



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

**Date:** MONDAY, 3 FEBRUARY 2025

**Time:** 1.45 pm

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

7. **\*CITY SURVEYOR'S BUSINESS PLAN 2024-29 -QUARTER 3 OF 2024/25  
UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 3 - 12)

8. **\*THE CITY SURVEYOR'S CORPORATE AND DEPARTMENTAL RISK REGISTER  
JANUARY 2024 UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 13 - 44)

9. **\*24/25 ENERGY & DECARBONISATION PERFORMANCE Q2 UPDATE FOR THE  
OPERATIONAL PORTFOLIO**

Report of the City Surveyor.

**For Information**  
(Pages 45 - 54)

22. **\*ANIMAL HEALTH AND WELFARE SERVICE – NEW SERVICE DELIVERY PLAN**

Report of the Executive Director, Environment.

**For Information**  
(Pages 55 - 72)

23. **\*MANSION HOUSE UPDATE REPORT**

Joint Report of the Town Clerk and the City Surveyor.

**For Information**  
(Pages 73 - 78)

## City of London Corporation Committee Report

<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Sub (Policy and Resources) Committee – For information	3 February 2025
<b>Subject:</b> City Surveyor’s Business Plan 2024-29 - Quarter 3 of 2024/25 Update	<b>Public report:</b> For information
<b>This proposal:</b> <b>Delivers Corporate Plan 2024-29 outcomes</b>	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
<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>	N/A
<b>Report of:</b>	The City Surveyor and Executive Director of Property (CS 003/25)
<b>Report author:</b>	John Galvin/Anna Flashman/Faith Bowman City Surveyor’s Department

### Summary

This report provides Members of Resource Allocation Sub (Policy and Resources) Committee (RASC) with details of progress in quarter 3 2024/25 (October to December) against the City Surveyor’s 2024-29 Business Plan.

RASC oversees twelve key performance measures from the City Surveyor’s Department (CSD). Among these, seven are currently achieving their targets (green), two are falling short of their targets (amber), and one is categorised as underperforming (red) (KPI.16 Markets – Each Market’s outstanding debt as a percentage of their total invoice income). Additionally, one indicator is reported in arrears and will be confirmed in quarter 4 and one measure is reported biannually.

The City Surveyor’s 2024/25 quarter 3 budget outturn (Appendix A) reveals that the department is forecasting an overspend of £838k (2.7%) against a total budget of £30.7m for City Fund and City’s Estate services. This overspend includes a £229k structural budget deficit on Smithfield Market which is being addressed from 2025/26 with a bid for additional budget.

Members should also note the City Surveyor has generated an additional c£1m in property income (highways transactions and property disposals) and rates savings over 6 years of the ratings list in 2024/25. 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.

## 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 2024-29 Business Plan. The City Surveyor's Department (CSD) reports performance quarterly to Resource Allocation Sub (Policy and Resources) Committee (RASC).
2. The department's business plan outlines seventeen Key Performance Indicators (KPIs). RASC oversee the progress against twelve of these measures, whilst Investment Committee (IC) oversee fourteen and Markets Board oversee two.
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 monitoring statement which is set out in Appendix A. The full list of KPIs, and their current performance is noted in Appendix B.
5. A separate monitoring report on the risks within the department is also circulated for this meeting.

### Financial Statement

6. The monitoring for quarter 3 (Appendix A) reveals that the City Surveyor was forecasting an overspend of £838k (2.7%) against a total budget for the year of £30.7m for his City Fund and City's Estate services. When City Bridge Foundation (CBF) services are included, this increases to an overspend of £926k (2.7%) against a total budget for the year of £34.1m. This overspend is after the £331k overspend in 2023/24, which was carried forward, and has been found from savings in the current year.
7. The main reasons for this forecast are overspends on the departmental and Guildhall salary budgets due to the assumed vacancy factor not being met, budget pressures on Smithfield Market as a result of the closure of the Poultry Market and a cap on Smithfield Market service charges. The markets costs can be viewed a structural budget deficit. This is being addressed in 2025/26 with a bid for additional resources in 2025/26. These overspends are partially offset by savings on the corporate facilities management contract arising from rebate payments received. The City Surveyor continues to examine his budgets to see if further savings and income can be made to reduce the forecast year-end overspend.
8. On a more positive note, rental income which is shown under central risk, reveals an overall surplus of £647k compared to the original budget for City's

Estate and City Fund Estate. This is primarily attributed to City’s Estate where the main reason for the higher forecast income is due to tenants not exercising their break clause option across a few properties, and new leases starting earlier than anticipated.

9. Members should also note that the City Surveyor has generated an additional c£1m in property income (highways transactions and property disposals) and rates savings over 6 years of the ratings list generated by this department in 2024/25. 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.

### Quarter 3 2024/25 update

10. The table below provides an ‘at a glance’ assessment of the department’s performance through the third quarter of the 2024/25 reporting year.

Status <sup>1</sup>	Green	Amber	Red	TBC	N/A
Resource Allocation Sub Committee	7	2	1	1	1
Overall (including non-RASC measures)	7	2	1	1	6

Of the twelve measures presented to this Committee, seven achieved their targets (green), two (KPI.7 Capital Projects – Project Risk Status and KPI.12 Property Contract Performance Compliance) are falling short of their targets (amber), and one (KPI.16 Markets – Each Markets outstanding debt as a percentage of their total invoice income) is categorised as underperforming (red). Additionally, one measure is reported in arrears and will be reported in quarter 4 and one measure is reported biannually

11. The red and amber KPI’s relevant to this committee in quarter three are set out below.

**A. KPI.16 Markets – Each Market’s outstanding debt as a percentage of their total invoice income (excluding 0-30 days invoices)**

This indicator assesses the level of debt at Billingsgate, Smithfield and New Spitalfields Markets and includes Covid arrears.

Target – Less than 1.5%  
Performance – 6.5% (Red)

The red rating is a direct result of a single debtor at Billingsgate who is responsible for a significant proportion of this debt. If this debt was excluded, the total arrears from various smaller debtors would decrease to 2.72%. Furthermore, at New Spitalfields, there is an active Covid debt repayment plan which is on track to be resolved by October 2025.

The department follows rigorous credit control processes, using appropriate escalation channels in collaboration with Chamberlain’s and

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

Comptroller and City Solicitor's Departments to ensure the payment of arrears.

**B. KP1.12 – Property Contract Performance Compliance**

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

Target – 80%

Performance – 71% (Amber)

Comprehensive strategies for environmental-social-governance (ESG), innovation, and responsible procurement have been established during this period which has supported a 4% improvement. The Department remains committed to rigorous contract performance monitoring across all lots and ensures contractors pay service credits when services fail to meet contractual standards. It is important to note that the Integrated Facilities Management (IFM) contracts have been operational for 21 months against a 5+5-year contract term, and performance is satisfactory for this stage in the tenure.

**C. KPI.7 – Capital Projects – Project Risk Status**

This indicator assesses the proportion of projects (excluding minor 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 – 33% (Amber)

It has been observed in previous discussions with this Committee that over 60% of the department's ongoing projects began in 2020 or earlier, indicating that their advancement has been considerably hindered by COVID-19. These projects faced prolonged phases of diminished site capacity and productivity, coupled with significant increases in construction expenses. Consequently, a larger proportion of projects have surpassed their anticipated schedules and financial plans. While the implementation of current projects remains strong, the accumulation of older projects has negatively influenced overall performance. Additionally six contractors (main and sub) working on City sites have gone into administration which has led to additional delivery costs, delays in project completion, and increased consultant and legal expenses.

**Quarter 2 2024/25 update**

12. The following measure is reported in arrears and therefore, this data was not available at the at the time of preparation of the quarter 2 report.

**A. KPI.10 Delivery of Climate Action Strategy (CAS) Milestones – operational estate**

This indicator shows progress towards the Climate Action Strategy targets of the operational estate set by the CAS team.

Target – less than 5%

Quarter 2 Performance – 4.4% (Green)

Performance has significantly improved since quarter 1. The carbon factor of grid electricity, which drove the decline in performance last quarter, has not changed. Therefore, the energy reduction seen in the reported figures is driven by reductions in energy use across the estate. In particular the Barbican Arts Central, Central Criminal Court and the Tower Hill coach park demonstrates the impact of the projects being undertaken developed by the Energy Team and delivered by the Minor Works Team.

## **Corporate & Strategic Implications**

### **Strategic implications**

13. The City Surveyor's Department is dedicated to advancing the objectives outlined in the Corporate Plan through effective and efficient proactive management of the City's investment and operational properties.
14. This department plays a crucial role in realising the City's vision by executing major programme initiatives, such as Salisbury Square, the London Museum at Smithfield, and the Barbican Renewal programme, while also preserving our heritage assets for the benefit of all Londoners. The department generates substantial revenue from both investment and operational property portfolios, which underpins all the City's public value activities.
15. The department actively collaborates with corporate leaders to ensure the effective implementation of our strategic priorities, particularly in relation to Destination City, the Climate Action Strategy, and the City's Corporate Property Asset Management Strategy for 2024-2029.

