



Corporate Asset Sub (Finance) Committee

Date: WEDNESDAY, 24 NOVEMBER 2021
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members:

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

Enquiries: Chris Rumbles
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Accessing the virtual public meeting

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

<https://youtu.be/ZBgnHrMhdvU>

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.

Lunch will be served for Members in Guildhall Club at 1.00pm

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 30th September 2021.

For Decision
(Pages 7 - 14)

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

Report of the Town Clerk.

For Information
(Pages 15 - 16)

5. **WORK PROGRAMME FOR FUTURE MEETINGS**

Joint report of the Town Clerk and City Surveyor.

For Information
(Pages 17 - 18)

6. **ENERGY REDUCTION PROGRAMME - PHASE 1**

Report of the City Surveyor.

For Decision
(Pages 19 - 24)

7. **BEMS UPGRADE PROJECT-CPG ESTATE - PHASE 1**

Report of the City Surveyor.

For Decision
(Pages 25 - 30)

8. **2021/22 ENERGY PERFORMANCE Q2 UPDATE**

Report of the City Surveyor.

For Information
(Pages 31 - 36)

9. **CAS NZ1, NZ3 AND RS3 WORKSTREAM UPDATE FOR THE OPERATIONAL PORTFOLIO**
Report of the City Surveyor.
For Information
(Pages 37 - 42)
10. **CYCLICAL WORKS PROGRAMME - PROGRESS REPORT Q1/Q2**
Report of the City Surveyor.
For Information
(Pages 43 - 48)
11. **CYCLICAL WORKS PROGRAMME 22/23 BID REPORT**
Report of the City Surveyor.
For Decision
(Pages 49 - 56)
12. **BUSINESS PLAN 2021-26 QUARTER 2 2021/22 UPDATE**
Report of the City Surveyor.
For Information
(Pages 57 - 62)
13. **CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER -QUARTER 2 2021/22 UPDATE**
Report of the City Surveyor.
For Information
(Pages 63 - 68)
14. **DRAFT CITY SURVEYOR'S DEPARTMENT BUSINESS PLAN FOR 2022/23**
Report of the City Surveyor.
For Decision
(Pages 69 - 72)
15. **THE CITY'S HERITAGE ESTATE - MID YEAR UPDATE**
Report of the City Surveyor.
For Information
(Pages 73 - 78)

16. **CORPORATE ASSET MANAGEMENT STRATEGY 2020-25 PROGRESS UPDATE**
Report of the City Surveyor.
For Information
(Pages 79 - 82)
17. **SECURITY UPDATE**
Oral update of the City Surveyor.
For Information
18. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
20. **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

21. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the last meeting of Corporate Asset Subcommittee held on 30th September 2021.
For Decision
(Pages 83 - 88)
22. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
Report of the Town Clerk.
For Information
(Pages 89 - 90)
23. **GUILDHALL COMPLEX - REFURBISHMENT OPTIONS FOR THE NORTH AND WEST WINGS**
Report of the City Surveyor.
For Decision
(Pages 91 - 104)

24. **HIGHWAY LAND DISPOSAL: 4 LINDSEY STREET, EC1A**

Report of the City Surveyor.

For Decision
(Pages 105 - 108)

25. **HIGHWAY LAND DISPOSAL: 50 FENCHURCH STREET, EC3M 3JY**

Report of the City Surveyor.

For Decision
(Pages 109 - 114)

26. **ANNUAL REPORT ON OPERATIONAL PROPERTY PORFOLIO**

Report of the City Surveyor.

For Information
(Pages 115 - 118)

27. **WOODREDEN FARM AND EQUESTRIAN CENTRE**

Report of the City Surveyor (TO FOLLOW).

For Decision

28. **NON PUBLIC ACTION TAKEN BETWEEN MEETINGS**

Report of the Town Clerk.

For Information
(Pages 119 - 122)

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

30. **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 **Thursday, 30 September 2021**

Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held as Virtual Public Meeting and livestreamed <https://www.youtube.com/watch?v=yh9j5n1TWdU> at on Thursday, 30 September 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)
Randall Anderson
Marianne Fredericks
Michael Hudson
Deputy Roger Chadwick
Susan Pearson

Officers:

Peter Young	- City Surveyor's Department
John Cater	- Town Clerk's Department
Peter Collinson	- City Surveyor's Department
Paul Friend	- City Surveyor's Department
John Galvin	- City Surveyor's Department
James Gibson	- Chamberlain's Department
John James	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
James Rooke	- City Surveyor's Department
Christopher Rumbles, Clerk	- Town Clerk's Department
Rhian Snook	- Remembrancer's Office
Amneet Nijjor	- Chamberlain's Department
Dorian Price	- City Surveyor's Department
Edwin James Birch	- City Surveyor's Department
Graeme Low	- City Surveyor's Department

1. APOLOGIES

Apologies were received from Shravan Joshi, Jamie Ingham Clark, Jeremy Mayhew, Christopher Hayward, Edward Lord and Alison Gowman.

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 Corporate Asset Sub-committee meeting held on 19th July be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

RECEIVED

5. **WORK PROGRAMME FOR FUTURE MEETINGS**

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

RECEIVED

6. **PUBLIC REPORT OF ACTION TAKEN**

The Sub-committee received a report of the Town Clerk updating on action taken under delegated and urgency procedures since the last meeting.

RECEIVED

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

The Sub-committee received a report presenting 2021/22 Quarter 1 energy performance for City Corporation operational sites.

It was highlighted to Members how the report presented energy performance seen over the last quarter, with a 16% reduction seen against the previous 12 months being a result of multiple factors. Members noted how the paper brought a recommendation that Corporate Property Group energy targets align to the City Corporation's Climate Action Strategy. It was confirmed that good progress was being made towards completion of the PSDS Projects.

It was further explained that the City Corporation had mobilised surveys at the City Corporation's top 15 sites, and these were underway and would look to deliver in Quarter 4. The Centre for Excellence bid for resources in support of the Climate Action Strategy went out last month, but this received a nil return of suitable bids in the first pass. There was an ongoing negotiation underway for a variation bid from two bidders. Members noted that a Sustainability Consultant had been brought in to provide an extra layer of assurance and support in managing delivery of Climate Action Strategy projects this autumn.

Members were offered an update on the current energy market and the City Corporation's solution in responding to this. Members noted how the City Corporation had moved to a purchasing in advance strategy, which had allowed for hedging of buying electricity and gas over the last six months and the City Corporation achieving a rate that compared favourably to the current market conditions. The City Corporation was able to mitigate against the large increases seen in energy prices over the last twelve months. The City Corporation's current contract would go through until September 2022, with consideration already underway through a Procurement Partner

to identify a good point in the market to start beginning procurement for the next twelve months after that.

A Member questioned the confidence officers had in contract partners surviving the current turmoil in the energy market. It was explained how the City Corporation's current power and gas supplier was relatively well protected from impacts on domestic supply, with it only supplying commercially and not being impacted by domestic price caps. The supplier was heavily involved in power generation to help with its margins and was also a worldwide organisation with over 130,000 employees, with mainly the smaller domestic suppliers being impacted by the current turmoil in the market.

RESOLVED: That Members: -

- Note new carbon and energy targets for the Corporate Property Group (CPG), derived from the Climate Action Strategy Targets.
- 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.

8. OPERATIONAL PROPERTY MANAGEMENT INTERNAL AUDIT - UPDATE REPORT

The Sub-committee received a report of the Chamberlain offering an interim update on progress in implementing the recommendations made in the Internal Audit review of Operational Property Management.

The Chamberlain stressed the report was an interim update offering a pulse check, with a formal follow up report due to be issued in February 2022. Work has taken place with colleagues in City Surveyor's to get a sense check on how the actions agreed were being implemented and taken forward. It was highlighted that a number of the recommendations had strong interdependencies with the Target Operating Model and certain solutions were firmly within this programme and timetable.

The Chamberlain clarified that, where recommendations were made on complex areas as part of an Internal Audit review, there can be good reasons for actions not to be taken forward as suggested. A follow up report would focus on whether the issues identified initially had been resolved satisfactorily. Members noted that the actions being taken to date were considered proportionate, appropriate and appeared effective in addressing the issues raised.

It was confirmed that a formal follow up would take place in the new year when it would be hoped that actions would be mature enough to show these as having been completed or complete enough to give a direction of travel.

The Chairman questioned the speed in dealing with the recommendations and the Chamberlain confirmed he was comfortable with the speed of delivery and satisfied that actions would be completed by January 2021.

The City Surveyor concluded the discussion, adding that everything that needed to be was already in train, with a lot dependent on the Target Operating Model proposals that were currently going through officer and Member governance.

RESOLVED: That the report be received, and its content noted.

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

The Sub-committee considered a report of the City Surveyor providing details in quarter 1 (April to June) 2021/22 against the 2021-26 Business Plan.

Members noted a key item being the Financial Statement and the current gap in department funding. Members were assured that work continued to identify opportunities to make up the gap by the end of the financial year.

The Chairman welcomed the update and encouraged the City Surveyor to look at closing the budget gap and to ensure savings would be delivered as indicated.

RESOLVED: That the report be received, and its content noted.

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

The Sub-committee received a report of the City Surveyor providing Members with a quarterly update on the management of risks within the City Surveyor's Department.

Members noted that going forward all Covid-19 related risks would be included within the regular departmental risk register with the situation having now normalised.

The Chairman referred to an issue previously raised by the Deputy Chairman concerning energy supply and cost as a long-term risk given the number of City Corporation owned properties. It was also questioned if there was any risk through inflation and increased costs of materials of putting projects under strain.

The City Surveyor confirmed construction and energy costs were both areas being reviewed at a department level. The Chairman confirmed the Sub-committee would welcome seeing risk reporting relating to Energy Costs and Increased Costs of Materials included as part of an update at the next meeting.

A Member referred to SMT014 Backlog maintenance currently scored at 8 with a target to bring this down to 4. It was suggested the score was already higher than 8 when considering what was likely to be a substantial CWP bid coming through this year, with the potential of fulfilling the entire CWP backlog and moving to a score of 4 thought to be very challenging. The City Surveyor confirmed the department were actively considering CWP and any potential risk and that an update would be presented at the next meeting covering all issues and considerations relating to maintenance.

A Member noted SMT 003 Fall in property performance currently being scored at 12 and with a target score of 12. It was suggested this risk may be underscored given the situation appearing to be getting worse not better through rent arrears and people not being able to pay rent. The Member noted the Covid-19 impacts currently scored 16 with a target score of 8, and the longer-term impacts on property scored at 12 (SMT 003) indicating the longer-term situation was expected to get worse. The City Surveyor agreed to review SMT 003 in discussion with the risk owner to consider how this should be presented moving forward.

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

11. **PSDS PROJECT: RETROFIT ACCELERATOR - WORKPLACES PSDS PROJECT**
The Sub-committee received a report of the City Surveyor providing Members with an options appraisal and authority to start work update.

The Chairman confirmed the recommendations had been approved by PSDS Project Board. A Member welcomed the excellent result and commented on what they considered to be very good work in what had been achieved.

RESOLVED: That the report be received, and its content noted.

12. **HOUSING NET ZERO CARBON ACTION PLAN**
The Sub-committee received a report setting out key points and recommendations from the City of London Corporation's Housing Net Zero Carbon Action Plan.

The City Surveyor confirmed the report presented an action plan that had been developed in line with the Climate Action Strategy and London Action Plan. The aim being to identify and develop priority projects that could then be taken forward through the City Corporation's Project Gateway process. Members noted that Community and Children's Services Committee had deferred its decision to allow relevant surveys to be completed to understand where the additional 5% of Housing CO₂ emissions could be reduced elsewhere within the City Corporation's operational emissions.

A Member questioned whether the City Corporation would meet the 15th October deadline for submission of a bid to the Social Housing Decarbonisation Fund. Members noted the City Corporation would be submitting a quality bid that would be focussed on capital projects of door and window replacements. It was further clarified that there would be further opportunities to bid in future years.

