



Corporate Asset Sub (Finance) Committee

Date: THURSDAY, 30 SEPTEMBER 2021
Time: 1.45 pm
Venue: INFORMAL VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

Members: James de Sausmarez (Chairman) Michael Hudson
Shravan Joshi (Deputy Chairman) Jeremy Mayhew
Deputy Jamie Ingham Clark Sheriff Christopher Hayward
Randall Anderson Deputy Edward Lord
Marianne Fredericks Deputy Roger Chadwick
Alderman Alison Gowman Susan Pearson

Enquiries: Chris Rumbles
christopher.rumbles@cityoflondon.gov.uk

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:
< <https://www.youtube.com/watch?app=desktop&v=yh9j5n1TWdU> >

This meeting will be a virtual meeting and therefore will not take place in a physical location. Any views reached by the Committee today will have to be considered by the City Surveyor after the meeting in accordance with the Court of Common Council's Covid Approval Procedure who will make a formal decision having considered all relevant matters. This process reflects 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 is known in open session. Details of all decisions taken under the Covid Approval Procedure will be available on line via the City Corporation's webpages.

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES**

To agree the public minutes and summary of the Corporate Asset Sub-committee meeting held on 19th July 2021.

For Decision
(Pages 7 - 14)

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

Report of the Town Clerk.

For Information
(Pages 15 - 18)

5. **WORK PROGRAMME FOR FUTURE MEETINGS**

Joint report of the Town Clerk and City Surveyor.

For Information
(Pages 19 - 20)

6. **PUBLIC REPORT OF ACTION TAKEN**

Report of the Town Clerk.

For Information
(Pages 21 - 22)

7. **2021 / 22 ENERGY PERFORMANCE Q1 UPDATE**

Report of the City Surveyor.

For Information
(Pages 23 - 28)

8. **OPERATIONAL PROPERTY MANAGEMENT INTERNAL AUDIT - UPDATE REPORT**

Report of the Chamberlain.

For Information
(Pages 29 - 30)

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

Report of the City Surveyor.

For Information
(Pages 31 - 36)

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

Report of the City Surveyor.

For Information
(Pages 37 - 40)

11. **PSDS PROJECT: RETROFIT ACCELERATOR - WORKPLACES PSDS PROJECT**

Report of the City Surveyor.

For Information
(Pages 41 - 56)

12. **HOUSING NET ZERO CARBON ACTION PLAN**

Report of the City Surveyor.

For Information
(Pages 57 - 64)

13. **SECURITY UPDATE**

Oral update of the City Surveyor.

For Information

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

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

16. **EXCLUSION OF THE PUBLIC**

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

Part 2 - Non-Public Agenda

17. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the Corporate Asset Sub-committee meeting held on 19 July 2021.

For Decision
(Pages 65 - 68)

18. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**

Report of the Town Clerk.

For Information
(Pages 69 - 70)

19. **NON PUBLIC REPORT OF ACTION TAKEN**

Report of the Town Clerk.

For Information
(Pages 71 - 74)

20. **PROPOSAL TO ASSIST CITY OF LONDON OPERATIONAL TENANT - WALBROOK WHARF OFFICES**

Report of the City Surveyor.

For Decision
(Pages 75 - 80)

21. **SMITHFIELD COMMERCIAL OFFICES - ARREARS AND MARKETING ACTIVITY**

Report of the City Surveyor.

For Decision
(Pages 81 - 86)

22. **GUILDHALL COOLING PLANT REPLACEMENT**

Report of the City Surveyor.

For Decision
(Pages 87 - 102)

23. **HIGHWAY LAND DISPOSAL: MILLENNIUM BRIDGE HOUSE EC4V**

Report of the City Surveyor.

For Decision
(Pages 103 - 108)

24. **WEST HAM PARK NURSERY DISPOSAL - DELEGATED AUTHORITY REQUEST**

Report of the City Surveyor.

For Decision
(Pages 109 - 110)

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

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

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CORPORATE ASSET SUB (FINANCE) COMMITTEE Monday, 19 July 2021

Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held as a Virtual public meeting and livestreamed at <https://www.youtube.com/watch?v=JaKDYzOSnqU> on Monday, 19 July 2021 at 1.45 pm

N.B. This meeting was held as an informal one, with the views reached by the Sub-committee approved formally by the City Surveyor after the meeting, in accordance with the Court of Common Council's Covid Approval Procedure. This process reflects the current position in respect of the holding of formal Local Authority meetings and the Court's decision of 15 April 2021 to continue with virtual meetings, with formal confirmation of decisions provided through a delegation to the Town Clerk, or his nominated representative, after the informal meeting has taken place and the will of the Committee is known.

Present

Members:

James de Sausmarez (Chairman)
Shravan Joshi (Deputy Chairman)
Deputy Roger Chadwick
Deputy Jamie Ingham Clark
Randall Anderson
Marianne Fredericks
Alderman Alison Gowman
Michael Hudson
Deputy Edward Lord
Jeremy Mayhew

Officers:

Simon Causer	- City Surveyor's Department
Peter Collinson	- City Surveyor's Department
Paul Friend	- City Surveyor's Department
John Galvin	- City Surveyor's Department
Andrew Little	- Chamberlain's Department
Graeme Low	- City Surveyor's Department
Edward Martin	- City Surveyor's Department
Kerry Nicholls	- Town Clerk's Department
Charlie Pearce	- Chamberlain's Department
Jonathon Poyner	- Barbican Centre
Dorian Price	- City Surveyor's Department
James Rooke	- City Surveyor's Department
Christopher Rumbles, Clerk	- Town Clerk's Department
Rhian Snook	- Remembrancer's Office
Chris Spicer	- City Surveyor's Department
Paul Wilkinson	- City Surveyor
Peter Young	- City Surveyor's Department

1. APOLOGIES

Apologies were received from Susan Pearson and Sheriff Chris Hayward.

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

No declarations of interest were made.

3. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the previous meeting held on 22 June 2021 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Sub-committee received a report of the Town Clerk which provided information of outstanding actions from previous meetings.

RESOLVED – That the Sub-Committee noted the report.

5. **WORK PROGRAMME FOR FUTURE MEETINGS**

The Sub-committee received a joint report of the Town Clerk and City Surveyor which provided information of the Work Programme for future meetings.

A Member highlighted that the November meeting of Corporate Asset Sub-committee was taking place on the same day as a Board of Governors of City of London Freemen's School meeting taking place in Surrey. The Member proposed the Corporate Asset Sub-committee meeting be moved to avoid this clash.

RESOLVED – That the Sub-Committee noted the report.

6. **WALBROOK WHARF ROOF REPLACEMENT**

The Sub-committee considered a Gateway 4 issues report relating to repair of Walbrook Wharf roof.

Members noted the project had been downgraded to a roof repair rather than replacement. The Chairman explained that this project was being undertaken with consideration of a bigger plan and medium-term decision for Walbrook Wharf going beyond the current end date of leases and service agreements in 2027, but with a final decision not likely in the next couple of years. The proposal presented provides a solution to the water ingress problems on the existing roof and would ensure the property remains fit for purpose for the existing occupiers.

A Member acknowledged the project was short term for a good reason, but questioned how the objectives of the Climate Action Strategy would be factored in. Members noted the next Gateway would include options to consider in respect of the Climate Action Strategy.

Members were provided with an update on the wider context of Walbrook Wharf with there being an annual bid for 2022/23 coming forward in due course proposing a feasibility study to look at all options from 2027. This would range from a light refurbishment through to a complete redevelopment of Walbrook Wharf, looking at using the site for waste, river freight and also making it net zero by 2027.

A Member stressed the need to progress the feasibility study and get the site to carbon neutral at the earliest opportunity.

A Member, also Chairman of Finance Committee, remarked on a need to ensure any works undertaken at Walbrook Wharf considered value for money and the length of term a repair was needed for, ensuring money was not being wasted in the short-term owing to a lack of foresight of what was required in the longer term.

The City Surveyor acknowledged this point and referred to other projects in a similar position in terms of timing e.g. Markets Consolidation. There were likely to be a number of projects in a difficult position in terms of timing; there was a need to avoid spending money now that would then need unpicking in the future. A difficult balance was presented, and Members needed to be aware of the challenges and the ways in which these were looking to be addressed. The Chairman suggested communication as being key.

A Member remarked on wanting to see Walbrook Wharf taking freight in as well as going out as part of its future use, also looking at the removal of a need for vehicle access and considering river freight through maximising its access through the riverside wharf. This would allow an opportunity to reduce the number of vehicles and lorries driving into the City of London, resulting in a positive impact on the climate and accident rates.

A Member questioned what impact the required repairs were having on those currently occupying the building and what assurances could be given to those in the building that the City Corporation would be getting on with the works to allow them to enjoy the property without the current impacts through leaking water. Members noted that funding had already been approved and that the team were ready to move at pace through the gateway process. The Chairman confirmed that ongoing communications were taking place with the current tenants to make them aware of the position, with Members noting the tenants were looking forward to the repairs being undertaken.

The Chairman thanked the Member for their comment, adding that he was certain all Members agreed on wanting to see freight in as well as rubbish going out and less traffic on the road.

A Member questioned the need for guarantees when considering the expertise available at the City Corporation and also considering the cost involved in securing a guarantee for a short period of time over six years. The City Surveyor agreed to take this point away to review the position of securing a guarantee against the City Corporation taking ownership of the risk. The Chairman asked the City Surveyor to come back to the whole committee on this point.

Resolved, that Members: -

1. Approve drawdown of **£85,000** (from previously approved funding of £920k from the Additional Capital Funds for City Fund Properties) for staff costs, fees, survey costs and pest control to reach Gateway 5.
2. Approve repair solution option; application of a liquid overlay roofing system with guarantee to overcoat the roof minimising the risk caused by roof coverings, retaining the operational status of the facility until 2027.
3. Note the revised total estimated cost of the project at **£920,000**.
4. Note a Costed Risk Provision of **£182,700**. Further information available in the Risk Register (Appendix 2).
5. Delegated Authority be granted to the City Surveyor to Approve a Gateway 5 Report, on condition total estimated project costs remain within the budget envelope of **£920,000**.
6. Note revised completion date of July 2022.

7. **GUILDHALL COMPLEX FLAGPOLE**

The Sub-committee considered a report of the City Surveyor updating on a review of additional flagpoles in Guildhall Yard and seeking approval of a more detailed feasibility survey to be undertaken.

