



Property Investment Board

Date: FRIDAY, 26 NOVEMBER 2021
Time: 11.00 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Deputy Andrien Meyers (Chair)
Shravan Joshi (Deputy Chairman)
Deputy Tom Sleight
Alderman & Sheriff Alison Gowman
Christopher Hayward
Michael Hudson
Dhruv Patel
Deputy Philip Woodhouse
Simon Duckworth
Deputy Robert Merrett
Deputy Alastair Moss (Co-opted Member)
Deputy Edward Lord (Co-opted Member)
Claudine Blamey (Co-opted Member)

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

<https://youtu.be/s6yl-51EVZI>

Lunch will be served for Members in the Guildhall Club at 1PM

Enquiries: Richard Holt
Richard.Holt@cityoflondon.gov.uk

John Barradell
Town Clerk and Chief Executive

AGENDA
Part 1 - Public Agenda

1. **APOLOGIES FOR ABSENCE**

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

3. **MINUTES**

To approve the public minutes and non-public summary of the informal Property Investment Board meeting held on 17th of September 2021.

For Decision
(Pages 7 - 12)

4. **DRAFT CITY SURVEYOR'S DEPARTMENT BUSINESS PLAN FOR 2022/23**
Report of the City Surveyor.

For Decision
(Pages 13 - 20)

5. **BUSINESS PLAN 2021-26 QUARTER 2 2021/22 UPDATE**
Report of the City Surveyor.

For Information
(Pages 21 - 34)

6. **CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER -QUARTER 2 2021/22 UPDATE**
Report of the City Surveyor.

For Information
(Pages 35 - 54)

7. **PROGRESS UPDATE - MINIMUM ENERGY EFFICIENCY STANDARDS & NET ZERO CARBON ACTION PLAN**
Report of the City Surveyor.

For Information
(Pages 55 - 60)

8. **EC PARTNERSHIP BID PROPOSAL**
Report of the City Surveyor.

For Information
(Pages 61 - 72)

9. **FLEET STREET QUARTER BUSINESS IMPROVEMENT DISTRICT**

Report of the City Surveyor.

For Information
(Pages 73 - 84)

10. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

11. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

12. EXCLUSION OF THE PUBLIC

MOTION – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

13. NON PUBLIC MINUTES

To approve the non-public minutes of the informal Property Investment Board meeting held on 17th of September 2021.

For Decision
(Pages 85 - 92)

ALL ESTATES

14. ALL FUNDS - RENTAL ESTIMATES MONITORING REPORT

Report of the City Surveyor.

For Information
(Pages 93 - 104)

15. CITY SURVEYOR REVENUE BUDGETS - LATEST APPROVED 2021/22 AND ORIGINAL ESTIMATES 2022/23

Report of the Chamberlain.

For Decision
(Pages 105 - 140)

16. CITY FUND, CITY'S ESTATE AND BRIDGE HOUSE ESTATES: ARREARS OF RENT AS AT SEPTEMBER 2021 QUARTER DAY MINUS 1

Report of the City Surveyor.

For Decision
(Pages 141 - 152)

17. **ALL ESTATES : DELEGATED AUTHORITIES - DECISIONS AS AT 30TH SEPTEMBER**
Report of the City Surveyor.

For Information
(Pages 153 - 160)

18. **REPORT OF ACTION TAKEN BETWEEN MEETINGS**
Report of the Town Clerk.

For Information
(Pages 161 - 170)

CITY FUND AND CITY'S ESTATE FUND

19. **COMMERCIAL RENT - DEBT WRITE OFF**
Report of the Comptroller and City Solicitor.

For Decision
(Pages 171 - 186)

CITY'S ESTATE

20. **CITY'S ESTATE 38 AND 40-42 CHARTERHOUSE STREET, EC1M - DISPOSAL OF 130 YEAR LEASE.**
Report of the City Surveyor.

For Decision
(Pages 187 - 194)

21. **CITY'S ESTATE - 85 GRESHAM STREET - AMENDMENT TO EXISTING LEASE TERMS AND GRANTING OF A REVERSIONARY LEASE**
Report of the City Surveyor.

For Decision
(Pages 195 - 202)

22. **CITY'S ESTATE : DISPOSAL OF LONG LEASE AT TEMPLE CHAMBERS**
Report of the City Surveyor.

To follow.

For Decision
(Pages 203 - 212)

CITY FUND ESTATE

23. **CITY FUND - REFURBISHMENT/EXTENSION OF 6 BROAD STREET PLACE AND 15-17 ELDON STREET**
Report of the City Surveyor.

For Decision
(Pages 213 - 214)

24. **SALISBURY SQUARE DEVELOPMENT - RIBA STAGE 4A PROGRESS UPDATE**
Report of the City Surveyor.

For Information
(Pages 215 - 226)

25. **CITY FUND - SALISBURY SQUARE (FORMERLY FLEET STREET ESTATE) DEVELOPMENT VACANT POSSESSION - SURRENDER AGREEMENT AND COMPENSATION AGREEMENT WITH THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT & PAYMENT LETTER WITH HER MAJESTY'S COURTS AND TRIBUNAL SERVICE, FLEETBANK HOUSE, EC4**
Report of the City Surveyor.

For Information
(Pages 227 - 234)

BRIDGE HOUSE ESTATES

26. **REFURBISHMENT OF TOWER CHAMBERS, 74 MOORGATE, EC2 - BRIDGE HOUSE ESTATES**
Report of the City Surveyor.

For Discussion
(Pages 235 - 252)

27. **BRIDGE HOUSE ESTATES - DISPOSAL OF 64/65 LONDON WALL**
Report of the City Surveyor.

To follow.

For Discussion
(Pages 253 - 268)

28. **BRIDGE HOUSE ESTATES RENTAL ESTIMATES MONITORING REPORT**
Report of the City Surveyor.

For Information
(Pages 269 - 274)

29. **BRIDGE HOUSE ESTATES - QUARTERLY DELEGATED AUTHORITIES UPDATE - 1ST JULY 2021 TO 30TH SEPTEMBER 2021**
Report of the City Surveyor.

For Information

(Pages 275 - 276)

30. **BRIDGE HOUSE ESTATES (BHE): ARREARS OF RENT AS AT SEPTEMBER 2021 QUARTER DAY MINUS 1**
Report of the City Surveyor.

For Information
(Pages 277 - 290)

31. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

32. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

(Pages 291 - 296)

PROPERTY INVESTMENT BOARD

Minutes of the meeting of the informal meeting of the Property Investment Board held at remotely on Friday, 17 September 2021 at 11.00 am

Present

Members:

Deputy Andrien Meyers (Chair)
Shravan Joshi (Deputy Chairman)
Alderman Alison Gowman
Michael Hudson
Dhruv Patel
Deputy Robert Merrett
Karina Dostalova
Deputy Edward Lord
Claudine Blamey
David Brooks Wilson
Stuart Corbyn
Tony Joyce
David Shaw OBE

Officers:

Richard Holt	- Town Clerk's Department
Shani Annand-Baron	- Town Clerk's Department
Aqib Hussain	- Chamberlain's Department
Amneet Nijjor	- Chamberlain's Department
John James	- Chamberlain's Department
Alan Bennetts	- Comptroller & City Solicitor's Department
Ola Obadara	- City Surveyor's Department
Nicholas Gill	- City Surveyor's Department
Andrew Cross	- City Surveyor's Department
Tom Leathart	- City Surveyor's Department
Neil Robbie	- City Surveyor's Department

1. APOLOGIES FOR ABSENCE

Introductions

The Town Clerk highlighted that the meeting was being recorded as well as live streamed and would be made available on the City Corporation's YouTube page for a period of time after the meeting had concluded. It was confirmed that participants in the meeting had all individually agreed and given their consent to being recorded and that all personal data would be processed in accordance with the Data Protection Act 2018. The Town Clerk also highlighted that, for further information on this, viewers could contact the City Corporation using the details provided on the public webpages.

The Town Clerk reminded Members, and any members of the public observing the meeting on-line, that this was an informal meeting and that any views reached by the Committee today would therefore have to be considered by the Investment Property Director after the meeting in accordance with the Court of Common Council's COVID Approval Procedure and that they would make a formal decision having considered all relevant matters. The Town Clerk highlighted that this process reflected the current position in respect of the holding of formal Local Authority meetings and the Court of Common Council's decision of 15th April 2021 to continue with virtual meetings and take formal decisions through a delegation to the Town Clerk and other officers nominated by him after the informal meeting has taken place and the will of the Committee was known in open session. Details of all decisions taken under the COVID Approval Procedure would be available online via the City Corporation's webpages.

Responding to a Member's question the Town Clerk confirmed that the decision to hold the meeting informally was in accordance with the Court of Common Council decision made on the 15th of April 2021. A Member highlighted that this arrangement was due to end in October 2021.

Apologies for absence were received from Sheriff Christopher Hayward and Deputy Tom Sleigh.

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

There were no declarations.

3. **MINUTES**

The Board considered the public minutes and non-public summary of the informal meeting of the Property Investment Board meeting held on the 16th of July 2021.

RESOLVED – That the public minutes and non-public summary of the informal meeting of the Property Investment Board meeting held on the 16th of July 2021 be approved as an accurate record.

4. **PROPERTY INVESTMENT BOARD CO-OPTED MEMBER APPOINTMENT**

The Board considered a report of the Town Clerk on the co-opted member appointment for the Property Investment Board. The Town Clerk introduced the report and explained that, further to suggestion of the Chair, the terms of the co-opted members appointed would be staggered to ensure there would not be period a when there were no co-opted members are servicing on the Board.

The Board discussed the need to attract a diverse group of candidates for these positions and agreed that Claudine Blamey, following her reappointment as a co-opted member of the Board, be added to the recruitment panel to ensure it was a representative group.

RESOLVED- That: -

- I. The process for the nomination of external members to be considered for co-option to the Property Investment Board be approved as outlined in this report; and
- II. It was noted that up to three external members will be recommended for co-option to the Board at the next meeting in November.
- III. The co-option of Claudine Blamey to the Property Investment Board for a further term to be reviewed at the May 2022 meeting of the Board be approved; and
- IV. A budget of £3058.88 to be identified within the City Surveyors local risk budget to cover the cost of advertising these vacancies be approved; and
- V. Authority was delegated to the Town Clerk, in consultation with the Chair and Deputy Chairman, to approve the final advert for the co-opted member roles; and
- VI. That it was approved that Claudine Blamey be added to the co-opted member recruitment panel.

5. **BUSINESS PLAN 2021-26 QUARTER 1 2021/22 UPDATE**

The Board received a report of the City Surveyor on the Business Plan 2021-26 Quarter 1 2021/22 Update. The City Surveyor introduced the report and outlined the key elements of the report to the Board.

RESOLVED- That the report be noted.

6. **CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER -UPDATE**

The Board considered a report of the City Surveyor on the City Surveyor's Departmental Risk Register update. The City Surveyor highlighted the major changes since the last report in July and that the COVID-19 risks will be subsumed into the general departmental risk registers going forward.

The Board commented on the requirement to upskill City of London Corporation staff and Board Members with regard to the Climate Action Strategy.

In response to a question from the Board the City Surveyor agreed to extend the completion date for the COVID19 risk from December 2021 to March 2022.

RESOLVED- That the report be noted.

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

There were no questions.

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

There was no urgent business considered in the public session.

9. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

Item No.

Paragraph No.

10-24

3

10. NON-PUBLIC MINUTES

The Board considered the non-public minutes of the informal meeting of the Property Investment Board meeting held on the 16th of July 2021.

RESOLVED – That the non-public minutes of the informal meeting of the Property Investment Board meeting held on the 16th of July 2021 be approved as an accurate record.

11. CITY'S ESTATE, CITY FUND & BRIDGE HOUSE ESTATES OUTSTANDING LEASE RENEWALS & RENT REVIEWS - 1ST JANUARY 2021 TO 30TH JUNE 2021

The Board received a report of the City Surveyor on the Outstanding Lease Renewals & Rent Reviews 1st January 2021 to 30th June 2021 for the City's Estate, City Fund & Bridge House Estates.

RESOVLED- That the report be noted.

12. ALL FUNDS - RENTAL ESTIMATES MONITORING REPORT

The Board received a report of City Surveyor on the Rental Estimates Monitoring Report for all Funds.

RESOLVED- That the report be noted.

13. REPORT OF ACTION TAKEN

The Board received a report of the Town Clerk on the action taken by the Town Clerk since the last meeting of the Board in accordance with Standing Order Nos. 41(a) and (b).

RESOLVED- That the report be noted.

14. CITY'S ESTATE, 39/41 & 41 NORTH ROAD - SURRENDER AND RE-GRANT - TWO NEW 150 YEAR LEASES

The Board considered a report of the City Surveyor on the City's Estate, 39/41 & 41 North Road Surrender and Re-grant Two New 150 Year Leases.

RESOLVED- That the report be approved

15. CITY'S ESTATE - USE OF DESIGNATED SALES POOL FOR REFURBISHMENT UNDER £1M

The Board considered a report of the City Surveyor on the Use of City's Estate Designated Sales Pool for Refurbishment Projects under £1m.

RESOLVED- That the report be approved.

16. **CITY FUND - BUDGET REQUEST - SECURITY GUARDS AND CCTV MONITORING AT LEADENHALL MARKET FOR COUNTERTERRORISM PURPOSES**

The Board considered a report of the City Surveyor on the City Fund Budget Request Security Guards and CCTV Monitoring at Leadenhall Market for counterterrorism purposes.

RESOLVED- That the report be approved.

17. **CITY FUND - STRATEGIC ESTATE LETTING REPORT- 4-5 BONHILL STREET, LONDON EC2 GOOGLE UK LIMITED**

The Board considered a report of the City Surveyor on the City Fund Strategic Estate Letting Report 4-5 Bonhill Street, London EC2 Google UK Limited.

RESOLVED- That the report be approved.

18. **CITY FUND : BUILDING INSURANCE - SPITALFIELDS DEVELOPMENTS LIMITED - DEBT WRITE OFF**

The Board the considered a report of the City Surveyor on the debt write off for the Building insurance Spitalfields Developments Limited within the City Fund.

RESOLVED- That the report be approved.

19. **CITY FUND - FUNDING STRATEGY 15/17 ELDON STREET EC2 AND 6 BROAD STREET PLACE EC2 REFURBISHMENT PROJECTS - UPDATE REPORT**

The Board considered a report of the City Surveyor on the Funding Strategy for 15/17 Eldon Street EC2 and 6 Broad Street Place EC2 Refurbishment Projects within the City Fund.

RESOLVED- That the report be approved.

20. **CITY FUND - REFURBISHMENT/EXTENSION OF 6 BROAD STREET PLACE, EC2M**

The Board considered a report of the Refurbishment/Extension of 6 Broad Street Place.

RESOLVED- That the report be approved.

21. **LONDON WALL WEST - REDEVELOPMENT OF BASTION HOUSE/MUSEUM OF LONDON SITE ON 140-150 LONDON WALL (CITY FUND)**

The Board considered a report of the City Surveyor on the London Wall West Redevelopment of Bastion House/Museum of London site on 140-150 London Wall (City Fund).

RESOLVED- That the report be approved.

22. **64/65 LONDON WALL - RE-COVERING AND REPLACEMENT OF ROOF - BRIDGE HOUSE ESTATES (REG. CHARITY NO. 1035628)**

The Board considered a report of the City Surveyor on the 64/65 London Wall - Re-covering and replacement of roof - Bridge House Estates (Reg. Charity No. 1035628).

RESOLVED- That the report be approved.

23. **BRIDGE HOUSE ESTATES RENTAL ESTIMATES MONITORING REPORT**

The Board received a report of the City Surveyor on the Bridge House Estates Rental Estimates Monitoring Report.

RESOLVED- That the report be noted.

24. **BRIDGE HOUSE ESTATES OUTSTANDING LEASE RENEWALS & RENT REVIEWS - 1ST JANUARY 2021 TO 30TH JUNE 2021**

The Board received a report of the City Surveyor on the Outstanding Lease Renewals & Rent Reviews 1st January 2021 to 30th June 2021 within Bridge House Estates.

RESOLVED- That the report be noted.

25. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

26. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were three items of urgent business considered in the non-public session.

The meeting ended at 12.27 pm

Chairman

Contact Officer: Richard Holt
Richard.Holt@cityoflondon.gov.uk

Committee:	Date:
Corporate Asset Sub (Finance) Committee Property Investment Board	24 November 2021 26 November 2021
Subject: Draft City Surveyor's Department Business Plan for 2022/23 (CS 454/21)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4, 7, 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Paul Wilkinson, City Surveyor	For Approval
Report author: John Galvin, Business Performance and Improvement	

Summary

This report presents for approval the Business Plan for the City Surveyor's Department for 2022/23.