### **Financial implications**

16. Financial information is contained in Appendix A and noted in the report.

### **Resource implications**

17. The department is actively working to identify several strategies to mitigate the core challenges it encounters. It has acknowledged possible pathways for enhancing revenue and capital inflows for the organisation and has developed business cases to progress these.

### **Legal implications**

18. None

### **Risk implications**

19. Key risks managed by the department are included in the Risk Update Report that is also reported to this Committee.

## **Equalities implications**

20. None.

## **Climate implications**

21. The department facilitates the implementation of the Climate Action Strategy by executing both minor and major projects. This capability has been strengthened by securing new funding for the Cyclical Works Programme for those property assets within this programme.

## **Security implications**

22. None

## **Conclusion**

23. The department has achieved substantial progress on the primary objectives as set out in the Business Plan during the third quarter.

Although one metric was identified as underperforming in the third quarter (KPI.16 Markets – Each Market’s outstanding debt as a percentage of their total invoice income), the team is actively engaged in efforts to restore performance to expected levels. Despite facing challenges with the local risk budget, the department continues to produce considerable income and capital receipts, contributing to the financial sustainability of the City Corporation and providing benefits that extend beyond the local and central risk budgets managed by the City Surveyor.

## **Appendices**

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

## **Background Papers**

- The City Surveyor The City Surveyor’s Business Plan 2024-29
- The City Surveyor City Surveyor’s Business Plan 2024-29 - Quarter 1 2024/25 Update (CS 225/24)
- The City Surveyor City Surveyor’s Business Plan 2024-29 - Quarter 2 2024/25 Update (CS 293/24)

Departmental Performance & Services  
City Surveyor’s Department



# Budget Monitoring Statement

## Quarter 3 2024/25

# Appendix A

2024-25 (Period to 31st December 2024)

LOCAL RISK BUDGET Quarter 3	Latest Approved Budget £000	Q3 Profile £000	Q3 Total Expenditure £000	(Under) / Over Spend for Period £000	Q3 Projected Outturn £000	(Under) / Over Spend for 2024-25 £000	Note
<b>City Fund</b>							
City Fund Estate	(2,100)	(647)	(918)	(271)	(2,198)	(98)	1
Walbrook Wharf	(1,017)	(773)	(671)	102	(1,035)	(18)	
Mayor's & City of London Court	(39)	(51)	(24)	27	(54)	(15)	
Central Criminal Court	(394)	(296)	(288)	8	(411)	(17)	
Lower Thames St Roman Bath	(9)	(9)	(7)	2	(9)	0	
Spitalfields Market	(175)	(133)	(200)	(67)	(216)	(41)	
Corporate FM R&M cleaning & security	(1,476)	(1,107)	(894)	213	(1,189)	287	2
	(5,210)	(3,016)	(3,002)	14	(5,112)	98	
<b>City's Estate</b>							
City's Estate	(2,977)	(1,486)	(1,469)	17	(2,977)	0	
Departmental	(11,140)	(8,472)	(8,650)	(178)	(11,447)	(307)	3
Mayoralty & Shrievalty	(48)	(48)	(25)	23	(37)	11	
Markets Directorate	(427)	(325)	(256)	69	(423)	4	
Billingsgate Market	(230)	(220)	(188)	32	(191)	39	
Smithfield Market	(627)	(731)	(772)	(41)	(856)	(229)	4
Smithfield Market (other)	212	123	116	(7)	198	(14)	
Corporate FM R&M cleaning & security	(2,000)	(1,500)	(1,707)	(207)	(2,131)	(131)	5
	(17,237)	(12,659)	(12,951)	(292)	(17,864)	(627)	
<b>Guildhall Administration</b>							
Guildhall Complex	(8,240)	(6,180)	(6,219)	(39)	(8,549)	(309)	6
	(8,240)	(6,180)	(6,219)	(39)	(8,549)	(309)	
<b>Total City Surveyor Local Risk excl CBF</b>	<b>(30,687)</b>	<b>(21,855)</b>	<b>(22,172)</b>	<b>(317)</b>	<b>(31,525)</b>	<b>(838)</b>	
<b>City Bridge Foundation</b>							
City Bridge Foundation	(3,450)	(2,287)	(2,438)	(151)	(3,538)	(88)	7
	(3,450)	(2,287)	(2,438)	(151)	(3,538)	(88)	
<b>Total City Surveyor Local Risk incl CBF</b>	<b>(34,137)</b>	<b>(24,142)</b>	<b>(24,610)</b>	<b>(468)</b>	<b>(35,063)</b>	<b>(926)</b>	

1. The overspend relates to fire damper works at Worship Street estate and residual external works at Leadenhall from 2023/24
2. The underspend results from rebate payments received from CBRE. These arose due to contractual provisions associated with key performance indicator underperformance.
3. The overspend relates to salary budgets, principally due to the vacancy factor and residual Target Operating Model (TOM) savings not fully achieved.
4. The overspend is due to not achieving Poultry Market savings following the closure of the Poultry Market, and a cap on Smithfield service charges.
5. Overspend arising from Epping Forest and Hampstead Heath repairs and maintenance managed fund due to additional reactive works.
6. This figure comprises overspends on employee costs resulting from an increase in salary costs for grades A-C, and not fully achieving the vacancy factor.
7. Shortfall in service charge income due to voids and overspends on employee and energy costs partly offset by an underspend on professional fees.

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# KPI Performance Table Quarter 3 2024/25

## Appendix B

Key Performance Indicators												
Ref	Title	Target	Group	Committee	Q1		Q2		Q3		Q4	
					Actual	RAG	Actual	RAG	Actual	RAG	Actual	RAG
KPI. 1	Capital Receipts & additional income	£4.68m (annual)	CPG	RASC	on target	green	on target	green	on target	green		
KPI. 2 New	Adherence to Budgetary Spend Profile (Guildhall, Walbrook and CCC)	100% (annual) +/-2%	CPG/CCC	RASC	26.0%	green	51.0%	green	74.38%	green		
KPI. 3	Achieve Rental Forecasts*	£123.03m (budget 24/25)	IPG	IC	n/a	green	£125.48m	green	n/a	n/a		
KPI. 4	Minimise Arrears (<2%March)*	<2% eoy	IPG	IC	n/a	n/a	4.80%	red	n/a	n/a		
KPI. 5	Minimise voids (*)	<5%	IPG	IC	n/a	n/a	4.60%	green	n/a	n/a		
KPI. 6	Outperform MSCI**	exceed benchmark	IPG	IC	n/a	n/a	n/a	n/a	n/a	n/a		
KPI. 7	Capital Projects - Project Risk Status	< 30%	PPG	I C; RASC	37%	amber	37%	amber	33%	amber		
KPI. 8	Capital Projects- Health & Safety*	80%	PPG	I C; RASC	n/a	n/a	95.0%	green	n/a	n/a		
KPI. 9	Capital Projects - Site sustainability waste management	> 90%	PPG	I C; RASC	99.0%	green	99.0%	green	99%	green		
KPI. 10	Delivery of Climate Action Strategy Milestones - operational estate	<5%	OG	RASC	10.24%	red	4.40%	green	tbc	tbc		
KPI. 11 New	Energy Use Intensity (EUI) Kwh/m2 reduction per portfolio *	4% reduction	OG/IPG	IC	n/a	n/a	n/a	n/a	n/a	n/a		
KPI. 12	Property Contract Performance Compliance	> 80%	OG	I C; RASC	83.0%	green	67.0%	red	71%	amber		
KPI. 13 New	CWP Programme Adherence to Budgetary Spend Profile****	95% - 105%	OG	I C; RASC	n/a	n/a	n/a	n/a	45.98%	green		
KPI. 14 New	Adherence to Budgetary Spend Profiles (Projects)***	95% - 105%	All	I C; RASC	n/a	n/a	27.7%	amber	48.72%	green		
KPI. 15 New	Adherence to Budgetary Spend Profiles (Local Risk)	100% (annual)	All	I C; RASC	26.0%	green	43.9%	green	77.08%	green		
KPI. 16 New	Mkts- All Market's outstanding debt as a percentage of their total invoice income (excl 0-30 day invoices)	<1.5%	MKT	IC; RASC	7.6%	red	5.0%	amber	6.5%	red		
KPI. 17 New	Mkts- Maintain a minimum 95% occupancy with the expectation to achieve 100%	95%	MKT	IC; RASC	91.0%	amber	97.0%	green	97%	green		
	KPI.10 reported quarterly in arrears											
	*reported bi annually											
	** reported annually											
	Investment Committee (IC) Resource Allocation Sub Committee (RASC)											
	Markets (MKTS) measures are also reported to Markets Board											

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KPI 6 - Outperform MSCI - achieved in 23/24.

KPI 11 – Energy Use – Data will be reported in quarter 4 to ensure data accuracy with inclusion of missing metering data.