Resolved, that Members:-

- Note the report.
- Approve that a more detailed feasibility survey would be undertaken at an estimated cost of £5k to be met from the City Surveyor's Guildhall local risk budget to clarify options and identify the most suitable location, to ensure wind loading and flagpole fixings are suitable, to commence pre-planning application discussions and to determine the final cost of all options.
- Note that officers will then report back to Members once the proposal is fully developed with costs, and seek Members preferred option.

8. **BUSINESS PLAN 2020-25 QUARTER 4 2020/21**

The Sub-committee received a report of the City Surveyor providing an update on progress in quarter 4 (January to March) 2020/21 against the Business Plan.

It was highlighted to Members how it had been a challenging year for the City Surveyor's Department, but overall the performance had been positive under these challenging circumstances.

Resolved, that the report be received, and its content noted.

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

The Sub-committee received a report of the City Surveyor providing a quarterly update on the management of risks within the City Surveyor's Department. Members noted the report had been presented for information and not decision as indicated on the report header.

A Member questioned the approval process for risks given the report was being presented to both Corporate Asset Sub-committee and Property Investment Board for information. A Member, also Chairman of Finance Committee, clarified the position, with it being the responsibility of officers to manage risks within their

department, and with Audit and Risk Management Committee noting any changes as they go up or down, but with the final say being the responsibility of officers through the Chief Officers Risk Management Group. It was presented to Members for information to allow them to note and comment on the risks and provide oversight.

Resolved, that the report be received, and its content noted.

10. **GENERAL FM UPDATE**

The Sub-committee received a report of the City Surveyor providing an update on key workstreams undertaken by the Corporate Property Facilities Management Team during the year 2020/21.

Members noted a new Computer Aided Facilities Management System was due to go live later in the year, with this offering expanded capabilities and allowing the City Surveyor's Department to operate a condition based facilities management approach through generation of reports based on condition of a building and through inputting climate information to ensure buildings adhere to the Climate Action Strategy.

Members welcomed the positive development in being able to capture key climate data, which the Climate Action Strategy would depend on.

Resolved, that the report be received, and its content noted.

11. **CLIMATE ACTION STRATEGY NZ1, NZ3 AND RS3 WORKSTREAM UPDATE FOR THE OPERATIONAL PORTFOLIO**

The Sub-committee considered a report of the City Surveyor providing an update on key actions from the operational building workstreams as part of the Climate Action Strategy (CAS) and seeking endorsement to the accelerated recruitment of key resources.

It was highlighted to Members that a significant amount of work was taking place at the City Corporation in this area, with everyone trying to find the resources to support the CAS agenda. Accelerated recruitment of key resources would allow an opportunity to move forward with key surveys and projects sooner rather than later.

Members noted how good progress was already being made on a number of initiatives through the retrofit accelerator framework in supporting energy studies at the top 15 sites identified, a pilot on smart buildings out to tender and through developing a new building controls management system and additional workstreams looking at decarbonisation.

Members welcomed the progress being made on key workstreams. Members questioned what was being requested in terms of resources, the availability of expertise in this area and also whether the recruitment would need to go through the Town Clerk's recruitment moratorium.

It was confirmed that the Town Clerk had recently granted approval to a two-year fixed term appointment for two Energy Engineers, with these roles being recruited into as soon as the new Senior Responsible Officer for Climate Action was in place. Other additional resources have been approved through the Climate Action Strategy

Budget. It was currently a crowded marketplace in this space in terms of resources, with this having been recognised through an amber risk and it being reported accordingly.

It was clarified that the decision being sought from Members today was approval of an expedited procurement into the energy specialist roles rather than seeking approval of additional funding for these roles.

Resolved, that Members: -

- Note the progress presented within the report.
- Support the recommendation for accelerated recruitment of key resources.

12. **UPDATE ON PROGRESS WITH THE PSDS GRANT SCHEME**

The Sub-committee received a report of the City Surveyor providing a general update on progress with all the sub-projects included within the PSDS programme and giving a breakdown of how the total grant was being allocated.

Members noted the main part of the PSDS programme was the Retrofit Accelerator Project, which has an estimated value of £7m, with delegated authority being sought from Court of Common to approve the various projects across Barbican Centre, Guildhall and Guildhall School.

A Member noted the deadline of March 2022 for money having to be spent and questioned whether all projects were deliverable within this timeframe. Members noted the PSDS Programme Oversight Board had set a deadline of February 2022 to allow a contingency for any issues to be resolved, but the process presenting very few issues to date that were insurmountable and the team were looking forward to delivering on time and budget.

Resolved, that the report be received, and its content noted.

13. **SECURITY UPDATE**

Members received an oral update on key areas relating to security as follows:

- The current security threat level in the UK being substantial meaning a terrorist incident was considered very likely. The City may be quiet at present, but the security threat has not gone away, and it was important people were aware of this as they begin to return over the coming days.
- Leadenhall Market having introduced a Security Guard to offer a visible presence and with CCTV being monitored closely. Work has taken place on vulnerabilities identified through a security review and closing these down.
- North Wing Reception security barriers having been changed to include an alarm system to prevent people tailgating.
- Barbican Centre Programme of works underway in readiness for an events programme that has started and would continue to grow. A new Security Manager was in place at the Barbican Centre and they would be looking to take forward recommendations that came through in response to the Manchester Arena attack and Protect Duty.

- Security updates were going out to staff through posts on the intranet, with the City likely to get a lot busier over the coming weeks and the events space looking very busy. It was crucial to continue looking at the physical security across the estate to ensure it was being properly implemented and everyone was adequately protected.

The Chairman welcomed the update and very helpful reminder on security.

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

There were no questions.

15. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The Town Clerk confirmed that he was aware of one item of additional item of public business.

Guildhall / Walbrook Wharf – Prioritisation of Capital Bids

The Committee received an oral request of the City Surveyor seeking delegated authority to approve the prioritisation of Guildhall Complex and Walbrook Wharf proposed capital bids, in advance of submission to Resource Allocation in September.

The Chairman asked that the proposed bids be circulated to all Members to allow them an opportunity to comment on these before a final decision was taken.

Resolved, that delegated authority be granted to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to approve the prioritisation of capital bids.

16. EXCLUSION OF THE PUBLIC

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

17. NON-PUBLIC MINUTES

The non-public minutes of the previous meeting held on 22 June 2021 were approved as an accurate record.

18. OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS

The Sub-Committee noted a report of the Town Clerk which provided information of outstanding actions from previous meetings.

19. WOODREDON FARM (RIDING SCHOOL) DISPOSAL

The Sub-committee considered a report of the City Surveyor relating to disposal of Woodredon Farm riding School.

20. OPERATIONAL PROPERTY REVIEW - PROGRESS REPORT

The Sub-committee received a report of the City Surveyor summarising progress with the Operational Property Review.

21. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

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

There were no additional items of non-public business.

23. **CONFIDENTIAL MINUTES**

The Confidential minutes of the previous meeting held on 22nd June 2021 were approved as an accurate record.

The meeting ended at 3.28pm.

Chairman

Contact Officer: Chris Rumbles
christopher.rumbles@cityoflondon.gov.uk

Corporate Asset Sub-Committee – Carry Forward Public Actions

	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress update
PO1/2019	30.01.19	<p><u>Asset Management</u></p> <p>AM recommendations approved by CASC / Finance Committee in April/May 2019, along with the establishment of an officer Operational Property Change Board (OPCB), with delegated responsibility to implement the approved recommendations.</p>	Paul Friend		<p><u>ONGOING</u></p> <p>UPDATE: Put on hold pending outcome of Governance Review.</p>
PO5/2019	05.06.19	<p><u>Sub Committee Terms of Reference</u></p> <p>Officers to report back on whether the terms of reference provide for advising on all bids for Heritage Lottery funding – noted that any clarification of Sub Committee terms of reference could be made at time of other future amendments arising from outcome of Corporate Asset Management Strategy.</p>	Peter Young	At time of the Corporate Asset Management Strategy amendment to terms of reference to be considered.	<p><u>ONGOING:</u></p> <p>UPDATE: On hold pending the outcome of the Governance Review.</p>
P06/2021	22.06.21	<p><u>Cyclical Works Programme</u></p> <ul style="list-style-type: none"> • Consideration to be given to the 	Jonathan Cooper		<p><u>ONGOING:</u></p> <p>Annual CWP bid report to be presented at</p>

Corporate Asset Sub-Committee – Carry Forward Public Actions

		<p>current uncommitted balance across previous years. Look at winding these down programmes and move into the annual CWP.</p> <ul style="list-style-type: none"> Overall figures and an overview of what is required for CWP next year to be given to Members. 			<p>the Corporate Asset Sub-committee meeting on 24.11.21. Relevant information to be included as part of this annual report.</p>
PO7/2021	19.07.21	<p><u>Corporate Asset Sub-committee 24th November 1.45pm</u></p> <ul style="list-style-type: none"> Clash with Board of Governors Freeman’s School meeting taking place in Surrey 	Chris Rumbles		<p><u>COMPLETE</u></p> <p>There is no clash. Both meetings taking place at Guildhall.</p> <p>10.00am Board of Governors Freeman’s School</p> <p>1.45pm Corporate Asset Sub-committee</p>
PO8/2021	19.07.21	<p><u>Walbrook Wharf Roof Replacement – Guarantees</u></p> <p>Clarity to be provided on a need for guarantees when considering the expertise available at the City Corporation and the cost involved in securing these for a short period of time over six years.</p>	Dorian Price		<p><u>COMPLETE</u></p> <p>Note circulated to all Members of Corporate Asset Sub-committee on 30 July 2021 confirming:</p> <p>The leading manufacturers of liquid roofing systems all offer system guarantees for their products installed by accredited installers. The performance specification proposed, would require the procurement of one of these tested systems to meet standards contained within British Standard (BS 6229). There isn’t an additional cost or premium as this is contained within the</p>

Corporate Asset Sub-Committee – Carry Forward Public Actions

					<p>supply of the specified materials. There are however varying levels of specification, with 10, 15, 20 and 25 year guaranteed systems being the most common. In this instance a 10 year system would provide the sufficient level of guarantee and would also be the lowest cost system available from suppliers and would be proposed in the performance specification.</p>
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Corporate Asset Sub-Committee: Work Programme 2021