Recommendation

The committee is recommended to:

- i) Note the factors taken into consideration in compiling the City Surveyor's Departmental Business Plan; and
- ii) Approve, subject to the incorporation of any changes sought by this Committee, the departmental Business Plan for 2022/23 (or the elements therein that fall within this committee's Terms of Reference).

Main Report

Background

1. Business Plans for 2022/23 are being presented based on current departmental structures. These will be adjusted, alongside budgets, when any changes to these structures are implemented.
2. Business Planning will be reviewed as part of the Target Operating Model. Any proposed changes will be shared and agreed prior to implementation in future

planning cycles. For 2022/23 Business Plans, we have adopted the same templates and approach from 2021/22.

Current Position

3. Business Plans are aligned to departments, so all financial information presented within the Business Plan reflects the departmental budget rather than the Committee budget. Budget information also only relates to local risk, so items such as rental collection (central risk) is not included.

Proposal

4. The draft high-level summary Business Plan for the City Surveyor's Department is presented at **Appendix 1**.

Key Data

5. Key data is presented within the draft high-level summary Business Plan.

Corporate & Strategic Implications

6. Strategic implications – Strategic priorities and commitments are expressed in **Appendix 1**.
7. Financial implications – The City Surveyor made his 12% savings target from local risk and central risk budgets under his control. The local risk figures contained in the draft high-level summary Business Plan at **Appendix 1** reflect the element of this saving made in these budgets.

Members will be aware that much of the activity of the department is undertaken on behalf of client departments or the organisation generally. For instance, income generated by the investment estate appears under central risk and is therefore not covered in Appendix 1. Similarly, contract spend where we are delivering services on behalf of others, or much of our project spend is not covered in the attached Business Plan.

8. Risk implications – Key risks managed by the department are included in the draft high-level summary Business Plan at **Appendix 1**.
9. Resource implications – The implementation of the Target Operating Model shall place the department on a firmer financial footing. Further savings should be achievable through the implementation of the enabling services element of the Target Operating Model process.
10. Equalities implications – Equalities, Diversity and Inclusion have been a focus of the department. There is an engaged departmental ED&I Network responsible for developing and implementing actions to further equalities matters within the department. The key workstreams: recruitment, development, advocacy, have been highlighted within the Business Plan.

11. Climate Implications – The Business Plan has noted that the City Surveyor's Department will carry out a key role in delivering the organisation's Climate Action Strategy. The focus for the coming year is on delivery, moving on from last year's mobilisation stage.
12. Security implications – A number of projects / programmes that the department delivers have security elements associated with them. Security also form part of the enabling services review under the Target Operating Model.

Conclusion

13. This report presents the draft high-level summary Business Plan for 2022/23 for the City Surveyor's Department. This committee is recommended to approve the plan.

Appendices

- Appendix 1 – Draft High-level summary Business Plan 2022/23 for the City Surveyor's Department.

John Galvin

Business Performance and Improvement

E: john.galvin@cityoflondon.gov.uk

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Our aims and objectives are...

- **Strategic asset management** – We will develop and implement asset management strategies that align Corporate Property Asset Management Strategy, Investment Property Strategy and risks. We will ensure that we unlock the potential of our property assets in a way that supports the efficient delivery of the Corporate Plan and Service Departments’ business plans – including, where relevant, supporting and driving the rationalisation of our operational estate. We will ensure the conservation of the City’s heritage assets.
- **Property assets and facilities management** – We will ensure buildings are fit for purpose, sustainable, energy efficient, safe and secure, accessible, meeting service needs and obligations to tenants as well as community expectations. Enhanced efficiencies will be driven by asset management and forward maintenance plans; provision of facilities management; and delivery of cyclical, minor improvement, and capital projects.
- **Fund management and income generation** – We will efficiently manage the City of London’s investment property portfolios (City Fund, City’s Estate and Bridge House Estates) to generate and grow income that can be reinvested into the organisation and underpin delivery of corporate priorities, deliver our local authority services and support charitable organisations through the Bridge House Estates.
- **Property Projects** – We will manage and deliver City of London major capital build projects to best practice ensuring delivery outcomes meets or exceeds our customers’ expectations. We will continually explore innovative ways to add value to projects with a conscious approach to sustainability and energy efficiency, ensuring procurement processes and governance comply with statutory and City of London regulations.
- **Support and promote the City as a business location** – We will champion the City as the best place in the world to do business and encourage the development of its connectivity, capacity and character.
- **Climate Action** – We will help transition the organisation to net-zero through the delivery of the Investment Property, Corporate Property, Capital Projects and Resilience workstreams.

Our major workstreams this year will be...

- Actively manage the £4.1b investment portfolio to generate income in support of the City of London’s aspirations.
- Achieving efficiencies in the utilisation and asset management of the City’s operational properties and tenancies. We will focus on asset realisation, income protection and income generation from operational estate.
- Delivery of major Investment Property projects to deliver enhanced returns.
- Progression of the Museum of London and the Market co-location programmes.
- Providing facilities management, building engineering services and building surveying projects as well as technical advice to operational and investment properties.
- Providing property health and safety compliance and energy management – supporting the organisation’s Climate Action Strategy for buildings through decarbonisation projects.
- Rationalising the organisation’s property footprint.
- Providing support to the wider business and property communities in the square mile in partnership with existing and emerging Business Improvement Districts.
- Delivering the departmental Equality, Diversity and Inclusion action plan.
- Embedding the changed departmental structures from the Target Operating Model.

The [Corporate Plan](#) outcomes we have a direct impact on are...

- 4 – *Communities are cohesive and have the facilities they need*
- 7 – *We are a global hub for innovation in finance and professional services, commerce and culture.*
- 12 – *Our spaces are secure, resilient and well maintained*

Plans under consideration / development

Plan	Time Scale
Project Management Automation	Mar-2023
Provision of a common data environment	Mar-2023
MRI Horizon deployment	Jun -2022

What's changed since last year, and areas of focus, for 2022/23

- A focus on income protection and tenant retention following the covid-19 pandemic. Income generation and maximisation will continue to be a key departmental priority throughout 2022/23.
- Dealing with increased arrears. Where properties are vacated, to expedite our void / remarketing activities to ensure positive income flows.
- Responding to the rapidly changing demands from clients – the 'office of tomorrow' – and building this into our refurbishment plans.
- Leverage benefits of the MRI Horizon programme, deliver improved business process, and driving out waste through the intelligent use of data (with Markets, Open Spaces and the Barbican).
- Delivering the Climate Action Strategy and supporting decarbonisation initiatives across all the department's operations. This includes a focus on delivering carbon reduction / climate action projects.
- Finalise Phase 2 of the TOM, including the integrated FM approach for implementation in 2023.
- Mobilisation and implementation of the BEMS system to deliver improved energy data management.
- Mobilisation of the next generation CAFM system, including the population of asset condition information, improving our capacity to move to condition-based maintenance scheduling.
- Review the security provision across the organisation under the guidance of the Strategic Security Director and Counter Terrorism Advisor.
- Cyclical works programme revision to better account for occupier requirements and property needs.
- Delivery of complex strategic programmes in an environment of increasing cost pressures.
- Emphasis on agility when responding to requests from the City for the delivery of property projects – within the current resource constraints.
- Increased focus on project delivery innovation in order to achieve greater VFM.
- Rescope of Business Improvement Districts (BIDs) priorities to capture the entire business ecosystem.
- Collaboration with the BIDs and the property industry to support the SME recovery. This includes supporting the local business loyalty app.
- Moving to remote and virtual meetings as a business norm – particularly with regards to project and client interactions.
- Support the reoccupation of the Guildhall including delivering enabling technology to ensure efficient use of space.
- Transition to the hybrid office of the future – collaborative, engaging, supportive.
- Ensure corporate priorities and best practice are embedded in departmental processes – including performance, risk, capital bids, and zero-based budgeting.
- Drive to eliminating waste, streamline our processes and procedures, delivering optimisation across the value chain.

Our equalities, diversity and inclusion Action Plan

The department is committed to promoting Equalities, Diversity and Inclusion (ED&I). It has an active ED&I Network, seeking to:

- Increase knowledge and awareness of equality, diversity and inclusion issues within the City Surveyor's Department.
- Increase the number of applications we receive from underrepresented candidates.
- Develop links with professional bodies, educational institutions and other stakeholders to promote the City of London as an inclusive employer.

The Network has developed an Action Plan, aligned with best practice from our industry partner NLA (New London Architecture) focussing on four workstreams: Recruitment, Development, Advocacy, and a 'CSD specific' stream.



Our strategic commitments

Climate Action Strategy (CAS)

- Achievement of net zero emissions through project delivery (by 2027 for Operational estate and by 2040 across the investment portfolio).
- Positioning investment portfolio to meet CAS targets.
- Integrate the City's climate resilience measures into our capital build projects.

Corporate Property Asset Management Strategy

- Efficient – supporting the rationalising of the estate and improving utilisation.
- Effective – meeting and challenging the needs of asset occupiers.
- Sustainable – delivering CAS objectives, building resilience, championing sustainable growth, and conserving our heritage assets for future generations.

Investment Property Strategy

- MSCI out-performance.
- Rental income sustainability.
- Capital realisation and maximisation for re-investment.
- Support strategic and policy requirements of the City of London.

Facilities Management (FM) Strategy

- Progress the integrated FM Strategy for implementation in 2023/24.
- This will look at and identify opportunity to create efficiencies by further integrating disparate FM functions.
- The strategy will be based upon class leading third generation FM principles.

Digital Infrastructure Strategy

- 5g infrastructure network. (Subject to agreement)
- Rooftop infrastructure. (Subject to agreement)
- Provision of broadband infrastructure across property assets.

Project and Programme Delivery

- Continuing support to the major programmes (Courts & Police, Museum of London, London Wall master planning, Markets co-location).
- Guildhall Refurbishment (West and North wings).
- Working to address the backlog of repairs and maintenance through the Cyclical Works Programme.

Key Risks

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	5	
Unlikely				
Rare				

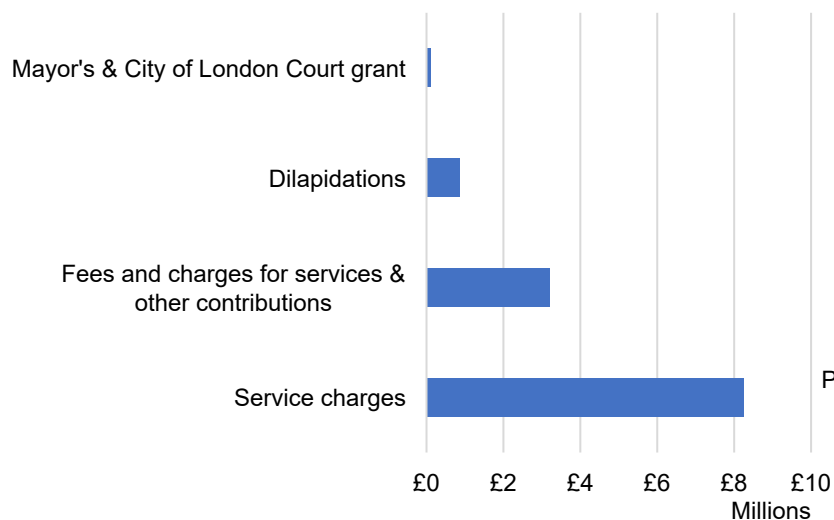
Table 1: November 2021 Risk Heatmap

Risk Title	Score
Repairs and Maintenance	16
Construction Price Inflation	16
Investment Strategy	12
Climate Action Strategy	12
Guildhall Budget Adequacy	12
Energy Pricing	12
Construction Consultancy Management	12
Special Structures	6

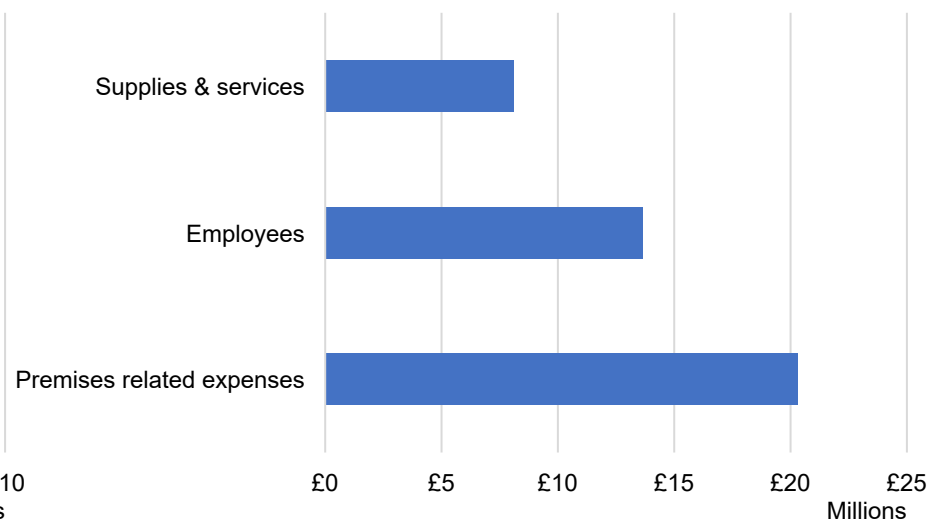
Key Performance Indicators

KPI	Current Performance
Asset realisation and additional income	Behind target
Guildhall space utilisation	Ahead of target
Delivery of CAS milestones	New
Property contract performance compliance	Ahead of target
Adherence to budgetary spend profiles	On year-end target
Rental forecasts	Target to be set
Minimise arrears	Target to be set
Minimise voids	Target to be set
Outperformance of MSCI	Achieved target (2021/22)
Delivery of Business Improvement Districts	Ahead of target
Delivery of 5g network infrastructure through wireless concession	Behind target
Capital projects – project risk status	Ahead of target
Capital projects – health and safety	Ahead of target
Capital projects – site sustainability and waste management	Ahead of target

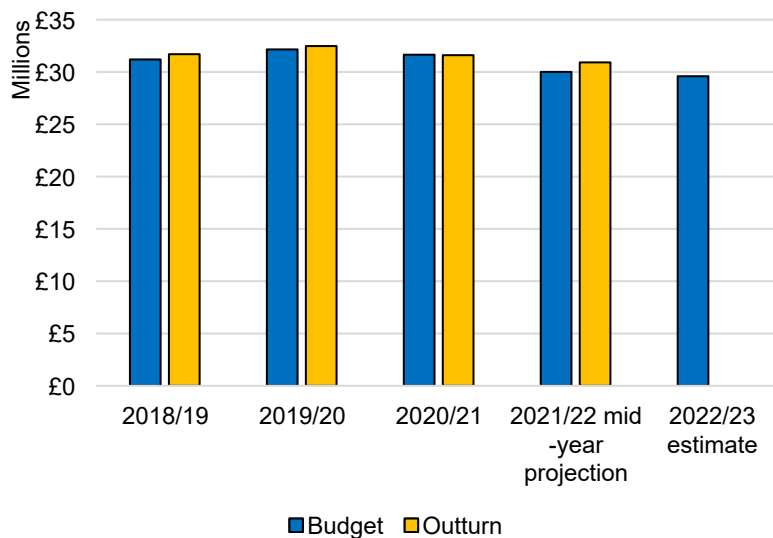
Where our 'local risk' money comes from



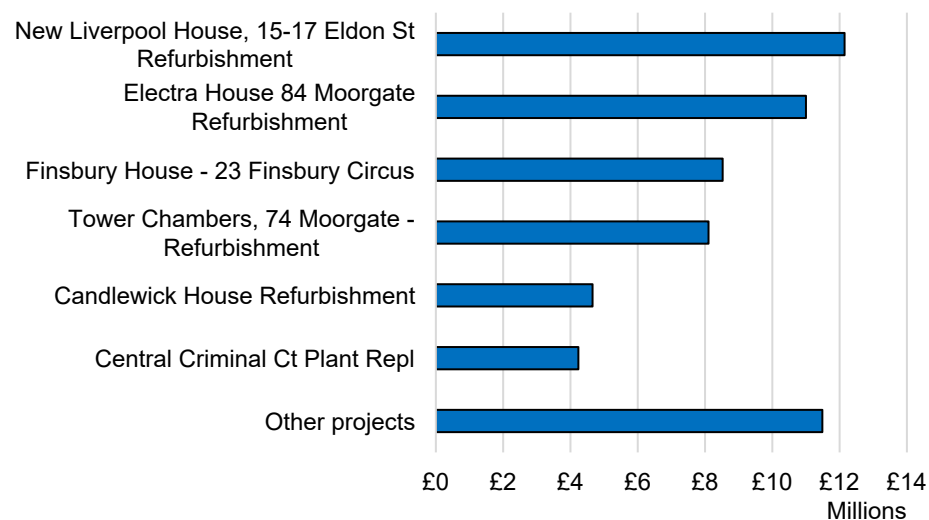
Where our 'local risk' money is spent



Budget vs Actual



Capital Project Spend (City Surveyor's as Client)



Committee(s)	Dated:
Corporate Asset Sub (Finance) Committee – For information	24 November 2021
Property Investment Board – For information	26 November 2021
Subject: Business Plan 2021-26 Quarter 2 2021/22 Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4, 7, 12
Does this proposal require extra revenue and/or capital spending? N/A	N
If so, how much? N/A	N/A
What is the source of Funding? N/A	N/A
Has this Funding Source been agreed with the Chamberlain's Department? N/A	N/A
Report of: The City Surveyor (CS 453/21)	For Information
Report author: John Galvin / Faith Bowman Business Performance and Improvement	

Summary

This report provides Members of Property Investment Board (PIB) and Corporate Asset Sub (Finance) Committee (CAsC) details of progress in quarter 2 (July to September) 2021/22 against the 2021-26 Business Plan. It also provides Members with an update on the commercial property market and a financial statement.