A Member welcomed any potential opportunity to access sources of outside funding given the existing window replacement programme costs were higher than the money currently available. The Member asked that the most up to date data be provided to those working on the programme, which the City Surveyor agreed to do.

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:

- Recent protest by Extinction Rebellion resulting in 40 arrests and two people being charged with causing £15k of damage. Both cases were progressing through the courts.
- Appropriate costs were being sought for damage to North Wing Entrance and staining of the building.
- Defendants were likely to go through Crown Court given the value of damage involved.
- City Corporation's insurers have been informed and they would advise on whether to make a claim. The Chairman asked that he and the Deputy Chairman be kept up to date and briefed as the situation progresses.

- A Member added that any court has the power to order compensation as part of an order on a defendant and suggested the City Corporation continued to liaise with the police in seeking compensation from anyone convicted.
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**
There were no urgent items of business.
 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 19th July 2021 were approved as an accurate record.
 18. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
The Sub- noted a report of the Town Clerk which provided information of outstanding committee actions from previous meetings.
 19. **NON-PUBLIC REPORT OF ACTION TAKEN**
The Sub-committee considered a report of the Town Clerk updating on non-public decisions taken under delegated or urgency procedures since the last meeting.
 20. **PROPOSAL TO ASSIST CITY OF LONDON OPERATIONAL TENANT - WALBROOK WHARF OFFICES**
The Sub-committee considered a report of the City Surveyor updating on proposals to assist City of London Operational Tenant – Walbrook Wharf Offices.
 21. **SMITHFIELD COMMERCIAL OFFICES - ARREARS AND MARKETING ACTIVITY**
The Sub-committee considered a report of the City Surveyor relating to arrears and marketing activity for Smithfield Commercial Offices.
 22. **GUILDHALL COOLING PLANT REPLACEMENT**
The Sub-committee considered a Gateway 3 report relating to the Guildhall Cooling Plant Replacement Project.
 23. **HIGHWAY LAND DISPOSAL: MILLENNIUM BRIDGE HOUSE EC4V**
The Sub-committee considered a report of the City Surveyor relating to Highway Disposal: Millennium Bridge House EC4V.
 24. **WEST HAM PARK NURSERY DISPOSAL - DELEGATED AUTHORITY REQUEST**
The Sub-committee considered a report of the City Surveyor relating to West Ham Park Nursery Disposal.

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

The Sub-committee considered the following questions during non-public session.

A Member referred to an issue with the automatic doors leading to the Members' Reading Room becoming an urgent issue owing to accessibility for any Member in a wheelchair.

A Member suggested an improvement could be made to baby changing facilities at the City Corporation by increasing the availability of these facilities to parents. The Member commented on how it was important to have a building that made everyone feel welcome. The City Surveyor responded confirming the City Corporation had the correct amount of baby changing facilities, whilst acknowledging there was potentially more space that could be looked at given people were now working flexibly.

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

The Chairman updated Members on a report relating to the Guildhall Masterplan.

The meeting ended at 3.07pm

Chairman

Contact Officer: Chris Rumbles
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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	<u>Asset Management</u> 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.	Paul Friend		<u>ONGOING</u> UPDATE: Put on hold pending outcome of Governance Review.
P05/2019	05.06.19	<u>Sub Committee Terms of Reference</u> 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.	Peter Young	At time of the Corporate Asset Management Strategy amendment to terms of reference to be considered.	<u>ONGOING:</u> UPDATE: On hold pending the outcome of the Governance Review.
P06/2021	22.06.21	<u>Cyclical Works Programme</u> <ul style="list-style-type: none"> Consideration to be given to the 	Jonathan Cooper		<u>COMPLETE</u> CWP report on agenda at Corporate Asset

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. 			Sub-committee on 24 November 2021.
PO7/2021	30.9.21	<p><u>Automatic Doors to Members' Reading Room</u></p> <p>An issues with the automatic doors leading to the Members' Reading Room to be resolved, owing to accessibility issues for any Member in a wheelchair.</p>			<p><u>COMPLETE</u></p> <p>Update emailed to all Members on 2/11/21 10.07am confirming the City Corporation's corporate M&E contractor continues to carry out planned preventative maintenance to all 32 internal automatic doors and colleagues are currently investigating installation of a new automatic door in the west wing 3rd floor corridor leading to the Members reading room</p>
PO8/2021	30.9.21	<p><u>Baby Changing Facilities</u></p> <p>Consideration to be given to baby changing facilities at the City Corporation, the availability of these facilities to parents and if these should be increased.</p>			<p><u>COMPLETE</u></p> <p>Update emailed to Members on 2/11/21 10.07am providing a Guildhall Complex Accessibility report that confirmed that Guildhall meets and exceeds the provision of baby changing facili</p>

Corporate Asset Sub-Committee: Work Programme 2021-2022

COMMITTEE DATE	24/11/2021	17/01/2022	23/05/2022	11/07/2022	12/09/2022	21/11/2022
SUSTAINABLE MANAGEMENT OF THE CORPORATION'S OPERATIONAL PROPERTY PORTFOLIO						
Corporate Property Asset Management Strategy	Annual Progress Review of Corporate Property Asset Management Strategy 2020/25					Annual Progress Review of Corporate Property Asset Management Strategy 2020/25
City Surveyor's Business Plan	Business Plan 2021/22 Q2 outcome Departmental Business Plan 2022/23	Business Plan 2021/22 Q3 outcome	Business Plan End of Year 2021/22		Business Plan 2022/23 Q1	Business Plan 2022/23 Q2
City Surveyor's Risk Register	Risk Register 2021/22 Q2	2021/22 Q3	2021/22 Q4	2022/23 Q1		2022/23 Q2
Facilities Management	Security update	Security update	Security update	Security update General Facilities Management Update	Security update	Security update
Operational Property Portfolio management	Annual report on Operational Property Portfolio Arrears within Operational Portfolio	GLA Roads update	Arrears within Operational Portfolio			Annual report on Operational Property Portfolio Arrears within Operational Portfolio
Operational Property Review <i>(note individual assets will be reported as declared surplus by service committees) and other disposals</i>	Woodredon Farm and Equestrian Centre disposal – initial bids	West Ham Park Nursery site disposal – 2 nd Round Bids Woodredon Farm and Equestrian Centre – proposed Heads of Terms sale or 2 nd Round Bids TBC	West Ham Park Nursery site disposal Heads of Terms Woodredon Farm and Equestrian Centre –TBC			
UPKEEP, MAINTENANCE AND FURNISHING OF OPERATIONAL PROPERTIES NOT WITHIN THE REMIT OF ANOTHER SERVICE COMMITTEE						
	CWP 2022/23 - Annual Bid Submission including Backlog of Maintenance status CWP 2021/22 Progress Update Guildhall Complex Refurbishment Options– West and North Wing Gateway 2		CWP 2021/22 Outcome		CWP 2023/24 – Annual Bid Submission including Backlog of Maintenance status Annual Bid for Guildhall and Walbrook Wharf	CWP 2022/23 Progress Update

RESPONSIBILITY FOR STRATEGIES, PERFORMANCE AND MONITORING INITIATIVES IN RELATION TO SUSTAINABILITY, CLIMATE ACTION and ENERGY/CARBON REDUCTION						
	Energy Performance Q2 2021/2022 Report Climate Action Strategy – progress update	Climate Action Strategy – progress update	Energy and decarbonisation performance Q3 2021/22 Climate Action Strategy-progress update	Energy and decarbonisation performance Q4 2021/22 Climate Action Strategy-progress update	Energy and decarbonisation Q1 2022/23 Climate Action Strategy-progress update	Energy and decarbonisation Q2 2022/23 Climate Action Strategy-progress update
MONITORING AND ADVISING ON HERITAGE PORTFOLIO and BIDS FOR HERITAGE LOTTERY FUNDING						
	Heritage Estate –Mid Year Update		Heritage Estate – End of year outcome and Areas of Focus for 2022/23	Heritage At Risk Register Annual report		Heritage Estate – Areas of Focus 2022/23 progress

Peter Young
3 November 2021

Committees: Corporate Projects Board <i>for decision</i> Corporate Asset Sub <i>for decision</i> Projects Sub <i>for decision</i>	Dates: 03 November 2021 24 November 2021 17 November 2021
Subject: Energy Reduction Programme – Phase 1 Unique Project Identifier: 12210	Gateway 2 Regular Issue Report
Report of: City Surveyor Report Author: Mark Donaldson	For Decision
<h1>PUBLIC</h1>	

1. Status update	<p>Project Description: a programme of energy efficiency projects within the corporate operational site portfolio to provide a simple payback under 5 years. Phase 1 consists of 8 sub-projects.</p> <p>RAG Status: Amber (Green at last report to Committee)</p> <p>Risk Status: Medium (Medium at last report to committee)</p> <p>Total Estimated Cost of Project (excluding risk): £490,089</p> <p>Change in Total Estimated Cost of Project (excluding risk): Decrease of £662,911 since last report to Committee</p> <p>Spend to Date: £13,345</p> <p>Costed Risk Provision Utilised: £0;</p> <p>Funding Source: £180,940 City Fund; £89,250 City's Cash; £304,098 S106 Carbon Offset Fund.</p> <p>Slippage: none</p>
2. Requested decisions	<p>Next Gateway:</p> <ul style="list-style-type: none"> Gateway 3/4 - Options Appraisal (Regular) for Central Criminal Court LED Lighting Gateway 3/4/5: Options Appraisal and Authority to Start Work (Regular) for Smithfield Car Park LED Lighting Gateway 3/4/5: Options Appraisal and Authority to Start Work (Regular) for Tower Hill Coach & Car Park LED Lighting <p>Requested Decisions:</p>

1. That Option **3** is approved for:
 - a) Change in scope to limit the project to the three sub-projects, for LED Lighting at: Central Criminal Court, Smithfield Car Park and Tower Hill Coach and Car Park. These to be received for further approval as separate gateway papers (as set out above under 'Next Gateway'). Note the total estimated project cost including risk is £574,288 for completion in 2022/23.
 - b) Increase of allocated S106 Carbon Offset funding from £247k to £304k which will be wholly used to fund the LED lighting and the Central Criminal Court.
 - c) Reallocation of £229,200 of unrequired provisional funding allocation to the 'BEMS Upgrade Project-CPG Estate – Phase 1' to support energy reduction for the Guildhall.
 - d) Withdraw provisional funding allocation of £245,610 which is no longer required for this project.

These changes are summarised in the below table:

	Total (£k)	S106 (£k)	City Fund (£k)	City's Cash (£k)	BHE (£k)
Original funding allocation	£1,225.0	£247.0	£440.0	£489.0	£49.0
Revised requested Phase 1 project est. cost incl. risk	£574.3	£304.1	£180.9	£89.3	£0.0
Remaining funding following scope changes	£650.7	-£57.1	£259.1	£399.8	£49.0
Requested additional S106 funding allocation	£57.1	£57.1	N/A	N/A	N/A
Approved reallocation to Guildhall Cooling Project	£233.0	£0.0	£144.5	£76.9	£11.7
Requested reallocation to BEMS Upgrade Project	£229.2	£0.0	£114.6	£114.6	£0.0
Requested return to centre	£245.6	£0.0	£0.0	£208.3	£37.4

2. Approve: cancellation of the project titled 'Guildhall Complex Walbrook Wharf Sub-metering' (Project Number: 55800048) which was superseded by the above named 'GHC Sub-Metering' and is now being delivered through the PSDS project.

1. Budget

The following is based on approval of the requested decisions set out above.

Total estimated cost of the 'Energy Reduction Programme – Phase 1' is £490,089 (excluding risk) and £574,288 (including risk). The project aims to achieve a 5-year simple payback based on energy and maintenance cost savings, equating to combined savings of £114,858/yr.

The Phase 1 programme is comprised of three projects:

- **Tower Hill Coach and Car Park LED Lighting:** estimated total cost of £180,940 (incl. risk) to be met wholly from City Fund, with an annual savings target of £36,188/yr.
- **Smithfield car park LED Lighting:** estimated total cost of £89,250 (incl. risk) to be met wholly from City's Cash, with an annual savings target of £17,850/yr.