COMMITTEE DATE	30/09/2021	24/11/2021
SUSTAINABLE MANAGEMENT OF THE CORPORATION'S OPERATIONAL PROPERTY PORTFOLIO		
Corporate Property Asset Management Strategy		Annual Report of Corporate Property Asset Management Strategy 2020/25
City Surveyor's Business Plan	Business Plan 2021/22 Q1 outcome report	Business Plan 2021/22 Q2 outcome report Departmental Business Plan 2021/22
City Surveyor's Risk Register	Risk Register 2021/22 Q1 report	Risk Register 2021/22 Q2 Report
Facilities Management	Security update	Security update
Portfolio management information		Annual report on Operational Property Portfolio
Operational Property Review <i>(note individual assets will be reported as declared surplus by service committees) and other disposals</i>		
UPKEEP, MAINTENANCE AND FURNISHING OF OPERATIONAL PROPERTIES NOT WITHIN THE REMIT OF ANOTHER SERVICE COMMITTEE		
	Annual Backlog Maintenance – operational portfolio (excluding housing) report Covid Support for tenants at Guildhall and Walbrook Wharf - June quarter 2021/22	CWP 2022/23 - Annual Bid Report CWP Progress Report Guildhall Complex Masterplan
RESPONSIBILITY FOR STRATEGIES, PERFORMANCE AND MONITORING INITIATIVES IN RELATION TO SUSTAINABILITY, CLIMATE ACTION and ENERGY/ CARBON REDUCTION		
	Energy Performance Q1 2021/22 Report	Energy Performance Q2 2021/2022 Report Climate Action Strategy – update report
MONITORING AND ADVISING ON HERITAGE PORTFOLIO and BIDS FOR HERITAGE LOTTERY FUNDING		
		Heritage Estate – Areas of Focus 2021/22 progress report

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Committee(s) Corporate Asset Sub-committee	Date(s): 30 September 2021
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	See Background Report
Does this proposal require extra revenue and/or capital spending?	See Background Report
If so, how much?	See Background Report
What is the source of Funding?	See Background Report
Has this Funding Source been agreed with the Chamberlain’s Department?	See Background Report
Subject: Report of Action Taken	Public
Report of: Town Clerk	For Information
Report author: Chris Rumbles, Town Clerk’s Department	

Summary

In accordance with Standing Order 41 (a) and 41 (b), this report provides Members with the details of recent decisions taken by the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Sub Committee.

Recommendation

That the contents of the report be noted.

Main Report

Background

1. Standing Order 41(a) provides a mechanism for decisions to be taken between scheduled meetings of the Sub Committee, where in the opinion of the Town Clerk, it is urgently necessary for a decision to be made. Standing Order 41(b) provides a mechanism for decisions to be taken between scheduled meetings of the Sub Committee, where the Sub Committee has delegated power to the Town Clerk. In each case, the decisions are taken in consultation with the Chairman and Deputy Chairman of the Sub Committee.

Delegated Decision Taken

Annual Bid 2022-23 Report – Guildhall Complex and Walbrook Wharf

At Corporate Asset Sub Committee July 2021 meeting, Members approved that delegated authority be given to the Town Clerk, in consultation with the Chairman and Deputy Chairman of Corporate Asset Sub Committee, to approve the prioritisation of Guildhall Complex and Walbrook Wharf proposed capital bids, ahead of their submission to the 2022/23 Annual Bid process in September 2021.

While the future Guildhall Masterplan continues to be developed and in advance of any decision, officers continue to follow the approved Corporate Property Asset Management Strategy 2020/25; and prioritise major capital bids to ensure these assets remain in a good, safe and statutory compliant condition.

The next step for the Masterplan is that a Gateway 2 report to request fees to undertake an outline options appraisal for north and west wings will be reported in September/October 2021. In the meantime, officers will continue to monitor all current and future major projects, on the understanding that some works may be aborted, or M&E plant re-purposed, if the option of wholesale building refurbishment or redevelopment for the Guildhall Masterplan is approved

The Town Clerk, in consultation with the Chairman and Deputy Chairman of Corporate Asset Sub-committee agreed to:

- Approve that the proposed 2022/23 annual bids for Guildhall Complex and Walbrook Wharf listed in Table 1, with a combined total estimated outturn value of £7.357m (subject to detailed assessment and tendering), are to be submitted for approval to Resource Allocation Sub Committee.
 - Note the current progress and status of approved major projects in Appendix 2 (Tables 2 to 4) with an estimated project cost of £22.24m.
 - Note that the schemes set out in Appendix 1 – Schemes 2 to 4 with a total estimated outturn project cost of £13.174m are still deemed essential, but have been temporarily deferred until the masterplan option is decided as they require a temporary building decant.
 - Note that the schemes set out in Appendix 1 – Schemes 12 to 28, with a total estimated outturn project cost of £49.464m are still deemed essential but have been prioritised lower and are subject to the outcome of the Guildhall Masterplan.
 - Note that our mitigation for non-funded projects will be to continue to maintain these areas in accordance with our maintenance standard.
 - Note all those minor projects proposed within the Cyclical Works Programme will be reported to your September committee for approval and inclusion in 2022/23.
2. In accordance with Standing Order 41 (a) and 41 (b), Members are asked to note the recent decisions taken by the Town Clerk in consultation with the Chairman and Deputy Chairman.
 3. Copies of background papers concerning this decision are available from Chris Rumbles on request.

Chris Rumbles

Town Clerk's Department

T: 020 7332 3154

E: christopher.rumbles@cityoflondon.gov.uk

Agenda Item 7

Committee(s)	Dated:
Corporate Asset Sub-Committee (CASC)	30 th September 2021
Subject: 2021/22 Energy Performance Q1 Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5,11 & 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£ n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The City Surveyor	For Information
Report author: Graeme Low / James Rooke	

Summary

This report presents the 2021/22 Quarter 1 energy performance for CoL operational sites.

The continued reduction in 2021/22 was largely due to the reduction in building related activities and operations continuing due to lockdown as well as disposal of sites including Snowhill and Wood Street Police stations. In addition, work by the Energy Team, particularly on Building Management Systems has enabled these savings to be secured.

- The Q1 result for 2021/2022 was a 16% reduction in energy consumption from Q1 2020/2021 when corrected for the impact of weather.
- Compared to the 2018/2019 Climate Action Strategy (CAS) baseline year, energy consumption reduced by 23% in absolute terms.
- Since 2018/2019 the entire portfolio CO₂ emissions have reduced by 9832 tonnes (27% reduction), achieved through a combination of grid decarbonisation, energy reduction in buildings, disposals and reduced occupancy levels due to covid.

Recommendation(s)

- Note new carbon and energy targets for the Corporate Property Group (CPG), derived from the CAS targets as shown in the Appendix.
- Note the progress of £9.4m from BEIS grant, covering 100% of capital investment needed for the PSDS project.
- Note good progress towards the completion of PSDS projects.

Main Report

Background

1. At CASC on 22nd June 2021 the 20/21 Q4 Energy performance report was presented. This identified the Q4 energy performance as a 22.8% improvement on previous weather corrected values for the same period in 2019/2020.

2. This saving was largely due to the closure of buildings due to the Covid-19 lockdown which occurred across this period, as well as active management of the BEMS by the Energy Team.
3. The CAS targets have now been incorporated into the Energy Performance report, replacing the previous Carbon Descent Plan targets for the CPG buildings.
4. The PSDS projects will support this goal and all projects on the PSDS programme have reached GW5 or beyond. The RA-W project, covering the majority of PSDS works will commence at the end of September. Vital Energi Ltd., who are delivering the RA-W Project works will continue to survey other key CPG assets for carbon reduction measures that can feed into the CAS CPG project plan.

New Target Alignment

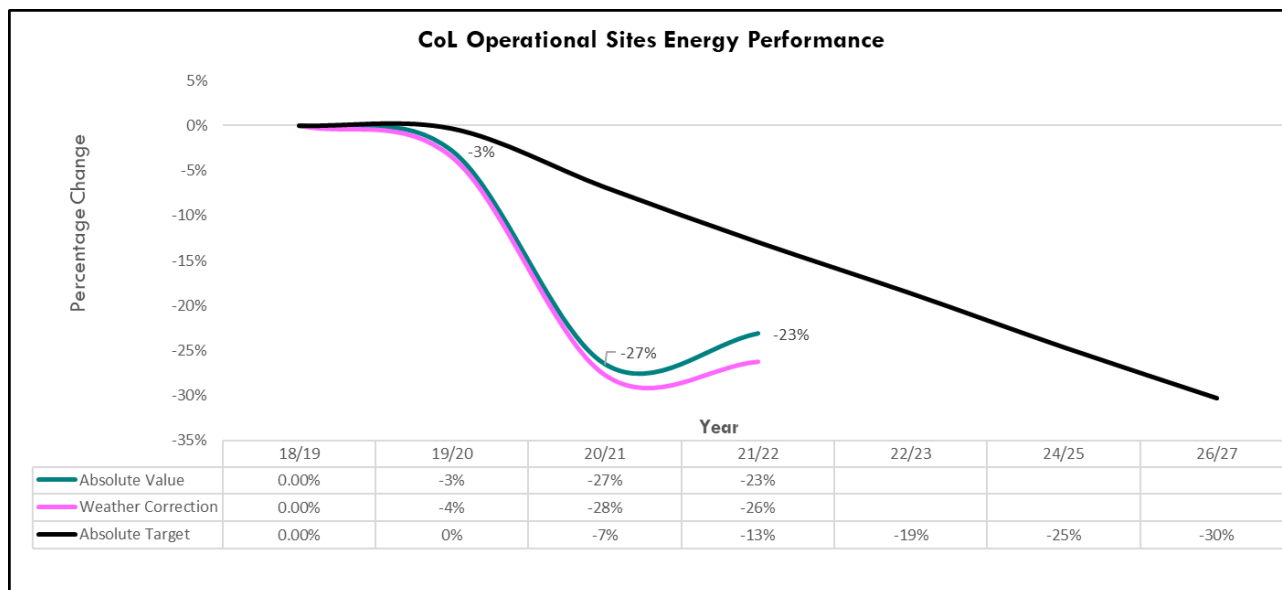
5. The Carbon Descent targets have now been superseded with targets derived from the CAS. We will use the CAS 2018/19 baseline data and interim targets apportioned to the 'baseline' building portfolio through to 2027 for our scope 1 & 2 emissions. The CAS buildings baseline included landlord supplies to housing estates and investment properties, though over approximately 60% of emissions relate directly to corporate properties. This is somewhat mitigated by sequestration for our green spaces. These targets are translated into energy and CO₂, see table 1 in the Appendix.

Current Position

There has been a gradual increase in consumption since the previous reported quarter due to a gradual return to normal operations. However, we remain on track to reach our CAS targets.