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<b>Committee(s)</b>	<b>Date</b>
Resource Allocation Sub (Policy and Resources) Committee – For information	03 February 2025
<b>Subject:</b> The City Surveyor’s Corporate and Departmental Risk Register January 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 (CS.004/25)</b>	<b>For Information</b>
<b>Report of:</b>	The City Surveyor and Executive Director of Property (CS.004/25)
<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 (HOP) of Estates and Facilities Management is the lead co-ordinating Chief Officer for one corporate risk – Maintenance and renewal of Operational Property Assets (excluding housing assets), CR 37. The City Surveyor’s direct accountability for certain key assets and delivery responsibility has been mitigated by the CWP backlog funding and ongoing works programme which was reported to this Committee in December 2024. However, not all assets are funded from the CWP such as those with ring fenced budgets or service charges. The department is actively engaging with colleagues within HR to develop the HOP roles to provide further clarity to the organisation in relation to roles and responsibilities across all professional functions.

Following a comprehensive review of SUR SMT 017 (MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works), the risk title has been updated to “Markets Parliamentary Bill” and its risk rating has been reduced.

There are eleven risks managed by the City Surveyor relevant to this Committee. In addition to the corporate risk CR37, there are a further five departmental risks at a 'red' status:

- SUR SMT 017 – Markets Parliamentary Bill
- SUR SMT 005 – Construction and Service Contracts Price Inflation
- SUR SMT 006 – Construction Consultancy Management
- SUR SMT 009 – Recruitment and retention of property professionals
- SUR SMT 011 – Contractor failure

### **Recommendation**

- Members are asked to note this report, and the actions taken and being taken to effectively monitor and manage risks arising from our operations.

### **Main Report**

#### **Background**

1. The City of London Corporation's Risk Management Strategy 2024-29 (RMS) and Risk Management Policy 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. 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 RMS. 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)

Under the City of London's operating model, it is the Chief Officer in occupation who is accountable for the identification and mitigation of property related risks within their area of control. This is done with the professional advice of the City Surveyor as Head of Profession (HOP) for Estates and Facilities Management.

The delivery of the Cyclical Works Programme (CWP) is a key mitigation under the City Surveyor's responsibility for those operational assets within this programme. The new programme team was established in October 2024 and works have commenced with the incumbent contractors. A progress update was

reported to this Committee in December 2024 and updates will be provided every six months.

- b) SUR SMT 017 Markets Parliamentary Bill (previously MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works)  
Current Risk Score 16 (Red)

Following the decision of the Court of Common Council (26<sup>th</sup> November 2024) to end its interest in co-locating the wholesale food markets of Smithfield and Billingsgate to a new site at Dagenham Dock, the City of London has submitted a Private Bill to Parliament aimed at de-marketizing Smithfield and Billingsgate by 2028. In the interim, the City will be refreshing its maintenance strategy that is both proportional and suitable to ensure the continued operation of the markets until their eventual closure.

Following a comprehensive review of this risk by the CSD Senior Management Team in January the risk score has moved from 24 (Red) to 16 (Red) with the likelihood now 2 (unlikely), instead of 3 (possible) and the title was renamed to accurately reflect this risk update.

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

The Department re-evaluated the risk scoring in January after receiving feedback from Members. Whilst the high levels of material inflation seen earlier has abated, the City has yet to see a significant levelling in tender returns. Although construction inflation is no longer rising at previous rates, six contractors (main and sub) working on City sites have recently gone into administration. This suggests that the industry remains sensitive to cost, with much of the increase passed onto commissioning parties. Greater allowances are being made in Costed Risk Provision (CRP), and more detailed contractor credit checks are being undertaken, however, there remains a degree of financial risk. As such, this risk remains a Red risk. The department will continue to regularly review the risk status and pursue mitigation strategies wherever possible.

- d) SMT 006 Construction Consultancy Management  
Current Risk Score 16 (Red)

The quality and expertise of external consultants on recent projects has led to gaps in design and cost increases.

To address this disparity, the department is collaborating closely with the Procurement team, the legal department, and the Construction Category Board. Additionally, the department is actively taking measures against consultants whose performance fails to meet established quality standards, as this can lead to delays in project timelines and additional cost. Officers are offering guidance to contractors regarding the new Building Act to enhance their understanding of the new safety regulations.

In January 2025, this risk was reviewed by the CSD Senior Management Team who agreed that the target risk rating would be increased from 4 to 6 due to incomplete designs received from consultants on recent projects, which has led to higher contractor costs.

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

This risk has been identified across multiple divisions of the City Surveyor's Department, particularly in Investment Property, professional Surveyors and Project Management.

The department has conveyed these challenges at a corporate level and is contributing to the organisational review (Ambition 25). This item has also been recognised as a Corporate Risk (CR 39 Recruitment and Retention).

- f) SUR SMT 011 Contractor failure  
Current Risk Score 16 (Red)

This risk is associated with the possible failure of a primary contractor or a significant sub-contractor. The City Corporation has historically had limited influence over the selection of sub-contractors designated to carry out work.

A process addressing contractor failure has been established and communicated to the Construction Category Board.

Should a primary contractor or their sub-contractor fail, there may be adverse implications for warranties and our capacity to seek remedies for any design flaws. Recent industry uncertainty has increased the likelihood of this risk, with six contractors (main and sub) working on City sites going into administration. This risk continues to be classified as Red as there remains financial and reputational impacts despite mitigations such as regular credit checks. Contractor failure can lead to additional delivery costs, delays in project completion, as well as increased consultant and legal expenses.

## **Corporate & Strategic Implications**

### **Strategic implications**

7. Organisationally strategic risks are managed on the City Corporation's Corporate Risk Register. Currently the City Surveyor co-ordinates and leads on 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 and mitigations being taken.

### **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 decarbonisation works.

## **Security implications**

14. None

## **Conclusion**

15. Members are requested to acknowledge the recent updates to the departmental risk register and the measures being implemented by the department's officers to reduce the probability and/or consequences of identified risks.

16. The ongoing allocation of funds for the maintenance, renewal and management of the City's operational property portfolio continues to be a key corporate focus for Members within the framework of the overall medium-term financial strategy.

17. The risk status within the department remains aligned with previous reporting periods. The notable exception is the risk title of SUR SMT 017 (Markets) has changed, and its rating reduced following its comprehensive review.

## **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 – September 2024 Update (CS248/24)
- The City Surveyor The City Surveyor's Departmental Risk Register – December 2024 Update (CS297/24)

## **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 twelve at the departmental level.
2. Outlined in the table below is how these risks relate to the two reporting Committees Resource and Allocation Sub Committee (RASC) and Investment Committee (IC)
3. Of the thirteen total risks, eleven relate to RASC Committee and eight relate to Investment committee
4. Only risks relevant to this Committee are included in Appendix B. The full list of risks and their mitigations are available upon request.

Code	Title	RASC	IC	Score
CR 37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	X		16
SUR SMT 017	Markets Parliamentary Bill	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 011	Contract Failure	X	X	16
SUR SMT 016	Investment Property Group staffing and Capacity		X	12
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	8

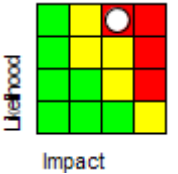
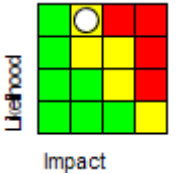

<b>Code</b>	<b>Title</b>	<b>RASC</b>	<b>IC</b>	<b>Score</b>
SUR SMT 012	Adjudication & Disputes	X	X	8
SUR SMT 008	Special Structures	X		6
SUR SMT 015	UKPN - Condition and maintenance of substations	X		6

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

Report Author: Faith Bowman  
Generated on: 13 January 2025



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 and renewal 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>This risk captures systemic property related risks across the corporate property estate (excluding housing).</p> <p>Under the organisation's property model, accountability for the delivery of mitigating activities lies with the relevant Chief Officer.</p> <p>The City Surveyor, as Head of Profession for Estates and Facilities Management, advises the relevant Chief Officer of their accountabilities with respect to property assets they occupy beyond those assets under the City Surveyor's accountability.</p> <p>The delivery of the Cyclical Works Programme (CWP) is a key mitigation of this risk under the City Surveyor's</p>		8 31-Mar-2029	

04-Nov-2019			control. Following the recent approval of additional funds, the five-year delivery programme is being mobilised. It should be highlighted that CWP funding is not attributable to ringfenced property assets (Police estate, New Spitalfields, Billingsgate and the three private schools).				
Paul Wilkinson			The target date of this risk aligns with the five-year CWP delivery timeframe.			13 Jan 2025	Reduce Constant