In line with earlier reporting periods, three measures are not being Red-Amber-Green (RAG) assessed currently. Each of these relate to investment property performance where it has been exceedingly difficult to set meaningful targets. We will continue to report performance data to Members, but only without a target associated with these items.

Of the fourteen KPIs that are being monitored, eight were assessed as green (on target) and two indicators were amber (marginally behind target). Three items continue not to have a RAG assessment made, and the final measure will be assessed at the end of the reporting year.

The amber indicators were as follows:

- KPI. 1 – Asset Realisation and Additional Income (CAsC)
- KPI. 14 – Digital Infrastructure Strategy (PIB and CAsC)

Finally, the quarter 2 budget monitoring reveals that the City Surveyor is projecting a £906k overspend (3%) at year-end against his local risk budget. Budgets are being reviewed with a view to reducing this forecast expenditure by year-end.

Recommendation(s)

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 quarterly report on the progress made during quarter 2 (July - September) against the 2021-26 Business Plan.

Current Position

2. This report provides the latest budget information which is set out in Appendix A. Appendix B provides a detailed table of the department's Key Performance Indicators (KPIs). Charts of performance indicators that are of interest to your Committee are included in Appendix C. Commentary on the commercial property market is included in Appendix D.
3. In addition, Members receive regular monitoring reports covering Rent Reviews, Lease Renewals, Arrears, Vacancies and Delegated Decisions. These provide indications of the current market situation, particularly for directly managed properties.
4. A separate monitoring report on the risks within the department is also presented at this meeting.

Financial Statement

5. The budgetary position for quarter 2, set out in Appendix A, reveals that the City Surveyor is forecasting an overspend of £906k at year-end against a budget of £30.010m (3%). This is an improvement on the forecast at quarter 1, which predicted a £1.273m overspend.
6. The main reason for the overspend is the need to identify circa £1m of further savings to meet the remaining Fundamental Review and 12% savings target. The City Surveyor was set a savings target in 2021/22 of £4.125m. Of this target just over £3m of savings were identified as part of the Original Budget exercise for 2021/22. Of the remaining £1m, some £526k is for a fundamental review facilities management (FM) reorganisation saving which was put on hold by Establishment Committee pending the Target Operating Model (TOM). The City Surveyor's TOM has been agreed and he is now able to progress this saving. However, only a part year saving, if any, will be made in 2021/22.
7. The City Surveyor is continuing to review budgets to identify one-off savings to bring the forecast outturn back into balance for this financial year. Progress will be reported at quarter 3.

Business Plan progress reporting

Quarter 1 2021/22 update

8. KPI. 3 – Energy Consumption (CAsC)
Quarter 1 performance – 16% reduction, Green

This indicator is typically reported a quarter in arrears. For quarter 1 the result was a 16% reduction when corrected for the impact of the weather. This is ahead of the target for this item (exceeding 4% reduction in consumption).

This saving was largely due to the closure of buildings due to the COVID-19 lockdown which occurred across this period, disposal of sites such as Snowhill and Wood Street Police Stations, as well as active management of the Building Energy Management System (BEMS) by the Energy Team.

Quarter 2 2021/22 update

9. The following KPIs are not currently being assessed against a target, and consequently no RAG status will apply. These measures are under constant review, and when there is additional clarity over what constitutes positive performance, the targets will be updated. This is anticipated to be from April 2022.

- A. KPI. 9 – Rental forecasts (PIB)
- B. KPI. 10 – Minimise arrears (PIB)
- C. KPI. 11 – Minimise voids (PIB)

Performance

10. A RAG status is used to summarise the progress of the performance indicators we are measuring on a quarterly basis. The table below provides an 'at a glance' status report for the City Surveyor's KPIs at the end of quarter 2.

Status ¹	Green	Amber	Red	TBC	N/A
Corporate Asset Sub Committee	8	2			
Property Investment Board	5	1		1	3
Overall ²	8	2		1	3

11. Of the fourteen key performance indicators being monitored, eight were assessed as being on target (green), with two indicators marginally behind target (amber). As noted in paragraph 9, three measures do not have a RAG assessment, and one measure will be reported at the end of the reporting year.

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

² Some KPIs relate to both PIB and CAsC. Therefore, row indicating KPIs overall is not a total of the PIB and CASC rows.

12. The following indicators was marginally behind target at the end of quarter two:

A. KPI. 1 – Asset Realisation and Additional Income (CAsC)
Quarter 2 performance – ‘off target’, Amber

The objective of this indicator is to attain receipts (capital and projected income) that are > 90% of the total forecast value of £1.9m. There is also an additional income target £1.5m per annum. This relates to an increase in rental billing (achieved through lease events), not in relation to rent received.

Update

Park View

On target, the Committee has approved disposal and easement. Total receipts of £171,500, broken down as follows:

- City Fund - £148,500
- Epping Forest Capital Fund - £23,000

Ministerial consent has been received for disposal, with legal to complete. Estimated completion of December 2021.

Woodredon Farm and Equestrian Centre

This site is on the market and initial offers received and currently being assessed. On target to achieve disposal by 31 March 2022, subject to Committee approvals.

Green Lane

This asset is off target. There is an on-going issue related to an agricultural tenancy which overlaps part of the site (garage). Epping are trying to remove the tenant from the entire site for their own reasons and this process is ongoing. This activity would also resolve the tenancy overlap issue. The department expects an update in December 2021.

Income Target

The income target is not forecast to be achieved. The continued impact of COVID-19 and the resulting market uncertainty, combined with the extended moratorium on forfeiture provisions until March 2022, have led to a delay in agreeing transactions. This element of the KPI is unlikely to be met by year end.

B. KPI. 14 – Digital Infrastructure Strategy (CAsC and PIB)
Quarter 2 performance – ‘off target’, Amber

The objective of this indicator is to deliver the Digital Infrastructure Strategy by the end of 2022. This strategy focusses on encouraging and facilitating the deployment of telecommunications networks to boost economic growth,

digital inclusion, and deliver a range of societal benefits. This delivery of this strategy is assessed against quarterly milestones. The quarter 2 milestone was to “deploy pilot and agree location of the phase 1 rollout”. This was not achieved – therefore an amber rating has been assessed.

The milestone was not achieved due to ownership changes in the wireless concession partner. This has caused a delay as the contract to deliver the pilot was being held in abeyance. It is expected that sign-off will be achieved in quarter 3, allowing the deployment of the pilot in quarter 4. The location of the phase 1 rollout has been agreed with officers, but the department will only seek Committee approval once contract has been signed.

Conclusion

13. This continues to be a challenging time. However, the department is well placed to achieve its objectives, whilst effectively managing its risks.

Appendices

Appendix A	Budget Monitoring Statement
Appendix B	Key Performance Indicator Table
Appendix C	Headline Performance Charts
Appendix D	Market Commentary

Background Papers

The City Surveyor – The City Surveyor’s Business Plan 2021-26 (CS 347/20)
The City Surveyor – Business Plan Quarter 1 Update (CS 358/21)

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Budget Monitoring Statement Quarter 2

Appendix A Page 1 of 1

CITY SURVEYOR'S DEPARTMENT - BUDGET MONITORING STATEMENT 2021-22

LOCAL RISK BUDGET Quarter 2	Latest Approved Budget £000	Quarter 2 Profile £000	Quarter 2 Total Expenditure £000	Under/ (Over) Spend for Period £000	Quarter 2 Projected Outcome £000	Under / (Over) Spend for 2021-22 £000	
CITY SURVEYOR							
City Fund							
City Fund Estate & Leadenhall	(2,132)	(552)	(553)	(1)	(2,132)	0	
CPAT & City Centre	(491)	(246)	(228)	18	(466)	25	
Walbrook Wharf	(929)	(464)	(408)	56	(888)	41	1
Mayor's & City of London Court	(20)	(11)	(12)	(1)	(21)	(1)	
Recoverable Projects	0	0	0	0	0	0	
Lower Thames St Roman Bath	(7)	(3)	(3)	0	(9)	(2)	
R&M & MI work for other departments	(1,255)	(627)	(742)	(115)	(1,245)	10	2
Corporate FM cleaning & security	(90)	(45)	(51)	(6)	(105)	(15)	
	(4,924)	(1,948)	(1,997)	(49)	(4,866)	58	
City's Cash							
City's Cash Estate	(3,291)	(1,144)	(1,191)	(47)	(3,291)	0	3
Departmental	(8,575)	(4,345)	(5,076)	(731)	(9,817)	(1,242)	4
Mayorality & Shrievalty	(93)	(50)	(34)	16	(99)	(6)	
R&M & MI work for other departments	(1,836)	(905)	(1,060)	(155)	(1,896)	(60)	5
Corporate FM cleaning & security	(602)	(297)	(303)	(6)	(616)	(14)	
	(14,397)	(6,741)	(7,664)	(923)	(15,719)	(1,322)	
Bridge House Estates							
Bridge House Estates	(2,495)	(766)	(714)	52	(2,449)	46	6
Tower Bridge Corporate FM cleaning	(262)	(131)	(106)	25	(221)	41	7
	(2,757)	(897)	(820)	77	(2,670)	87	
Guildhall Administration							
Guildhall Complex	(7,932)	(4,034)	(3,701)	333	(7,661)	271	8
	(7,932)	(4,034)	(3,701)	333	(7,661)	271	
Total City Surveyor Local Risk	(30,010)	(13,620)	(14,182)	(562)	(30,916)	(906)	

Notes

1. Savings principally on reactive repairs and maintenance due to reduced use of the Walbrook Wharf site.
2. Some large reactive repair items have recently been undertaken causing the spend to run ahead of profile. It is anticipated to be with budget by year-end.
3. Shortfall in service charge income offset in part by savings on energy, security, and cleaning budgets. It is anticipated to be in balance by year-end.
4. The principal element of this is the £904k savings the City Surveyor still needs to identify to meet his 12% and Fundamental Review savings targets. The balance comprises a shortfall in professional income due to market conditions.
5. Overspending comprises additional reactive works required in the first half of the year. On present trends it is unlikely that this overspend will be fully recovered by year-end.
6. Comprises underspend amounts on employees, energy, rates, cleaning, advertising, and cyclical works, plus additional dilapidations income anticipated for the year. This is partially offset by a shortfall in service charge income.
7. Saving due to changes in cleaning contract requirements.
8. Saving principally due to lower security overtime and other premises costs due to reduced operational use of the Guildhall Complex.

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Key Performance Indicators										
Ref	Title	Target	Group	Committee	Q1		Q2		Q3	
					Actual	RAG	Actual	RAG	Actual	RAG
KPI 1	Asset Realisation and additional income	£19m	CPG	CASC	on target	green	off target	amber		
KPI 2	Energy Consumption ^{xxx}	Min 4%	OG	CASC	16.00%	green	10.00%	green		
KPI 3	Space Utilisation*	£3,667	CPG	CASC	n/a	n/a	on target	green		
KPI 4	Property contract Performance Compliance	> 90%	OG	CASC	90.37%	green	96.30%	green		
KPI 5	Adherence to Budgetary Spend Profiles	95% to 10%	All	PIB; CASC	9.53%	green	31.92%	green		
KPI 6	Capital Project - Project Risk Status	< 20%	PPG	PIB; CASC	21.00%	amber	17.00%	green		
KPI 7	Capital Project- Health & Safety*	80%	PPG	PIB; CASC	n/a	n/a	87.00%	green		
KPI 8	Capital Project - Site sustainability waste management	> 90%	PPG	PIB; CASC	98.00%	green	98.00%	green		
KPI 9	Rental Forecasts ^{xxxx}	n/a	IPG	PIB	£122.19m	n/a	1bc	n/a		
KPI 10	Minimise Arrears ^{xxxx}	n/a	IPG	PIB	13.52%	n/a	12.03%	n/a		
KPI 11	Minimise voids (*) ^{xxxx}	n/a	IPG	PIB	3.45%	n/a	n/a	n/a		
KPI 12	Outperform MSC ^{xx}	exceed bc	IPG	PIB	n/a	n/a	n/a	n/a		
KPI 13	Delivery of improvements districts	on schedu	CPAT	PIB; CASC	on target	green	on target	green		
KPI 14	Digital infrastructure strategy	on schedu	CPAT	PIB; CASC	on target	green	off target	amber		
	*reported bi annually									
	** reported annually									
	xxx reported a quarter in arrears									
	xxxx RAG currently suspended									

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Headline Performance Charts Quarter 2 2021/22

Appendix C Page 1 of 1

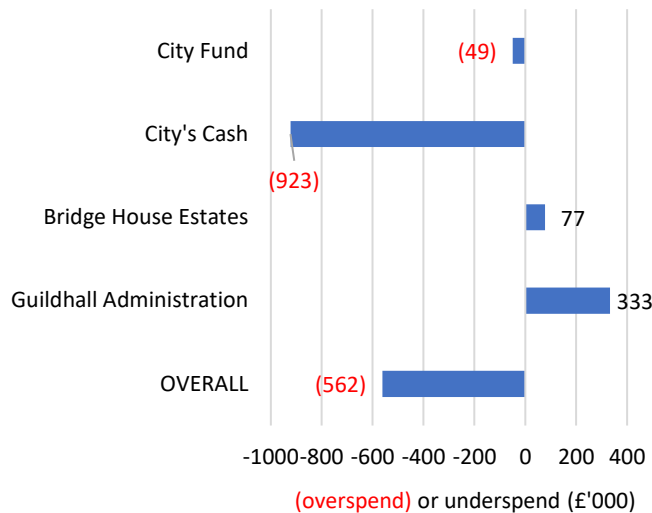


Figure 1 End of quarter variance against profiled local risk budget – (overspend) or underspend

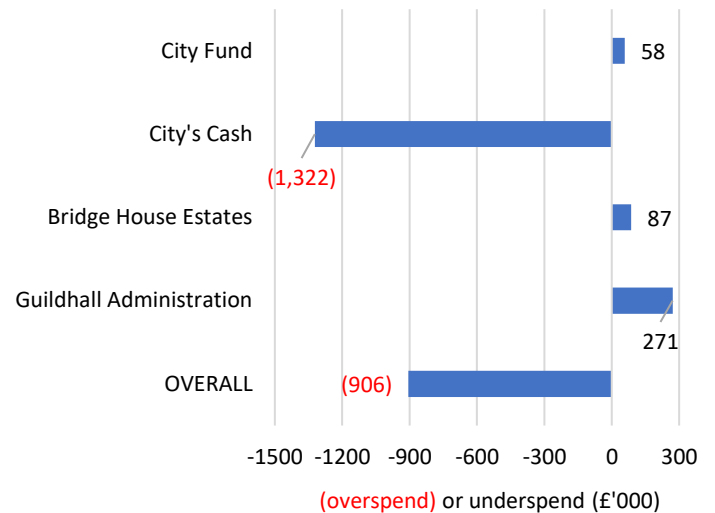


Figure 2 Projected year-end variance of the local risk budget – (overspend) or underspend

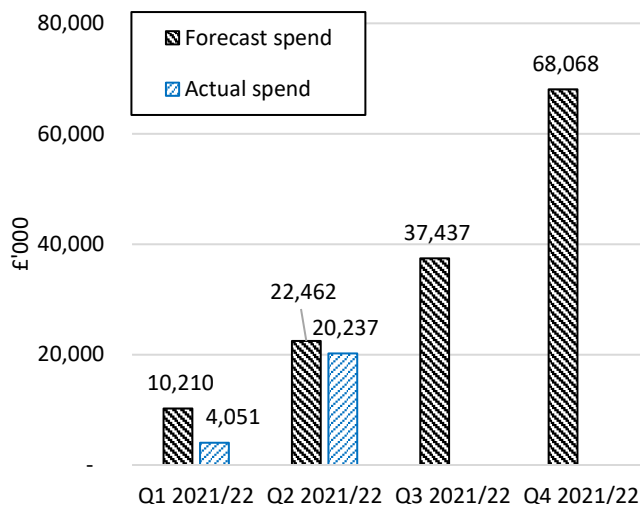


Figure 3 All project spend, forecast v actual

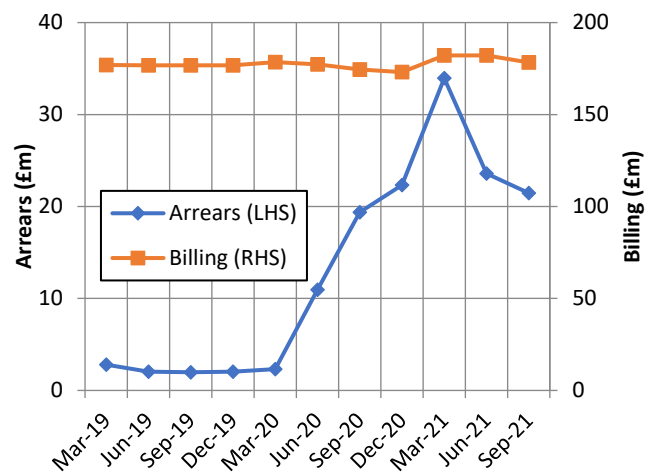


Figure 4 (Investment Properties) Commercial tenants' arrears compared to annual rolling billing run.