Performance Update

Chart 1. Overall performance Q1: Absolute and Weather Corrected kWh Consumption

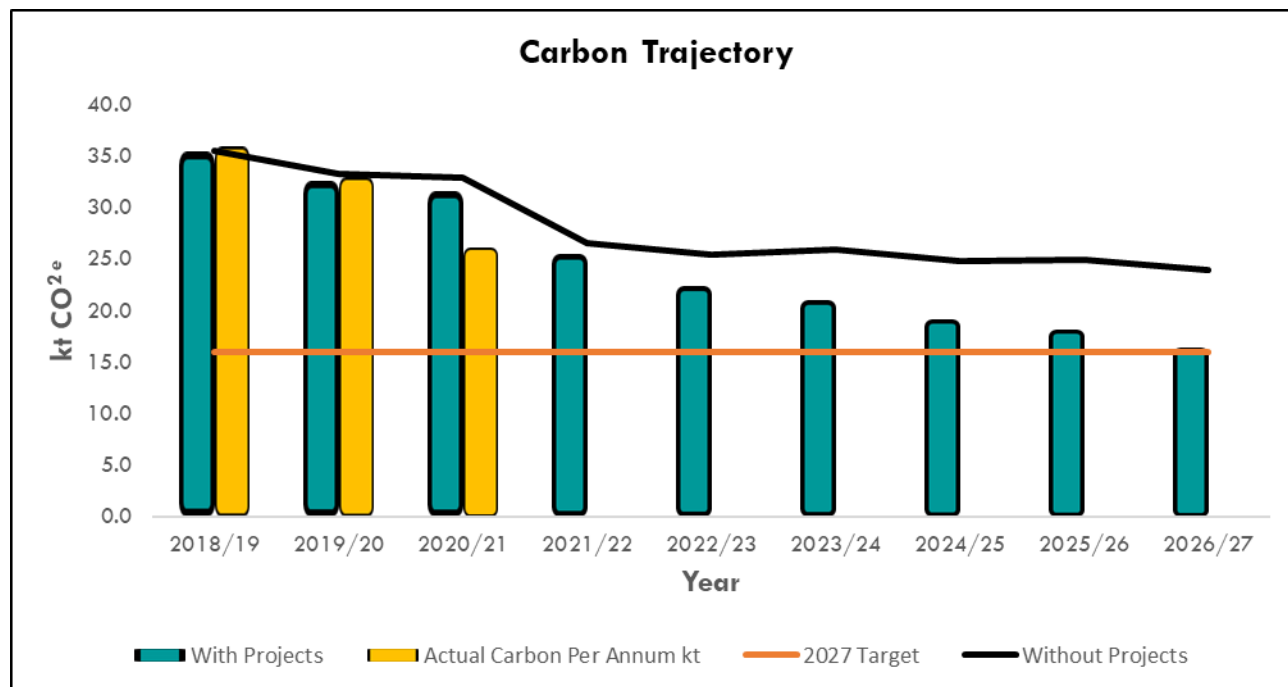


6. **Long term:** Chart 1 presents updated CPG targets to reflect 2018/2019 baseline data in conjunction with the Climate Action Strategy. It shows progress towards the interim target. Compared to the 2018/2019 baseline the performance up to Q1 2021/2022 indicates:

- a. A 23% reduction in absolute energy consumption; and
- b. A 26% reduction when corrected for the weather

Chart 2 presents progress towards carbon and shows:

- a. A savings of 9832 tonnes of CO₂ or a 27% reduction from 2018/2019



The following provides a synopsis of Chart 2:

- The black line represents grid decarbonisation
- The orange line represents the 2027 target
- The turquoise bar represents our project savings and grid decarbonisation
- The orange bar represents actual carbon emissions

7. The savings since 2018/19 demonstrate a positive start for the Climate Action Strategy Net Zero Carbon targets. Focusing on the delivery of PSDS projects in the short-term and developing a full pipeline of projects by 2022 will support the limitation of any short term rises in consumption and emissions and ensure our longer-term goals remain achievable. Refer to Appendix 1 for a list of energy reduction programmes.
8. Whilst we have continued to benefit from energy reductions due to the pandemic, building stock changes and improved control of our energy usage within buildings has played an important role in capturing these savings.
9. As the Climate Action Strategy actions mobilise, starting with site level energy surveys and the procurement of consultancy resource to manage and deliver the programme this Autumn, we will begin to develop a deep fabric retrofit pilot project and begin the roll out of capital works projects in 2022, building from the site level energy surveys. The outsource resource plan (Centre of Excellence) is underway and the Energy Team, with support from the Corporation's Procurement team is discussing tender returns with the bidders, however it is an extremely high demand market and skilled resources are scarce.

10. The City Surveyor has recently appointed, for a time limited period, Arcadis as a critical friend who will provide third party assurance and guidance. They are also looking to see if they can supply the resource.
11. The implementation of a new Energy Reporting system in October will enable the monitoring and targeting of buildings, providing greater insight into energy wastage. Additionally, greater progress for the Barbican specifically may be achieved through the Barbican Renewal Project.

Table 1. Overall performance Q4 Top 5 and bottom 5 sites – Weather corrected

Current Top 5	Jun-20	Jun-21	kWh Difference	% Difference
Barbican Arts Centre	18,646,985	11,473,838	- 7,173,147	-38%
London Central Market (Smithfield)	12,804,819	9,826,936	- 2,977,883	-23%
Guildhall Complex	16,470,236	14,301,936	- 2,168,300	-13%
Streetlighting	2,923,907	2,139,478	- 784,429	-27%
City of London Crematorium	3,021,435	2,273,265	- 748,171	-25%
Current Bottom 5	Jun-20	Jun-21	kWh Difference	% Difference
GSMD - Sundial Court	638,277	1,630,111	991,833	155%
City of London School	2,915,176	3,150,892	235,716	8%
Central Criminal Court	6,038,212	6,197,578	159,366	3%
Mayor's Court	179,044	288,264	109,220	61%
Open Spaces East Heath & Kenwood	102,700	186,346	83,646	81%

12. Table 1 provides a snapshot of the highest energy reductions and the greatest increases within the top 30 buildings over the past 12 months to June, when compared to the previous 12 months. The full list of the top 30 site performance and performance overview for bottom 5 increases can be found within Appendix 1.
13. The top sites have continued to show a reduction due to Covid, however the Streetlighting team have actively replaced and upgraded to LED/dimming controls where possible. The Crematorium's energy consumption has improved from June 2020, which saw an increase in consumption due to a rise in the number of cremations. Furthermore, through the first spike of the Pandemic, they were using three aging cremators, with a lower efficiency. The cremators were replaced by early November 2020 allowing for two new and more efficient cremators, limiting energy and emissions from this point forward.

Energy Team & Other Activity

Progress on Energy projects

14. **The PSDS Project:** Our progress with Vital Energi appointed contractor introducing energy saving measures at the Barbican Arts Centre, LMA, GSMD & the Guildhall through the PSDS project is gathering pace and we anticipate saving an additional 1100 tonnes of CO₂e per annum through this project once works are complete. Verification of these savings is expected at gateway 6 in 2022. An estimated date of completion for the PSDS projects is presented in the table appended.
15. **Pandemic Impacts:** The Energy Team remain proactive at managing the energy usage within our buildings during the Pandemic, however we anticipate increased energy consumption in the estate as occupation patterns return to normal.

16. **Energy Supply contract procurement:** Gas and Electricity Contracts have been procured for the period October 2021 -2025 and we have fixed our commodity price for the next 12 months. A workshop held with stakeholders in June 2021 engaged with key stakeholders to receive feedback in relation to future strategy.
17. **PPA:** The PPA contract has now been agreed with Voltalia UK Ltd., Work on site at the South Farm Solar site near Blandford Forum has begun with foundation tests, welfare facilities and access roads being established. More recently work has begun on constructing the electricity sub-station. As we are seeing rising electricity prices in the market the current price of £80 MWh for grid electricity means that we have achieved increased financial benefit through the PPA with a raw unit price of £37/MWh lower than this.

Corporate & Strategic Implications

18. **Strategic implications:** Energy performance is linked to resilience and helps ensure business continuity through reduced pressure on the energy infrastructure within the square mile. We support a thriving economy through ensuring environmental responsibility in this way. Our energy performance helps to shape outstanding environments through the reduction of CO₂ emissions and our commitment to procuring clean renewable energy. In this way our energy performance helps shape outcomes 5, 11 and 12 of the Corporate Plan.
19. **Financial implications:** The savings in this report detail reductions in energy consumption and not against agreed budgets. They remain largely due to reduced energy usage due to the pandemic. We anticipate these will reduce as staff return to work. In addition, energy costs are projected to increase over the next year due to external factors, although the PPA agreement is expected to provide some relief commencing August 2022. For longer sustainable gains the focus needs to be on improving efficient use of energy, through targeted investment in energy saving measures. Note that savings from the PSDS project will be transferred to the Build Back Better fund for re-investment with further projects.

Conclusion

20. The Energy performance within Q1 has seen a sustained reduction in consumption across the Corporation, whilst some of the reductions are being clawed back following the pandemic and we anticipate this will continue in the short term. We continue to mobilise workstream (NZ1) related to Corporate Buildings within the Climate Action Strategy and ensure delivery of the 17 projects that form part of the PSDS project by Q3 / Q4 2021/22. We remain confident that we can absorb the impact of the reoccupation of our building stock. Our new targets are challenging but achievable, requiring action in all areas of the Corporation to ensure we meet our planned objectives.

Report author

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Committee(s)	Dated:
Corporate Assets Sub-Committee	30/09/2021
Subject: Operational Property Management Internal Audit – Update Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
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: Chamberlain	For Information
Report author: Matt Lock, Head of Audit and Risk Management	

Summary

An interim review has been undertaken to assess progress in implementing the recommendations made in the Internal Audit review of Operational Property Management. It is the view of the Head of Audit and Risk Management that satisfactory progress is being made.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Following a number of successive property incidents at a single City of London operational property site, an Internal Audit review was requested to examine the adequacy of arrangements in place for property management. The Final Audit report was issued in February, making a number of recommendations requiring significant change to the existing approach, all of which were all accepted by Senior Leadership.
2. At the time of finalising the Internal Audit Report, management actions and target implementation dates were determined on the basis of the best knowledge available. Members should note that a core dependency exists in relation to the Target Operating Model (TOM) review and its implementation timescale, target dates were made and accepted in the knowledge that these may flex.