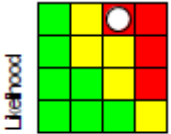
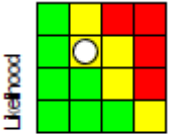
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
Cyclical Works Programme (CWP)	<p>In March 2024 the Court of Common Council agreed £133m funding to be delivered over five years to support the Cyclical Works Programme (CWP).</p> <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).</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).</p> <p>The focus of this action will be to track the delivery of the CWP in line with programme.</p> <p>The delivery team was established in October 2024 and works have commenced with the incumbent contractors. A progress update was reported to RASC in December 2024.</p>	Peter Collinson; Paul Wilkinson	13-Jan-2025	31-Mar-2029
CR37b	<p>Ring fenced properties and budgets</p> <p>“Ring fenced” properties include the City of London Police 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.</p>	<p>Ring-fenced property occupiers are accountable for the identification of maintenance and renewal actions. The City Surveyor, as Head of Profession, is able to advise on required works and / or is responsible for delivering agreed maintenance services.</p> <p>Specific property related risks are noted on the relevant departmental/ Institution risk register.</p> <p>The target date for this action is considered as a 'major review' date.</p>	Ben Milligan; Paul Wilkinson	13-Jan-2025	31-Mar-2025

	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 control over maintenance activity.				
CR37f	Capital bids are only considered where funding is not possible through other funding routes (such as CWP).	<p>The accountability for the development of capital bids lies with the relevant Chief Officer. Support is also provided to occupying departments where they are required to collate their own bids (in-line with the City Surveyor's role as Head of Profession).</p> <p>The City Surveyor's Department presents bids in relation to works at the Guildhall, Walbrook Wharf 3 wholesale markets and the Central Criminal Court.</p> <p>The target date on this risk reflects the annual nature of bidding process.</p>	CORMG	13-Jan-2025	31-Mar-2025
CR37g	<p>Operational Property Review</p> <p>Guidance for 2025/26 business planning was issued by the City Surveyor to all Chief Officers to assist in identifying underutilised or surplus assets no longer in use or required for the purpose they were allocated. The update report is going to RASC in February which identifies underutilised assets (non-housing), provides progress to date and next steps.</p> <p>Where properties are identified as no longer required to deliver 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>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> <p>Guidance for 2025/26 business planning was issued by the City Surveyor to all Chief Officers to assist in identifying underutilised or surplus assets no longer in use or required for the purpose they were allocated. The update report is going to RASC in February which identifies underutilised assets (non-housing), provides progress to date and next steps.</p>	Peter Young; Sonia Virdee,; Judith Finlay; Katie Stewart	13-Jan-2025	31-Mar-2025
CR37h	<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</p>	The Barbican Centre renewal project has recently been approved following extensive public workshops and surveys. Whilst the delivery programme will be over a long time period, interim works (to the value of £25m) have been progressed. The wider transformation programme includes £191m in investment to support the first phase of the Barbican Renewal Programme. This spans five years (2027-2032) and addresses repair and modernisation activity.	David Farnsworth ; Jonathan Vaughan	13-Jan-2025	31-Mar-2025

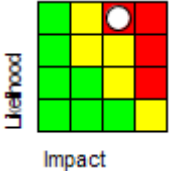
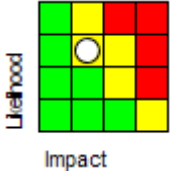

	required. Whilst these actions are more uncertain it is useful to track progress as, should they progress, they will make a significant impact on the overall risk.	The Guildhall School of Music and Drama (GSMD) are working closely with corporate colleagues to develop and further the Barbican Renew project. 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.			
CR37i	<p>Maintenance and Renewal</p> <p>The regular maintenance and renewal of assets mitigates the risk on an on-going basis. The identification and mitigation of these items is under the accountability of the Chief Officer in occupation.</p>	<p>Under the City of London’s operating model, it is the Chief Officer in occupation who is accountable for the identification and mitigation of property related risks within their area of control. This is done with the advice of the City Surveyor as Head of Profession for Estates and Facilities Management.</p> <p>This mitigating action is therefore devolved to all Chief Officers across the organisation, and actions will vary in line with the needs of that individual department. Local risks are captured on individual risk registers and are considered by the organisation’s Chief Officer Risk Management Group (CORMG) as appropriate.</p> <p>The target date for this risk action is considered a major review date.</p>	CORMG	13-Jan-2025	31-Mar-2025
CR37j	The City Surveyor’s Department is Head of Profession (HOP) for Estates and Facilities Management. However, roles and responsibilities associated with organisational HOP have not been defined. Greater definition around this item will provide clarity as to the City Surveyor’s responsibility to the organisation’s property estate.	<p>The department is actively engaging with colleagues within HR to develop the Head of Profession (HOP) roles and responsibility. It should be noted that this work in defining the HOP roles will be applicable to all HOP, and not just the City Surveyor has HOP for Estates and Facilities Management.</p> <p>Should there be an enhanced role for the City Surveyor under HOP then there may be scope for developing an audit programme to ensure wider organisational adherence to statutory maintenance and relevant British Standards or Codes of Practice (assurance can be provided currently over assets for which the City Surveyor has accountability). This would be subject to appropriate resource.</p>	Alison Littlewood; Paul Wilkinson	13-Jan-2025	30-Jun-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
<p><b>SUR SMT 005 Construction and Service Contracts Price Inflation beyond that which was anticipated or planned</b></p> <p>14-Oct-2021 Ola Obadara</p>	<p><b>Cause:</b> Market conditions have led to input price inflation  <b>Event:</b> Project and programme cost escalation  <b>Impact:</b> Inability to delivery capital and revenue projects within budget</p>	 <p>Impact</p>	<p><b>16</b></p>	<p>This risk relates to 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>The risk scoring was reviewed by the Department in January following feedback from Members. Whilst the high levels of material inflation seen earlier has abated, the City has yet to see a significant levelling in tender returns Although construction inflation is no longer rising at previous rates, six contractors (main and sub) working on City sites have recently gone into administration, cost increases are likely across projects. To mitigate greater allowances are made in the Costed Risk Provision (CRP), and more detailed contractor credit checks are being undertaken, however there remains a degree of financial risk.</p> <p>As such this risk remains a red risk.</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>Impact</p>	<p><b>6</b></p>	<p>31-Mar-2025</p>	<p>■</p>
							Reduce	Constant

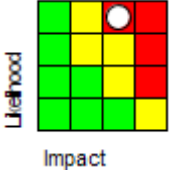
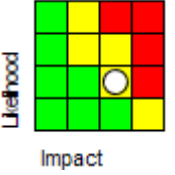

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 005a	<p>Procurement Strategy</p> <p>The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.</p>	<p>This exploration included a review of the prior Single Stage tender process (which had been preferred for medium range projects - £2m - £50m).</p> <p>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.</p>	Ola Obadara	09-Jan-2025	31-Mar-2025
SUR SMT 005d	<p>Contracts</p> <p>Exploring the potential to include different clauses into contracts such that work offered by the City remains attractive to suppliers.</p>	<p>The department and the Chamberlain's Procurement team to 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.</p>	Ola Obadara	09-Jan-2025	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	09-Jan-2025	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	09-Jan-2025	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 006</b> <b>Construction Consultancy Management</b>  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		<b>16</b>	This relates to abortive design / development. The department continues to suffer the impacts of this risk, with action being taken against consultants when their performance does not meet expectations. The individuals assigned in the commercial market to City (and public sector generally) projects 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, although is more pronounced in public sector bodies.  This risk was reviewed in January, and it was agreed that the target risk would be increased from 4 to 6 due to poor and incomplete design from consultants on recent projects which has led to an increased contractor costs.		<b>6</b>	31-Mar-2025	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 006a	Commissioning stage  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.	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	25-Nov-2024	31-Mar-2025

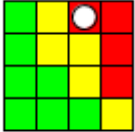
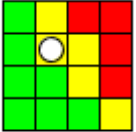

SUR SMT 006b	<p>Legal</p> <p>The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements</p>	<p>Where performance has been poor action has been taken against consultants – these cases increase end-to-end timescales. Due to public sector contract constraints, our ability to seek immediate redress from construction consultancy contractors is limited so 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.</p>	Ola Obadara	09-Jan-2025	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	10-Jan-2025	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. 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 rating to this risk. Further actions are being explored; however, this is an industry wide issue (particularly for public sector organisations).</p>	Ola Obadara	10-Jan-2025	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 and end to end timescales have increased.</p>	Ola Obadara	10-Jan-2025	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</b> <b>Recruitment and retention of property professional</b>  Jan-2022 Paul Wilkinson	<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 private 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 with less experienced staff, reduced employee wellbeing, demotivation of staff. Increased costs borne by the organisation through recruitment campaigns and training etc, or to the department through filling vacancies through comparatively expensive temporary contracts.		16	This risk has been identified across several divisions of the City Surveyor's Department especially within Investment Property, Surveying and Project Management.  A review conducted in January 2025 confirmed the risk score which remains unchanged due to specific issues in certain industries.  The department is actively collaborating with Corporate colleagues to address this risk.  The risk will be kept under review, with the target date reflecting this on-going review.  <b>13 Jan 2025</b>		8	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 document (i.e. diverse panels) which has been well received by staff.	Paul Wilkinson	10-Jan-2025	31-Mar-2025
SUR SMT 009b	Best Practice	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	10-Jan-2025	31-Mar-2025

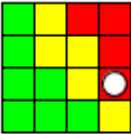
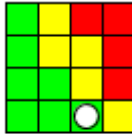

	Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.				
SUR SMT 009c	Communication  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.	Managers across the service ensured that all end-of-year (2023/24) and start-of-year (2024/25) appraisals were complete and inputted into the on-line HR system. The department is currently ensuring that all mid-year appraisals are complete in line with our Corporate timescales. This evidences the regular engagement between managers and staff members.	Paul Wilkinson	10-Jan-2025	31-Mar-2025
SUR SMT 009d	Engagement with HR  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).	Corporate HR have completed the 2024 all staff survey. Results of this survey have been communicated to all staff within the department and an Action Plan developed. This draft Action Plan has been shared with staff for comment and further development. Progress will be reported Corporately bi-monthly.  Some departmental feedback will be addressed corporately as the reflections of City Surveyor’s staff are often aligned with the thoughts / feedback of those in other departments. The department will be communicating locally the progress of this organisational Action Plan.	Paul Wilkinson	10-Jan-2025	31-Mar-2025
SUR SMT 009e	Equity, Equalities, Diversity and Inclusion (EEDI)  The department has an active ED&I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department/profession a more attractive for under-represented groups and seek to retain and progress staff from all backgrounds. There is corporate HR representation on this departmentally led Group.	The CSD EDDI group continues to meet regularly and monitor, and track delivery of the EEDI Action Plan. The EEDI 2025 Action Plan has been drafted.	Ola Obadara	13-Jan-2025	31-Mar-2025
SUR SMT 009f	Pay and Review Survey  The Corporation is reviewing pay & reward	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 related pay) prior to the review conclusions which has made our remuneration package less competitive than our peers. The department is engaging with HR and Korn Ferry who are currently conducting the Ambition 25 review of pay and reward. . Local feedback has noted that there is some apprehension about the Ambition 25 programme leading to pay freeze or reduction, and this item has been communicated to the project team.	Paul Wilkinson	10-Jan-2025	31-Mar-2025

		Overall, the department has noted that whilst recruitment is possible, this is at a more junior and less experienced level .Further the limited scope for (pay and professional) progression makes retention more challenging.			
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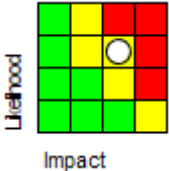
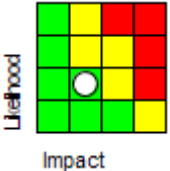
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
<p><b>SUR SMT 011 Contractor Failure</b></p> <p>13-Feb-2023 Ola Obadara</p>	<p><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</p>	<p>  Likelihood  Impact</p> <p><b>16</b></p>	<p>This risk pertains to the potential failure of a primary contractor or a key sub-contractor. Notably, the City Corporation has traditionally lacked substantial control over the selection of entities assigned to perform work.</p> <p>Process for contractor failure in place and shared with the Construction Category Board.</p> <p>In the event of a failure by a primary contractor or sub-contractor, there could be consequential effects on warranties and our ability to pursue remedies for any design deficiencies. Recent fluctuations in the industry have heightened the probability of this risk with six contractors (main and sub) working on City sites going into administration. This risk which continues to be classified as Red as there remains a financial risk despite mitigations such as regular credit checks.</p> <p>Furthermore, in such cases, identifying a replacement contractor poses inherent risks, along with substantial additional costs and delays in resumption, as well as increased consultant and legal expenses.</p> <p><b>13 Jan 2025</b></p>	<p>  Likelihood  Impact</p> <p><b>6</b></p>	<p>31-Mar-2025</p> <p>Reduce</p>	<p></p> <p>Constant</p>



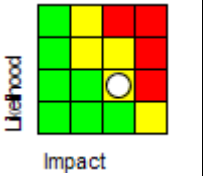
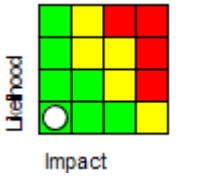
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 011a	<p>Tendering</p> <p>Seeking to have greater say over who a main contractor appoints as a sub-contractor. This will help reduce the likelihood of this risk occurring.</p>	<p>The department has commenced work with 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.</p>	Ola Obadara	10-Jan-2025	31-Mar-2025
SUR SMT 011b	<p>Review Process</p> <p>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.</p>	<p>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.</p>	Ola Obadara	10-Jan-2025	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 017 Markets Parliamentary Bill</b>  16-Aug-2024 Ben Milligan	<b>Cause:</b> The City of London Corporation have deposited a Private Bill in Parliament to de-marketize Smithfield and Billingsgate. However, should the Bill take longer than planned to pass, or be rejected, this could be operationally/financially injurious to the City Corporation. <b>Event:</b> The City's wholesale food markets, Smithfield and Billingsgate staying longer/indefinitely on their current sites and finding themselves requiring short term investment to carry on temporarily, or major infrastructure investment to remain indefinitely. <b>Effect:</b> Insufficient capital funding of investment works could lead to deterioration of market standards and unmet landlord lease obligations, adversely affecting relationships with tenants and possibly putting the City in breach of its legal responsibilities as a landlord.	 Likelihood Impact	<b>16</b>	The City of London have deposited a Bill in Parliament to de-marketize Smithfield and Billingsgate but in the meantime a 3-4 year maintenance strategy that is proportional and appropriate needs to be drawn up to ensure the markets remain operational through to their closure.  Following a review of this risk by the CSD Senior Management Team in January the risk score has moved from 24 (Red) to 16 (Red) with the likelihood now 2 (unlikely), instead of 3 (possible). Additionally the title was renamed to accurately reflect the risk update.  <b>13 Jan 2025</b>	 Likelihood Impact	<b>4</b>	31-Dec-2026	  Decreasing
							Reduce	

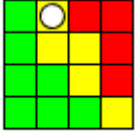
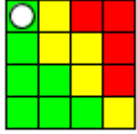

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 017a	Maintain infrastructure with a 3-4 year horizon	Agree and implement a 3-4 year maintenance strategy to ensure there are appropriate and proportional levels of maintenance in place to ensure the markets remain operational through to de-marketization.	Ben Milligan	13-Jan-2025	31-Dec-2026
SUR SMT 017b	Market Refurbishment Strategy	10 + 10-year refurbishment plan to be scoped proactively as contingency for if the Bill is not passed.	Ben Milligan	13-Jan-2025	31-Dec-2026

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
<p><b>SUR SMT 002</b>  <b>Insufficient budget to meet user and asset demand at Guildhall</b></p> <p>10-Feb-2015  Peter Young</p>	<p><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.</p>		<p><b>12</b></p>	<p>The Guildhall Renewal programme has been deferred, which will increase the medium-term demands on maintenance budgets to ensure the upkeep of the assets.</p> <p>The Cyclical Works Programme has recently been approved, and this includes significant funding for works at the Guildhall which will help maintain the building over the short term.</p> <p>The year 1 Cyclical Works Programme (2024/25) is to ensure as much of the surveys are complete. This will enable the team to ensure costs are aligned with budget and operational constraints. Surveys will also allow us to plan works accordingly accounting for Remembrancer requirements, alignment of priority works and risk strategies.</p> <p>Programming of works from years 2-5 have commenced under the newly appointed Programme Manager. There is set intentions from the outset of spending majority of budget across year 2-4. This will enable any uncompleted works to fall into a lesser year spend in year 5.</p> <p><b>09 Jan 2025</b></p>		<p><b>4</b></p>	<p>31-Mar-2025</p> <p>Reduce</p>	<p>■</p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 002e	<p>Fundamental Review of the North and West Wings of Guildhall</p> <p>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</p>	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 repair and maintenance works will continue to be delivered as part of the Cyclical Works Programme. This will be kept under review, but the current assumption is that any renewal programme would only be considered from 2028.	Paul Wilkinson; Peter Young	09-Jan-2025	31-Mar-2026
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>	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 Remembrancer and the City Surveyor have highlighted the delivery of this activity as a priority for the coming year. The mechanics of the agreed approach of the Trading Account was presented to Members at Finance Committee. The department has sought support from Chamberlains through the Deep Dive process to lead the reimbursement of costs incurred.	Remembrancer; John James; Peter Young	09-Jan-2025	31-Jan-2025

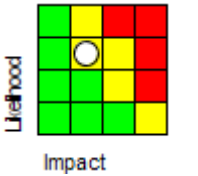
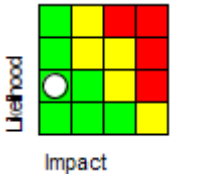

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 010 Insurance - Investment and Corporate Estates</b>  26-May-2022 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 which typically require revaluations by a qualified person are undertaken at least every five years (Investment and Corporate). The City would be 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)		8	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. Funding and resource are being applied. The valuations of CBF are nearly complete; City Fund properties have been tendered; and City Estate will go to tender shortly.  <b>10 Jan 2025</b>		1	31-Mar-2025	Constant
							Reduce	