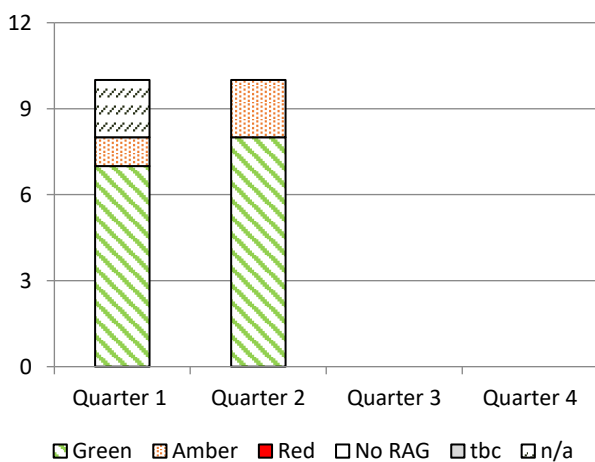


Figure 5 Performance of KPIs linked to Corporate Property (Corporate Asset Sub Committee)

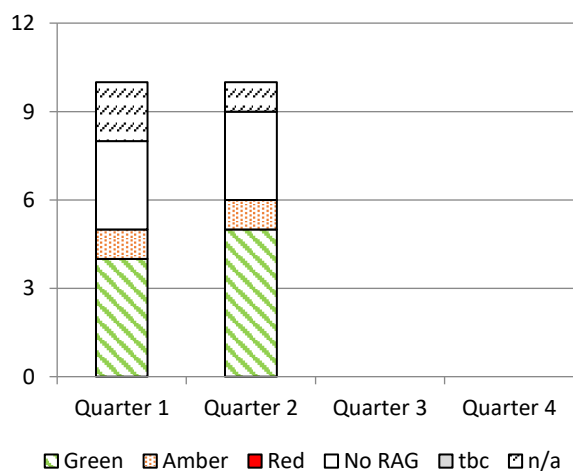


Figure 6 Performance of KPIs linked to Investment Property (Property Investment Board)

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Market Trends, July – September 2021

1. In the City office letting market, Savills reported that take-up for the September Quarter reached some 1.08m sq ft across 64 deals. This brought the total for the nine months to the end of September to 2.65m sq ft (184 deals), which remains down by 50% on size, and down 39% in the number of deals transacted, on the 10-year average.

Grade A space continues to be the preference within the City, as 91% of take-up in the first half of the calendar year was of this quality. It should be noted though that the July to September quarterly take-up figures provides an air of positivity, with take-up the highest since the start of the COVID-19 pandemic.

At the end of September, there was 13.01m sq ft of available supply, equating to a vacancy rate of 9.3%. This is up by 330bps on the long-term average of 6%.

The continued bias for quality office space has insulated the quarterly headline and prime rents. The average prime rent for July to September in the City settled at £80.67 psf, which is up on the three months prior by 4.4% and same period last year by 4.7%. The average Grade A rent for the quarter settled at £67.05 psf; this is the highest quarterly figure since the April – June quarter 2020 (£68.10 psf).

2. In the West End office letting market, Savills reported that the September quarter take-up reached 1.5m sq ft, across 91 deals. This is the highest quarterly take-up to occur since same period in 2018 and brought the year-to-date total to 2.75m sq ft, 92% above where it stood this time last year.

The calendar year-to-date take-up is still down on the 10-year average by 11%, largely due to the subdued first six months of 2021.

In the July – September quarter the average Prime rent reached £120.00 per sq ft, taking the calendar year-to-date average to £118.25 per sq ft, where it stood at the end of 2019. Similarly, the average Grade A rent achieved so far in 2021 stands at £82.67 per sq ft, a rise of 3% from 2020. Comparatively, over the same period, we have seen average Grade B rents fall by 10% to reach £54.81 per sq ft.

3. In the City investment market, Savills confirmed that September saw twelve transactions totalling £1.013bn, the largest September ever recorded in the City market and the second-largest monthly turnover for the year (to date). Transactional volumes for September 2021 were seven times more than those achieved in the same month last year when only two buildings traded (£144.7m), highlighting a clear change in investor appetite in 2021. Total investment for the year now stands at £5.35bn across 60 deals, which is 117%

ahead of the same point in 2020, when there had only been 43 transactions, totalling £2.45bn. In the most recent quarter, investment totalled £2.34bn across 26 deals, significantly ahead of the same period in 2020 when only £640m traded and 14% ahead of the five-year average for the equivalent quarter investment, which is £2.05bn.

4. In the West End investment market, turnover stood at an estimated £277m in June, spread across five transactions. Whilst ahead of last year's figures, this is approximately 47% below the five-year monthly average. However, there is growing momentum and is best illustrated by analysis of April to June quarterly activity, which saw £832m trade across 20 transactions – a notable contrast to the near standstill conditions experienced over the same period a year prior, where volume stooped to £155m, spread across only nine transactions. Savills understand there is approximately £1.82bn available on the open market, which is likely to increase, although what is on the market is likely to be snapped up quickly.
5. Savills's Prime City yield is 3.75% reducing from 4% last quarter and now the same as pre-COVID, which compares with the West End prime yield of 3.25%.

Committee(s)	Dated:
Corporate Asset Sub (Finance) Committee – For information	24 November 2021
Property Investment Board – For information	26 November 2021
Subject: City Surveyor's Departmental Risk Register – Quarter 2 2021/22 Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: City Surveyor (CS 455/20)	For Information
Report authors: Faith Bowman / John Galvin City Surveyor's Department	

Summary

This report has been produced to provide your Committee with a quarterly update on the management of risks within the City Surveyor's Department.

The City Surveyor department currently has eight risks on its Departmental Risk Register (Appendix 1). Two of these risks are recorded as red. The red risks currently being managed by the department are:

- SUR SMT 004 – Repairs and Maintenance
Current risk score 16 (Red)
- SUR SMT 005 – Construction Price Inflation
Current risk score 16 (Red)

The remaining five risks are all currently scored as amber.

As noted in the previous quarterly update report to this Committee (CS 357/21), the department has now merged the thematic COVID-19 risk register into its regular departmental risk register, and moving forward, Members will only receive one appendix which will capture all departmental risks.

Recommendation(s)

Members are asked to:

- Note the report, and the actions taken within the City Surveyor Department to effectively monitor and manage risks arising from our operations.

Main Report

1. The Risk Management Strategy of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. The Property Investment Board (PIB) and Corporate Asset Sub (Finance) Committee (CAsC) has determined that they will receive the City Surveyor's risk registers on a quarterly basis.
2. This report has attached the overall departmental risk register as Appendix 1.
3. Risks are reviewed regularly by the department's Senior Management Team (SMT) in line with the organisation's Risk Management Policy and Strategy (RMP&S). Risks are assessed on a likelihood-impact basis, and the resultant score is associated with a traffic light colour.
4. Should any changes occur between formal meetings a process exists such that risks can be captured, assessed, and mitigating activities captured. This ensures that the risk management process remains 'live'.

Current Position

5. The City Surveyor Departmental Risk Register currently contains two red, and five amber risks. The details of each of these are included in Appendix 1.
6. In line with updated Corporate guidance, the earlier COVID-19 thematic risk register has now been merged with the departmental register. This reflects those on-going risks associated with COVID-19 now need to be managed alongside other risks contingent against our objectives.
7. The department also manages the repairs and maintenance risks associated with the five city bridges. These risks are reported separately through to the Bridge House Estates Board.
8. The department will be presenting its departmental risk register through to the informal risk management challenge session of Audit and Risk Management Committee on 8 December 2021.

Changes since last review

9. The department has recently undertaken a substantial review of its entire risk register. Activities included:
 - Looking at best practice from commercial organisations
 - A sequence of review meetings with each of the directors
 - Reflecting upon feedback from Members
 - Reconciling the earlier risk register to ensure that there were no resultant gaps

10. Overall, this has improved alignment between the risk register and the department's business plan. It has also resulted in a set of risks which are more strategic in scope, and better reflects the key issues facing the department.

11. Further detail on recent changes to the register is as follows:

A. SUR SMT 005 – Construction Price Inflation

Members will be aware that there has been significant increase in input prices – both labour and goods – over the last 12 months. This has been exacerbated by supply chain delays. This increase is being seen in tender price returns. Ultimately this will either result in projects exceeding budget, being de-scoped to remain within a cost envelope, or in some circumstances, being cancelled.

The risk scoring reflects that, should construction price inflation continue, this will impact the delivery of organisational priorities. The risk scoring on other departmental risks, such as Climate Action Strategy (SUR SMT 001) has consequently been adjusted.

B. SUR SMT 004 – Repairs and Maintenance

This risk replaces the earlier 'repairs backlog' risk. It seeks to draw together the five different funding streams that are available to maintain City properties, creating a more strategic risk.

The risk is current recording a red rating, reflecting the gap between available funds and the repairs and maintenance needs of the estates – particularly the corporate estate.

C. SUR SMT 007 – Energy Pricing

The energy market has seen a rapid increase in cost, and this risk has been raised to the Departmental Register to provide greater insight into management activity. Whilst the City's volumes are largely closed out for 2021/22, there remains some residual short-term exposure. In the longer term, should this recent price spike be maintained, there is a risk that funds would be diverted away from other activities. The pricing situation is being closely monitored by the Energy Team.

D. SUR SMT 003 – Investment Strategy Risk

This risk draws together a number of strands which may impact the organisation's ability to maximise property returns and income. This includes wider macroeconomic conditions, the balance of asset types within the portfolio, a link to climate action, and specific themes about the pace of returning to the office, and the retail market. The risk managed previously through the COVID-19 thematic risk register has been merged into this risk.

E. SUR SMT 006 – Construction Consultancy Management

The department is progressing plans to go to market at RIBA stage 3 rather than at stage 4. This will prevent abortive design and development work and cost. Whilst the department is confident that this action will resolve the risk, there is some existing projects which require more intensive management in the short-term.

F. SUR SMT 008 – Special Structures

This risk has been drawn out of the earlier 'backlog maintenance risk'. It is slightly different to the more general 'repairs and maintenance' item as, at this stage, it is looking to develop a condition inventory of special structures.

Heatmap

12. Through the performance dashboard tool, Power BI, it is possible to create heatmaps of the department's risks. This is a graphical summary of the current departmental risks (left). A comparison with the those presented at the last report (August) is included as the table on the right.

13. The Heatmaps do not track individual risks over time, rather it is a snapshot comparison of the overall risk profile. However, Members should note the general uplift in risk scoring between periods. This reflects the inter-related nature of the risks – and items such as construction price inflation, are having a knock-on impact on other risks.

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	5	
Unlikely				
Rare				

Table 1: November 2021 Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	1	
Unlikely			3	
Rare				

Table 2: August 2021 Risk Heatmap

Conclusion

14. Members are asked to note the recent changes to the departmental risk register. As highlighted in the report, the department has taken significant efforts to ensure that its register tightly aligns with the business plan, reflects industry best practice, and draws upon the thoughts of both Members and senior officers.

Appendices

- Appendix 1 – Departmental risk register

Background Papers

- The City Surveyor – The City Surveyor's Departmental Risk Register – July Update (CS 215/21)
- The City Surveyor – The City Surveyor's Departmental Risk Register – August Update (CS 357/21)

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SUR Departmental risks - detailed report EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman
Generated on: 08 November 2021

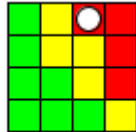
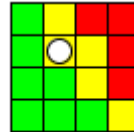



Rows are sorted by Risk Score

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
P 300-41 R SMT 004 Repairs and Maintenance 04-Nov-2019 Peter Collinson	Cause: insufficient funds to manage maintenance and repair demand Event: Maintenance demands exceeds available funding. Impact: Assets do not perform at the anticipated levels – either through supporting our operational activities, or develop the income returns and capital appreciation. In extreme circumstances there may be H&S implications, or asset failure	 Likelihood Impact	16	This risk captures the earlier backlog maintenance risk. The five repairs and maintenance funding streams are identified, CWP, ring-fenced properties, local maintenance budgets, Capital projects and the revenue programme for the investment estate. Note that the majority of this risk relates to the Corporate Estate. 08 Nov 2021	 Likelihood Impact	4	31-Mar-2023 Reduce	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 004a	Cyclical Works Programme (CWP)	The CWP bid for 22/23 is valued at £29.8m, and these works are essential to keep the operational properties in a good standard.	Peter Collinson	08-Nov-2021	31-Mar-2023

		This bid was subject to a bilateral meeting on 08/10 and following Member steer has subsequently been reduced to c.£11.1million. This paper will be presented to CASC in November 2021.			
SUR SMT 004b	Ring fenced budgets	CSD is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance). These department occupiers allocate funds for the maintenance of the built assets. Whilst the City Surveyor's Department recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over activity. This element is being mitigated through the delivery of the Internal Audit recommendation report, notably including the draft 'principles of occupation' document.	Peter Young	08-Nov-2021	31-Mar-2022
SUR SMT 004c	Repairs and Maintenance Budget	The local repairs and maintenance budget has come under significant pressure. The intelligent prioritising of works helps mitigate the impact of this issue.	Peter Collinson;	08-Nov-2021	31-Mar-2022
SUR SMT 004d	Revenue Programme (Investment Estate)	The allocation of sufficient funds to maintain our investment portfolio to a high standard is required to maximise income generation and asset appreciation. Discussions are on-going with internal colleagues such that sufficient provision is made from the rent received.	Nicholas Gill	08-Nov-2021	31-Mar-2022
SUR SMT 004e	Next generation CAFM system	The new CAFM system has been procured and is now in the mobilisation stage with a go live date of 24 November 2021 anticipated. There is a dedicated resource leading this project in the Property Contracts Performance Team so it is fully expected the project will be delivered on time.	Peter Collinson	08-Nov-2021	31-Mar-2022
SUR SMT 004f	Annual Capital Bids	The City Surveyor's Department have submitted proposed capital bids for 22/23 of £17.7m, these projects are all essential to keep the operational estate including the Guildhall in a good standard. Significant works have been identified from the recent Smithfield Market Condition Survey and if not funded present a live Health and Safety risk.	Peter Collinson Peter Young	08-Nov-2021	31-Mar-2023

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 005 Construction Price Inflation <div>Page 43</div> <div>14 Oct-2021</div>	Cause: Market conditions have led to input price inflation Event: Project and programme cost escalation Impact: Inability to delivery capital and revenue projects within budget		16	<p>Material costs and labour availability are combining to raise costs. This cost increase has already been seen in our tender returns, and this explains why this risk has increased likelihood to “likely”.</p> <p>There is the risk that there are further price rises. This will lead to some cancelled projects, or projects facing uplifts in costs. This therefore has a knock-on impact on other corporate priorities which require project delivery.</p> <p>These increased costs may impact the organisation’s ability to deliver capital and revenue projects within budget</p> <p>08 Nov 2021</p>		6	31-Mar-2023	 Increasing
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 005a	Buying Options	The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.	Ola Obadara	08-Nov-2021	31-Mar-2022
SUR SMT 005b	Committee Paper	A joint paper is being prepared by Procurement, Chamberlain's and City Surveyor's Department to be presented to the December Committee cycle of Project Sub Committee, Procurement Sub Committee and Policy and Resources. This will outline the impact and implications.	Ola Obadara	08-Nov-2021	31-Jan-2022

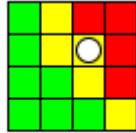
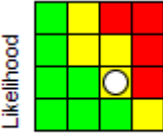