Current Position

3. Internal Audit has, at the request of the Committee, undertaken a brief interim review to assess and report on progress in implementing recommendations from the Audit review. The overall conclusion is that satisfactory progress is being made, the key points to note are:
 - i. The TOM process, specifically the review of the breadth and nature of services provided by the City Surveyor incorporates operational property management.

- ii. The City Surveyor has developed draft “Principles of Occupancy” for occupying departments, clarifying roles, responsibilities and accountabilities between Chief Officers in relation to operational property management, including building repair and maintenance. This is currently under peer review and will be considered as part of the Enabling Services element of the TOM to help remove ambiguity and inconsistency.
 - iii. The Executive Leadership Board has been identified as the ‘Corporate Landlord’, recognising the collective accountability of the organisation at the highest level, with the City Surveyor as “Head of Profession” for Estates and Facilities Management, it is anticipated that this will address the key issue around corporate oversight and control.
 - iv. The City Surveyor’s Operations Group Director has confirmed that the annual condition report to CASC (covering the overall condition of the operational property portfolio excluding housing), due to be made to a subsequent meeting of CASC, will incorporate the detail specified in the Internal Audit report. Specifically, this will state the condition of the various property assets as well as providing an update on delivery of the Cyclical Works Programme and major works programme.
4. There are further points that are dependent on the implementation of the above and so these have not been reviewed at this point. This Audit review will be subject to formal follow-up review in accordance with the usual protocol, to be undertaken promptly following the agreed implementation dates.
5. The Head of Audit and Risk Management discussed with City Surveyor’s Senior Leadership the fact that some of the Audit recommendations may not be implemented as explicitly stated. The Head of Audit and Risk Management confirmed that this was not a particular concern, more important instead to evaluate whether the action taken is effective in resolving the issues raised. Given the inherent complexity of this system across numerous departments, service areas and Institutions, this needs to be tackled as an iterative process and so a degree of change at each milestone is expected.

Corporate & Strategic Implications

6. The work of Internal Audit is designed to provide assurance as to the adequacy of the City of London Corporation’s systems of internal control and governance. The wider programme of Internal Audit activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

7. Following completion of an interim review, the Head of Audit and Risk Management considers that satisfactory progress is being made towards addressing the issues raised in the Audit review of Operational Property Management. A formal follow-up will be undertaken early in 2022, at which point the majority of the recommendations made are due to have been implemented.

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Agenda Item 9

Committee(s)	Dated:
Property Investment Board – For information Corporate Asset Sub (Finance) Committee – For information	17 September 2021 30 September 2021
Subject: Business Plan 2021-26 Quarter 1 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 358/21)	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 1 (April to June) 2021/22 against the 2021-26 Business Plan. It provides Members with an update on the commercial property market and a financial statement.

This report also provides an update to the end-of-year 2020/21 Progress Report (CS 205/21) in relation to KPI. 17 Outperformance of MSCI return benchmarks.

In line with the 2020-21 business planning update reports, we will not be providing a Red-Amber-Green (RAG) assessment for three measures. 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, six were assessed as green (on target) and one indicator was amber (marginally behind target). Three items will not have a RAG assessment made, and four further measures will be assessed throughout out the year.

The amber indicator was the following:

- KPI. 6 – Capital project Risk Status (PIB and CAsC)

Finally, the quarter 1 budget monitoring reveals that the City Surveyor is projecting a £1.273m overspend (4.3%) 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 system, this is a quarterly report on the progress made during quarter 1 (April – June) 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 1, set out in Appendix A. This reveals that the City Surveyor is forecasting an overspend of £1.273m at year-end against a budget of £29.904m (4.3%).
6. The main reason for this overspend is a 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, though because of the delay only a part year saving, if any, will be made in 2021/22. Members should note that the Enabling Services TOM, which impacts the City Surveyor's Department, is scheduled for a later phase.
7. The City Surveyor is continuing to review other budgets to identify further savings to bring the forecast outturn back into balance. These will be picked up as part of the estimate exercise in the Autumn.

Business Plan progress reporting

Quarter 4 2019/20 update

8. In the quarter 4 update (CS 205/21) one measure was highlighted to be reported to Committee in this quarter.

A. KPI. 12 – Outperform Morgan Stanley Capital Index (MSCI) benchmark (PIB)

This has been assessed as Green

All three Funds outperformed the Benchmark on an annualised five-year basis:

Estate	House Fund	Bridge House Estates	City's Estate	City Fund
Total Fund Return %	7.10	10.18	6.08	6.64
Benchmark Return %	4.29	4.29	4.29	4.29

All portfolios outperformed the Benchmark over 3,5,7 10 and 27 year

Quarter 1 2021/22 update

9. Ordinarily the department would report a RAG status against all its fourteen KPIs. This is based upon performance against target, or expected, performance. The COVID-19 pandemic has altered our capacity to target set some measures in relation to the investment estate.

10. Whilst many KPIs will be impacted by COVID-19, the ones that will not be RAG assessed this year are as follows:

A. KPI. 9 – Rental forecasts (PIB)

Rental forecast figures will be reported separately to PIB (CS 357/21)

B. KPI. 10 – Minimise arrears (PIB)

Arrears stand at 13.52%

C. KPI. 11 – Minimise voids (PIB)

Voids are reported twice a year. As of 1 June, the void figure was 3.45%.

11. Members will note the inclusion of the thematic COVID-19 risk register as part of your regular Risk report. This includes a specific risk relating to the impact on our investment property returns.

Performance

12. 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 1.

Status ¹	Green	Amber	Red	TBC	N/A
Corporate Asset Sub Committee	6	1	0	1	2
Property Investment Board	4	1	0	0	5
Overall ²	6	1	0	1	6

13. Of the fourteen key performance indicators being monitored, six were assessed as being on target (green), with one indicator marginally behind target (amber). Four indicators will be assessed throughout the year and three figures will be reported without a RAG status.

14. The following indicator was marginally behind target at the end of quarter one:

A. KPI. 6 – Capital project risk status (PIB and CAsC)

The objective of this indicator is to look at the risk status of each project, comparing the percentage of 'red projects' to the overall number of projects. A target has been set for red projects of no more than 20%.

Quarter 1 result for this indicator just above target at 21%.

The amber rating is a direct result of COVID-19 and associated lockdowns. This resulted in several projects requiring additional funding or exceeded their target delivery timescales.

There are two specific risks on our COVID-19 risk register in relation to project delivery, and this is being tracked closely by the department.

Conclusion

15. Looking forward, the impact of COVID-19 on departmental delivery will undoubtedly be challenging. 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

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.

Appendix C Headline Performance Charts
Appendix D Market Commentary

Background Papers

The City Surveyor – The City Surveyor’s Business Plan 2021-26

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Committee(s)	Dated:
Property Investment Board – For information Corporate Asset Sub (Finance) Committee – For information	17 September 2021 30 September 2021
Subject: City Surveyor’s Departmental Risk Register – 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 357/21)	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 four risks on its Departmental Risk Register (Appendix 1). The department is also managing three additional risks – two red, and one amber – in response to Covid-19 (Appendix 2).

The red risks currently being managed by the department in response to Covid-19 are:

- CVD19 SG PROP 01 – Impact on investment portfolio
Current risk score 16 (Red)
- CVD19 SG PROP 02 – Property projects
Current risk score 16 (Red)

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 (CAcC) has determined that they will receive the City Surveyor's risk registers on a quarterly basis.
2. This report separates the overall departmental risk register (Appendix 1) and the departmental responsibilities in relation to Covid-19 (Appendix 2).
3. Risks are reviewed regularly by the department's Senior Management Team (SMT) in line with the organisation's Risk Management Framework (RMF). 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 four amber risks. The details of each of these are included in Appendix 1.
6. The City Surveyor continues to monitor its risks associated with Covid-19 reporting to the thematic governance group. The department has three risks being monitored by the group (Appendix 2). Risks relating to Covid-19 are regularly reported through to the Audit and Risk Management Committee.

Changes since last review

7. There were a number of substantial changes reported to Members in the July report. For this period there has been less movement in the risks, in part reflecting the proximity of the reporting cycle.

8. Risk SUR SMT 001 – Climate Action Strategy (Amber – 8)

Further detail has been provided in regard to this risk. Members will be aware that this risk absorbed and replaced the earlier Carbon Descent Plan risk in April of this year. As this programme ramps up, uncertainties are identified and appropriate mitigations are put into place. The changes that Members will note in this risk from the July report reflect this process. Current blockers on this item relate to the capacity to recruit sufficiently skilled staff to assist in the delivery of the programme. The team is working hard to overcome this barrier.

9. SUR SMT 014 – Backlog Maintenance (Amber – 8)

Members should note the Cyclical Works Programme (CWP) bid for 2022/23 which is subject to approval. Items that are not funded through this bid process will result in an increased level of backlog.

10. COVID-19 Risks

The department continues to report these separately in line with Corporate guidance. Members will be aware of the wider re-opening expected over the coming months, including children returning to schools, and many businesses, including the City of London Corporation, expecting more staff to return to the office. This may impact the scoring on our COVID-19 risks. These items continue to be monitored closely.

11. City Bridge Risks

The department manages the risks associated with repairs and maintenance on the City Bridges. As reported in the July update, these risks will now be reported through to the Bridge House Estates Board. These risks have been presented to both CAsC and PIB over the last few years.

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 public departmental risks (right). This relates to the information presented in Appendix 1 (departmental) and Appendix 2 (Covid-19) risks. A comparison with the those presented at the last report (July) is included as the table on the left.

13. The Heatmaps do not track individual risks over time, rather it is a snapshot comparison of the overall risk profile. Members received the most recent update of this report towards the end of July, and the overall risk profile has not altered since this time.



Table 1: July 2021 Risk Heatmap



Table 2: August 2021 Risk Heatmap

Conclusion

14. Members are asked to note the recent changes to the departmental risk register. The department continues to ensure that it manages its risks in line with best practice and the organisation's RMF.