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	10-Jan-2025	31-Mar-2025
SUR SMT 010b	Funding	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	10-Jan-2025	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 the valuations will be via an external valuer. Service delivery is either underway or in procurement.	Robert Murphy	10-Jan-2025	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 <b>Adjudication &amp; Disputes</b>  31-Aug-2023	<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 COVID-19 pandemic resulted in 3 years of impact at project sites.</p> <p>Site productivity was limited (circa 60% productivity) and much design work was undertaken remotely, or with limited site access.</p> <p>This has created a situation where some sites were not designed correctly, or there are issues beyond that which would normally be expected on construction builds.</p> <p>We are now in a situation where we are engaged with legal discussions and adjudications with project suppliers in an effort to iron out issues with final products.</p> <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> <p><b>10 Jan 2025</b></p>		4	31-Mar-2025	

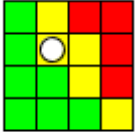
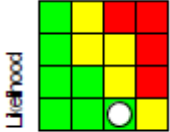

Ola Obadara							Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 012a	<p>Project Review and Claims Consultant</p> <p>Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).</p>	<p>The department is reviewing projects alongside the contracts to understand our position and have 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.</p>	Ola Obadara	10-Jan-2025	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
<p><b>SUR SMT 008</b> <b>Special Structures</b></p> <p>20-Oct-2021 Peter Collinson; Peter Young</p>	<p><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</p>		<p><b>6</b></p>	<p>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.</p> <p>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.</p> <p>Where inspections are flagged and remedial work has been identified. These items may be subject to future bids for funds.</p> <p>C&amp;CS now instructed to determine level of maintenance being undertaken by UKPN and to regularise occupation where no lease exists or repairing obligations not expressly provided.</p> <p><b>10 Jan 2025</b></p>		<p><b>2</b></p>	<p>31-Mar-2025</p>	<p></p> <p>Constant</p>



Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 008a	<p>Special Structures register</p> <p>By tracking delivery against an up-to-date register, and assessing the structures in a risk-based approach, will help mitigate the risk swiftly.</p>	<p>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.</p> <p>The initial desktop survey has been completed, February 2024) and this has developed 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.</p> <p>CPG and Ops group working through implications from latest surveys at Guildhall and St Peter's Hill.</p>	Peter Collinson	10-Jan-2025	31-Mar-2025
SUR SMT 008b	<p>Special structures – investment portfolio</p> <p>Ensuring on-going accuracy of the special structures register in the investment portfolio, in order to understand and assess our risks.</p>	Register for the investment estate exists but 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	10-Jan-2025	31-Mar-2025
SUR SMT 008d	<p>Special Structures – other assets</p> <p>Ensuring that premises controllers, where this is not the City Surveyor, remain aware of their responsibilities. This helps manage the risk at these locations</p>	Corporate Property Director and Operations Group Director are engaging with other departments to ensure that there is clarity over responsibilities and what actions need to progress to mitigate this risk comprehensively across the City of London Corporation.	Peter Collinson; Peter Young	10-Jan-2025	31-Mar-2025
SUR SMT 008e	<p>Special Structures – works</p> <p>To undertake works where the inspection programme has identified areas of need. This will manage the likelihood of this risk.</p>	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).	Peter Collinson	10-Jan-2025	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>  18-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	6	C&CS now instructed to determine level of maintenance being undertaken by UKPN and to regularise occupation where no lease exists or repairing obligations not expressly provided  <b>10 Jan 2025</b>	 Likelihood Impact	4		  Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
Page 42 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.	A working group 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 2024. The next step will be to contact UKPN to obtain fires and asbestos risk assessments, liaise with legal team to ensure that lease agreements are in place and to understand departmental responsibilities.	Peter Collinson	10-Jan-2025	31-Mar-2025
	SUR SMT 015b  Identifying Responsibility  This background data will help codify the split of responsibility between the City Corporation and UKPN	The City Surveyor's Department is collating an inventory of all UKPN substations across our estates, and is seeking to identify leases wherever these are available. Because of age of the structures, many assets may not have current legal documentation.  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.  The organisation's legal team, have been in contact with UKPN in connection with codifying roles and responsibilities and arranging access for CoL as landlord.	Robert Murphy; Peter Young	10-Jan-2025	31-Mar-2025
SUR SMT 015c  Net Steps  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	The working part has been concluded and a consolidated list of UKPN sub stations has been created. Comptrollers & City Solicitors with assistance from CPG, IPG, Housing and the central H&S team are now to formally write to UKPN requesting what risk management and maintenance activity is applied to said sub stations located within or alongside CoL buildings. This action	Robert Murphy; David Renshaw; Peter Young	10-Jan-2025	31-Mar-2025	

	organisation will need to ensure that any structural elements which are our responsibility are maintained appropriately.	is being progressed by the Comptroller and City Solicitor's who have identified landlord and tenants responsibilities.			
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# Agenda Item 9

<b>Committee(s):</b> Resource Allocation Subcommittee, RASC – For Information	<b>Dated:</b> 03/02/2025
<b>Subject:</b> 24/25 Energy & Decarbonisation Performance Q2 Update for the Operational Portfolio	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"><li>delivers Corporate Plan 2024-29 outcomes of Leading Sustainable Environment</li></ul>	Leading Sustainable Environment
<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:</b>	The City Surveyor
<b>Report author:</b>	Emma Bushell

## Summary

This report presents the 2024/25 Quarter 2 energy performance for the City of London Corporation (COLC) operational sites. There has been a 21.9% reduction in weather-corrected energy usage and a 23.9% reduction in absolute performance since the 2018/19 baseline year but despite this, we are off track to achieve our Net Zero Carbon target by 2027.

## Recommendation(s)

- Note, that for the rolling year, Q2 24/25 weather-corrected energy consumption has reduced by 23.9% compared to the baseline year 2018/19 compared to 22.7% for Q1 23/24.

## Main Report

### Background

- The 2024/25 Q1 Energy Performance Report was submitted to the RASC meeting on 30<sup>th</sup> October 2024. This noted that the rolling 12-month energy performance was reduced by 22.7% based on the weather-corrected values for the Climate Action Baseline year of 2018/19.
- 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 Operational Properties and Housing (landlord areas) project, 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 and landlord supplies to housing estates and investment properties.
4. Our 2023/24 interim target was a reduction of 84% against the 2018/19 baseline. We achieved a 65% reduction on baseline, missing our target by 19%. The main cause for missing the 2023/24 target was due to a 7% increase in the carbon factor of National Grid electricity since last year (i.e. more carbon-intense energy in the electricity mix).
5. We need to reduce our emissions by a further 7kt CO<sub>2</sub>e by 2026/27 (from 2023/24) to reach net zero. Works currently planned in the Operational Property Portfolio and Housing (landlord areas) are planning to save 6.7 ktCO<sub>2</sub>e, with the remainder delivered through the Investment Property Portfolio landlord areas. If the National Grid decarbonises as expected, and all planned capital works are delivered on time, we should reach net zero. If works are not all delivered as planned, or the grid decarbonisation underperforms, we risk missing net zero in 2027.

## **Current position**

6. For the rolling year, Q2 24/25 weather-corrected energy consumption has reduced by 21.9% compared to the baseline year 2018/19 (Appendix Figure 1).
7. Over the last 12 months the 30 highest consuming sites have seen a reduction in weather-corrected energy consumption of 7,982 MWh (8.5%) when compared to the preceding 12 months (Appendix Figure 4).
8. For the rolling year, Q2 24/25 absolute energy consumption has also reduced by 23.9% compared to the baseline year 2018/19 (Appendix Figure 2).
9. Energy consumption has now decreased past the lows of 2020/21 when the COVID-19 lockdown significantly reduced building operations across the estate.
10. A significant contributor to this reduction in energy consumption is the removal of the poultry market at Smithfield Market. This removal accounts for roughly 1,950 MWh of the 7,982 MWh drop in energy consumption.
11. 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 722 tonnes of CO<sub>2</sub>e savings per annum across our scope 1 and 2 emissions. This is further detailed in paragraph 19.
12. The City Corporation is currently off target to achieve net zero in its operations by 2027 (Appendix Figure 3). This is primarily due to the electricity grid not decarbonising at the predicted rate, and delays to major Corporation projects which would have delivered significant emissions reductions (including Guildhall and Barbican renewal). We have updated our interim energy and emissions targets for 2024/25 and 2025/26, refreshing our pathway to net zero to account for performance to date to ensure we hit the net zero 2027 goal.

13. The City Corporation has a power purchase agreement (PPA) with a solar farm in Dorset which generates and provides approximately 54,000 MWh of electricity per year. This agreement came into effect in January 2023.
14. If you consider the electricity generated by the PPA as having zero emissions (market-based), then the City Corporation would have achieved net zero carbon in its operations last year (-4.3kt CO<sub>2</sub>-e).
15. In line with best practice international emissions accounting requirements, the PPA is not counted in the net zero targets (location-based emissions). Market-based emissions, which account for renewable energy procurement, reflect the impact of Power Purchase Agreements (PPA) and renewable electricity tariffs. In 2023/24 our operational (Scopes 1 & 2) market-based net emissions were -6.5 ktCO<sub>2</sub>e. Whilst this is not how our net zero target is calculated, we do include market-based emissions in our annual report.