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 001a	Investment property	Investment Property Consultant has recently been appointed for the first phases. We are anticipating work commencement in September. This workstream will counter the possibility of low value / stranded assets.	Peter Collinson; James Rooke	08-Nov-2021	31-Mar-2027
SUR SMT 001b	Corporate Property	Mobilisation in progress facilitated by the delivery of the recruitment action.	Peter Collinson; James Rooke	08-Nov-2021	31-Mar-2027
SUR SMT 001c	Capital Projects	Mobilisation in progress facilitated by the delivery of the recruitment action. Guidelines / brief requires clarification, and this is being resolved with the relevant internal leads.	Peter Collinson; James Rooke	08-Nov-2021	31-Mar-2027
SUR SMT 001d	Resilience	Mobilisation in progress facilitated by the delivery of the recruitment action.	Peter Collinson; James Rooke	08-Nov-2021	31-Mar-2027
SUR SMT 001f	Monitoring and awareness	Review of targets annually to reflect changing industry standards. This is related to the 'carbon factor' of the electricity grid, and how rapidly this de-carbonises. This may change the programme or prioritisation of works.	Peter Collinson; James Rooke	08-Nov-2021	31-Mar-2027
SUR SMT 001g	Recruitment	There is a requirement to have a team of nine for climate action, but recruitment has been delayed by governance issues. The team has gone out to tender for a services contract which we are aiming to have in place by end of 2021.	Peter Collinson; James Rooke	08-Nov-2021	31-Mar-2027

149

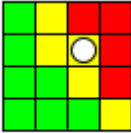
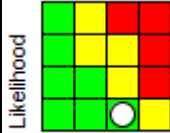

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 002e	Fundamental Review of the Guildhall Complex	A wholesale review of the North Wing and West Wing was presented as an option to Members for consideration as part of the Fundamental Review. An Annual Bid for fees in 2021/22 was approved and this will be progressed to Gateway 2 stage in November 2021. The GW2 report will explore outline options for the future of the north and west wings to provide modern, fit-for-purpose accommodation for Members and Officers.	Paul Wilkinson; Peter Young	08-Nov-2021	31-Mar-2022
SUR SMT 002f	Cross departmental working	Single point of contact for Profit and Loss to be created within the Remembrancer's Department. This activity has been agreed by CASC and a more detailed report, noting the key figures, will be presented to Members later in the year.	Remembrancer; Peter Collinson	08-Nov-2021	31-Mar-2022
SUR SMT 002g	Maintenance Management	The department continues to work with Skanska, our Building Repairs and Maintenance	Peter	08-Nov-	31-Mar-

		Contractor, to review and improve the correct Planned Preventative Maintenance (PPM) regime.	Collinson	2021	2023
SUR SMT 002h	Prioritisation review	The department reviewed the prioritisation of major projects in light of covid-19 and the financial circumstances. This also considered the Guildhall Refurbishment and how this may impact projects. This review has been approved by CAsC, and the some bids approved by Resource Allocation Sub-Committee for funding in 2021/22.	Peter Collinson; Peter Young	08-Nov-2021	31-Mar-2022
SUR SMT 002j	Budget adjustment	The department is identifying how to maintain services across the complex in light of lower budget allocations for 2021-22 and ongoing Covid 19 conditions. This will identify areas where savings are being made and any changes in service to align to the new budget.	Peter Collinson; Peter Young	08-Nov-2021	31-Mar-2022
SUR SMT 002k	Annual Bid Process	Further bids for Guildhall major projects approved by CASC Aug 2021 and will be submitted for funding in 2022/23. CWP bid for minor projects to be approved by CASC on 30 September and then submitted to RASC.	Peter Young	08-Nov-2021	31-Mar-2022

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 003 Investment Strategy Risk 17-May-2021 Nicholas Gill	Cause: The business environment declines, office workers do not return to their workplace in numbers anticipated, retail tenant failure, or demand moves away from City of London assets. Event: Lower rental levels achieved, lower demand, increased turnover of tenancies, increased tenant failure Impact: Inability to maximise property returns and income for an acceptable level of risk	 Likelihood	12	This risk captures a number of sub-risks which may impact the organisation's ability to maximise its property returns and income for an acceptable level of risk. This risk combines the macro-economic risk (reported departmentally in earlier quarters) and risks that have previously been managed separately through the COVID-19 Risk Register. 08 Nov 2021	 Likelihood	8	31-Mar-2023	 Decreasing
							Reduce	

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
SUR SMT 003a	Macro-economic The strategy is to maintain a diverse portfolio that reduces the impact of this risk. This includes: 1. Use (office, retail, industrial) 2. Location (City, Southwark, West End etc.) 3. Tenancies (Long term Headlease geared, FRI, directly managed) 4. Covenants (multinationals, SME) 5. Asset management (lease renewals, voids, arrears, etc) 6. Monitoring retail habits in change of building use	The actions described are being undertaken and reviewed regularly with the Assistant Directors.			Nicholas Gill	20-Oct-2021	31-Mar-2023
SUR SMT 003b	Portfolio Ensuring that the overall composition of the investment	This is achieved through regular market scanning, and the integration of learning into the Corporation's approach.			Nicholas Gill	08-Nov-2021	31-Mar-2023

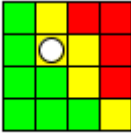
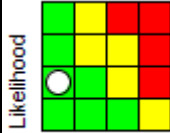
	portfolio takes advantage of emerging segments of growth, whilst managing the exposure to property types which are showing reducing demand.				
SUR SMT 003c	<p>Climate Action</p> <p>The alignment of our portfolio with the future strategic needs of occupiers, particularly supporting their ESG (Environmental-Social-Governance) needs. Climate Action is principally managed through the Climate Action risk (SUR SMT 001). However, it is referenced here as there is a requirement to ensure that the properties offered by the City of London are meeting the emerging needs of tenants.</p>	Ensure that the properties offered by the COL are meeting the emerging needs of tenants.	Nicholas Gill	08-Nov-2021	31-Mar-2023
SUR SMT 003d	<p>Office risk</p> <p>A slow return of workers to the office may lower demand for office spaces, or the types of spaces required may necessitate additional works prior to letting</p>	The department is monitoring the return to the office through data supplied by partners (such as football information), market research reports, and tenant feedback. We have recently seen an increased demand for Cat A property types, however long-term trends are only just emerging.	Nicholas Gill	08-Nov-2021	31-Mar-2023
SUR SMT 003e	<p>Retail</p> <p>Changes in consumer preferences (moving to on-line retail) which has been accentuated through the COVID-19 pandemic. Elements of the City portfolio is also dependent on tourism, which has seen a significant decline over the last 12+ months. The speed at which this return is yet to be understood.</p>	<p>The moratorium on enforcement action is in place until March 2022.</p> <p>This element of the risk has been managed through</p> <ul style="list-style-type: none"> . Move to monthly payments (offered to directly managed and FR&I tenants). . Rent concessions for some tenants (Mar, Jun, Sep, Dec quarters). No further concessions are proposed. . Engagement with peers to understand wider market impacts. . Regular arrears monitoring, including the provision of bi-monthly dashboards Rental collection snapshot is being produced by Chamberlain's Department. 	Nicholas Gill	08-Nov-2021	31-Mar-2023

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 006 Construction Consultancy Management 14-Oct-2021 Ola Obadara	Cause: Poor performance by consultants Event: Abortive work, delays, or non-performance. Impact: Additional costs, project delays	 Likelihood Impact	12	This risk is being managed but it will take some time to resolve issues arising from contractors previously appointed. This relates to abortive design / development. 08 Nov 2021	 Likelihood Impact	4	30-Sep-2022	 Increasing
							Reduce	

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
SUR SMT 006a	Commissioning stage	The department is exploring the opportunity to go to market at RIBA stage 3 rather than RIBA stage 4. This will prevent abortive design and development. The team is working closely with procurement to explore the implications of such a move.		Ola Obadara	08-Nov-2021	31-Mar-2022
SUR SMT 006b	Legal	The team is working closely with the legal department to ensure that procurement activity aligns with project objectives.		Ola Obadara	08-Nov-2021	31-Mar-2022

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 007a	Managing cost management	This element of the risk is being managed through the forward buying strategy, Power Purchase Agreement, and energy efficiency measures. These items combine to lower both the likelihood and impact of the risk over 2021/22. In the longer-term, pricing and volatility will be monitored for potential impacts, and strategies will be developed to manage this aspect.	Peter Collinson	08-Nov-2021	31-Mar-2023
SUR SMT 007b	Managing supplier failure	The City is contracted with TGP energy, which is a large multi-national with risk divested across both supply and generation. TGP has a low portion of income generated from UK	Peter Collinson	08-Nov-2021	31-Mar-2023

		domestic customers (thereby minimising price capping implications).			
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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
SUR SMT 008 Special Structures 20-Oct-2021 Peter Young	Cause: Lack of central register for special structures and/or ambiguity over accountability, responsibility for budget provision Event: Incomplete, or not up-to-date register of special structures Impact: Potential failure of special structure and/or forced closure of asset / space	 Likelihood	6	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. There is no current central register of these structures within the portfolio, and therefore no current prescribed or routine inspection regime in place to ensure that these structures remain in a suitable condition. 08 Nov 2021	 Likelihood	2	31-Mar-2023	Constant
							Reduce	

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
SUR SMT 008a	Special Structures register	Funding to undertake the technical inspections, create the inventory and survey current condition is being sought in the CWP 22/23 Bid List. Once approved and funding becomes available in April 2022 the inspections will be instructed. It is anticipated that the process will run through 2022 and, depending on the gap between current and desired condition, further funding bid requests may result.			Peter Collinson; Peter Young	08-Nov-2021	31-Mar-2023

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Committee(s)	Dated:
Property Investment Board (PIB) – For Information Bridge House Estates Board – For Information	26th November 2021 24 th November 2021
Subject: Progress Update – Minimum Energy Efficiency Standards & Net Zero Carbon Action Plan	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,5,7,10,11,12
For BHE, which outcomes in the BHE <i>Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?	2
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	NA
What is the source of Funding?	As approved under CAS for Y1 approved by Policy and Resources on 8 April 2021
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: Paul Wilkinson, City Surveyor Nick Gill, Investment Property Director	For Information

Summary

This paper summarises the progress of a study being carried out by consultants Currie & Brown and WSP to implement tasks 1a, 1b, 2 and 4 (as listed in paragraph 3) of the CAS NZ4 Investment portfolio plan and update on related Climate Action Plan tasks. The study is progressing according to schedule. In addition, the recruitment of a Sustainable Property Specialist will be actioned in due course to manage this work and its outcomes as well as the overall Climate Action Strategy (CAS) NZ4 plan.

Furthermore, a Sustainability Consultant has been employed who will act as our critical friend and ensure quality assurance – James Holliday from Arcadis.

Recommendations

The Property Investment Board and Bridge House Estates Board is recommended to:

- Note the progress update; and,
- Note the continuation of the CAS NZ4 plan for resourcing the Sustainable Property Specialist in order to ensure the continued success of this programme

Background and context

1. In January 2020 the City of London Corporation (City Corporation) set out on a fast-paced, cross-corporation journey to develop an ambitious CAS. At that point, the Corporation needed to assess the carbon footprint across both its own varied holdings, and across the Square Mile - as well as develop a plan to achieve Net Zero by 2027 for scope 1 and 2 emissions and 2040 for scope 3 (including the Investment portfolio).
2. The CAS marked the start of a new and transformative programme of action. The CAS was adopted by the Court of Common Council for the City Corporation, both as Trustee of Bridge House Estates (BHE) and in delivering its wider functions and activities, on 8 October 2020. Fifteen costed project delivery areas have since been consolidated into ten project plans.
3. This paper provides an update to tasks 1a, 1b, 2 and 4 of the Investment Property Group Project Plan of the Climate Action Strategy. The tasks include:
 - **1a** – Undertake a Minimum Energy Efficiency Standards (MEES) risk and boundary assessment at asset level to deliver portfolio cost and risk profile
 - **1b** – Identify costs required to upgrade major refurbishment works to Energy Performance Certificate (EPC) Grade B between 2022 and 2030
 - **2** - Undertake a study to establish process, cost and benefit of an improved metering strategy
 - **4** – Design an operating plan to identify a pathway to 60% emissions reductions by 2040, identifying major milestones and investment strategy.
4. The general approach to this project includes the following:
 - **Data gathering** – including building floorplans, equipment schedules, O&Ms, landlord energy data, tenant energy data
 - **Site Surveys** – To establish on the ground information regarding the existing mechanical, electrical and automation installation
 - **Analysis and Recommendation** – Information gathered will be processed and developed into a list of interventions for both EPC Grade B with budgetary cost estimates, and a strategic plan for net zero

Current position

5. The specifications for the asset level survey to carry out a MEES boundary analysis and a journey to Carbon Net Zero for directly managed and Full Repairing and Insuring (FRI) buildings has been agreed.
6. The procurement of this project has been concluded and two consultants (WSP and Currie & Brown) have been appointed and instructed to commence the first

phase of buildings for a combined fee of £368,890 compared with a budget of £400,000 approved by Members in January. Kick off meetings were held in September 2021.

7. Due to the size and scope of the task in hand, the surveys will be carried out in 2 phases. Phase one includes directly managed properties that have lease events in the near horizon and are not being refurbished under the Gateway process, that will provide opportunity to implement actions identified by the surveys. This includes 32 net zero surveys and 152 EPCs in WSP scope and 19 net zero surveys and 74 EPCs for Currie & Brown. 22 Buildings have been surveyed to date.
8. The second phase of buildings – primarily buildings being refurbished under the Gateway process and those subject to FRI leases - are subject to MEES analysis and quotation, due mid November. Once received, a budget will be requested and a variation to the existing contract will be enacted, to include these buildings within the same scope of work within the current financial year.
9. Collation of building data and surveys of buildings has commenced and the project is due to complete in April 2022. Progress is good and around 50% of buildings within the scope of the first phase have had a site survey carried out.
10. Pilot sites were selected as a way of understanding any logistical and communication problems that may be encountered with conducting surveys. These have now been completed successfully after some initial problems with access, and feedback distributed. Reporting format and draft outputs of recommendations and costs for reaching Grade B and net zero will be reviewed to ensure the output is as requested.
11. Recommendations of one pilot site will be accelerated in order to allow the outputs to be refined, prior to analysis being carried out on other properties.
12. Part of the scope of works includes developing a metering strategy, which will follow the data gathering and site visit exercises
13. As per the CAS – a Sustainable Property Specialist is currently being resourced. The job description has been agreed and we have approached consultants to tender for this service as part of the Centre of Excellence structure. Responses are expected and decisions made in early December.
14. The project is continuing according to schedule as per the IPG-1a, 1b, 2 and 4 (see Appendix A).
15. The CAS includes Capital Projects (Design) standard (NZ3) and Resilient Building (RS3) project plans. Design standards will include whole life cycle carbon assessments, net zero technology and design standards and post-occupancy

evaluation process for use within the investment portfolio. Resilient Buildings will provide:

- Identification of resilience risks and constraints to implementation for the Corporation's physical assets.
- Development of Buildings Resilience Action Plan.
- Dovetailing of identified interventions into existing estates/asset strategy.

16. Work has begun on the whole life cycle carbon assessments. Etude have been commissioned to produce an initial scoping study to define the scope of the assessments based on the type, scale and stage.

17. The initial baseline assessment will be reviewed (as a priority) by a third party to ensure it is an accurate representation of the portfolio. As part of this, benchmarking will be undertaken against any available metered data.

18. A metered data sharing memorandum of understanding (MOU) with smart metering pilot will be introduced from April 22, demonstrating the benefit of improving data confidence.

Corporate and strategic implications

19. Strategic implications: This project, in addition to supporting the CAS directly, also supports delivery against the following outcomes in the Corporate Plan, 2018-23:

- Outcome 1: People are safe and feel safe
- Outcome 5: Businesses are trusted and socially and environmentally responsible
- Outcome 7: We are a global hub for innovation in financial and professional services, commerce and culture
- Outcome 10: We inspire enterprise, excellence, creativity and collaboration
- Outcome 11: We have clean air, land and water and a thriving and sustainable natural environment
- Outcome 12: Our spaces are secure, resilient and well-maintained.

For BHE, this project supports the aims and objectives of its overarching strategy, *Bridging London 2020-2045*.

20. Financial Implications: Following the results of this work, costs for improvement of assets to EPC Grade B will be incorporated into asset plans for all three funds, including BHE.

21. The wider CAS strategy builds upon existing strategies and policies, including: The Responsible Business Strategy 2018-23, the Responsible Investment Policy, the City Procurement Strategy 2020-24, the Local Plan 2015, the draft City Plan 2036, the Air Quality Strategy 2015-20, the Climate

Mitigation Strategy, the Carbon Descent Plan, It is aligned to ongoing reviews of our financial and property investment portfolio for all three funds.

