned with the report due end of June 2024. Ongoing conversations with the minor works project team about roof repairs and the proposed PV installation.
19	Heathrow Animal Reception Centre – Phase 2	ASHP to replace existing boilers	Investment Grade Proposal has been commissioned with the report due end of June 2024. Ongoing conversations with the FM project team with regards to refining the DHW requirement for the entire site.

<b>Number</b>	<b>Site</b>	<b>Scope of works</b>	<b>Description</b>
201	Barbican Arts Centre	The second phase of pump replacement	The project is being instigated to replace the next set of pumps that are of a bigger capacity but fewer in number than the previous project to complete during the summer shutdown.

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<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Sub-Committee	11 July 2024
<b>Subject:</b> Report of Action Taken Between Meetings	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	£n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> The Town Clerk	<b>For Information</b>
<b>Report author:</b> Ben Dunleavy, Governance and Member Services Manager	

### Summary

This report advises Members of action taken by the Town Clerk outside of the Committee's meeting schedule, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a).

The background reports is available on request.

### Recommendation(s)

That Members note the report.

## **Main Report**

### **Climate Action Strategy (CAS) – Capital Delivery Programme for Operational Buildings: Mansion House – Planning Permission Application**

1. At the meeting of the Resource Allocation Sub-Committee on 2 May 2024, officers sought delegated approval to fund a planning permission application for the installation of an Air Source Heat Pump (ASHP) and Photovoltaic (PV) array onto the roof of Mansion House.
2. The installation was recommended as part of the Climate Action Strategy Capital Delivery Programme for Operational Buildings, and approved by the Policy and Resources Committee and Operational Property and Projects Sub-Committee in December 2022 and January 2023 respectively. As part of this approval, it was noted that some projects would require further enabling work (such as planning applications) to reach the next Gateway stages. A budget of £250,000 was approved to support this.
3. The total estimated cost for the planning permission application fees is £75,000 (including a costed risk provision of £25,000), and is required to proceed with the installation of the ASHP and PV. Further information on the cost of the planning application is included in the background report. The source of funding is the CAS Year 3 Plan budget. If planning permission is awarded, a further Gateway report will follow to request funding for the installation.
4. The cost of the ASHP and PV array will be approximately £1.5M excluding costed risk but including £200k for upgrading the UK Power Networks (UKPN) substation in the basement needed to provide the extra electrical capacity of the ASHP. The two technologies will reduce Mansion House's gas consumption, generate electricity for use by the building and help to reduce its carbon emissions.
5. Should planning permission be declined, a decision could be made to appeal this at further costs, or a Gateway 5 report will be submitted to close the project. An alternative location for an ASHP on the Mansion House roof has also been identified, but the space is currently occupied by an existing chiller. This option could be explored further should the planning permission application be declined, but would be more expensive as the ASHP will have to be sized to provide the existing cooling capacity as well as heat.
6. The Resource Allocation Sub-Committee granted delegated authority for this decision to be approved by the Town Clerk at its meeting on 2 May, subject to confirmation of the funding source. The Chamberlain's department subsequently confirmed that it will be funded from the approved CAS Year 3 Plan budget.
7. The Town Clerk accordingly approved the below, in consultation with the Chairman and Deputy Chairman, on 10 June 2024:
  - a. That Option 2 is approved to apply for planning permission to install an ASHP and PV array onto the roof of Mansion House.
  - b. Note the total estimated cost of the planning permission at £50,000 (excluding costed risk);
  - c. Approve a budget of £50,000 for the fees to apply for planning permission,

- d. Approve a Costed Risk Provision of £25,000 (as detailed in the risk register to be drawn down via delegation to Chief Officer in consultation with the Chamberlain. The use of these funds will remove future risk to the project or, should the cost to mitigate the risk be too great, the scope will be changed or project cancelled);
- e. Enter into a new works agreement with Vital Energi to apply for planning permission as Principal Contractor and Principal Designer, in accordance with the terms of their existing contract with CoL to deliver services under the National Framework Agreement for Energy Performance Contracting;
- f. Note that should planning permission be awarded the subsequent installation of the ASHP and the PV will be in the region of £1.5M.
- g. Note that should planning permission be declined a decision could be made to appeal this at further costs or to close the project down.

**Ben Dunleavy**

Governance and Member Services Manager, Town Clerk's Department

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