Appendices

- Appendix 1 – Departmental risk register
- Appendix 2 – Covid-19 thematic risk register

Background Papers

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

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<p>Committees: Corporate Asset Sub Committee – For Information</p> <p>Projects Sub <i>Committee</i> – For Information</p> <p>PSDS Project Board – For Decision</p>	<p>Dates: 30 September 2021</p> <p>15 September 2021</p> <p>1st September 2021</p>
<p>Subject: PSDS Project: Retrofit Accelerator – Workplaces PSDS Project</p> <p>Unique Project Identifier:</p>	<p>Gateway 3/4/5: Options Appraisal and Authority to Start Work (Regular)</p>
<p>Report of: City Surveyor</p> <p>Report Author: Chris Spicer, PSDS Programme Manager</p>	<p>For Decision (at PSDS Project Board)</p>
<h1 style="margin: 0;">PUBLIC</h1>	

<p>1. Status update</p>	<p>Project Description: Energy efficiency upgrades across Barbican, Guildhall and GSMD (Silk Street, Milton Court and Sundial Court).</p> <p>These works were included as a sub-project within the PSDS Project which was approved at GW2 on 15th March 2021. The purpose of this GW3-5 paper is to approve the recommended works and budget for this sub-project which can proceed separately to other PSDS sub-projects.</p> <p>Authority to enter into contract for this project was delegated to the City Surveyor, in consultation with the PSDS Project Board and the Building Chief Officer Group, at the Court of Common Council on 22nd July 2021.</p> <p>RAG Status: GW2 - Green</p> <p>Risk Status: G2 - Green</p> <p>Total Estimated Cost of Project (excluding risk): £6,277,735</p> <p>Change in Total Estimated Cost of Project (excluding risk): - £907,225 decrease on previous estimate, this is due to the GW2 report including budget costs based on estimates. The GW 3-5 costs are based on contractor quotes.</p>
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	<p>Spend to Date: £25,000k (from PSDS resource budget)</p> <p>Costed Risk Provision Utilised: None</p> <p>Slippage: None</p>
<p>2. Next steps and requested decisions</p>	<p>Next Gateway: <i>Gateway 6: Outcome Report</i></p> <p>Next Steps:</p> <p>This is a design and build contract which will be delivered by Vital Energi Utilities Ltd who are a specialist energy efficiency company with a long track record delivering carbon reduction projects. The contractor was selected following a competitive tender process from the GLA RE:FIT Framework. The key next steps before reaching Gateway 6 are as follows:</p> <ul style="list-style-type: none"> - Enter into Contract with Vital Energi - Deliver programme of works identified in the Investment Grade Proposal and develop additional projects to utilise underspend - Complete commissioning - Commence Measurement and Verification of savings <p>Requested Decisions:</p> <ol style="list-style-type: none"> 1. Approve Option 4, Investment Grade Proposal with option to allocate any remaining grant to additional projects, at an estimated cost of £6,277,734 (excluding risk) up to a maximum variation of 2. Agree an additional budget of £6,277,734, noting this will be wholly funded from the PSDS grant 3. Agree to award a contract for the works to Vital Energi Utilities Ltd at a cost of £6,277,734 and instruct the Comptroller & City Solicitor accordingly 4. Approve the request for Vital Energi to design other opportunities to spend any remaining PSDS grant which is not currently allocated, subject to agreement of these projects by the PSDS Board. This will be delivered through a variation (maximum 20%) to the contract and underwritten by the Energy Guarantee. Any design costs incurred will be agreed with the board and inclusive of the contract value 5. Note the estimated cost of £120,000 for Project Management support which will be funded from the PSDS Resource Budget, approved in the GW2 PSDS paper 6. Note the estimated cost of £43,000 for surveys and consultancy support, will be funded from the PSDS Resource Budget, approved in the GW2 PSDS paper 7. That a Costed Risk Provision of £450,000 is approved (to be drawn down via delegation to Chief Officer).
<p>3. Budget</p>	<p><i>Complete this section in consultation with your Head of Finance</i></p>

The total estimated cost for the PSDS project across all 11 sub projects within the contract is £6,727,734 including a CRP of £450,000. The cost for the project is broken down as follows:

Item	Source of funding	Cost
PSDS Capital Works	PSDS Grant	£6,277,735
CRP	PSDS Grant	£450,000

Project management and survey support will be met from the already approved PSDS Resource budget. It comprises:

Commercial Review (Currie and Brown)	PSDS Grant	£9,950
M&V Review EEV's	PSDS Grant	£3637.50
Asbestos Surveys	PSDS Grant	£29,000
PM Resource	PSDS Grant	£90,000

The total cost excluding risk is £6,277,735. This is expected to be the maximum cost for the project based on the contractors proposal, any exclusions have been allowed for within the Costed Risk Provision (see risk register for details), this includes asbestos management, potential for temporary plant and any additional builders work. The table below shows a breakdown of how the cost is allocated.

The proposal is £907,925 below (excluding CRP) the £7.2m budget originally included in the PSDS application. This is due to the GW3-5 costs being based on contractor quotes rather than budgets. Consideration is being given to using this funding for further projects. These will be reported to a subsequent PSDS Board for approval.

The project will be funded entirely through the BEIS PSDS Grant, which was awarded to the City of London Corporation in May 2021.

For recommended option 4 the cost for each energy conservation measure (excluding risk) is as follows:

Item	Funds/ Source of Funding	Supplier Cost (£)	Original Budget
BAC HVAC & BEMS	PSDS Grant	850,276	1,704,682

BAC Lighting	PSDS Grant	1,262,334	1,348,542
BAC Metering	PSDS Grant	557,699	320,617
GSMD Silk St HVAC & BEMS	PSDS Grant	149,919	179,647
GSMD Silk St Lighting	PSDS Grant	343,022	265,691
GSMD Metering	PSDS Grant	Included in BAC Metering	180,312
Guildhall Lighting	PSDS Grant	2,221,567	1,235,454
Milton Court HVAC & BEMS	PSDS Grant	204,367	476,158
Milton Court Lighting	PSDS Grant	314,905	1,043,471
Milton Court Metering	PSDS Grant	Included in BAC Metering	213,526
Sundial Court Lighting	PSDS Grant	188,506	216,859
Draught Proofing	PSDS Grant	29,843	N/A
Pipework Insulation	PSDS Grant	32,489	N/A
Associated works (IGP and BMS Upgrade)	PSDS Grant	122,807	N/A
Total		6,277,734	7,184,959
<p>The Guildhall Lighting costs have increased due to the requirement for bespoke luminaires within the chilled beam. These will need to be manufactured specifically to retain the same levels and appearance of the lighting within the Guildhall.</p> <p>Costed Risk Provision requested for this Gateway: £450,000</p>			

This includes the following:

Asbestos Management and Remediation – £300,000 for surveys and remediation of any asbestos identified during installation of the work

Builders work in connection – £50,000 to cover any unforeseen builders work required once installation is in progress this includes pipe freezing, making good, re-decoration

Temporary Plant - £50,000 to cover the provision of temporary heating plant if required

FM Support – £20,000 to cover any additional FM support from contractors for delivery of the project

Additional Resource - £30,000 to provide additional project management resource to ensure the project is delivered

Remaining Budget

It is expected that an estimated £420k of the PSDS Grant will be unallocated (or not currently required to fund the PSDS projects at GW5) although this is expected to increase as the CRP budget is released. We request approval for Vital to design additional projects which can be delivered by March 2022. These projects will be bought back to the PSDS Board for approval once the business case is developed. These will be delivered as variation to the main contract up to a maximum of 20% of the contract value.

The table below shows a summary of how the total £9.4m grant is being spent across the PSDS Programme:

Project	Current Budget (including CRP)
RAW	£6,727,734
Guildhall Ventilation	£1,187,601
BEMS Software	£138,939
Guildhall Cooling	£131,775
Guildhall Metering	£105,367
LMA Ventilation	£89,940
Energy Software	£49,000
PSDS Resource	£595,000
Unallocated	£420,588
TOTAL	£9,445,944

<p>4. Overview of project options</p>	<p><i>Option 1 (not recommended) – Do not proceed – Under this scenario, the project would be cancelled and the PSDS grant funding would be handed back to BEIS. COL would not benefit from the £450k per annum cost saving and 20% carbon reduction, against the 2019/20 baseline used for the project.</i></p> <p><i>Option 2 (not recommended) – Proceed with scope of Investment Grade Proposal – The scope of the project has been developed to meet the requirements of the Grant scheme and be delivered by the funding deadline of March 2022. This is not recommended as the estimated £420k currently unallocated to projects would need to be returned to Salix.</i></p> <p><i>Option 3 (not recommended) – Proceed with scope of Investment Grade Proposal excluding Guildhall Lighting – This option has the same scope as Option 2 but would exclude the Guildhall Lighting project from the scope. This is not recommended as the Corporation would need to hand back a significant sum of money back to Salix and financial/carbon savings would not be realised.</i></p> <p><i>Option 4 (recommended) – Proceed with scope of Investment Grade Proposal and approve for Vital Energi to design additional project to be completed by March 2022 to utilise remaining PSDS Grant funding, for projects subject to separate approval as a variation to their contract with CoL. The level of variation will be limited to 20% of the current £6.25 contract value.</i></p>
<p>5. Recommended option</p>	<p>We recommend that Option 4 is progressed as the scope has been designed to be deliverable within the funding timescales dictated by Salix and BEIS. It will allow us to identify additional projects across the four existing buildings, or ,with the agreement of the funding authority, across the COL portfolio which can be designed to utilise the remaining PSDS Grant and maximise the opportunity available for significant carbon and cost savings. As these are designed approval of the PSDS Board will be sought to allow them to proceed.</p>
<p>6. Risk</p>	<p>Further information available in the Risk Register (Appendix 2)</p>
<p>7. Procurement approach</p>	<p>The contract will be delivered through the contract with Vital Energi, which was procured through the GLA RE:FIT Framework (Retrofit Accelerator – Workplaces). This is a design and build contract with guaranteed savings. The savings which are identified in the Investment Grade Proposal are monitored post installation, if the savings are not achieved then the Contractor will be required to make up the difference through additional energy efficiency measures or a financial payment.</p> <p>As stipulated above, the appointment followed a compliant procurement process via the RE:FIT framework, this will be a</p>

	variation to this existing contract. Vital, have been appointed competitively and their technical ability demonstrated with the existing Commercial structure maintained.
8. Design summary	<ol style="list-style-type: none"> 1. Lighting Upgrades – Replace existing fluorescent fittings with energy efficient LED luminaires across Barbican, GSMD Milton and the Guildhall with new controls. This is also expected to reduce maintenance costs and improve lighting levels 2. BMS Optimisation – Improvement to the Building Management System to enhance efficiency and optimise the operation of HVAC systems at BAC and GSMD buildings 3. Pipework Distribution Repair – Upgrades to the heating and chilled water pipework distribution circuits 4. Ventilation Distribution Repair – improvements to the ventilation distribution systems through the replacement of failed equipment 5. Pipework Insulation – new insulation installed onto exposed pipework, valves and heat exchangers 6. AHU EC Fan Retrofit - This measure involves the replacement of fan motors, belts, and fan assemblies in selected Air Handling Units (AHUs) 7. Metering – Installation of new energy metering to better understand energy consumption across the estate 8. Draught Proofing – Addition of new sealant around windows to stop cold draughts and reduce heating load
9. Delivery team	<ol style="list-style-type: none"> 1. Contractor – Vital Energi will deliver the work through the existing design and build contract which was procured through the RE:FIT Framework. Vital Energi will deliver the scope of work outlined in the attached Investment Grade Proposal. 2. Project Manager – Beveridge Associates 3. COL Team – Energy team and site FM 4. CDM – Vital Energi (Principal Contractor and Principal Designer) 5. Engineering support – Silver EMS/Beveridge Associates 6. Commercial Review – Currie and Brown 7. Measurement & Verification Review – EEV's
10. Success criteria	<ol style="list-style-type: none"> 1. The project is completed by the Salix programme deadline on 18th March 2022 2. Carbon savings of 1070 Tonnes/CO2 per annum are achieved and the target of £274 3. The project meets the needs of the building stakeholders and meets performance specification and standards