## **Progress on energy projects**

### **CAS Capital Programme**

16. The Corporate Property 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. Energy Efficiency projects currently in development have an estimated capital cost of £8,011,110 (incl. risk), targets savings of 500t CO<sub>2</sub>-e per annum and energy cost savings of £447k per annum.
17. 22 sub-projects (each being a combination of works/measures), across 11 sites are in progress. With projects complete at BAC (pumps and lighting), Guildhall (lighting), Tower Hill Coach & Car Park (lighting and ventilation). Other projects are in delivery at London Archive (solar), Walbrook Wharf (ECM), Mansion House (ECM), Heathrow Animal Reception Centre (prelims for ECM) and Parliament Fields Lido (solar). The remaining projects are in the final stages of development. For a list of projects please see Appendix Figure 6.

### **BEMS**

18. 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 (Building Advisor) at the Guildhall, LMA, CCC and Mansion House. The building advisor monitors the plant continuously to highlight plant equipment that appears to be running abnormally or inefficiently. This can help to reduce energy waste by rectifying these issues.
19. 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 been completed at the London Archive, Freeman's School (Junior block), Walbrook Wharf and Tower Bridge. The transition of the BEMS to a new platform has continued with projects close to completion at Smithfield West Market Car Park and Heathrow Animal Reception Centre, while the project at the Guildhall East Wing (non-office

areas) is due to be started in the new year. These projects are enablers for further energy efficiency projects at these sites.

20. Schneider Electric Consultancy team have been engaged to review the BEMS control strategy on several sites with a view to optimise the control which will reduce energy waste and carbon emissions as well as improve environmental conditions.

### **Corporate and strategic implications**

21. **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 of “Leading Sustainable Environment”.
22. **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 projects will be transferred to the Build Back Better fund for re-investment with further projects.

### **Conclusion**

23. Energy consumption in Q2 24/25 has reduced compared with Q2 23/24 but despite this, we are off track to achieve Net Zero Carbon in our own operations by 2027. This is primarily due to carbon factors of the Grid not reducing as predicted. Our interim pathway to net zero by 2027 has been refreshed to account for performance to date. We continue to mobilise the 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.
24. 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.

### **Appendices**

Appendix 1 - Energy & Decarbonisation Performance Update

#### **Report authors**

**Emma Bushell** Energy and Carbon Manager, City Surveyor’s Department  
[emma.bushell@cityoflondon.gov.uk](mailto:emma.bushell@cityoflondon.gov.uk)

**Stephanie Robertson** Energy and Sustainability Reporting Manager, City Surveyor’s Department

[Stephanie.robertson@cityoflondon.gov.uk](mailto:Stephanie.robertson@cityoflondon.gov.uk)

**George Stroud** Energy and Sustainability Reporting Manager, City Surveyor’s Department

[George.stroud@cityoflondon.gov.uk](mailto:George.stroud@cityoflondon.gov.uk)



## Appendix

Figure 1. Operational Portfolio Energy Consumption (weather corrected)

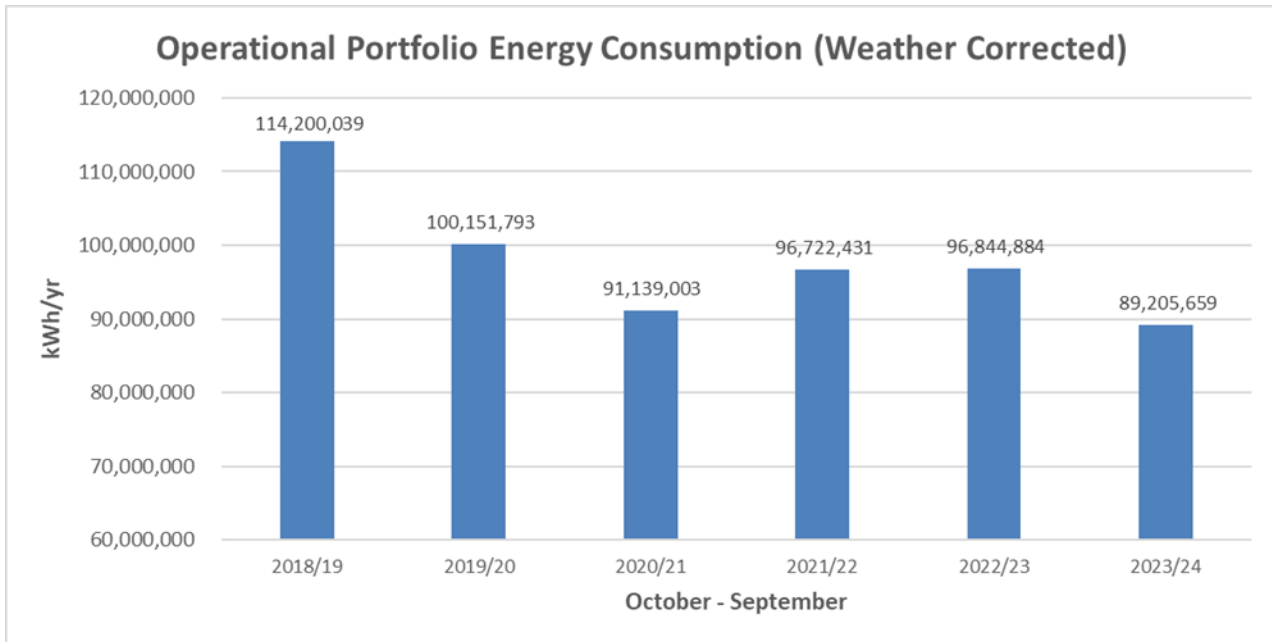


Figure 2. Operational Portfolio Energy Consumption (Absolute)

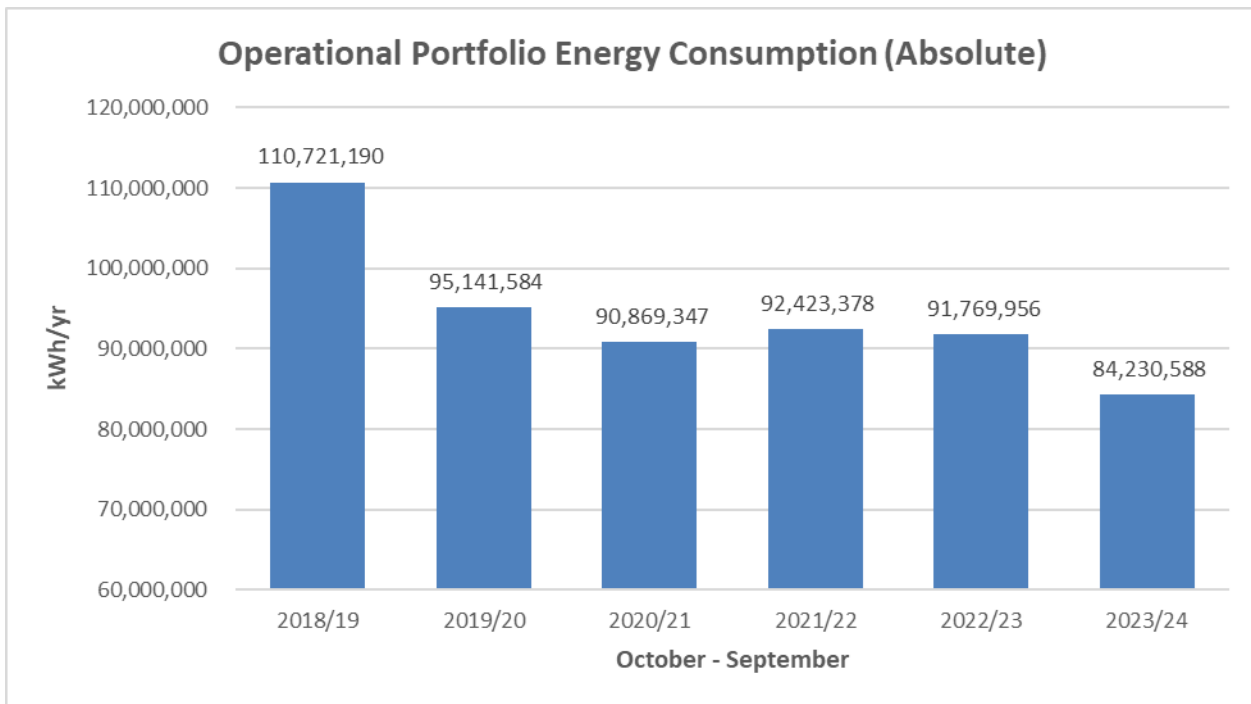


Figure 3. Carbon Trajectory progress towards net zero by 2027 across our own operations