22. Resource Implications – There are no new resource implications beyond what was approved by Court on 8th October 2020. The overall budget envelope for Y1 has been confirmed by Policy and Resources on 8th April 2021. The original Y1 budget and action plan was approved by P&R prior to new governance arrangements for BHE being in place. Subsequently, the BHE Board in July 2021 approved the specific costs for actions relating to BHE and has included this in its 2021/22 budget. This report confirms the intention to proceed with recruitment of a Sustainable Property Specialist to support the CAS Programme item 5c.
23. Risk Implications – To manage risk effectively in the programme, all projects have a risk register and the overall risks are controlled through a corporation level risk CR30 – Climate Action Strategy.

Conclusion

Year 1 of the CAS NZ4 Plan is proceeding as per Schedule (Appendix A). The recruitment of a Sustainable Property Specialist is key to the continued successful management of this programme.

Report author

Edmund Tran

Senior Energy Engineer

City Surveyor's Department

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APPENDIX A – IPG CAS Programme

Project Schedule & Gantt Chart

Delivery Plan (Gantt chart)				FY 21/22				FY 22/23				FY 23/24				FY 24/25				FY 25/26				FY 26/27			
Task Number	Task Detail	Responsible	Completion (%)	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar
Net Zero and Resilient Buildings Centre of Excellence																											
CoE-1	Establishment of Net Zero and Resilient Buildings Centre of Excellence	Director of Innovation & Growth, City Surveyor	0%																								
CoE-2	Establish energy targets and intensity metrics where data gaps	Director of Innovation & Growth, City Surveyor	0%																								
NZ4 Investment Property Group Project Plan																											
	Selection of buildings for workstreams for IPG-1a	Investment PropertyGroup Director	0%																								
IPG-1a	Undertake MEES risk and boundary assessment at asset level to deliver portfolio cost and risk profile	Investment PropertyGroup Director	0%																								
IPG-1b	Identify costs required to upgrade major refurbishment works to EPC grade B between 2022 and 2028	Investment PropertyGroup Director	0%																								
IPG-1c	Identify and agree environmental Due Diligence Standards	Investment PropertyGroup Director	0%																								
IPG-2	Undertake a study to establish process, cost and benefit of improved metering	Investment PropertyGroup Director	0%																								
IPG-3	Undertake Green lease MOU pilot group tenants to evolve a working template for portfolio roll-out	Investment PropertyGroup Director	0%																								
IPG-4	Design an operating plan to work towards 80% emissions reduction by 2040	Investment PropertyGroup Director	0%																								
IPG-5a	Capital Opportunity Budget	Investment PropertyGroup Director	0%																								
IPG-5b	Appoint specialist resource	Investment PropertyGroup Director	0%																								
IPG-5c	Capital PM Resource (outsourced - as required)	Investment PropertyGroup Director	0%																								

Committees	Dated:
Policy and Resources Committee Property Investment Board	14/10/2021 26/11/2021
Subject: EC Partnership BID Proposal	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,3,4,5,9,10,11,12
Does this proposal require extra revenue and/or capital spending?	N
Report of: City Surveyor, Environment Director	For Decision
Report author: Simon McGinn, CPAT Manager	

Summary

The purpose of this report is to seek your agreement for the submitted BID Proposal, enabling the City Corporation and the EC Partnership to formally launch the proposals in advance of a ballot in January 2022 to establish a BID in April 2022

This report sets out the strategic themes and subsequent proposed project delivery of the BID, how these were arrived at through the perception analysis and from further consultation with businesses to agree the levy multiplier and BID budget for the first term (5 years). The proposed levy multiplier has been set to provide a viable BID Budget that will be able to deliver on the key themes set out in the BID Proposal. The strategic themes align with the outcomes set out in City of London Corporate Plan 2018-2023

The BID is being promoted by the City Corporation who will be the accountable BID Proposer and BID Body. Following a request from both the EC Partnership and Fleet Street Quarter Partnership, a change to the previous management arrangements adopted by the City Corporation for the City BIDs is proposed to provide the Partnerships with greater day to day input in implementing the delivery of the Business Plan. The change would involve the City Corporation contracting the Partnership to deal with day to day implementation of the Business Plan in place of the existing Memorandum of Understanding arrangements where implementation is carried out directly by the City Corporation with the local business partnerships having a consultee role. The Partnership will be an established legal entity (separate to the City Corporation) capable of entering legal contracts on their own behalf. This will allow the Partnership, once appointed, to implement the Business Plan in accordance with the BID Proposals. The Partnership would budget for and undertake their own contracting of suppliers and staff resources and not via the City Corporation's procurement process.

Recommendation(s)

Policy and Resources Committee is asked to:

- Agree the BID Proposal to allow progression to formal Ballot
- In the event of a successful ballot, authorise the City Surveyor to appoint the EC Partnership to deal with day to day implementation of the BID Proposals on behalf of the City Corporation and delegate to the City Surveyor, in consultation with the City Solicitor, authority to agree the terms of the appointment in accordance with the principles in this report.
- In the event of a successful ballot, delegate authority for the day-to-day management of the BID Body's functions to the City Surveyor (subject to this being exercised in accordance with the contracted arrangements and within the BID levy receipts credited to the BID account).

Property Investment Board is asked to:

- Note the contents of the report

Main Report

Background

1. In September 2019 EC Business Partnership was established by local businesses and landowners. In December 2019 Policy and Resources Committee agreed a BID Strategy that supported the involvement of the City Corporation in the Partnership as a property owner in the area. In January 2020 Property Investment Board agreed to contribute £20,000 from the City Surveyor's local risk budget towards funding for the Partnership for its first two years pending a BID ballot, and also to nominate a Member to participate in the Partnership Board. . Property Investment Board would not provide any further funding or have any further participation in the Partnership following a successful BID Ballot, other than as described in this report. The boundary identified for the BID abuts the Cheapside Business Alliance boundary to the west and Aldgate Connect boundary to the east. The northern boundary runs along the southside of Liverpool Street across Bishopsgate and along Devonshire Square and the southern boundary runs along Eastcheap / Great Tower Street with the southernmost nib incorporating Monument junction (Appendix 1). EC Partnership consider the southern boundary leading to the River should not be incorporated as this could in the future be part of a 'City Thames' BID. The Boundary to the FSQ Partnership BID has been drawn similarly on the southern border, excluding properties leading to the River frontage - this ensures the whole of the River frontage could become a "City Thames" BID should there be business demand.

Appendix 2 provides a map of existing BIDs and Partnerships that demonstrates this point.

2. The EC Partnership has undertaken a perception analysis with the levy paying community to test their appetite for the establishment of a BID and to identify the strategic priorities for its first five-year term. As part of the perception analysis views were sought on what business would like to see delivered. In developing the Draft BID Proposals Members of those Wards in the footprint have been consulted and invited to comment. The Proposals have been met with a positive response.
3. BID arrangements are not to come into force unless the BID proposals are approved by a ballot of the non-domestic rate payers in the BID area who are liable for the levy. The BID Proposal sets out business's priorities for improvements for the area and areas of services, as well as how the BID will be managed and operated. Under BID legislation all proposals must be approved by the local authority before moving towards a Ballot.
4. The BID proposed timetable for the Ballot will be 18th January 2022 for 4 weeks with the results announced 16th February 2022, with the BID going "live" on the 1 April 2022, subject to a yes vote.
5. The BID delivery team has agreed the dates of the ballot with the Electoral Services Team, to be held in advance of the City elections and is also liaising closely with the Election Engagement Manager to ensure clear communications are provided to businesses that will also support promotion of the City elections.

Current Position

6. Following consultation through the perception analysis the EC Partnership has developed a Business Plan and is seeking approval from the City Corporation for the City to propose the BID to move towards a formal Ballot. The EC Partnership perception analysis received responses from 43% of the business community, located within the BID footprint. The overall findings from the perception analysis identified that businesses wanted to see a BID for the EC area, delivered by the EC partnership, with an overwhelming majority (75%) of business in the area supporting a BID. Businesses felt the BID would add value and agreed, in principle to support the EC Partnership BID and its activities. Those businesses responding identified priority areas under the four strategic themes the BID will focus on:

An Evolving and Diverse District - 87% of respondents said they would want an enhanced cultural and leisure offering to aid in the desire to return the Eastern Cluster (both as a worker and a visitor) and to encourage workers to make more of their time whilst in the City at work. 76% of respondents also felt the promotion

of the ECP BID area as a vibrant leisure destination as well as a business district was important to them and their business.

A Sustainable District - The issues which are most important to businesses were Public Realm with 91% of respondents identifying this a priority, with 85%, wanting a focus on the Environment. 63% of respondents wanted more green spaces with a further 84% felt the area lacked outdoor/open spaces and seating. Wayfinding was also a key factor with 63% thinking the area needs improved signage/wayfinding.

Collective Action/Community Empowerment - Interventions supporting staff and physical and mental wellbeing were also essential for businesses with an overwhelming 82% of respondents feeling this was a priority for the BID to deliver on. A further 90% of respondents also felt connecting with other business (and/or employees) across the area was also important.

Promoting and Building the Global Powerhouse – Fuelling Economic Vibrancy - 73% of respondents also wanted to have the opportunity to comment on local plans for the area to help shape the future of the City. 64% wanting a strong digital presence, along with an area guide. 73% of respondents wanting an enhanced cultural and leisure offering to aid

Projects

7. Within the full BID Proposal four strategic themes have been identified. These are intended to encapsulate all views gauged in the perception analysis from businesses and stakeholders from across the footprint. All projects provide a mechanism to develop additionality and a focus that would concentrate on promoting the EC area as a destination, reinforcing the areas' identity, supporting businesses ESG proposition, promoting growth and working with partners to deliver on their agendas.
8. Four project areas have been identified:
 - An evolving and diverse district
 - Creating a sustainable district
 - Collective action / community empowerment
 - Promoting and building a global powerhouse – fuelling wider economic vibrancy

An evolving and diverse district

A world class programme of seasonal events, incorporating culture, music and the arts, seeking to attract new audiences and engage workers in the area; Projects would include: A programme of activity to promote the area and the eco-system of businesses across the hospitality and leisure sectors. Activity to include promotion of the 'My City App' and the City Gift Card; A Next Generation

programme, including the establishment of a NG Sounding Board, with the aim of hearing the views of the younger people within the footprint and developing bespoke activities and future look of the City; A programme of activities to support SMEs across the area, including local procurement initiatives and business support workshops; A team of on street ambassadors to provide the best possible welcome to the area – these on-street concierge will be on hand to help visitors and workers;

A Sustainable District

Climate change and the ability to respond to the challenges it poses to our society is likely to be one of the defining issues of our generation. As part of its ESG pledge, the BID aims to make a positive contribution by seizing the opportunities to work in partnership, tackling climate change, increasing business resilience, and supporting the City's transition to net zero by 2040. The net zero agenda will provide many opportunities in high-value service sectors, with legal, financial and consulting expertise required when it comes to financing low carbon and net zero projects.

The BID will be well placed to develop world leading “green finance” capabilities, a growing arm of the UK's already dominant services sector. Projects would include: A Net Zero Working Group to be established with membership from across different sectors within the area. This group to then lead the thinking on what contribution the area can make to the Net Zero aspiration; An ambitious programme of work to flow from this working group which would include the BID pioneering pilot schemes to support businesses working together to reduce emissions (consolidation schemes etc); An initiative to encourage new green industries and entrepreneurs to locate in the EC footprint – supporting a green business in setting in a unit / workspace within the area.

Collective action / community empowerment

The BID presents a significant opportunity to work together to build a community, as we work towards a new “normal”, building on the social values rediscovered during the “great pause” of this pandemic. Strong collaboration and partnership working are key to achieving its goals to ensure that the EC area remains one of the UK's most dynamic business districts. Through the BID it will champion a cohesive plan of action, creating a vibrant and dynamic location once more; bolstering the retail, leisure and cultural opportunities and recognising the important eco-system that will deliver a 24/7 destination. It will work with the City Corporation to help implement its action plan The Square Mile – Future City, promoting the symbiotic relationship between culture and commerce.

Projects to be supported will include: support to the current SME's, the BID will look to promote their offer through its Loyalty App and host networking events. Regular updates and bulletins sent directly to businesses including relevant news, policy updates, transport status updates, and briefings on safety and security issues; the establishment of a Volunteer Network, providing workers across the area with the opportunity to ‘give something back’ and support local causes / charities; A partnership with local homeless charities, offering support to

rough sleepers looking to create a new life for themselves (possibly including work placements and funding outreach services);

Promoting and building global powerhouse – fuelling wider economic vibrancy

The City's global attractiveness and competitiveness is more important than ever, not only in the wake of the COVID pandemic, but also taking account of other districts (and countries) raising their game to attract the best talent and investment. The BIDs approach will be collaborative and productive seeking to work with other UK and world-wide cities, clearly articulating the area's contribution to the global economy and promoting its wide appeal to future investors, workers and visitors. Its position as a global influencer can be bolstered through a targeted programme of activity driven by the BID in the coming years. This theme will look to focus on: A global city leaders programme of thought leadership events, including other major cities in the UK. An ideas exchange project with global cities to enhance learning from other cities around the world. To work with employers on how we attract and retain talent, working with businesses and promoting diversity and opportunity.

9. The activities identified within each project area are considered to align and reinforce the City Corporation policies and complements the City Corporations Corporate Plan building on the three pillars of activity – Contributing to a flourishing society; supporting a thriving economy and to shape an outstanding environment. This will be delivered by working with a range of stakeholders and in partnership with the City Corporation. For further details or more information contained within the BID Proposals can be found on the following link:
<https://ecpartnership.co.uk/bidproposal/>

Budget and BID levy

10. When setting the business rate multiplier, consideration was given to ensuring value for money in order to deliver the projects outlined in the BID Proposals. Over the period of the five-year period of the BID's term, the proposed levy will generate an estimated income of £21,470,000 from 268 businesses, with additional voluntary contributions (from property owners) generating an estimated additional income of £250,000. The EC Partnership BID proposes a 1% levy multiplier, fixed for 5 years, together with a threshold of excluding properties falling below a rateable value of £500,000 and a capped contribution of businesses paying no more than £40,000. Businesses occupying multiple floors, individually rated, will be charged the BID levy multiplier.
11. As an example this would mean a small business would be exempt; a businesses with a rateable value of £500,000 would pay £5,000 annually; a large business of with a rateable value of £3,000,000 would pay £30,000 annually; and a large businesses of a rateable value over £4,000,000 would pay no more than £40,000.

Governance

12. The City Corporation will remain as the BID Body and BID Proposer, therefore ultimately formally retaining accountability for the BID. As the BID Proposer, the City Corporation is responsible for putting forward the BID Proposal for the BID ballot for the implementation of the BID Arrangements and for applying the BID Levy
13. An important consideration in developing any BID proposals for the City is their relationship with the City's business franchise. Both elements have been discussed with the Comptroller and City Solicitor and Remembrancer and the proposals set out in paragraph 15 have been developed to achieve maximum complementarity between the business representation provided by each.
14. Following a request from both the EC Partnership and Fleet Street Partnership, a change to the previous management arrangements adopted by the City Corporation for the City BIDs is proposed to provide the Partnerships with greater day to day input in implementing the delivery of the Business Plan. The change would involve the City Corporation appointing the Partnership to deal with day to day implementation of the Business Plan in place of the existing Memorandum of Understanding arrangements where implementation is carried out directly by the City Corporation with the local business partnerships having a consultee role. Subject to a successful ballot outcome, the City Corporation will contract with the EC Partnership (a not for profit company limited by guarantee) to act as the delivery agent to implement the five-year BID Proposal. It is proposed that the terms of the contract be delegated to the City Surveyor in consultation with the City Solicitor. The EC Partnership will manage the implementation of the BID Proposal, overseeing the executive team.
15. As noted in paragraph 1 above, the City Corporation's previous participation and funding would cease upon a successful BID ballot. Thereafter, it is proposed that Shravan Joshi, as a Member of the Bishopsgate Ward that falls within the BID footprint (and who has been the Member undertaking participation with the Partnership to date) would attend Partnership meetings as an observer together with the CPAT Manager (who will be delegated to deal with day to day matters by the City Surveyor) to provide officer support. In addition, quarterly meetings will be held with the City Corporation representatives, the executive team and BID Chair to support delivery of the BID Proposal. The BID will draw down the BID levy from the City Corporation on a monthly basis and will manage the delivery of projects in accordance with the BID Proposals. Once appointed to implement the BID Proposal, the Partnership would then budget for and undertake their own contracting of suppliers and staff resources. All income and expenditure will be subject to an annual audit and published for approval at the BID's AGM. The arrangements have been discussed with the City Solicitor and Remembrancer who have confirmed approval.