	<p>4. Project is delivered within the project budget and CRP allowance</p> <p>5. Energy Consumption savings of circa £488k per year are achieved, in line with the proposal</p>
11. Progress reporting	<i>The project will report bi-weekly to the PSDS Programme Board</i>

Appendices

Appendix 1	Project Coversheet
Appendix 2	Risk Register

Contact

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Options Appraisal Matrix

<i>Option Summary</i>	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
1. Brief description of option	Do nothing – Do not proceed with Investment Grade Proposal	Proceed with scope of current Investment Grade Proposal (IGP)	Proceed with scope of Investment Grade Proposal excluding the Guildhall Lighting	Proceed with scope of the Investment Grade Proposal and allocate remaining grant spend to an additional project/s
2. Scope and exclusions	<ul style="list-style-type: none"> Do not proceed 	<p>The scope of the project includes a range of energy efficiency upgrades across the Barbican Arts Centre, GSMD and Guildhall. Below is a list of the technologies in the scope of the IGP:</p> <ul style="list-style-type: none"> LED Lighting – Guildhall and Barbican estate Upgrades BMS Optimisation Pipework Distribution Repair Ventilation Distribution Repair Pipework Insulation AHU Fan Retrofit Metering 	As per option 2 but excluding the Guildhall LED Lighting project	As per option 2 but including additional projects which deliver cost/carbon savings and meet Salix grant funding eligibility requirements

Option Summary	Option 1	Option 2	Option 3	Option 4
Project Planning				
3. Programme and key dates	<i>Not applicable</i>	Aug 21 – Approve IGP Sep 21 – Commence procurement of materials Sep 21 – Commence Installation Feb 22 – Complete Installation Mar 22 – Complete Commissioning	Aug 21 – Approve IGP Sep 21 – Commence procurement Sep 21 – Commence Installation Feb 22 – Complete Installation Mar 22 – Complete Commissioning	Aug 21 – Approve IGP Sep 21 – Commence procurement for IGP scope Sep 21 – Commence Installation Sep 21- Agree additional project/s Feb 22 – Complete Installation Mar 22 – Complete Commissioning
4. Risk implications				Overall project option risk: Medium (please refer to attached risk register)
5. Stakeholders and consultees	<i>Not applicable</i>	<ul style="list-style-type: none"> • PSDS Programme Board • Corporate Property • IT • Chamberlains • Legal • Site users/clients • Procurement • PSDS Programme Board 		

Option Summary	Option 1	Option 2	Option 3	Option 4
		•		
6. Benefits of option	<i>Low risk option</i>	<ul style="list-style-type: none"> • Annual cost savings of £488,000 (energy savings guaranteed under the contract) • Carbon emission reduction of 20% • Annual energy consumption reduction of 21% • Improved lighting levels • Reduced backlog maintenance and costs • Improved ventilation levels 	<ul style="list-style-type: none"> • Annual cost savings of £389,000 (energy savings guaranteed under the contract) • Carbon emission reduction of 17% • Annual energy consumption reduction of 18% • Improved lighting levels in Barbican only • Reduced backlog maintenance and costs • Improved ventilation levels 	<ul style="list-style-type: none"> • Annual cost savings of £488,000 (energy savings guaranteed under the contract) plus additional costs savings for additional projects identified and to be developed • Carbon emission reduction of at least 20% • Annual energy consumption reduction of at least 21% • Improved lighting levels • Reduced backlog maintenance and costs • Improved ventilation levels
7. Disbenefits of option	<ul style="list-style-type: none"> • <i>The grant funding would need to be returned</i> • <i>Carbon savings of 18% would not be achieved</i> 	<ul style="list-style-type: none"> • Disruption to operational areas • Fast pace of project to meet funding timescales lead to conflict with other priorities 	<ul style="list-style-type: none"> • Disruption to operational areas • Fast pace of project to meet funding timescales lead 	<ul style="list-style-type: none"> • Disruption to operational areas • Fast pace of project to meet funding timescales lead to conflict with other priorities

Option Summary	Option 1	Option 2	Option 3	Option 4
	<ul style="list-style-type: none"> Operational cost savings of £450k per annum would not be realised Opportunity to improve internal environmental through enhanced lighting levels and ventilation would be missed 		<p>to conflict with other priorities</p> <ul style="list-style-type: none"> Opportunity to upgrade lighting in Guildhall will be missed as the grant funding would need to be returned. Also, it is unlikely this project would be affordable when funded through a different method 	
Resource Implications				
8. Total estimated cost	£0	<p>£6,277,735 (excluding risk)</p> <p>There is a high confidence in the accuracy of these figures. The contractor will assume the commercial risk for any price increases outside of the agreed exclusions (which will be covered by the CRP allowance)</p>	<p>£3,623,486 (excluding risk)</p> <p>There is a high confidence in the accuracy of these figures. The contractor will assume the commercial risk for any price increases outside</p>	<p>£6,277,735 (excluding risk) plus up to an additional 20% for variation to include any PSDS underspend.</p> <p>There is a high confidence in the accuracy of these figures. The contractor will assume the commercial risk for any price increases outside of the agreed exclusions (which will</p>

Option Summary	Option 1	Option 2	Option 3	Option 4
			of the agreed exclusions.	be covered by the CRP allowance). Additional projects will be identified and designed by Vital Energi, with further approval sought from the PSDS Board to proceed with these projects. The current unallocated budget is estimated at £420k but this is expected to increase once the CRP budget is available.
9. Funding strategy	<i>N/A</i>	Project will be 100% funded by the Public Sector Decarbonisation Scheme		
10. Investment appraisal	<i>N/A</i>	Simple payback of 13 years (although project is 100% grant funded) based on an annual cost saving of £488,000	Simple payback of 9 years (although project is 100% grant funded) based on an annual cost saving of £389,000	Simple payback of 13 years (although project is 100% grant funded) based on an annual cost saving of £488,000. Additional projects will increase these annual savings achieved.
11. Estimated capital value/return	<i>None</i>	As above		

Option Summary	Option 1	Option 2	Option 3	Option 4
12. Ongoing revenue implications	<i>None</i>	<p>All energy savings achieved through the contract, after allowing for any changes in energy prices or usage by the service departments, will contribute to the Build Back Better Fund.</p> <p>There is also expected to maintenance cost savings due to lower reactive and backlog maintenance.</p>		
13. Affordability	<i>Not applicable</i>	<p>Project is 100% grant funded therefore there is not expected to be any financial contribution from the Corporations reserves</p>		
14. Legal implications	<i>None</i>	<p>The City of London Corporation and Vital Energi have signed a call off contract from the framework.</p> <p>Before commencing work a JCT contract will need to be signed and discussions between Vital Energi and COL are currently in progress.</p>		
15. Corporate property implications	<i>None</i>	<ul style="list-style-type: none"> • Works require careful planning, consultation and coordination to minimise the disruption and impacts to building services and site users. • A contractor site set up will be required for welfare, storage and waste at Guildhall and Barbican • Works require coordination with other site works/projects and activities/events. • Security considerations for contractor access to certain areas. • Maintenance contracts and registers need to be updated to account for the changes to the building services and systems. 		

Option Summary	Option 1	Option 2	Option 3	Option 4
16. Traffic implications	None			
17. Sustainability and energy implications	<i>Carbon emissions at the Barbican and Guildhall estate would stay the same or increase, impacting on the Corporations ability to meet the Net Zero 2027 target. The Corporation would also need to hand back unspent capital.</i>	<ul style="list-style-type: none"> All options contribute towards the Corporations Net Zero carbon target and reduce annual energy consumption (kWh) across the Guildhall, Barbican and GSMD increasing energy efficiency 		
18. IS implications	None			
19. Equality Impact Assessment	N/A			
20. Data Protection Impact Assessment	N/A			
21. Recommendation	Not recommended	Not recommended	Not recommended	Recommended

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Committee:	Dated:
Community and Children's Services Corporate Asset Sub- Committee (for information)	24th September 2021 30 th September 2021
Subject: Housing Net Zero Carbon Action Plan	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5,10,11,12
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 Decision (at Community and Children's Services Committee)
Report author: Graeme Low Energy Manager, City Surveyor's Department	

Summary

The purpose of this report is to set out the key points and recommendations from the City of London Corporation's Housing Net Zero Carbon Action Plan and to seek the agreement of the Committee in respect to the recommended decisions. The Action Plan has been developed in response to the position of the DCCS Housing Portfolio within the City of London Corporation's Climate Action Strategy. In addition, it supports the regional approach being taken by London Council's Climate Action Programme and more specifically, the Retrofit London Housing Action Plan that was agreed on the 16th July by the London Housing Director's Group.

Recommendation

The Committee is asked to:

- Note the report and its contents.
- Agree the recommended approach to developing priority projects.
- Note that future projects to be taken forward will be received separately for approval via the Gateway process.