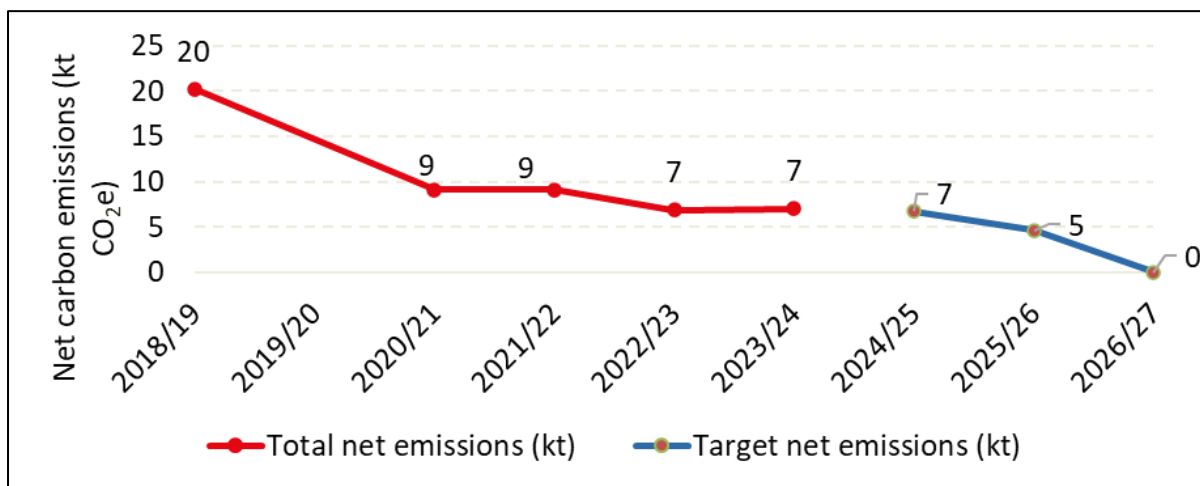


Figure 4. Top 30 site energy performance

Weather Corrected Data: Performance comparison by top 30 sites: Rolling Year up to September 2024

Site Name	Sum of Mar-19	Sum of Sep-22	Sum of Sep-23	Sum of Sep-24	23/24 vs 22/23 Difference	23/24 vs 22/23 %	23/24 vs 18/19 %
GSMD - Milton Court	3,873,643	4,631,858	3,805,611	5,473,951	1,668,340	43.8%	41.3%
Mansion House	2,289,797	2,322,501	1,641,595	2,358,110	716,516	43.6%	3.0%
London Metropolitan Archives	1,344,258	1,203,726	1,163,400	1,351,514	188,114	16.2%	0.5%
New Spitalfields Market (Landlords)	6,800,091	5,828,812	6,011,085	6,176,118	165,033	2.7%	-9.2%
GSMD - Sundial Court	1,776,176	1,572,020	1,462,463	1,599,785	137,322	9.4%	-9.9%
GSMD	2,156,280	2,002,232	2,023,882	2,138,942	115,061	5.7%	-0.8%
Mayor's Court	313,134	256,542	257,395	310,439	53,044	20.6%	-0.9%
Open Spaces East Heath & Kenwood	210,208	166,061	139,829	174,261	34,432	24.6%	-17.1%
Open Spaces Epping Forest	634,781	682,630	580,381	610,156	29,775	5.1%	-3.9%
Open Spaces Hampstead Heath Leisure	669,634	666,523	690,573	714,856	24,284	3.5%	6.8%
Open Spaces Parliament Hill	241,349	242,750	276,664	296,901	20,236	7.3%	23.0%
Billingsgate Market	3,394,388	3,183,610	3,078,410	3,088,995	10,585	0.3%	-9.0%
Baynard House Car Park	165,216	168,141	162,867	156,376	-6,491	-4.0%	-5.4%
London Wall Car Park	219,171	207,609	210,757	199,316	-11,441	-5.4%	-9.1%
City of London School For Girls	2,243,876	1,567,177	2,063,887	2,015,113	-48,774	-2.4%	-10.2%
Open Spaces Golders Hill & Extension	350,124	400,614	260,016	188,859	-71,157	-27.4%	-46.1%
Animal Reception Centre	687,364	660,525	652,828	577,366	-75,462	-11.6%	-16.0%
Tower Bridge	2,277,475	2,234,110	2,226,862	2,118,931	-107,930	-4.8%	-7.0%
Streetlighting	3,800,664	2,047,535	1,933,582	1,798,247	-135,335	-7.0%	-52.7%
City of London Freeman's School	4,791,615	5,044,688	4,809,463	4,660,195	-149,268	-3.1%	-2.7%
Tower Hill Coach & Car Park	542,795	587,220	477,487	203,525	-273,961	-57.4%	-62.5%
City of London Crematorium	2,778,997	2,073,962	2,196,524	1,852,180	-344,344	-15.7%	-33.4%
Walbrook Wharf Cleansing Depot	1,727,620	2,147,750	2,342,742	1,894,205	-448,537	-19.1%	9.6%
City of London School	3,229,652	3,324,176	3,253,549	2,732,108	-521,441	-16.0%	-15.4%
Barbican Arts Centre	17,351,369	14,991,283	17,084,876	16,394,659	-690,217	-4.0%	-5.5%
New Street (21)	1,805,567	2,249,471	2,790,125	2,001,725	-788,399	-28.3%	10.9%
Central Criminal Court	7,815,224	6,329,896	5,254,750	4,137,698	-1,117,052	-21.3%	-47.1%
Guildhall Complex	17,750,527	13,319,859	12,197,173	10,634,558	-1,562,615	-12.8%	-40.1%
Bishopsgate Police Station	3,420,664	3,170,568	3,614,608	1,863,130	-1,751,479	-48.5%	-45.5%
London Central Market (Smithfield)	17,431,633	10,937,415	11,167,574	8,127,008	-3,040,566	-27.2%	-53.4%
<b>Grand Total</b>	<b>112,093,292</b>	<b>94,221,263</b>	<b>93,830,955</b>	<b>85,849,228</b>	<b>-7,981,727</b>	<b>-8.5%</b>	<b>-23.4%</b>

Figure 5. Bottom 5 performing sites

Bottom 5 Performing Sites - Weather Corrected	Sept-23	Spet-24	Difference kWh 23/24 vs 24/25	Potential Rationale
GSMD - Milton Court	3,805,611	5,473,951	1,668,340	The increase has been caused by an increase in heat consumption. This supply has significant ongoing metering issues and we are currently investigating whether the current readings are incorrect or whether previous readings are incorrect.
Mansion House	1,641,595	2,358,110	716,516	Increased gas consumption is the primary cause of the increase for Mansion House. The site is taking more bookings than it has in the past which explains this. However, the energy team is working with the site to see if consumption can be reduced.
London Metropolitan Archives	1,163,400	1,351,514	188,114	The increase in consumption is likely due to the site attempting to dry out and de-humidify following a flood earlier in 2024.
New Spitalfields Market (Landlords)	6,011,085	6,176,118	165,033	The increase in consumption has been caused by the increasing number of tenants that occupy the market. After excluding tenant consumption, the site's consumption has decreased vs the previous year.
GSMD - Sundial Court	1,462,463	1,599,785	137,322	Increased gas consumption is the primary cause of this increase. The site recently had new boilers installed and this has meant their consumption is more consistent. Before this installation, the boilers were regularly cut out for long periods. Also, the site has seen an increase in general use & occupancy.

Figure 6. Current CAS Capital Programme Projects

Number	Site	Scope of works	Description
1	Barbican Arts Centre	Pump replacement	Project completed.
2	Barbican Arts Centre and Guildhall School of Music and Drama	EC fans replacement	Project completed.
3	Barbican Arts Centre	Lighting replacement	Project completed.
Page 52	Guildhall	Lighting replacement	Project completed.
	Tower Hill Coach and Car Park	Lighting, Ventilation and BMS	Project completed.
6	Multiple	BMS optimisation: Phase one	Project completed.
7	Multiple	BMS optimisation: Phase two	Being discussed for cancellation.

<b>Number</b>	<b>Site</b>	<b>Scope of works</b>	<b>Description</b>
8	London Metropolitan Archives	Solar PV	This project is on site and being delivered.
9	Guildhall School of Music and Drama	LED, BMS, EC Fan	This project is now in final stages of development.
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 on site and being delivered in piecemeal according to access.
13	Mansion House - phase 2	ASHP and PV installation	Planning Permission in progress.
14	The Warren	LED lighting, pipe insulation and ASHP	This project is still in redevelopment.
15	Walbrook Wharf - phase 1	EC Fans, pipework insulation, pump replacement, BEMS Optimisation	Project is on site and being delivered.

<b>Number</b>	<b>Site</b>	<b>Scope of works</b>	<b>Description</b>
16	Walbrook Wharf - phase 2	ASHP installation	This project is now in final stages of development. Planning permission is being applied for.
17	Open Space PV – Parliament Hill Lido	PV installation	Planning Permission in progress.
18	Heathrow Animal Reception Centre – Phase 1	Solar PV, LED Lighting, EC Fans	This project is now in final stages of development. Planning permission is being applied for.
19	Heathrow Animal Reception Centre – Phase 2	ASHP to replace existing boilers	This project is now in final stages of development. Planning permission is being applied for.
	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 shutdown.

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