	<ul style="list-style-type: none"> • Central Criminal Court LED Lighting: estimated total cost of £304,098 (incl. risk) to be met wholly from S106 Carbon Offset funding, with an annual savings target of £60,820/yr. This is an increase in the S106 allocation of £247,000 previously approved. <p>A total estimated project cost budget breakdown and anticipated expenditure profile is provided for each of these projects in Appendix 3.</p> <p>A budget of £40,300 (excl. risk) was approved in Mar-20 as part of the GW2 paper for the 'Energy Reduction Programme – Phase 1', see background papers. Commitments to date against this budget is £13,345, comprised of:</p> <ul style="list-style-type: none"> • £6,150 for consultancy services to provide a costed lighting proposal for Tower Hill Coach and Car Park. • £7,195 for consultancy services to provide a survey of the condition of the electrical wiring to the light fittings at Central Criminal Court and advise on its implications for lighting replacements. <p>Note, we do not anticipate requiring the remaining uncommitted budget of £26,955 to reach the next gateway for the remaining in scope projects.</p> <p>Note: we anticipated a Costed Risk Provision of £84,199 for the whole project, and for this to be funded from:</p> <ul style="list-style-type: none"> • £55,484 for the Central Criminal Court LED Lighting to be met wholly from the S106 Carbon Offset funding. • £28,715 for the Tower Hill Coach and Car Park LED Lighting project, to be met wholly from City Fund. <p>Costed Risk Provision requested for this Gateway: £0 (as detailed in the Risk Register – Appendix 2)</p>
<p>2. Issue description</p>	<ol style="list-style-type: none"> 1. The still live project titled 'Guildhall Complex Walbrook Wharf Sub-metering' (Project Number: 55800048) has been superseded by the 'GHC Sub-Metering' sub-project proposed within the 'Energy Reduction Programme – Phase 1'. 2. The following sub-projects from the Energy Reduction Programme – Phase 1 project which are now being delivered through the PSDS Project, see background papers: <ul style="list-style-type: none"> • GSMD Milton Ct Lighting • GSMD Silk St LED Upgrade • GHC AHU EC Plug • GHC Sub-Metering 3. A feasibility study has been completed for the 'LMA Zone & Demand Ctrl HVAC' sub-project. Although found to be technically feasible, the impact of the proposed works of this project on the stored

	<p>archive materials was found to be unviable. The works would require removal of stored manuscripts within certain areas of shelving in each of the four floors of the Extension block. Following detailed discussions with site management it was decided these works would be very difficult to managed and present a risk to the preservation of the materials.</p> <p>4. Due the known reduction in the funding required for the 'Energy Reduction Programme – Phase 1', CASC and Project-Sub Committee previously approved reallocating £233k of central funding (£144,460 City Fund, £76,890 City's Cash, and £11,650 BHE) to the 'Guildhall Cooling Plant Replacement', see background papers.</p> <p>5. Note: an issue has been raised with the 'BEMS Upgrade Project-CPG Estate – Phase 1' of a funding shortfall, see background papers (note this paper is to be presented alongside at the same committee meetings). The BEMS upgrade project is vital for ensuring the energy consuming building services within the Guildhall are controlled efficiently.</p>
<p>6. Options</p>	<p>All options include the following:</p> <ol style="list-style-type: none"> 1. Approve: cancellation of the project titled 'Guildhall Complex Walbrook Wharf Sub-metering' (Project Number: 55800048). 2. The scope of the Energy Reduction Programme – Phase 1 will need to change under all the options to reflect the fact that elements of the original proposed scope are being delivered by the separate PSDS Project, and the LMA project has been found to be unviable. Therefore, all options recommend: <ul style="list-style-type: none"> • change in scope to remove the following sub-projects from the 'Energy Reduction Programme – Phase 1' project: <ul style="list-style-type: none"> ○ GSMD Milton Ct Lighting ○ GSMD Silk St LED Upgrade ○ GHC AHU EC Plug ○ GHC Sub-Metering ○ LMA Zone & Demand Ctrl HVAC • progressing the three sub-projects for LED Lighting at: Central Criminal Court, Smithfield Car Park and Tower Hill Coach and Car Park, whose estimated total project cost including risk is £574,288 (of which £270,190 is central funding) for completion in 2022/23 and for these to be received for further approval as separate gateway papers (as set out above under 'Next Gateway'). This includes an increase allocation of available S106 Carbon Offset funding from £247k to £304k. 3. The 2020/21 approved capital bid for this project provisionally allocated £978k of central funding (£440k City Fund, £489k City's Cash, and £49k BHE). Following the revised project scope cost (incl.

	<p>risk) of £270k of central funding, and the already approved reallocation of unused central funding of £233k to the 'Guildhall Cooling Plant Replacement' project, the remainder of the provisionally allocated central funding of £978k comes to £474,810 (£114,600 City Fund, £322,860 City's Cash, and £37,350 BHE). The following sets out the options for the £474,810 remainder of the original central funding allocation to the 'Energy Reduction Programme – Phase 1'.</p> <p>4. Option 1. Not recommended. Retain all remaining £474,810 (£114,600 City Fund, £322,860 City's Cash, and £37,350 BHE) provisionally allocated funding to support the remaining three Phase 1 sub-projects.</p> <p>5. Option 2. Not recommended. Release all the remaining £474,810 (£114,600 City Fund, £322,860 City's Cash, and £37,350 BHE) provisionally allocated funding.</p> <p>6. Option 3. Recommended.</p> <ul style="list-style-type: none"> • Reallocation of £229,200 of the now unallocated central funding (£114,600 City Fund and £114,600 City's Cash) to the 'BEMS Upgrade Project-CPG Estate – Phase 1' to meet the stage 2 works for that project which are specific to the Guildhall east wing works. • Release the remaining £245,610 (£0 City Fund, £208,260 City's Cash, and £37,350 BHE) provisionally allocated funding. <p>7. Option 3 is recommended as:</p> <ul style="list-style-type: none"> • The BEMS upgrade project is vital for ensuring the energy efficient operation of the sites, and without an increase in funds to meet its budget the scope of works will need to be reduced. This project therefore offers an attractive substitution project for the provisionally allocated funding for the Energy Reduction Programme – Phase 1. • We are confident the funding allocated to the remaining three in-scope Phase 1 sub-projects is sufficient for them to be delivered to achieve a 5-year simple payback. <p>8. The following table summarises the estimated original and revised project costs and funding allocations, and the requested reallocations.</p>
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	Prev. Est. Cost and funding allocation (incl. risk) £k					Requested Decision	Revised. Est. Cost and proposed funding allocation (incl. risk) £k				
Energy Reduction Programme- Phase 1, Sub-Project	Total	S106	City Fund	City's Cash	BHE		Total	S106	City Fund	City's Cash	BHE
LMA HVAC Control	£46.8	£46.8	£0.0	£0.0	£0.0	Cancel	£0.0	£0.0	£0.0	£0.0	£0.0
GSMD Milton Ct Lighting	£56.8	£0.0	£0.0	£56.8	£0.0		£0.0	£0.0	£0.0	£0.0	£0.0
GSMD Silk St Lighting	£206.1	£0.0	£0.0	£206.1	£0.0		£0.0	£0.0	£0.0	£0.0	£0.0
GHC Ventilation Fans	£244.8	£0.0	£244.8	£0.0	£0.0		£0.0	£0.0	£0.0	£0.0	£0.0
GHC Sub-Metering	£246.9	£0.0	£72.6	£125.3	£49.0		£0.0	£0.0	£0.0	£0.0	£0.0
CCC Lighting	£198.5	£198.5	£0.0	£0.0	£0.0	Proceed	£304.1	£304.1	£0.0	£0.0	£0.0
Smithfield Car Park Lighting	£90.6	£0.0	£0.0	£90.6	£0.0		£89.3	£0.0	£0.0	£89.3	£0.0
Tower Hill Car Park Lighting	£122.6	£0.0	£122.6	£0.0	£0.0		£180.9	£0.0	£180.9	£0.0	£0.0
Total	£1,213.1	£245.3	£440.0	£478.8	£49.0		£574.3	£304.1	£180.9	£89.3	£0.0

Original funding allocation:	£1,225.0	£247.0	£440.0	£489.0	£49.0
Remaining funding following scope changes:	£650.7	-£57.1	£259.1	£399.8	£49.0
Additional S106 funding allocation	£57.1	£57.1	N/A	N/A	N/A
Reallocation to Guildhall Cooling Project:	£233.0	£0.0	£144.5	£76.9	£11.7
Reallocation to BEMS Upgrade Project:	£229.2	£0.0	£114.6	£114.6	£0.0
Return to centre:	£245.6	£0.0	£0.0	£208.3	£37.4

Appendices

Appendix 1	Project Coversheet
Appendix 2	Risk Register
Appendix 3	Projects budgets breakdown

Background documents (available on request)

- Gateway 2 Energy Reduction Programme – Phase 1
- Gateway 2 (issue) BEMS Upgrade Project-CPG Estate – Phase 1
- GW2 Issue - Guildhall Chilling Plant Replacement

Contact

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Committees: Corporate Projects Board <i>for decision</i> Corporate Asset Sub <i>for decision</i> Projects Sub <i>for decision</i>	Dates: 03 November 2021 24 November 2021 17 November 2021
Subject: BEMS Upgrade Project-CPG Estate – Phase 1 Unique Project Identifier: 12268	Gateway 2 Regular Issue Report
Report of: City Surveyor Report Author: Brendan Crowley	For Decision
<h1>PUBLIC</h1>	

1. Status update	<p>Project Description: Building Energy Management Systems (BEMS) monitor and control the Heating, Ventilation and Air Conditioning (HVAC) systems, and other building systems across the Corporate Property Group (CPG) estate. The BEMS is vital for ensuring the continuity and performance of building services, including their energy efficiency operation. The BEMS systems at a number of sites are now obsolete, unsupported, and at end-of-life. Phase 1 of the 'BEMS Upgrade Project-CPG Estate' includes upgrades for: London Metropolitan Archives, Walbrook Wharf and the Guildhall East Wing.</p> <p>Approval was previously given for Phase 1 to be delivered in two stages, with stage 1 which relates to the Guildhall being delivered as part of the 'Guildhall Ventilation PSDS Project', see background papers.</p> <p>RAG Status: Amber (Amber at last gateway)</p> <p>Risk Status: Medium (Medium at last gateway)</p> <p>Total Estimated Cost of Project (including risk): £1,311,378</p> <p>Change in Total Estimated Cost of Project (including risk): increase of £406,609 since last report to Committee.</p> <p>Spend to Date: £1,916.40</p> <p>Costed Risk Provision Utilised: £0;</p> <p>Funding Source: GW2 Approved funding including risk:</p> <ul style="list-style-type: none"> • £579,258 from City Fund
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	<ul style="list-style-type: none"> £325,511 from City's Cash <p>Slippage: The initial project cost estimate (which informed earlier GW papers) were developed from a set of initial broad-brush site surveys. These estimate costs needed to be refined with more detailed technical surveys, which took longer than anticipated to complete, especially for the Guildhall, creating a delay.</p> <p>Increased project Cost: While there has not been a change in project scope the results of these detailed surveys have highlighted that enabling works are required for the project to meet its objectives. This is primarily around the install of extensive IT network infrastructure which have increased cost significantly. Increased cost of BMS hardware & software licences over the last year has also pushed up total project cost. These elements combined has raised an issue that there are insufficient remaining funds to complete the full scope of works.</p>
2. Requested decisions	<p>Next Gateway:</p> <p>Gateway 3/4 - Options Appraisal (Regular) for BEMS Upgrade Project-CPG Estate – Phase 1 (Stage 2)</p> <p>Requested Decisions:</p> <ol style="list-style-type: none"> That Option 3 is approved: <ol style="list-style-type: none"> Approval for reallocation of £229,200 of the now unrequired central funding (£114,600 City Fund and £114,600 City's Cash) from 'Energy Reduction Programme – Phase 1' to the 'BEMS Upgrade Project-CPG Estate – Phase 1 (stage 2)'. Approve that the CWP funds within the project 'C1522CW002L' are used to meet the costs of the Guildhall East wing control upgrades within the BEMS Upgrade Project-CPG Estate – Phase 1(stage 2). Approve that the CWP funds within the project 'R0722CW003L' are used to meet the costs of the LMA controls upgrades within the BEMS Upgrade Project-CPG Estate – Phase 1(stage 2).
3. Budget	<ol style="list-style-type: none"> Note: the provisional funding approved to meet the total estimated project cost for 'BEMS Upgrade Project-CPG Estate – Phase 1' project was £823,920 (excl. risk), £904,769 (incl. risk). The funding breakdown including risk: <ul style="list-style-type: none"> £579,258 from City Fund £325,511 from City's Cash