Proposals

16. It is proposed that the City Corporation approve the BID Proposal so that the ECP can formally launch them on the City's behalf with those businesses within the identified thresholds that fall within the approved BID area in advance of progressing to Ballot in January 2022. As proposer of the BID and proposed BID Body, the City Corporation will enter into a legal agreement with the Board to set out agreed arrangements for governance and implementation of day to day operations in accordance with the BID Proposal

Options

17. If Members were minded not to approve the BID Proposal in its current form and a further report was required, then it would impact on the BID timetable which seeks to launch in late October/November 2021 to go to Ballot in January 2022 and have a BID "go-live" date of 1 April 2022. The BID Proposals are in accordance with the City Corporation policies and will not impact on the delivery of existing services and so it is considered that the City Corporation should approve the BID Proposal to enable the commencement of formal consultation in advance of the BID Ballot.

Corporate & Strategic Implications

18. Strategic implications

The proposal to develop a BID for the EC Partnership area aligns with 8 of the 12 Outcomes of the Corporate Plan 2018-2023. In addition, the proposed project areas identified in the BID Proposal will support delivery of key elements of the Climate Action Strategy, Transport Strategy, Culture Strategy and Draft Local Plan 2036. In addition, many of the projects will focus on supporting the business ecosystem, so whilst the levy payers will come from the larger businesses in the area, support will be provided to the SME community to foster future growth, innovation and retention

19. Financial and resource implications

All funding generated from the BID would be collected and administrated by the City Corporation with the BID drawing down the BID levy from the City Corporation on a monthly basis. The staff cost associated to the levy collection will be paid for from the BID levy. There would be a cost associated with running the ballot that is estimated at about £2,000 that will be covered by the Electoral Services Team as part of their budget. The CPAT Manager will provide support in delivering the BID Proposals on an as needed basis which is part of the existing CPAT remit to support the needs of City businesses.

20. Legal implications

The terms of the appointment should provide for oversight to ensure the appointed EC Partnership facilitates compliance by the City with its BID Body responsibilities for implementation of the BID Arrangements and application of the BID Levy

The EC Partnership being an entity functioning as a private law operator and managing its own budget derived from the BID levy, would be seen as an independent body promoting the interests of its membership. Any procurement relating to the affairs of the EC Partnership would be effected entirely by the EC Partnership without involvement of the City. The delimitation of the respective roles would be maintained through the arm's length contractual arrangement at paragraph 15.

All other legal implications are in the body of the report

21. Equalities implications

Promoting and supporting diversity in the workplace is an important aspect of good people management – EC Partnership will strive to support businesses to ensure they promote a diverse workforce. EC Partnership will ensure their own management team meets these criteria through an inclusive environment where everyone feels able to participate and achieve their potential. While UK legislation – covering age, disability, race, religion, gender and sexual orientation among others – sets minimum standards, an effective diversity and inclusion strategy goes beyond legal compliance and seeks to add value to an organisation, contributing to employee well-being and engagement. The BID will develop a strategy to meet the UK legislation.

An effective strategy for the workplace can support an organisation's business objectives and EC Partnership will take the relevant steps to implement and manage a successful Diversity and Inclusion strategy.

Conclusion

21. The BID Proposal is in accordance with City Corporation policies and strategies and will complement the work of established service operations and partnerships. Approval of the Proposals will allow the EC Partnership to launch the Proposals to the affected businesses to enable progression to ballot

Appendices

- Appendix 1 - Map of the EC BID boundary
- Appendix 2 – Map of all City BIDs and Partnership boundaries

Report author

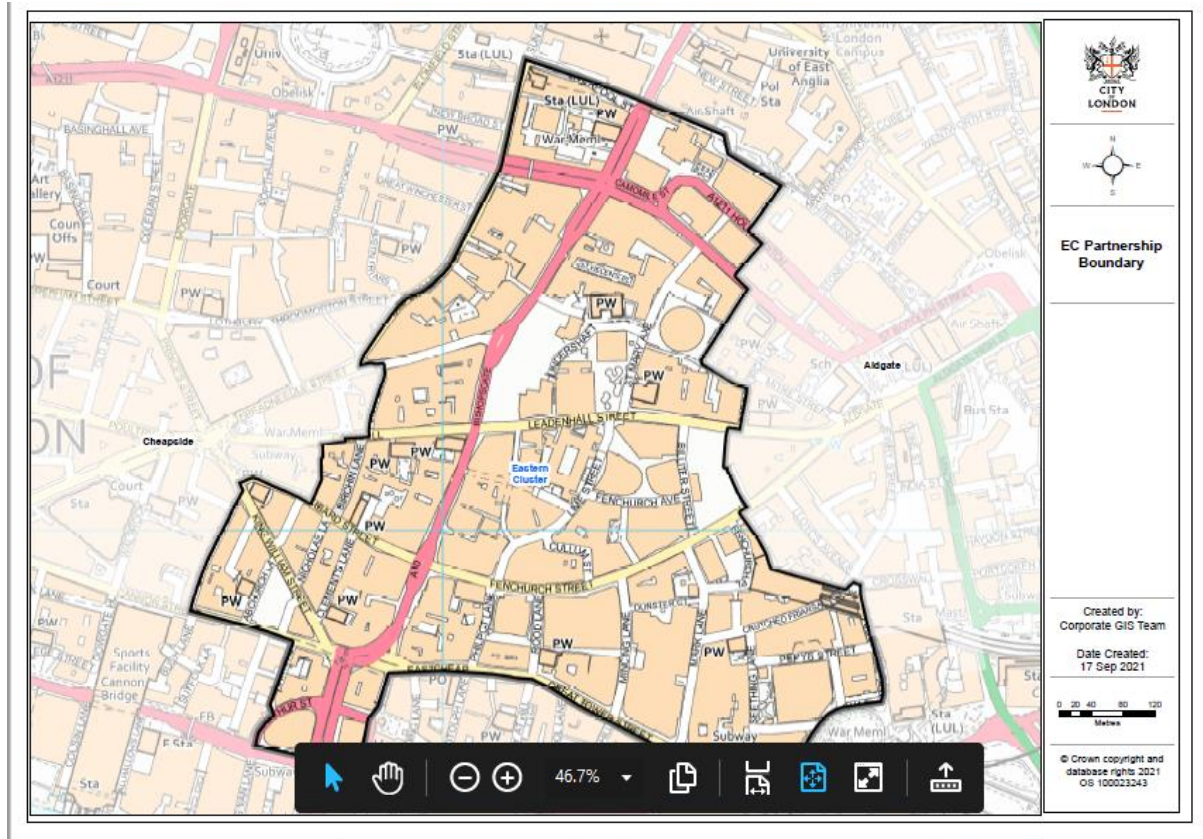
Simon McGinn

CPAT Manager, City Surveyors

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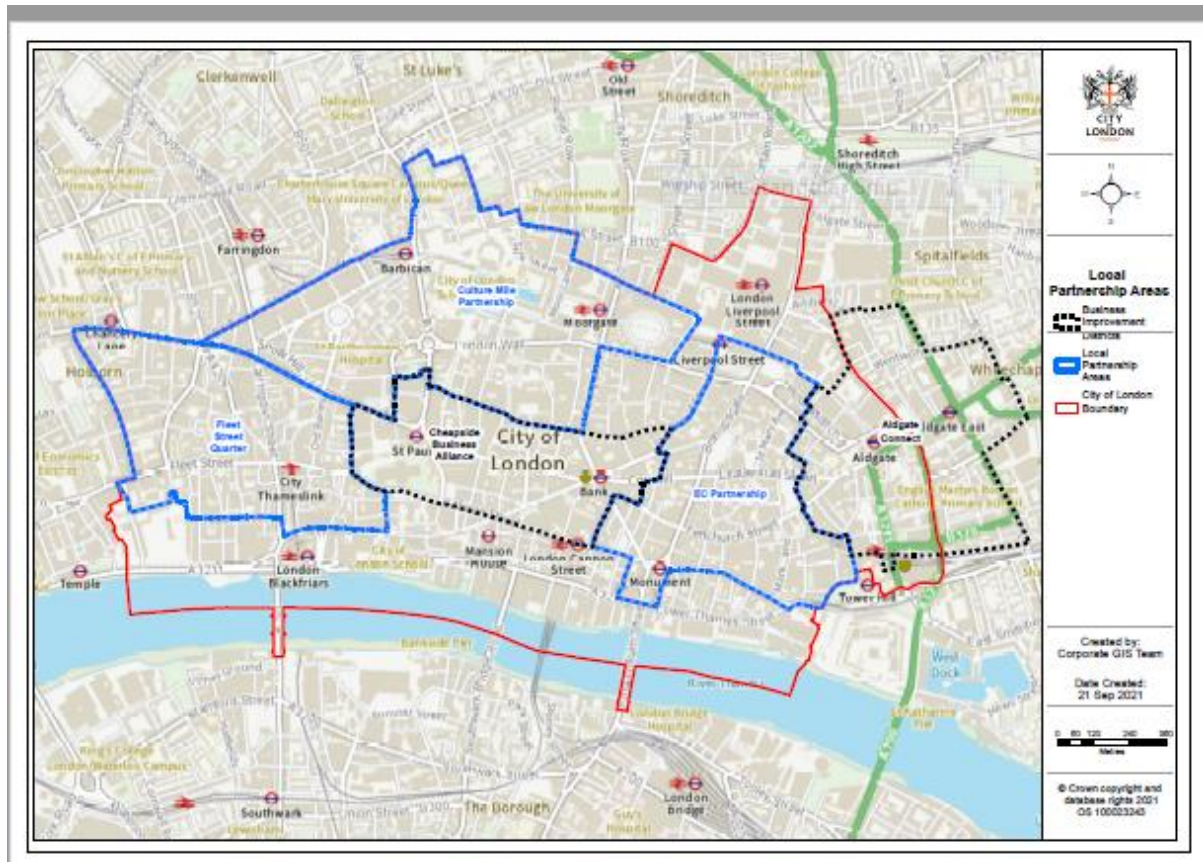
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Appendix 1 Map of EC BID Boundary



Appendix 2

Map of City of London BIDs and Partnerships boundaries



+Committees	Dated:
Policy and Resources Committee Property Investment Board	14/10/2021 26/11/2021
Subject: Fleet Street Quarter Business Improvement District	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,3,4,5,9,10,11,12
Does this proposal require extra revenue and/or capital spending?	No
Report of: City Surveyor, Environment Director	For Decision
Report author: Simon McGinn, CPAT Manager	

Summary

The purpose of this report is to seek your agreement for the submitted BID Proposal, enabling the City Corporation and the Fleet Street Quarter Partnership to formally launch the proposals in advance of a ballot in January 2022 to establish a BID in April 2022

This report sets out the strategic themes and subsequent proposed project delivery of the BID, how these were arrived at through the perception analysis and from further consultation with businesses to agree the levy multiplier and BID budget for the first term (5 years). The proposed levy multiplier has been set to provide a viable BID Budget that will be able to deliver on the key themes set out in the BID Proposal. The strategic themes align with the outcomes set out in City of London Corporate Plan 2018-2023

The BID is being promoted by the City Corporation who will be the accountable BID Proposer and BID Body. Following a request from both the Fleet Street Quarter (FSQ) Partnership and EC Partnership, a change to the previous management arrangements adopted by the City Corporation for the City BIDs is proposed to provide the Partnerships with greater day to day input in implementing the delivery of the Business Plan. The change would involve the City Corporation appointing the Partnership to deal with day to day implementation of the Business Plan in place of the existing Memorandum of Understanding arrangements where implementation is carried out directly by the City Corporation with the local business partnerships having a consultee role. The Partnership will be an established legal entity (separate to the City Corporation) capable of entering legal contracts on their own behalf. This will allow the Partnerships, once appointed, to implement the Business Plan in accordance with the BID Proposals. The Partnership would budget for and undertake their own contracting of suppliers and staff resources and not via the City Corporation's procurement process.

Recommendations

Policy and Resources Committee is asked to:

- Agree the BID Proposal to allow progression to formal Ballot
- In the event of a successful ballot, authorise the City Surveyor to appoint the Fleet Street Quarter Partnership to deal with day to day implementation of the BID Proposals on behalf of the City Corporation and delegate to the City Surveyor, in consultation with the City Solicitor, authority to agree the terms of the appointment in accordance with the principles in this report..
- In the event of a successful ballot, delegate authority for the day-to-day management of the BID Body's functions to the City Surveyor (subject to this being exercised in accordance with the contracted arrangements and within the BID levy receipts credited to the BID account).

Property Investment Board is asked to:

- Note the contents of the report

Main Report

Background

1. In September 2019, FSQ Business Partnership was established by local businesses and landowners. In December 2019 Policy and Resources Committee agreed a BID Strategy that supported the involvement of the City Corporation in the Partnership as a property owner in the area. In July 2019 Property Investment Board agreed to contribute £20,000 from the City Surveyor's local risk budget towards funding for the Partnership for its first two years pending a BID ballot, and also to nominate a Member to participate in the Partnership Board. Property Investment Board would not provide any further funding or have any further participation in the Partnership following a successful BID Ballot, other than as described in this report. The boundary identified for the partnership runs along Holborn / Holborn Viaduct to the north, Warwick Lane / Godliman Street to the east, Queen Victoria Street / Tudor Street to the south and Chancery Lane to the west (Appendix 1). FSQ considers that the area beyond the southern boundary leading to the River should not be incorporated as this could in the future be part of a 'City Thames' BID. The Boundary to the EC Partnership BID has been drawn similarly on the southern border, excluding properties leading to the River frontage - this ensures the whole of the River frontage could become a "City Thames" BID should there be business demand. Appendix 2 provides a map of existing BIDs and Partnerships that demonstrates this point.

2. The FSQ Partnership has undertaken a perception analysis with the levy paying community to test their appetite for the establishment of a BID and to identify the strategic priorities for its first five-year term. As part of the perception analysis views were sought on what business would like to see delivered. In developing the Draft BID Proposals Members of those Wards in the footprint have been consulted and invited to comment. The Proposals have been met with a positive response.
3. BID arrangements are not to come into force unless the BID proposals are approved by a ballot of the non-domestic rate payers in the BID area who are liable for the levy. The BID Proposal sets out business's priorities for improvements for the area and areas of services, as well as how the BID will be managed and operated. Under BID legislation all proposals must be approved by the local authority before moving towards a Ballot.
4. The BID proposed timetable for the Ballot will be 18th January 2022 for 4 weeks with the results announced 16th February 2022, with the BID going "live" on the 1 April 2022, subject to a yes vote.
5. The BID delivery team has agreed the dates of the ballot with the Electoral Services Team, to be held in advance of the City elections and is also liaising closely with the Election Engagement Manager to ensure clear communications are provided to businesses that will also support promotion of the City elections.

Current Position / Perception Analysis

6. Following consultation through the perception analysis the FSQ Partnership has developed a Business Plan and is seeking approval from the City Corporation for the City to propose the BID to move towards a formal Ballot. The FSQ Partnership perception analysis received responses from 41% of the business community, located within the BID footprint. The overall findings from the perception analysis identified that businesses wanted to see a BID for the FSQ area being delivered by FSQ Partnership, with an overwhelming majority (83%) of business in the area felt that a BID would add value and agreed, in principle to support the FSQ Partnership BID and its activities, delivered through four strategic themes:

Putting Fleet Street Back on the Map 81% of respondents also felt connecting with other business (and/or employees) across the area was also important. with 63% of respondents believed a vibrant destination is important for their business.

Fun & Inclusive 92% respondents wish to see more events that showcase the district. 83% respondents value a strong offering as playing into their experience of their return to the office. 81% of businesses wish to be more informed about their area and future developments taking place. 47% of respondents felt the BID should have a strong programme to support SME businesses within the area.

Clean and Green 92% of respondents would like to see more green spaces, with air quality in second and enhanced pedestrian and cycling infrastructure as third. 86% respondents wanted to see better gateway opportunities with 54% feeling that signage and wayfinding needed to be improved across the FSQ area.

Safe and Secure 58% of respondents said they would want the area to feel more safe and secure environment with rough sleeping/homelessness a key issue with the BID working with homelessness charities. 73% of respondents felt that staff well-being is a priority for the BID to deliver on.

Projects

7. Within the full BID Proposal four strategic themes have been identified. These are intended to encapsulate all views gauged in the perception analysis from businesses and stakeholders. All interventions delivered by the BID will demonstrate additionality and a focus on activities that concentrate on promoting the FSQ district as a destination, reinforcing the areas identity, supporting businesses to tackle climate change and sustainability. To promote growth and work with partners to deliver on their agendas.
8. Four project areas have been identified been identified:
 - Putting Fleet Street back on the map
 - Fun and Inclusive
 - Clean and Green
 - Safe and Secure

Putting Fleet Street back on the map

The BID presents a significant opportunity to work together, forging a new “normal” and building on the social customs we rediscovered during the “great pause” of this pandemic. Through collaboration and partnership working FSQ can champion a cohesive plan of action to create a vibrant and dynamic location, bolstering the retail, leisure and cultural opportunities this area presents, positioning FSQ as a place to work, visit and invest in. Part of the mandate will look to support the SME sector and its contribution to FSQ. The BID will include projects focused on hospitality, F&B and retail strategy to help define ground floor usage and help shape the future of Fleet Street; Commission a wide-ranging Public Realm Strategy to ensure the opportunities offered by the public spaces across the area are maximised; Pilot a new ‘Experiential Neighbourhood’, enhancing the experience of visiting the FSQ; Build a recognisable brand for the

area through the creation of a suite of marketing and promotional materials and delivery of a destination marketing campaign.