Main Report

Background

1. The UK has set in law a target to bring all its greenhouse gas emissions to net zero by 2050. To help achieve this target, the government's ambition is to improve the energy efficiency of homes, and move to cleaner ways of heating homes, in order to halve the energy use of new buildings by the end of this decade.
2. In January 2020, the City Corporation set out on a fast-paced, cross-Corporation journey to develop an ambitious Climate Action Strategy (CAS). The resulting Climate Action Strategy was adopted at Court of Common Council on the 8th October 2020.
3. The CAS marked the start of a new and transformative programme of action. It set out three interlinked primary objectives for the City Corporation and the Square Mile:
 - to support the achievement of net-zero emissions,
 - to build resilience, and
 - to champion sustainable growth.
4. The Climate Action Strategy also set out 4 targets for the City Corporation and Square Mile:
 - Net zero by 2027 in the City Corporation's operations
 - Net zero by 2040 across the City Corporation's full value chain
 - Net zero by 2040 in the Square Mile
 - Climate resilience in our buildings, public spaces and infrastructure
5. To achieve these global goals, the City Corporation has committed a major investment of £68 million. The Net Zero Carbon Housing Action Plan (HAP) seeks to provide recommendations and priorities to ensure our housing stock can meet the net zero targets for both 2027 (housing landlord supplies) and 2040 (residents' own emissions).
6. The plan supports the regional approach being taken by London Councils Climate Action Programme and more specifically, the Retrofit London Housing Action Plan (Appendix 3) that was agreed on the 16th July by the London Housing Director's Group. The HAP is attached as Appendix 2 to this report.
7. Nationally, it has been recognised by Government that grant funding and investment is central to ensuring our homes are improved to the standards required for existing Net Zero Carbon (NZC) commitments. Although indicative costs have been highlighted within the report, the actual cost of meeting the targets will need to be confirmed through more detailed feasibility studies.
8. Five online resident workshops were held in May and July for both the HRA and Barbican Residential Estates, themes such as ventilation and renewable energy were discussed in groups (pg22 of the HAP). These were preceded by a survey

which received 107 responses. All the information collected has helped to inform the HAP.

Considerations

Pathways to meet targets

9. The Housing Action Plan has modelled scenarios to understand if the identified pathways will reach the CAS targets for 2027 and 2040. It confirms the 2040 target can be met and exceeded, with potential to become carbon negative.
10. For the near term 2027 target two scenarios are presented:
 - a. **Scenario 1:** Retaining communal gas heating systems at York Way and Middlesex St Estates, reaches an overall **95%**, or approximately 4.75ktCO₂e reduction in emissions with land-based sequestration. This scenario will require **5%** (approx. 250 tCO₂) of Housing CO₂ emissions to be reduced elsewhere within the City Corporation's operational emissions.
 - b. **Scenario 2:** Removing all communal gas heating systems alongside energy efficiency measures and Solar Photovoltaics. This scenario exceeds the 2027 target by **7%**, becoming carbon negative.
11. We recommend the adoption of scenario 1 due to the potential to save the additional CO₂ (approx. 250 tCO₂) within the wider operational building portfolio and the recent replacement of these heating systems. Once details surveys have been completed, this position can be reviewed.

Housing Action Plan Priorities

12. The Housing Action plan promotes the prioritisation of project delivery to ensure the right approach is taken to expedite carbon savings. It is recommended that we focus on the following three areas:
 - a. Create synergies with the existing capital works programme. For example, utilising the roof replacement projects to include photovoltaic panels.
 - b. Focus on our biggest carbon emitting estates. For example, tackling estates such as York Way, and Middlesex St Estates first.
 - c. Identify and focus on our estates with the largest potential for fuel poverty. For example, using LSOA data, known energy performance data and Low Income, Low Energy Efficiency (LILEE) indicator data provided through National Statistics to ensure these residents are supported earlier.
13. The Plan has reviewed all 82 buildings within the HRA and Barbican Estates. It has highlighted recommended priorities to be taken forward including:

Table 1: Scope 1 & 2 Key Priorities (2027 CAS target).

<ul style="list-style-type: none"> • Stop using gas within communally heated estates (as soon as possible) 	<ul style="list-style-type: none"> • Maximise use of photovoltaics on the roofs of estates.
<ul style="list-style-type: none"> • Make communal lighting more efficient 	<ul style="list-style-type: none"> • Install roof insulation early
<ul style="list-style-type: none"> • Review controls for energy systems 	<ul style="list-style-type: none"> • Review pipework insulation for communal heating systems

Table 2: Scope 1, 2 & 3 Key Priorities (2040 CAS target).

<ul style="list-style-type: none"> • Remove individual gas boilers and replace with low carbon heating alternatives 	
<ul style="list-style-type: none"> • Improve the energy efficiency of fabric measures through: 	
1. Replace windows with triple glazing.	2. Installing wall insulation where possible
3. Install roof insulation	4. Improve airtightness of homes
5. Installation of floor insulation	6. Improve ventilation & heat recovery
7. Install wastewater heat recovery to showers and baths	

Housing Action Plan Archetypes

14. The Housing Action Plan develops six archetypes covering the 14 housing estates included within the City Corporation’s Housing portfolio (pages 37-50 of the HAP). These Archetypes are used to highlight specific retrofit measures for implementation through retrofit plans and carbon pathways. Examples are provided of these plans, and it is recommended that these are further developed for each specific housing block. Samples include:

- a. Archetype: **1. Trad-IWI-Loft**. These are sites with solid brick walls, complex / heritage facades and pitched roofs. These sites are mostly low rise with individual gas boilers. The City of London Almshouses are an example of this archetype. Recommended works within the retrofit plan for this site includes: Individual Heat Pumps; smart energy controls; solar PV and improved communal lighting.
- b. Archetype: **5. Mix-IWI-Barrel**. These are sites with complex facades, including a mix of windows, panels and bricks. Generally high rise (over 10 stories), they have barrel vaulted roofs which reduces the capacity for insulation. Crescent House is an example of this archetype. Recommended works, again within the retrofit plan for this site includes: Flat roof insulation; smart controls; solar PV and improved communal lighting.

Funding Opportunities

15. Whilst a high-level estimate has been put on achieving a net zero Carbon position for 2027 and 2040, these figures will require further investigative work through feasibility studies to confirm the exact cost and CO₂ saving opportunity. The cost figures within the Housing Action Plan are **indicative only**.

16. The Plan suggests that between now and 2027, the scope 1 & 2 supplies will need investment of approximately £45m (subject to further confirmation). Some of this will be found from existing HRA capital projects and an additional £6m is currently planned for Housing related projects through CAS capital funding. Taking this into account, there will be a need for further funding. The City Corporation could find this externally. Two likely funding routes will be explored further including:

d. **Social Housing Decarbonisation Fund (SHDF)**. This BEIS funding is expected to provide up to £3.8 bn long term investment to ensure Social Housing can reach a minimum EPC “C”. This funding excludes leasehold properties and will be delivered in waves phase 1 (£160M) application deadline is October 15th, 2021. SHDF will require 1/3 match funding contribution.

e. **Energy Company Obligation 4 (ECO4)**. Opening in 2022 this is likely to provide significant funding opportunities (up to £1bn per annum) through to 2026. It is likely to continue focusing on low-income, fuel poor homes and those homes that are least efficient. A target to improve homes to EPC level B by 2025 and EPC level C by 2030.

Housing Delivery Programme

17. Additional emissions from new build homes have been factored into the Action Plan. The Housing Design Guide (HDG) has recently been updated to reflect the Climate Action Strategy. Additionally, the recently adopted London Energy Transformation Initiative (LETI) Design Guide has been used for the York Way development. Overall, 700 new homes are planned in future years. The Housing Action Plan indicates that by keeping to the HDG and LETI principals and by ensuring fossil fuels are not included within the developments, the CAS targets remain achievable.

Major Works Programme

18. City Corporation is committed to investing circa £75million on a Major Works Programme for the maintenance, refurbishment and improvement of its social housing portfolio. The works include several elements that will contribute to the decarbonisation of our stock, this includes window replacements; front door replacements; re-roofing and heating replacements.

19. As this programme of works represents a significant opportunity to improve the efficiency of our stock, the Net Zero Carbon Housing Action Plan (HAP) considers an approach to maximise the benefit of this programme, by recommending minimum U values for thermal elements. Other measures which form part of the programme, which will support the decarbonisation of the Housing Estate include:

- Installing LED lighting to replace inefficient, failed and obsolete communal lighting across all our social housing estates.

- Installing Building Management Systems (BMS) as part of the replacement of the communal/district heating schemes at York Way, Golden Lane and Middlesex Street.

Next Steps

20. Whilst the action plan has set out a path detailing how we should approach the decarbonisation of our housing portfolio; it is not intended to provide sufficient detail to enable individual projects to proceed. We recommend that the outlined priorities of: Improving building fabric; integrating photovoltaic panels within roofs; reviewing control systems and the continued replacement of inefficient lighting with LED technology are taken forward with further feasibility studies and presented in due course to Committees for approval accordingly.
21. In achieving scenario 1, current long-term projects for gas communal heating that are in progress can remain. Due to the nature of communal heating projects, we recommend undertaking further investigation into the removal of fossil fuel derived communal heating to enable our CAS targets to be met.

Corporate & Strategic Implications

22. **Strategic implications:** Our energy performance helps to shape outstanding environments for our residents through the reduction of CO2 emissions and our commitment to procuring clean renewable energy. In this way our energy performance helps shape outcomes 5, 11 and 12 of the Corporate Plan.
23. **Financial implications:** Whilst the Housing Action Plan highlights estimated costs of £45m to reach the 2027 CAS targets for the City Corporation's own scope 1 & 2 emissions, these figures are speculative and require further detailed feasibility work to priority projects before confidence can be placed on the cost of meeting these obligations. There remains a strong possibility that meeting the objectives of the CAS for Housing will require further funding including external grant support.
24. **Climate implications:** The Housing Action Plan has provided further detailed evidence supporting the approach we need to take to reach the NZC challenges for the City of London Corporation's Housing Stock. It demonstrates the potential to meet and go beyond these targets but presents many challenges such as the decarbonisation of heat that must be addressed if we are to meet our goals.

Conclusion

25. The City of London Net Zero Carbon Action Plan has been developed to help create a route to reaching our Net Zero Carbon objectives, It advises on the scope of this work and lays out suggested priorities to be taken forward. The plan provides commentary on the potential costs and sources of funding that can be utilised. With our next steps, we need to build on the outlined approach and begin

implementing feasibility studies to provide greater certainty around the cost and carbon savings that will be attributed to these projects

Appendices

Appendix 1– City of London Corporation’s Climate Action Strategy

Appendix 2 – City of London Corporation Housing NZ Carbon Action Plan (rev J)

Appendix 3 – London Council’s Retrofit London Housing Action Plan (rev N)

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