2. Note: the estimated total project cost, including risk, for completion of the full scope works for the BEMS upgrade project Phase 1 is £406,609 (incl. risk) more than the central funding which was provisionally allocated to the project at GW2, (£904,769 incl. risk).
3. Note: The 'Energy Reduction Programme – Phase 1' Gateway 2 (issue) report requests approval of £229,200 of the now unrequired central funding (£114,600 City Fund and £114,600 City's Cash) to the 'BEMS Upgrade Project-CPG Estate – Phase 1', see background papers The 'Energy Reduction Programme – Phase 1' Gateway 2 (issue) report will be presented to the same committee meetings as this paper.
4. Note: A CWP (C1522CW002L) project for the upgrade of Guildhall East Wing BEMS controls was approved for £185,000 of funding expenditure in 2021/22, (the fund now has a balance of £169,455 to spend).
5. Note: CWP (R0722CW003L) project for the integration of LMA heat pump system into the BEMS was approved for £8,000 of funding expenditure in 2021/22.

The following revised estimated project costs and funding breakdown is based on approval of the requested decisions set out in this paper (Option 3).

The revised total estimated cost of the 'BEMS Upgrade Project-CPG Estate – Phase 1' is £1,311,378 (incl. risk), £1,190,355 (excl. risk). Approval was previously given for Phase 1 to be delivered in two stages, with stage 1 which relates to the Guildhall being delivered as part of the 'Guildhall Ventilation PSDS Project', see background papers.

Revised estimated project cost breakdown, incl. risk:

6. Stage 1: £332,391 whose scope includes BEMS relating to the Guildhall ventilation works. Funded from £166,195.50 City Fund and £166,195.50 City's Cash of the funding provisionally allocated to the 'BEMS Upgrade Project-CPG Estate – Phase 1'.
7. Stage 2: Cost of £978,987 composed of:
 - a) £146,200 for London Metropolitan Archives.
Funded from:
 - o £138,200 from City Fund amount provisionally allocated to the 'BEMS Upgrade Project-CPG Estate – Phase 1'.

	<ul style="list-style-type: none"> ○ £8,000 from CWP funds within the CWP Fund 'R0722CW003L' <p>b) £115,500 for Walbrook Wharf, to be funded wholly from City Fund amount provisionally allocated to the 'BEMS Upgrade Project-CPG Estate – Phase 1'.</p> <p>c) £717,287 for Guildhall East Wing. Funded from:</p> <ul style="list-style-type: none"> ○ £169,455 - the balance of the CWP fund C1522CW002L. ○ £229,200 of the unrequired central funding (£114,600 City Fund and £114,600 City's Cash) from the 'Energy Reduction Programme – Phase 1'. ○ £318,631 composed of £159,316 City Fund and £159,315 City's Cash, from the funding provisionally allocated to the 'BEMS Upgrade Project-CPG Estate – Phase 1' at Gateway 2. <p>The total energy and maintenance savings arising from the system upgrades is estimated to be £22,335/yr, based on current energy prices.</p> <p>A budget of £16,867 (excluding risk), was approved in Apr-21 as part of the GW2 paper for the 'BEMS Upgrade Project-CPG Estate – Phase 1, see background papers.</p> <p>Commitments to date against this budget are £1,916, comprised of:</p> <ul style="list-style-type: none"> • £1,029 for IT structure cabling survey at Guildhall East wing and London Metropolitan Archive. • £887 for Asbestos survey at Guildhall East wing, LMA and Walbrook Wharf. <p>Costed Risk Provision requested for this Gateway: £0 (as detailed in the Risk Register – Appendix 2)</p>
<p>4. Issue description</p>	<p>1. The estimated total project cost, including risk, for completion of the full scope of works for the BEMS upgrade project Phase 1 (stage 2) is £406,608 (incl. risk) greater than the remaining central funding which was provisionally allocated to the project.</p> <p>The increase in cost is due to:</p> <ul style="list-style-type: none"> • Initial high-level system surveys severely underestimated the cost of hardware and software upgrade, particularly at GH EW. • Further investigation has revealed the system upgrade requires significant IT network infrastructure investment to support new BEMS, this was not allowed for in original project funding request.

	<ul style="list-style-type: none"> Greater contingency should have been requested at earlier gateways to mitigate risk of higher project cost, such as more expensive equipment or unforeseen essential enabling works.
5. Options	<ol style="list-style-type: none"> Note: a CWP (C1522CW002L) project for the upgrade of Guildhall East Wing BEMS controls was approved for £185,000 of funding expenditure in 2021/22. Note: CWP (R0722CW003L) project for the integration of LMA heat pump system into the BEMS was approved for £8,000 of funding expenditure in 2021/22. Note: due to a reduction in scope the 'Energy Reduction Programme – Phase 1' has unrequired funding, and as set out in a separate gateway 2 issue report for that project, it is recommended this funding is considered for reallocation to the 'BEMS upgrade project-CPG Estate Phase 1 (stage 2)' project if required. <p>The following sets out the options to meet the funding shortfall for the 'BEMS upgrade project-CPG Estate Phase 1 (stage 2)' project.</p> <ol style="list-style-type: none"> Option 1. Not recommended. Reduce the scope of the project so the revised estimated total cost (incl. risk) is within the amount provisionally allocated. This will involve significantly reducing the scope of works in Guildhall East Wing to address some of the most critical BEMS hardware. Option 2. Not recommended. Allocate the existing CWP funds for project C1522CW002L - East Wing BMS controls upgrade (balance of £179,505) and CWP funds for project R0722CW003L for the BEMS integration of LMA heat pump system (£8,000) to the 'BEMS Upgrade Project-CPG Estate – Phase 1' This will still require the scope of the works to the Guildhall East Wing to be reduced to only address the most essential control systems - life safety and load shedding/electrical generator monitoring. Obsolete, unsupported hardware would remain, controlling business critical such as heating, cooling & ventilation systems serving the Guildhall Art Gallery and CoLP offices. Option 3. Recommended. Increase the funding allocation to meet the full scope of works for the project through: <ul style="list-style-type: none"> Allocate the CWP fund C1522CW002L - East Wing BMS controls upgrade (balance of £179,505) and the CWP fund

	<p>R0722CW003L - BEMS integration of LMA heat pump system (£8,000)</p> <ul style="list-style-type: none"> • Reallocation of £229,200 of the unrequired central funding (£114,600 City Fund and £114,600 City's Cash) from the 'Energy Reduction Programme – Phase 1'. <p>7. Reasons for recommending option 3:</p> <ul style="list-style-type: none"> • This BEMS upgrade project is vital for ensuring the energy efficient operation of the sites, and without an increase in funds to meet its budget the scope of works will need to be reduced. • The CWP project C1522CW002L is already allocated for addressing end-of-life Guildhall East Wing BEMS controls and therefore the allocation of its funding towards this project is within scope of that objective. • CWP project R0722CW003L is already allocated for the BEMS integration of LMA heat pump system (identified as an energy efficiency measure) and therefore the allocation of its funding towards this project is within scope of that objective. • The BEMS upgrade project is anticipated to enabling significant energy savings and therefore this supports the objectives of the 'Energy Reduction Programme – Phase 1'
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Appendices

Appendix 1	Project Coversheet
Appendix 2	Risk Register
Appendix 3	Projects budget breakdown

Background documents (Available on request)

- Gateway 2 BEMS Upgrade Project-CPG Estate – Phase 1
- Gateway 3/4 BEMS Upgrade Project-CPG Estate – Phase 1 (Stage 1)
- Gateway 2 (issue) Energy Reduction Programme – Phase 1

Contact

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Agenda Item 8

Committee(s)	Dated:
Corporate Asset Sub-Committee (CASC)	24 th November 2021
Subject: 2021/22 Energy Performance Q2 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 2 energy performance for CoL operational sites.

The reduction to date in 2021/22 is largely due to the reduction in building related activities and operations continuing due to the pandemic, but also the disposal of Police stations. In addition, work by the Energy Team, particularly on Building Energy Management Systems has enabled these savings to be secured. Works currently being delivered through the PSDS project will help secure energy savings further within 2021/22 and throughout future years.

- Since 2018/2019 the entire portfolio CO₂ emissions have reduced by 9,901 tonnes (27% reduction), achieved through a combination of grid decarbonisation, energy reduction in buildings, disposals, and reduced occupancy levels due to covid.
- Compared to the 2018/2019 Climate Action Strategy (CAS) baseline year, energy consumption reduced by 21% in absolute terms in the 12 months to September 2021.
- The Q2 result for 2021/2022 was a 10% reduction in energy consumption from Q2 2020/2021 when corrected for the impact of weather.

Recommendation(s)

- Note the progress of PSDS project, supported by £9.4m, 100% grant funding from BEIS.
- Note the progress towards the 2026/7 CAS targets.

Main Report

Background

1. At CASC on 24th September 2021 the 21/22 Q1 Energy performance report was presented. This identified the Q1 energy performance as a 16% improvement on previous weather corrected values for the same period in 2019/2020.

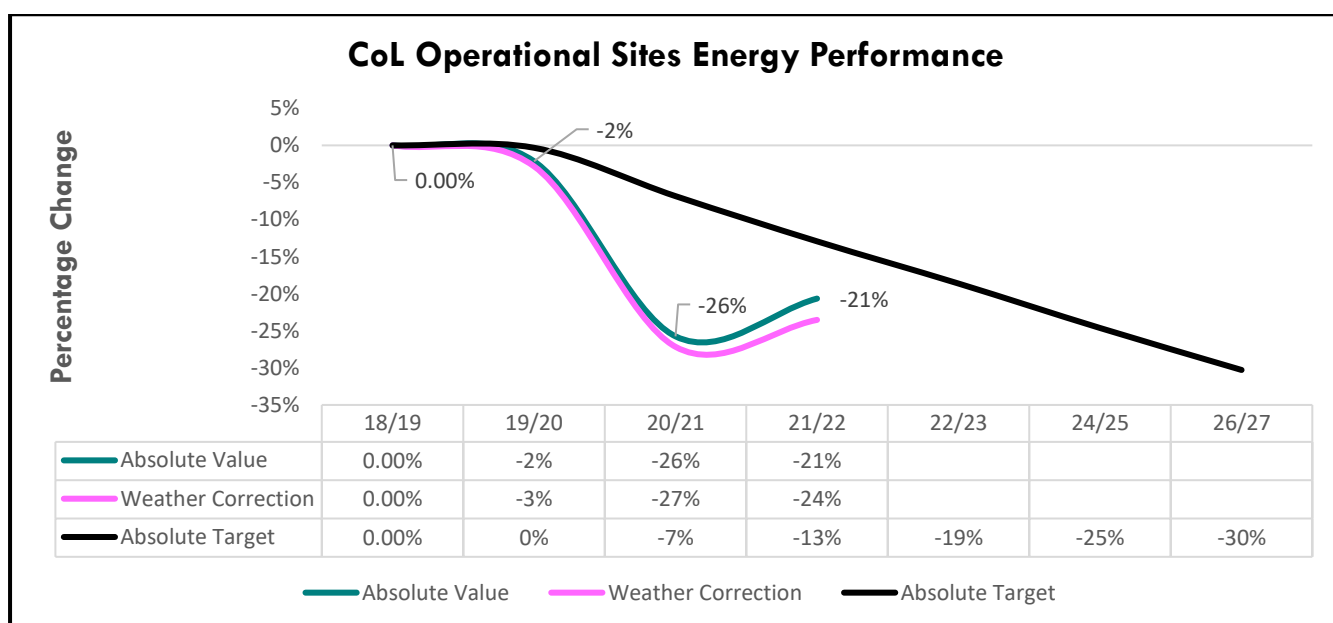
2. This saving was largely due to the closure of buildings due to the Covid-19 lockdown which occurred across this period, as well as active management of the BEMS by the Energy Team.
3. The CAS targets have now been incorporated into the Energy Performance report, replacing the previous Carbon Descent Plan targets for the CPG buildings.
4. The PSDS projects support the CAS and all projects on the PSDS programme have reached GW5 or beyond. The RA-W project, covering the majority of PSDS has commenced. Vital Energi Ltd., who are delivering the RA-W Project works are surveying the top 15 CPG assets for carbon reduction measures that will feed into the CAS CPG project plan.