Fun and inclusive

Economic and social trends are changing demands on commercial centres and the Covid-19 pandemic has accelerated these trends. Working with business members and the City Corporation FSQ aim to deliver, align and complement the City Corporations five-year action plan - The Square Mile - Future City. FSQ aim to create an inclusive, innovative and sustainable business ecosystem: an attractive place to invest, work, live and visit. FSQ will deliver a range of projects that will include, launching a new Neighbourhood Programme, seeking to galvanise the existing new Fleet Street Quarter neighbourhood. Develop networking opportunities, from seminars and workshops to pub quizzes and mentoring projects.

The BID will develop a programme to include an annual Neighbourhood Festival, community awards and a community fund, with the BID allocating grants to local causes; Support the eco-system of businesses across the footprint, including hospitality, retail and leisure, through the use of digital channels such as the new My City App and One City, as well as the City Gift Card. Support the SME ecosystem through training opportunities, local procurement opportunities and local purchasing; consolidation activity and collective purchasing powers amongst the SME sector; investment opportunities and brokerage with a Dragons Den style event.

Clean and Green

Working in partnership with the City Corporation on delivery of the five year action plan; The Square Mile – future City to aid recovery and the Climate Action Strategy, to become net zero by 2040, the BID will encourage collaboration bringing to the business community together to tackle climate change and to promote better air quality through a range of interventions, such as renewable energy use, greening and business consolidation. All of which will enable FSQ to transition to net zero, working towards the City's timeline of Net Zero by 2040. As a BID FSQ will undertake a green infrastructure audit to baseline the current greening across the footprint, outline some of the spatial challenges the area presents and explore the opportunities to undertake further greening, through a range of interventions; Create an active travel hub within the Fleet Street Quarter footprint, encouraging greater use of cycles and walking routes; to develop a programme of work focused on building our sustainability credentials making the Fleet Street Quarter a more climate resilient location, benefiting businesses and positioning the area as a pioneer in future-proofing cities.

Safe and Secure

Under this theme FSQ will take a strategic approach which seeks to tackle security (and business) challenges and critical issues for businesses in the area, from the threat of terrorism and anti-social behaviour to clean streets, rough sleeping and low-level street crime. FSQ will endeavour to host a series of tabletop exercises for businesses with the City of London Police and other partners on Business Resilience and Counter Terrorism with a focus on supporting SMEs; Commission a lighting and way-finding strategy to reassure workers and visitors and encourage greater exploration of the area away from the major routes; Develop a series of workshops / support services aimed at supporting the growing night-time economy in the Fleet Street Quarter area – these will be targeted at both the businesses and the end users. Supporting the vulnerable in our community, tackling any issues of anti-social behaviour and development programmes and outreach initiatives to make a tangible difference to the lives of those who are struggling.

9. The activities identified within each project area are considered to align and reinforce the City Corporation policies and complements the City Corporations Corporate Plan building on the three pillars of activity – Contributing to a flourishing society; supporting a thriving economy and to shape an outstanding environment. This will be delivered by working with a range of stakeholders and in partnership with the City Corporation. For further details or more information contained within the BID Proposals can be found on the following link:

[Bid Proposal - Fleet Street Quarter](#)

Budget and BID Levy

10. When setting the business rate multiplier, consideration was given to ensuring value for money in order to deliver the projects outlined in the BID Proposals. This was set by the Fleet Street Quarter Board as 1.0% together with a threshold of excluding properties below a rateable value of £180,000 and a capped contribution so that no business would pay more than £30,000. Businesses occupying multiple floors, individually rated, will be charged the BID levy payment and will not be discounted. This would generate an estimated annual income of £2.4m from the BID to support the proposed activities.
11. As an example, this would mean a small business would be exempt; a business with a rateable value of £180,000 would pay £1800 annually; a large business with a rateable value of £3m or greater will pay £30,000 per annum.
12. Over the five-year period of the BID the proposed generated income from the levy is estimated to be £12.7m from 294 businesses, with an additional expected income of £250,000 from additional voluntary contributions (property owners). All levy income would be collected and administered by the City Corporation

Governance

13. The City Corporation will remain as the BID Body and BID Proposer, therefore ultimately formally retaining accountability for the BID. As the BID Proposer, the City Corporation is responsible for putting forward the BID Proposal for the BID ballot, for the implementation of the BID Arrangements, and for applying the BID Levy.
14. An important consideration in developing any BID proposals for the City is their relationship with the City's business franchise. Both elements have been discussed with the Comptroller and City Solicitor and Remembrancer and the proposals set out in paragraph 15 have been developed to achieve maximum complementarity between the business representation provided by each.
15. Following a request from both the Fleet Street Quarter Partnership and EC Partnership, a change to the previous management arrangements adopted by the City Corporation for the City BIDs is proposed to provide the Partnerships with greater day to day input in implementing the delivery of the Business Plan. The change would involve the City Corporation appointing each Partnership to deal with day to day implementation of the Business Plan in place of the existing Memorandum of Understanding arrangements where implementation is carried out directly by the City Corporation with the local business partnerships having a consultee role. Subject to a successful ballot outcome, the City Corporation will contract with the FSQ Board (a not for profit company limited by guarantee) to act as the delivery agent to implement the five-year BID Proposal. It is proposed that the terms of the contract be delegated to the City Surveyor in consultation with the City Solicitor. The FSQ Partnership will manage the implementation of the BID Proposal, overseeing the executive team.
16. As noted in paragraph 1 above, the City Corporation's previous participation and funding would cease upon a successful BID ballot. Thereafter, it is proposed that a Member representative from one of the Wards in the footprint would attend Partnership meetings as an observer, together with the CPAT Manager (who will be delegated to deal with day to day matters by the City Surveyor) to provide officer support. In addition, quarterly meetings will be held with the City Corporation representatives, the executive team and BID Chair to support delivery of the BID Proposal. The BID will draw down the BID levy from the City Corporation on a monthly basis and will manage the delivery of projects in accordance with the BID Proposals. Once appointed to implement the BID Proposal, the Partnership would then budget for and undertake their own contracting of suppliers and staff resources. All income and expenditure will be subject to an annual audit and published for approval at the BID's AGM. The arrangements have been discussed with the City Solicitor and Remembrancer who have confirmed approval.

Proposals

17. It is proposed that the City Corporation approve the BID Proposal so that the FSQ can formally launch them on the City's behalf with those businesses within the identified thresholds that fall within the approved BID area in advance of progressing to Ballot in January 2022. As proposer of the BID and proposed BID Body, the City Corporation will enter into a legal agreement with the Board to set out agreed arrangements for governance and implementation of day to day operations in accordance with the BID Proposal

Options

18. If Members were minded not to approve the BID Proposal in its current form and a further report was required, then it would impact on the BID timetable which seeks to launch in late October/November 2021 to go to Ballot in January 2022 and have a BID "go-live" date of 1 April 2022. The BID Proposals are in accordance with the City Corporation policies and will not impact on the delivery of existing services and so it is considered that the City Corporation should approve the BID Proposal to enable the commencement of formal consultation in advance of the BID Ballot.

Corporate & Strategic Implications

19. Strategic Implications

The proposal to develop a BID for the FSQ Partnership area aligns with 8 of the 12 Outcomes of the Corporate Plan 2018-2023. In addition, the proposed project areas identified in the BID Proposal will support delivery of key elements of the Climate Action Strategy, Transport Strategy, Culture Strategy and Draft Local Plan 2036. In addition, many of the projects will focus on supporting the business ecosystem, so whilst the levy payers will come from the larger businesses in the area, support will be provided to the SME community to foster future growth and retention.

20. Financial and Resource Implications

All funding generated from the BID would be collected and administrated by the City Corporation with the BID drawing down the BID levy from the City Corporation on a monthly basis. The staff cost associated to the levy collection will be paid for from the BID levy. There would be a cost associated with running the ballot that is estimated at about £2,000 that will be covered by the Electoral Services Team as part of their budget. The CPAT Manager will provide support in delivering the BID Proposals on an as needed basis which is part of the existing CPAT remit to support the needs of City businesses.

21. Legal Implications

The terms of the appointment should provide for oversight to ensure the appointed FSQ Partnership facilitates compliance by the City with its BID Body

responsibilities for implementation of the BID Arrangements and application of the BID Levy

The FSQ Partnership being an entity functioning as a private law operator and managing its own budget derived from the BID levy, would be seen as an independent body promoting the interests of its membership. Any procurement relating to the affairs of the FSQ Partnership would be effected entirely by the FSQ Partnership without involvement of the City. The delimitation of the respective roles would be maintained through the arm's length contractual arrangement at paragraph 16

All other legal implications are in the body of the report

22. Equalities Implications

Promoting and supporting diversity in the workplace is an important aspect of good people management – FSQ will strive to support businesses to ensure they promote a diverse workforce. FSQ will ensure their own management team meets these criteria through an inclusive environment where everyone feels able to participate and achieve their potential. While UK legislation – covering age, disability, race, religion, gender and sexual orientation among others – sets minimum standards, an effective diversity and inclusion strategy goes beyond legal compliance and seeks to add value to an organisation, contributing to employee well-being and engagement. As with the established Cheapside Business Alliance and Aldgate connect BIDs FSQ will develop a strategy to meet the UK legislation.

An effective strategy for the workplace can support an organisation's business objectives and FSQ will take the relevant steps to implement and manage a successful Diversity and Inclusion strategy.

Conclusion

23. The BID Proposal is in accordance with City Corporation policies and strategies and will complement the work of established service operations and partnerships. Approval of the Proposals will allow the FSQ Partnership to launch the Proposals to the affected businesses to enable progression to ballot

Appendices

- Appendix 1 – Map of the FSQ BID boundary
- Appendix 2 – Map of all City BIDs and Partnership boundaries

Report author

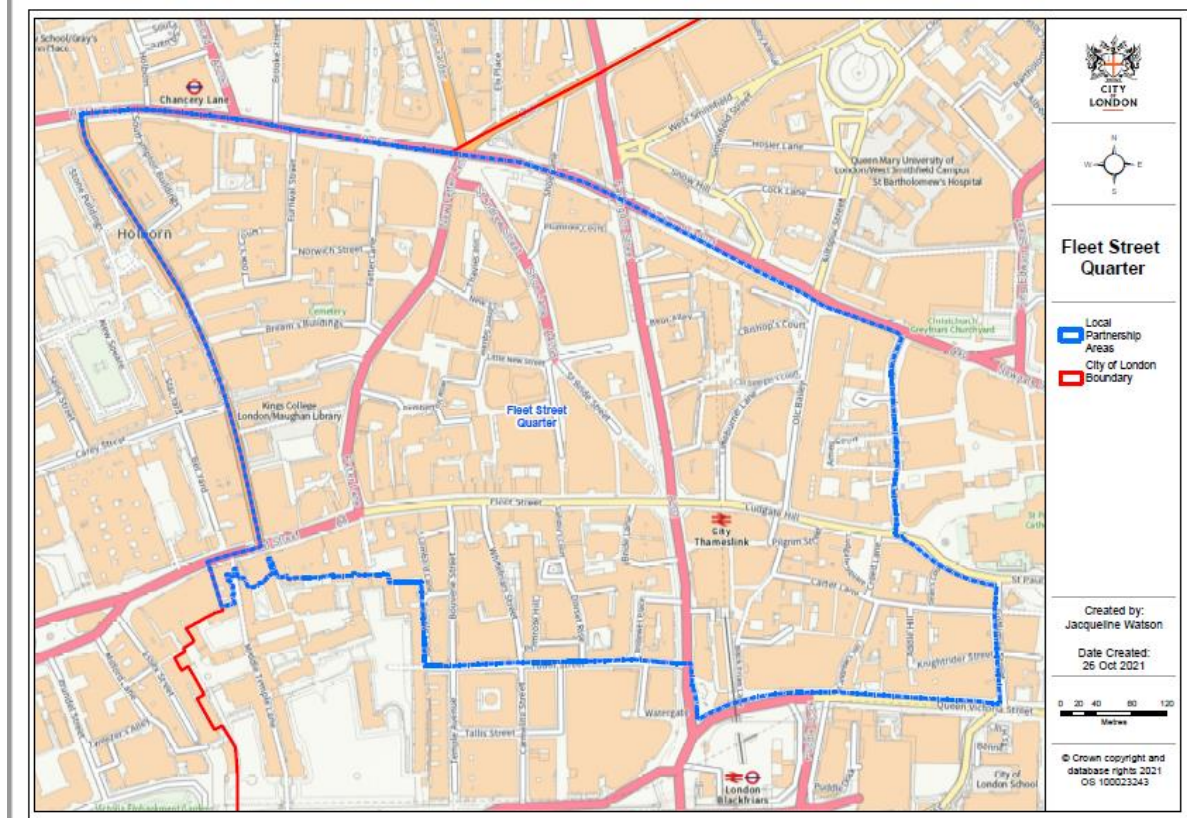
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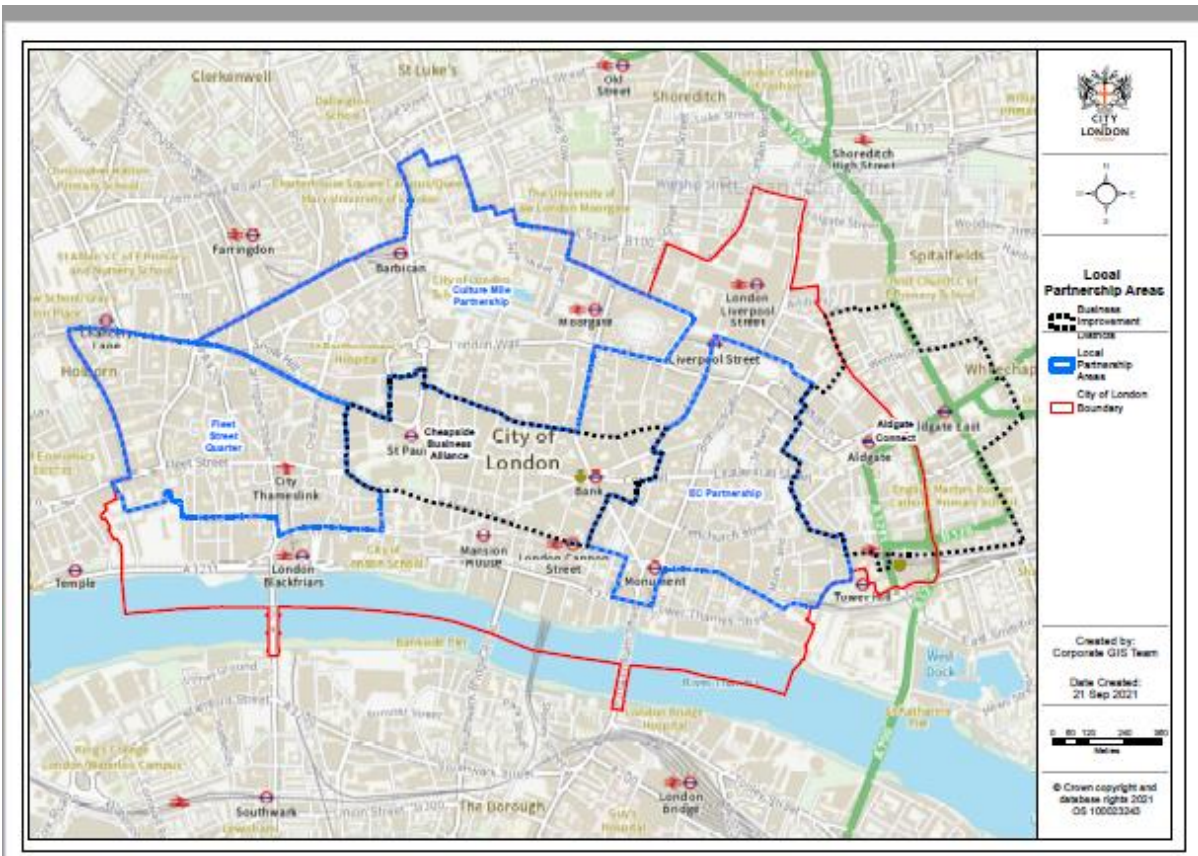
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Appendix 1 Map of FSQ BID Boundary



Appendix 2

Map of City of London BIDs and Partnership boundaries



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