Current Position

There has been a gradual increase in consumption since the previous reported quarter due to the ongoing return to normal operations. However, we remain on track to reach our CAS targets, with a 10% reduction in weather corrected energy consumption (comparing the rolling 12 months to Q2 21/22 with Q2 20/21). We anticipate further savings materialising in Q3/4 following the implementation of PSDS measures.

Performance Update

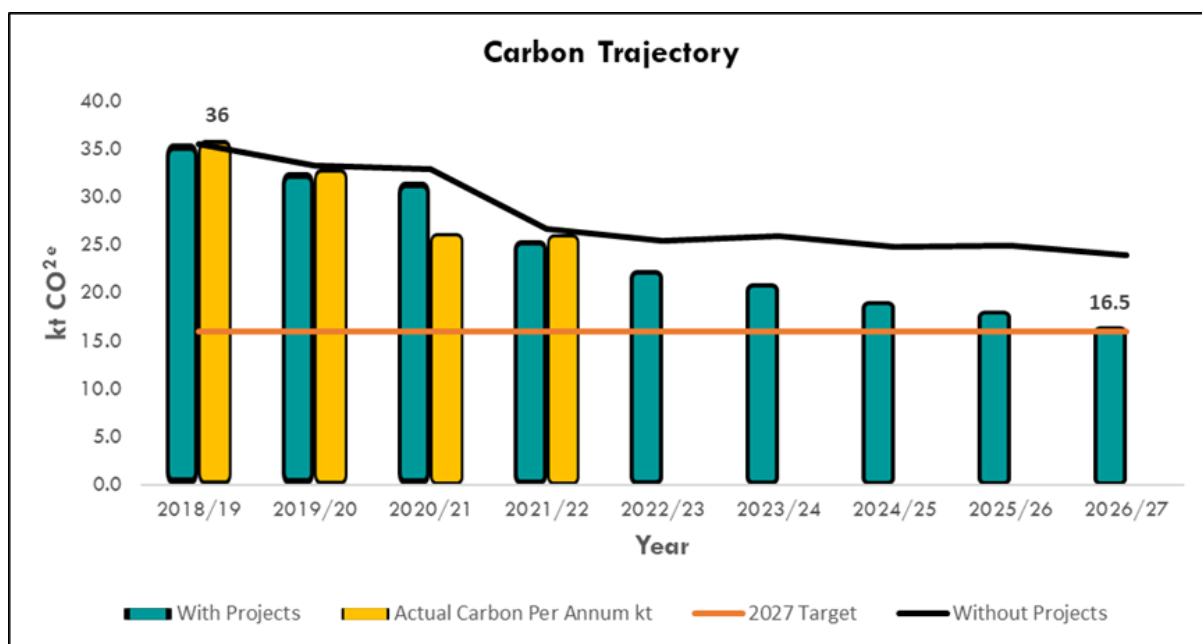
Chart 1. Overall performance Q2: Absolute and Weather Corrected kWh Consumption



5. **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 21% reduction in absolute energy consumption; and
 - b. A 24% reduction when corrected for the weather.

Chart 2 presents progress towards carbon and shows:

- a. A savings of 9,901 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.

6. The savings since 2018/19 demonstrate a positive start for the Climate Action Strategy Net Zero Carbon targets. The delivery of PSDS projects in the short-term and a full pipeline of projects by 2022 will limit of any short term rises in consumption and emissions and safeguard our longer-term goals. Refer to Appendix 1 for a list of energy reduction programmes.
7. Whilst we still see benefit from energy reductions due to the pandemic, the removal building stock and improved control of our energy usage within buildings has played an important role in securing these savings.
8. Climate Action Strategy actions have mobilised, with site level energy surveys and resources coming on board to manage and support the programme this Autumn, we will begin to develop pilot projects initially and then roll out capital projects in 2022, building from the site level energy surveys, six of which have been initiated. The resource plan (Centre of Excellence) is being implemented following a review with the City Surveyors department, and we are well placed to introduce resources in time to meet the needs of the programme.
9. The City Surveyor has recently appointed, for a time limited period, Arcadis as a critical friend who will provide third party assurance, guidance, and potential further support to the Centre of Excellence.

10. The new Energy Reporting system is expected to be rolled out from November with the Energy Viewer module and training. This will enable greater insight into energy wastage.

Table 1. Overall performance Q2 Top 5 and bottom 5 sites – Weather corrected

Current Top 5	Sep-20	Sep-21	kWh Difference	% Difference	Performance Overview
Barbican Arts Centre	17,384,466	12,988,109	- 4,396,357	-25%	This reporting period represents a large period of lockdown, during which time the Barbican has been closed.
London Central Market (Smithfield)	11,785,831	9,996,693	- 1,789,138	-15%	The pandemic has an ongoing impact on the market, especially where a number of commercial offices that were previously occupied remain vacant, and this trend may continue for a while. Car park LED lighting project is progressing. There has been reduced cooling and reduced landlord/tenant electricity consumption. HVAC monitoring continues by the Energy Team.
Guildhall Complex	16,085,645	14,434,214	- 1,651,431	-10%	The building was shut down, coupled with Energy Team actively managing the BEMS (shut down and start up).
New Spitalfields Market (Landlords)	6,454,378	5,783,149	- 671,228	-10%	A reduced occupancy is suspected as the reason for the decrease.
Bishopsgate Police Station	3,112,496	2,455,624	- 656,871	-21%	A reduced occupancy is suspected as the reason for the decrease. The energy team is in communication with the site.

Current Bottom 5	Sep-20	Sep-21	kWh Difference	% Difference	Performance Overview
GSMD - Milton Court	2,572,852	3,006,352	433,500	17%	A semi return to normal practices coupled with good shutdown practices is suspected. GSMD Sundial Court is still showing an improvement in consumption versus Sept 2019 when consumption was 3.4M kWh.
Central Criminal Court	6,044,649	6,325,765	281,115	5%	A semi return to normal practices coupled with good shutdown practices is suspected. It should be noted that the Central Criminal Court has improved as values in 2019 were 7.3 M kWh.
GSMD - Sundial Court	1,462,352	1,739,046	276,694	19%	A semi return to normal practices coupled with good shutdown practices is suspected. GSMD Sundial Court is still showing an improvement in consumption versus Sept 2019 when consumption was 1.8M kWh.
City of London School	2,916,539	3,136,383	219,843	8%	A semi return to normal practices is thought to be the reason for the uptick, as it should be noted that 2019 consumption was recorded as 3.3M kWh.
Mansion House	1,800,099	1,985,776	185,677	10%	Although Mansion House was shut down, an AHU and BEMS upgrade could be the reason for the increase. It should be noted that 2019 consumption was recorded as 2.2M kWh

11. 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 September, 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.
12. The top sites have continued to show a reduction due to the pandemic, but also implementation of energy projects and the implementation of control changes to BEMS systems.

Energy Team & Other Activity

Progress on Energy projects

13. **The PSDS Project:** Our appointed contractors, Vital Energi and BTU, have completed mobilisation, site setup and have begun installation works onsite. Project managers on both the contractor side and City of London side have been established and are familiar with the project and the installation environment. Successful trials have been carried out for lighting at Guildhall and Barbican to finalize the arrangements there. Asbestos surveys are currently being carried out in the areas which will be subject to installation works before construction proceeds. Communications campaigns have begun and meetings with key stakeholders are being held to finalise work programmes. Due to a national supply shortage of computer chips, some items of equipment are subject to delivery delays - the team are mitigating this by expediting the approval process for purchasing, such that orders are placed as early as reasonably possible. Verification of these savings is expected at gateway 6 in 2022.
14. **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. Whilst prices have increased, the reduction in energy usage coupled with savings from the PPA have helped to reduce budgetary pressure going into 2021/22
15. **PPA:** Work continues on South Farm, the location of our Power purchase agreement's solar farm in Dorset. Completed work to date includes foundation tests, welfare facilities and access roads being established. More recently work has been completed to connect the solar farm to the Grid, with the electrical sub-station continuing to be constructed. Volitalia are proactively managing constraints to the supply of modules that is currently being felt throughout the industry to mitigate any impact on the commercial operations date.

Corporate & Strategic Implications

16. **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.
17. **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, though increasingly capital projects will become an important element of any reduction. We can observe pandemic related savings reducing 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 September 2022. For longer sustainable gains the focus needs to be on improving efficient use of energy, through targeted investment in energy saving measures. Note the intention is that any net savings from the PSDS project will be transferred to the Build Back Better fund for re-investment with further projects This will, however, depend on the level of energy prices compared to assumptions in revenue budgets.

Conclusion

18. The Energy performance within Q2 has seen a continued reduction in consumption across the Corporation, whilst some of the reductions are being eroded as staff return to their place of work. We continue to mobilise workstream (NZ1) related to Corporate Buildings within the Climate Action Strategy and deliver the 17 projects that form part of the PSDS project by Q4 2021/22. We are confident that we can absorb the impact of the reoccupation of our building stock and meet our ambitious net zero carbon targets.

Appendices

- Appendix 1 – Top 30 Energy Performance & Bottom 5 Performance Overview

Report author

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City Surveyor's Department

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Committee(s)	Dated:
Corporate Asset Sub-Committee (CASC)	November 24 th 2021
Subject: CAS NZ1, NZ3 and RS3 Workstream update for the Operational Portfolio	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?	Yes
If so, how much?	£1.525m (first 12 months)
What is the source of Funding?	CAS Budget
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: The City Surveyor	For Information
Report author: James Rooke / Graeme Low	

Summary

This report presents an update on the key actions of the operational buildings workstreams as part of the climate action strategy (CAS). Progress has been made in the following key areas:

- Vital Energi have started a programme of building energy surveys, six out of 15 buildings have received initial surveys.
- £800k Social Housing Decarbonisation Fund bid for William Blake and Southwark Estates.
- Scoping study underway with Etude for whole life cycle carbon assessment.
- Appointment of Arcadis to provide assurance and support to City Surveyors led CAS Projects (NZ1, RS3 & NZ3).
- Two fixed term Energy Project Manager posts are currently in recruitment.

Recommendation(s)

- Note the progress made on actions within the report.
- Note the appointment of Arcadis and the review of the Centre of Excellence.

Main Report

Background

1. The Climate Action Strategy (CAS) measured our direct building emissions in 18/19 as 36 ktCO₂e, by 2026/7 this must reduce to 17 ktCO₂e to reach our net zero target. CO₂e emissions for Housing and Corporate properties are as follows:

Table 1: Current Carbon emissions by portfolio and 2027 target

Portfolio	12 months to Sept 21	2026/27 Target
Housing	7.5 kt/CO ₂ e	4.5 kt/CO ₂ e
Corporate Property Group	16.8 kt/CO ₂ e	10.8 kt/CO ₂ e

2. To support this goal, the CAS buildings approach was presented at the April Sub Committee with a series of discrete actions which conjoin to deliver the CAS strategy NZ1, NZ3 and RS3 for the Corporate buildings' portfolio - Page 37 including housing. These actions are summarised in the table 2 below.

Table 2: NZ1 - Corporate Property and Housing Landlord Areas Actions

1 - Commission building energy surveys – Corporate assets & Housing
2 - Develop building controls management strategy
3 - Enhance monitoring and targeting programme
4 - Decarbonisation of Heat
5 - Deep fabric retrofit pilot – Commercial asset
6 - Additional energy specialist resources
7 - Capital programme roll-out

Status Updates

Action 1 Progress: Commission building energy surveys – Corporate assets & Housing

Corporate

- Through the GLA's retrofit accelerator framework, Vital Energi Ltd. have been appointed as the Energy Performance Contractor.
- They are providing energy efficiency audits for the PSDS project and additional audits to the top 15 sites (appendix 1) in support of the Climate Action Strategy. Their activities will first involve a high-level assessment of each site, to provide a list of projects that can be immediately undertaken, and a list of projects that rely on other existing CoL projects finishing.
- To date, six sites (LMA, Mansion House, Central Criminal Court, Girls School, Boys School, Freeman's School) have been through an initial survey. Details of the expected time frames for delivery of all the surveys and reports can be found attached in appendix 2.

Housing

- The Housing Action Plan has been drafted and presented to Committees for approval in September.
- We have identified several potential pilot locations to trial energy efficiency measures including Insulation; renewable heat; air tightness and ventilation.
- An application to the Social Housing Decarbonisation Fund has been submitted for William Blake Estate and Sumner Building (Southwark Estate). The value of this project is £1.6m, with 50% grant funding. The proposal provided the best fit with the grant funding criteria.
- Next Steps – **Action 1:**
 - Resource requirement to be addressed following Centre of Excellence review– Action 6
 - Corporate:** Completion of energy surveys / reports fed into Climate AS project pipeline.
 - Housing:** Commission building surveys and feasibility studies for pilot projects.

Action 2 Progress: Develop building controls management strategy.

- The Building Analytics (Smart Buildings) platform contract is being finalised; we expect this to commence mobilisation stage in November '21.
- The Building Energy Management System Upgrade Phase 1 is currently at GW 2. Site surveys are being carried out to prepare GW3/4 report. A capital funding bid was submitted in October '21 for BEMS Upgrade Phase 2.
- Detail discussions are in progress with AER/Battery storage technology providers following soft market testing stage.

13. Guildhall Internet of Things (IoT) sensors - Proof of Concept project in progress, currently at the design stage.

14. Next Steps – **Action 2:** Resource requirement to be addressed following Centre of Excellence review– Action 6

Action 3 Progress: Enhance monitoring and targeting programme.

16. The TEAM Sigma software has been procured and is going through Beta testing. Training began in October with the system being rolled out in late November, beginning with the Energy Viewer Module.

17. Next Steps – **Action 3:** Resource requirement to be addressed following Centre of Excellence review– Action 6.

Action 4 Progress: Decarbonisation of Heat

19. Citigen - 4MW of heat pumps due to be installed December 2021 – Eon estimate 25% carbon reduction.

20. Corporate estate – Capital works assessment being undertaken by PSDS partners – further consultancy work will be required to develop.

21. Housing – Additional consultancy work will need to be commissioned as part of the programme.

22. Next Steps – **Action 4**

- a. Resource requirement to be addressed following Centre of Excellence review– Action 6.
- b. Identify additional funding streams for decarbonisation support.
- c. Continue with Citigen decarbonisation studies prior to review period in 2024.
- d. Undertake review of housing opportunity.

Action 5 Progress: Deep fabric retrofit pilot – Commercial asset

24. This project will be a proof of concept to inform our wider design and resilience standards. Scoping and delivery will be driven by the dedicated design resource

25. Next Steps – **Action 5:** Resource requirement to be addressed following Centre of Excellence review– Action 6.

Action 6 Progress: Additional energy specialist resources.

26. It has been identified and agreed that the current Energy and Sustainability Management Team require an additional specialist resource to meet the demands of the City Surveyor's work streams. We have approval to recruit two fixed term Energy Project Managers supporting the delivery of NZ1 and are currently engaged in the recruitment process. Initial approaches to resource via service procurement was unsuccessful.

27. A further review of the Centre of Excellence is now being carried out and the outcomes will be presented to the CAS programme team in due course with any request for change. This resource is also to address the NZ3 and RS3 work streams plus the Investment portfolio (NZ4) approach.

29. Next Steps – **Action 6:** Appointment of Energy Project Managers and remaining resource requirement to be secured following Centre of Excellence review – Action 6.

Action 7 Progress: Capital programme roll-out

30. The main capital programme roll-out will flow from opportunities identified in action 1 energy surveys, however it should be noted that the energy team has already originated £15m of capital works which are now in gateway or procurement phases this FY. This includes the £9.5m PSDS project (completing in March 2022), Phase 1 & 2 of the Energy Reduction Programme (completion 22/23) and £4.5m Guildhall Cooling replacement project (completion expected summer 23).
31. In addition, the specialist design and engineering resource, once in place, will maximise opportunity on existing minor and major works and refurbishments.
32. Next Steps – **Action 7:** Resource requirement to be addressed following Centre of Excellence review– Action 6.

NZ3 Capital Projects Design Standards and RS3 Resilient Buildings

33. The Energy and Sustainability Team are working closely with the Capital Projects team and liaising with DBE to identify synergies and opportunity for shared working. The resource expertise for these two workstreams is being reviewed currently as part of the Centre of Excellence reassessment (section 6). A scoping exercise has been commissioned via the projects team as the first step in the delivery of a suite of design standards to inform our future projects.

Project support activities

Arcadis have been appointed by the City Surveyor, to provide project support across each individual project (NZ1, RS3 & NZ3). As part of this brief support will be in place to cover initial assurance support; ongoing assurance; establishing and promoting the Centre of Excellence and to lead the development of an auditable energy management system

Key Risks

Risk	Mitigation
Delays in securing resource Impacts project delivery.	Review of Centre of Excellence underway to address this issue.
Funding gap emerges following investment grade proposals.	Existing funding allocation to be complemented with grant funding applications. Investigate Energy Performance Contracts option to minimise capital investment.
Carbon grid factors adversely affected.	Keep in review BEIS grid factors and their impact on reach the 2026/27 Targets.

Corporate & Strategic Implications

Strategic implications:

1. This suite of actions drives the objectives of the Climate action strategy, buildings stream and will provide linkage and co-ordination with ongoing property management, capital schemes and cyclical works

Financial implications:

2. The overall programme capital and resource costs are estimated at £21m for the 6-year term. Year retained annual cost avoidance is estimated at £3m

Climate implications:

3. This action stream will deliver the Net zero carbon goals of the Corporation and support the climate residence goals of the broader programme

Conclusion

4. The City Surveyor has commenced the mobilisation of the 4 workstreams, 3 being relevant to this Sub Committee. We have encountered constraints around the supply of resource which has led to a review of the Centre of Excellence. A flexible approach will support our ability to moving the programme forward and meeting key milestones.

Appendices

- Appendix 1 – List of top 15 Corporate sites for assessment
- Appendix 2 – Corporate Site Survey Programme

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Committee(s)	Dated:
Corporate Asset Sub Committee – For Approval	24 th November 2021
Subject: Cyclical Works Programme – Progress Report Q1/Q2	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?	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?	Yes
Report of: The City Surveyor report ref CS 462/21	For Information
Report author: Jonathan Cooper, City Surveyor’s Department	

Summary

This report provides an overview of the progress and expenditure of the current Cyclical Works Programmes (CWP 18/19, CWP 19/20, CWP 20/21 and CWP 21/22) at the end of Q2 2020/21. It is noted that several projects were agreed to be carried over from the CWP 18/19 programme. It also outlines to the committee the remaining spend left against each of the original CWP programme years.

Traditionally CWP works programmes were expected to be spent within 3 years from their approval year, last year it was with the agreement of this Committee that some programmes would be spread over 4 years. This was to assist the Corporation in balancing its financial position, but also provided an opportunity to align expenditure following inactivity due to Covid and from lower resource levels within departments responsible for delivering the projects.

The 21/22 CWP works programme was identified for only high priority works or health & safety related projects, these were expected to be spent within a single financial year. For reasons noted within this report, a significant portion of these projects are expected to be required to be carried forward into another year – the exact projects and total budget required will be requested from this committee in the new year.

The latest budget for CWP works to be delivered within 21/22 totals c.£12.45million. Current spend and committed funds total c.£6.34million - a little over 50%. This report outlines progress against fund (City’s Cash, City Fund and Guildhall) and against location type (Corporate, Guildhall School for Music & Drama, Heritage Assets, Open Spaces and the Barbican).

Forecasts suggest that c.£1.5 million of the 21/22 CWP programme will not be spent in this financial year, this is for various Operational reasons that means work can only be carried out in small windows, particularly to the Barbican and GSMD.

Recommendations

Members are asked to:

1. Note the progress of current CWP programmes of work
2. Approve the requirement for up to £1.5 million of the 21/22 CWP Programme funding to be carried forward in to a second year. Projects affecting this carry forward will be reported in the end of year outturn report

Main Report

Background

1. There is need to conduct planned refurbishment and replacement of buildings and their associated equipment in addition to routine serving and repairs. Resources being limited, such works need to be prioritised across the entire corporate operational estate. The Cyclical Works Programmes consider the requirements of each and prioritises individual projects in the context of the whole to ensure that the City's overall property maintenance objectives are met.
2. The CWP is overseen by the City Surveyor's department who undertake most of the project delivery, however projects undertaken by the Barbican and Guildhall School and the engineering projects for the Department of the Built Environment (DBE) are delivered by their own teams and so are accountable for their element of project delivery not the City Surveyors' Department.
3. The Peer Review Group, chaired by the Chamberlain, has authority to agree funding increases and to divert funding to new projects that meet a jointly agreed criterion. These changes are made within the agreed programme funding envelope. This ensures that project issues can be dealt with promptly and has the potential to reduce the backlog of maintenance (bow-wave) where projects can be brought forward.

Current Position

The tables below outline overall programme performance, broken down to fund type and property type within that fund. A breakdown of the CWP programme for each year is included within the appendices.

Table 1 – Total programme expenditure for 21/22 financial year (figures up to the end of October 2021)

Fund		Original Budget	Latest Budget	Committed	Actual	Total Cost	Balance
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City's Cash	Corporate	1,606,000	1,023,000	302,471	300,459	602,930	420,070
	GSMD – Guildhall School	1,690,000	902,000	87,410	288,495	375,905	526,095
	Heritage	369,000	525,000	268,510	220,997	489,507	35,493
	Open Spaces	1,666,000	1,979,000	470,667	619,820	1,090,487	888,513
		5,331,000	4,429,000	1,129,058	1,429,771	2,558,829	1,870,171
City Fund	Barbican	3,787,000	2,359,000	112,189	238,550	350,739	2,008,261
	Corporate	2,384,000	2,516,000	791,167	528,741	1,319,908	1,196,092
	Heritage	4,000	113,000	39,000	33,536	72,536	40,464
	Open Spaces	518,000	664,000	92,423	349,775	442,198	221,802
		6,693,000	5,652,000	1,034,779	1,150,602	2,185,381	3,466,619
Guildhall	Corporate	1,616,000	1,624,000	500,328	524,776	1,025,104	598,896
	Heritage	379,000	747,000	321,666	250,918	572,584	174,416
		1,995,000	2,371,000	821,994	775,694	1,597,688	773,312
		14,019,000	12,452,000	2,985,831	3,356,067	6,341,898	6,110,102

4. Project Managers have been asked to provide realistic outturns for their respective projects so that the budget can be appropriately reviewed, with project funding (and forecasts) aligned to projects that may require an increase, or diverted to new projects that can be brought forward from the forward maintenance plan. This results in a reduction in this year's budget by £1.567million, this budget gets reprogrammed e.g. a portion of it will likely be spent in 22/23. This will be reprofiled in agreement with the Chamberlain.
5. This has had the following impact;
 - a. City's Cash budget reduced by c.£1.1 million, the majority of this being split between the GSMD and some of the Corporate portfolio. Heritage asset expenditure in this area has increased
 - b. City's Fund budget reduced by c.£1.1 million; with a budget reduction at the Barbican of c.£1.3 million, but this is reduced slightly by other asset areas requiring more funding within this year
 - c. An overall increase in the budget requirement at the Guildhall, where some works have been brought forward, where opportunities have arisen to do so
6. Whilst the Open Spaces area across City's Cash and City Fund are showing a lower expenditure, works have progressed with our maintenance repairs Contractor but are yet to be invoiced.
7. Over £2million is yet to be committed or spent at the Barbican, this is due to difficulties the centre has in programming large-scale maintenance works that could affect shows or bookings within the centre. Consequently, works often must be deferred. The peer review group are working closely with them, with the view to diverting some of this expenditure to other City Fund projects to reduce the impact of financial burden on future programme years. The group are

responsible for reviewing the reserve list from which projects will be promoted if funding comes available.

8. There are a few larger projects (e.g. building services type projects) that are yet to take place, that sit within the Corporate estate of City Fund, these make up a large portion of the uncommitted c.£1.2million in this area. Project Manager have confirmed that orders for these will soon be placed.
9. Overall expenditure across all funds is slightly behind where would be expected. Justification for this stems from:
 - a. Tight operational property windows where this type of work can be carried out
 - b. Complications in obtaining materials particularly for buildings services projects where suppliers are struggling to meet demand due to global 'chip' shortages
 - c. Resource levels across departments responsible for delivering this type of work has been impacted in relation to the TOM, primarily where individuals have left and roles had been previously 'frozen'
10. Despite the above, the City Surveyor is working to identify opportunities for diversion towards projects that can meet these programme dates. Consequently there remains the expectancy that the total revised budget will be spent.

Table 2 - Progress against the original CWP programmes

Year	Original Bid	Bid amount left at start of 20/21 FY	Total spent or committed	Balance left at end of Q2/2021	% Original Bid Left to Spend	Years left to spend by
2018/19	11,789,000	2,592,858	1,659,518	942,339	8%	Mar-22
2019/20	12,648,000	6,311,467	2,124,175	2,187,293	17%	Mar-23
2020/21	10,801,000	8,970,292	1,601,323	7,368,969	68%	Mar-24
2021/22	3,961,000	3,961,000	1,066,809	2,828,594	71%	Mar-22
Totals	39,199,000	21,835,617	6,451,825	13,327,195	34%	

11. This table outlines what the original programme budget was for each year versus how much is left to spend against that budget. The year that these budgets are due to spend by are in the final column for reference.
12. The table gives a good indication of how well programmes have performed over the period from when they were allocated. Project Managers have confirmed their expectation that the remaining 2018/19 budget will be spent before the end of March 2022.
13. Current indications suggest that some of the 2021/22 budget will need to be carried forward in to 2022/23 due to those issues indicated within paragraph 6 of this report. Some of these projects were those deemed as 'high priority', with a large portion allocated to the Barbican and GSMD for projects that can't be

delivered in this financial year due to Operational and planning issues. Project Managers have been asked to confirm the mitigation measures that they will be taking to address any risk of these projects being delayed, particularly those with high Health & Safety scoring. The overall budget to be carried over could be in the region of £1.5million, hence the recommendation within this report. Mitigation is being taken to ensure that the impact of this carry forward is minimised, consequently the full extent of projects that will not complete are not yet know.

14. There are nominal sums of expenditure still against the earlier funds from 2016/17 (c.£60k) and 2017/18 (c£.90k). These sums were allocated against historic and capital projects hence the money has still been held.

Corporate & Strategic Implications

15. Cyclical Works Programmes set out to deliver three of the key objectives in the Corporate Property Asset Management Strategy.

- SO.1 – Operational assets remain in a good, safe and statutory compliant condition.
- SO.2 – Operational assets are fit for purpose and meet service delivery needs.
- SO.3 – Capital and supplementary revenue programmes are affordable, sustainable and prudent and that the limited available resources are directed to the highest corporate priorities.

Conclusion

16. Several programming exercises have been undertaken by the City Surveyors department to provide a realistic forecast for each programme of work. This indicates that a portion of the 21/22 CWP programme will not be spent.

Various cost savings have been sought from many projects, these savings have been returned to the central funding pot and have been diverted to high scoring projects that may not have had previous funding. This will reduce funding pressures on future works programmes and enable the City Surveyor to address high priority maintenance projects across the corporate portfolio.

Appendices

- Appendix A – 2018/19 Cyclical Works Programme
- Appendix B – 2019/20 Cyclical Works Programme
- Appendix C – 2020/21 Cyclical Works Programme
- Appendix D – 2021/22 Cyclical Works Programme

Report Author

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Committee(s): Corporate Asset Sub Committee – For decision	Dated: 24 th November 2021
Subject: Cyclical Works Programme 22/23 Bid Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Shape outstanding Environments – Our spaces are secure, resilient, and well-maintained
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£11,090,000
What is the source of Funding?	City Cash, City Fund and Guildhall Admin
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: City Surveyor	For Decision
Report author: Alison Bunn – Head of Facilities Management	

Summary

The report sets out the bid for the 22/23 Cyclical Works Programme (CWP) in line with the new approach to the CWP which was agreed by this committee on the 15th September 2020.

The overall bid is for £29,878,000 and is made up as follows:

City Cash: £11,248,000
City Fund: £14,476,500
Guildhall: £4,153,500

However, it is extremely challenging for the City to be able to afford this level of funding with its current financial pressures. Therefore, in agreement with the Chairman of this committee a risk-based approach has been adopted, this risk-based approach has brought the overall funding envelope down to £11,090,000 which has been agreed as a manageable level of funding.

This risk-based approach will mean that the backlog of maintenance for the operational estate (excluding the Barbican Centre and Guildhall School) will sit at £54.2m which is an increase of £18.8m from when this was last reported to this committee in January 2020.

It also needs to be noted that by reducing the funding envelope for 22/23 (but retaining the same number of operational assets with their associated maintenance requirements) it is only pushing the required level of funding forward by one year and it is now believed that the CWP bid for 23/24 will be £33m.

The report maps out the proposed capital bids for 22/23 which total £17,167,000 and cover all the operational estate except the Barbican Centre and Guildhall School as these are reported separately.

It is proposed that with a reduced programme being funded that project delivery will take place within a two-year delivery window.

Recommendation(s)

- Note the required level of funding of £29.9m for the CWP 22/23 Bid
- Agree the risk-based approach which requires funding of £11,090,000
- Agree that the programme will be delivered over a 2-year period
- Note the list of capital projects valued at £17,167,000 put forward as part of the 22/23 capital bid process
- Note the level of backlog maintenance for 22/23
- Note that required funding for repair and maintenance on operational assets is likely to remain substantially unfunded unless/until the number of property assets can be reduced

Main Report

Background

1. In September 2020, a new approach to the CWP was approved by this committee, the changes were designed to enhance the CWP and to give an opportunity to over time reduce the backlog of maintenance in the operational estate.
2. The main changes to the CWP were:
 - Projects below £10,000 were to be removed from the scoring process and automatically funded from the CWP
 - Statutory Inspections for the Department of the Built Environment (DBE) were to be removed from the scoring process and automatically funded through CWP
 - Quinquennial Inspections for the Heritage Team within City Surveyors were to be removed from the scoring process and automatically funded through the CWP
 - A revamp of the project prioritisation scoring process to remove Income Generation and replace with Sustainability and Equality
 - Allow for sustainability projects to include improvement rather than just a like for like replacement
 - Provide funding for all projects that are required
 - Categorise projects into the following specific areas: Barbican, Guildhall School, Heritage (Mansion House, Central Criminal Court and Smithfield Market) and Open Spaces with the remainder of the properties sitting within the Corporate Group
 - Provide a focused programme delivery into a single financial year

Appendix 1 gives the full report from September 2020 with all the agreed changes to the CWP.

3. The CWP is overseen by the City Surveyor's department who deliver an element of the projects however projects undertaken by the Barbican and Guildhall School and the engineering projects for the Department of the Built Environment (DBE) are delivered by their own teams and so are accountable for their element of project delivery not the City Surveyors' Department.

Current Position

4. The CWP bid for 22/23 has now been collated and is made up as follows:

City Cash:	£11,248,000
City Fund:	£14,476,500
Guildhall:	£4,153,500
Total:	£29,878,000

5. Of that £29.9m the following are projects which are valued under £10,000 split per fund is:

City Cash:	£1,710,000
City Fund:	£925,500
Guildhall:	£93,500
Total:	£2,729,000

Proposed Option

6. Due to the size of the bid, it is unrealistic to assume that the Corporation can afford this level of CWP funding with its current financial pressures, under the guidance of the Chairman of this committee the list was reviewed in line with the level of risk to the City to determine which projects should be funded.
7. The list was reviewed in relation the Health, Safety and Security scoring criteria which has the following description:

Scoring Description

9	1 Required to provide to comply with statutory requirements 2 Where failure to provide could have effect on wider populous
7	1 Where failure to provide might negate insurance cover 2 Required to maintain to the equivalent of a highway's agency standard
5	There is deemed to be a valid and current health and safety risk and that risk is likely to increase disproportionately if works are not undertaken within a reasonable time frame (say within 18 months).
3	1 Where works are considered industry best practice 2 Where works have been recommended in a Fire Risk Assessment
1	No H&S implications

8. It is proposed that all projects that score 9 and 7 on this criterion are funded, this amounts to £5,846,000.
9. It is also proposed that all projects that score 5 on this criterion are graded into a 5+ and 5- with those projects scoring a 5+ being funded in this bid with the 5- being assured guaranteed funding in the following bid year 23/24. This amounts to £3,240,000.
10. It is further proposed that of those projects that are valued under £10,000, a considerable amount is critical and needs to be funded in this CWP bid, this amounts to £2,004,000. With the remaining projects being less critical and can be funded in the following bid year 23/24.
11. The following table identifies the funding required following the risk-based approach totalling £11,090,000:

Risk Score	City Fund	City Cash	Guildhall
9	£250,000	£250,000	£0
7	£3,396,000	£1,145,000	£805,000
5+	£1,765,000	£1,020,000	£455,000
Under £10k	£690,500	£1,223,000	£90,500
Total	£6,101,500	£3,638,000	£1,350,500

12. A Bilateral Finance meeting was held on the 8th October 2021 with the Chairs and Deputy Chairs of this committee, Finance Committee and Resource Allocation Sub Committee. This risk approach and funding level was presented and was approved in principle as the right way forward.
13. Whilst this approach means that an affordable level of funding is achieved for the CWP bid 22/23, it needs to be noted that this does not eliminate the risk to the City and the City Surveyor's preferred option is that the full £29.9m is funded.
14. Appendix 2, 3, 4, 5 and 6 gives the breakdown of projects to be included in each fund, under £10k and rationale for how the projects meet the Health, Safety and Security Criteria.

Backlog of Maintenance

15. One risk of not providing the total required level of funding is the impact it will have on the backlog of maintenance. If only the £11,090,000 is funded from the 22/23 Bid the backlog of maintenance excluding the Barbican Centre, Guildhall School, and ring-fenced properties (Schools, Police, New Spitalfields and Billingsgate Markets) will be £54.2m.
16. This is an increase of £18.8m from the last time the backlog was reported to this committee in January 2020. The increase is due to a reduced CWP programme for 21/22 being agreed which only allowed urgent health and safety items to be undertaken due to the Covid pandemic and the full requirement of money for the 22/23 bid not being funded.

17. Considering this situation, the Chair of this committee has requested a deep dive into the current back log of maintenance and what the next five years of CWP funding requirement is. Once the CWP Bid for 22/23 funding is approved at this committee work will start on this task with the intention of bringing a report to this committee in January 2022.
18. Members should note that, for many years now, not all the required funding for essential repair and maintenance across the operational estate has been approved, despite being recommended by officers and included in annual bids. This situation is likely to remain, with future bids likely to also be substantially unfunded, unless/until the number of operational property assets (and associated maintenance requirements) can be reduced. Future better utilisation and potential rationalisation of the operational estate is part of the approved Corporate Property Asset Management Strategy 2020-25, progress on which is the subject of a separate report on this committee agenda.

Capital Projects

19. Larger value projects that exceed £250,000 have been removed from the bid list and will form part of the City Surveyor's submission to the 22/23 annual Capital bid process. The overall value of the projects that will be put forward is £17,167,000 these projects have been deemed as essential and need to be progressed. Appendix 7 gives a list of the projects.

Governance

20. The CWP 22/23 bid list has been created in consultation with all service departments and the Corporate Property Asset Management Team.
21. The bid list has been presented to the CWP Peer Review Panel which is chaired by the Chamberlain's department and subsequently agreed by that group.

Project Delivery

22. The CWP is overseen by the City Surveyor's department who undertake an element of the project delivery. There are however projects undertaken by the Barbican and Guildhall School and the engineering projects for the Department of the Built Environment (DBE) are delivered by their own teams and so are accountable for their element of project delivery not the City Surveyors' Department
23. Due to the late approval of the bid list for 2022/23 it is proposed that the programme is delivered over a 2-year period rather than 1 year which was agreed as part of the new approach, this will allow officers the chance to deliver the programme on time and smooth the transition to the new delivery mechanism. Thereafter, the CWP bid for 2023/24 will be a one-year delivery programme.
24. Phasing of the 2-year delivery would be set as follows:

Fund	Year 1	Year 2
City Cash	1,212,665	2,425,335
City Fund	2,033,831	4,067,669
Guildhall	450,166	900,334
Total	3,696,662	7,393,338

25. The City Surveyors department will work closely with its term contractors to ensure that works are appropriately programmed over the next 2 years. These programmes will also require agreement with service departments. It is possible to ensure a timely delivery an element of the bid will be put aside for additional staff costs to deliver the programme.
26. Some more complicated projects within the bid list may struggle to complete within the 2 years, particularly those of historic interest or those buildings that may have limited available shutdown periods. These will be identified at an early stage and appropriate measures will be taken to re-programme works in a later year. Projects in this category are thought to relate to less than 20% of the overall bid.

Corporate & Strategic Implications

27. Strategic implications – The funding of the CWP 22.23 list will ensure that we are able to deliver the following corporate plan objective: Shape outstanding Environments – Our spaces are secure, resilient, and well-maintained. It also allows the City Surveyor's department to deliver the following objectives in its business plan:

Strategic asset management: We will develop asset management strategies that align Corporate Property Strategy, Investment Property Strategy, and risks. We will ensure that we unlock the potential of our property assets in a way that supports the efficient delivery of the Corporate Plan and Service Departments' objectives.

Property assets and facilities management: We will ensure buildings are fit for purpose, sustainable, safe and secure, providing access for all, meeting service needs and community expectations and delivering value for money through enhancing our efficiencies; this includes asset management plans, facilities management including hard (planned and reactive maintenance) and soft services (cleaning, security, etc), cyclical projects and minor improvements and delivery of major capital projects for refurbishments and new builds.

28. Financial implications – The proposed Cyclical Works Programme bid for 2022/23 of £11.09m is in excess of the £4m assumed within the current Medium Term Financial Plan. It will therefore be necessary to identify further funding if the bid is to go ahead. Should CASC approve the bid the funding will, therefore, be the subject of a further report to Resource Allocation Sub-Committee in January 2022, when this issue can be considered in the context of the City's overall budgetary position.

29. Resource implications – The changes proposed by the Operations Group as part of the TOM have considered the increased CWP and will enable delivery of the proposed bid list. The TOM has been approved and came into effect on the 27th September 2021, work is now underway to resource the delivery team accordingly.
30. Legal implications – These works will ensure that the City maintains its assets to meet its statutory obligations.
31. Risk implications – If the full CWP 22/23 bid list is not funded there is a risk that the unfunded element will increase the backlog of maintenance on the operational estate due to a reduced programme being undertaken in 21/22 due to the Covid pandemic.

It also needs to be noted that the measured term contracts expire at the end of 2022 and the building repairs and maintenance contract expires in early 2023 the inability to retender these contracts within the agreed timescales might impact on the delivery of the CWP within the delivery window proposed.

Figures from the construction Industry show that prices for materials have grown from between 3% for M&E components, 22% for Timber, 31.8% for fabricated structural steel and 37.3% for concrete reinforcing bars in the year April 2020 to April 2021. It is expected that those prices due to supply and demand will continue to rise further in 2021/2022 so there is a risk that not funding the whole bid list will see more expensive projects going forward which will mean the bid list will continue to have a higher value even though it will be formed of fewer projects.

32. Equalities implications – None
33. Climate implications – The CWP works to assist with the City to deliver its Climate Action Strategy, by undertaking the required level of cyclical maintenance on an annual basis.
34. Security implications - None

Conclusion

35. It is acknowledged that this is an unprecedented year for the 22/23 CWP bid with an overall value of £29.9m, however in line with the new approach to the CWP it is imperative that funding is agreed and prioritised.
36. The purpose of the new CWP approach was to produce a more dynamic list which could be delivered within a delivery envelope of one year which was supported by this committee and all stakeholders within the organisation.
37. However, it is acknowledged that it is unrealistic for the City to be able to fund the total amount required, it is therefore proposed a risk approach is adopted and only those projects that score 9, 7 and 5+ on the Health, Safety and Security

scoring category and critical projects on the under £10k list are funded at £11,090,000.

38. For this approach to work it needs to be acknowledged that all those unfunded projects from 22/23 need to be funded in the following bid year 23/24 along with any new projects that are required in that year. Therefore, it is likely the bid list for 23/24 will be in the region of £33m.
39. If these works are not funded, it will add to the backlog of maintenance levels and mean that we are unable to maintain the operational properties to a good standard as per the corporate property asset management strategy.
40. This situation is likely to remain, with future CWP bids for essential maintenance likely to also be substantially unfunded, unless/until the number of operational property assets (and associated maintenance requirements) can be reduced.

Appendices

- Appendix 1 – Review of the Cyclical Works Programme (CWP) September 2020
- Appendix 2 – City Cash Risk Based Scoring Matrix 22.23
- Appendix 3 – City Fund Risk Based Scoring Matrix 22.23
- Appendix 4 – Guildhall Risk Based Scoring Matrix 22.23
- Appendix 5 – Projects Under £10k
- Appendix 6 – CWP 22.23 Risk Overview
- Appendix 7 – Capital projects 22.23

Background Papers

- Review of the Cyclical Works Programme (CWP) – 15th September 2020
- Cyclical Maintenance Back Log – 29th January 2020

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

Summary

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

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

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

The amber indicators were as follows:

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

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

Recommendation(s)

That Members note the content of this report.

Main Report

Background

1. In line with the City Corporation's performance management approach, this is a quarterly report on the progress made during quarter 2 (July - September) against the 2021-26 Business Plan.

Current Position

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

Financial Statement

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

Business Plan progress reporting

Quarter 1 2021/22 update

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

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

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

Quarter 2 2021/22 update

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

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

Performance

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

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

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

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

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

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

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

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

Update

Park View

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

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

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

Woodredon Farm and Equestrian Centre

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

Green Lane

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

Income Target

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

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

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

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

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

Conclusion

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

Appendices

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

Background Papers

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

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

Summary

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

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

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

The remaining five risks are all currently scored as amber.

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

Recommendation(s)

Members are asked to:

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

Main Report

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

Current Position

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

Changes since last review

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

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

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

A. SUR SMT 005 – Construction Price Inflation

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

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

B. SUR SMT 004 – Repairs and Maintenance

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

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

C. SUR SMT 007 – Energy Pricing

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

D. SUR SMT 003 – Investment Strategy Risk

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

E. SUR SMT 006 – Construction Consultancy Management

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

F. SUR SMT 008 – Special Structures

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

Heatmap

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

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

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	5	
Unlikely				
Rare				

Table 1: November 2021 Risk Heatmap

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

Table 2: August 2021 Risk Heatmap

Conclusion

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

Appendices

- Appendix 1 – Departmental risk register

Background Papers

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

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

Summary

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

Recommendation

The committee is recommended to:

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

Main Report

Background

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

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

Current Position

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

Proposal

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

Key Data

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

Corporate & Strategic Implications

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

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

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

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

Conclusion

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

Appendices

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

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Committee(s) Corporate Asset Sub Committee	Dated: 24 November 2021
Subject: The City's Heritage Estate – Mid Year Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 3, 7, 10,12
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: City Surveyor	For Information
Report author: Fiona McKeith, City Surveyor's Department Julian Kverndal, City Surveyor's Department	

Summary

The report provides a mid-year update on the objectives as set out in the April 2021 report together with a review of the overall programme undertaken by the City Surveyor in respect to the asset management and maintenance of the City of London's (CoL) extensive and unique Heritage Estate of over 870 assets.

Good progress has been made on strategic thinking as regard ensuring that the City Surveyor's Department (CSD) has appropriate resourcing to deliver the future programme of strategic asset management. This will principally be through the procurement of a Heritage Conservation Services Framework to go live in 2023.

The report also updates on; the strategic approaches to ensuring a proactive approach to health and safety (H&S) in regard to heritage assets; the outcome of the Guildhall Great Hall health and safety works undertaken in the summer; current activity to remove assets and/or prevent inclusion on the Heritage At Risk Register.

Recommendation

Members are asked to note the contents of this report.

Main Report

Background

- 1.0 Officers provided the Corporate Asset Sub Committee with an overview of the Heritage Estate in April 2021. The report provided a framework of objectives and respective activities. These objectives align with the approved objectives for the Heritage Estate in the Corporate Property Asset Management Strategy 2020-25.

- 2.0 This report below provides an update on activities supporting the strategic objectives and an overview on the programme. The dashboard approach requested by Members has been adopted with respect to the programme as a whole. See Appendix A – Heritage Estate Programme.

Heritage Estate – 2021/22 Work Programme

3.0 Objective 1 - HE staff and budgetary resources utilised effectively and appropriately

- 3.1 Officers have reviewed the forecast five-year Heritage Estate asset management programme and identified the range of expertise and project management support required to deliver this. A key issue is the Heritage Estate officer capacity to absorb the project management of the more complicated conservation projects. In addition, commissioning ad hoc is inefficient in terms of officer time. In order to address this, the Heritage Estate will co-ordinate the development of a CoL Heritage Conservation Services Framework to be able to draw down a range of conservation expertise for projects undertaken by Heritage Estate, Operations and Property Projects. Research has also been undertaken to see if it is possible to partner with other key heritage organisations. However, an appropriate fit has not been identified as yet. The intention is to establish the framework for April 2023.
- 3.2 Remembrancers have successfully secured Policy & Resources committee approval for CoL expenditure incurred solely due to there being a Lord Mayors' Show to be reimbursed, as of November 2021. This will account for up to £52,000 of Heritage Estate local risk expenditure.
- 3.3 It was hoped to establish a New Diocese Faculty five-year agreement, similar to the Historic England scheduled monument agreement secured in 2020, to reduce time consuming faculty approvals currently required for works on churchyards. However, this requires significant officer resource in the first instance given the complexities of working with the Diocese. Therefore, in the light of resource capacity, the Framework noted above will be prioritised.

4.0 Objective 2 – Heritage Estate assets, building and non building structures are maintained to ensure Health and Safety and mitigate impacts due to climate change

- 4.1 An exercise to clarify roles and responsibilities across the City Surveyor's Department and other service Departments within which heritage assets are owned including third parties e.g. the Diocese of London, has begun. Given the extent and complexity of the estate, the intention is to focus on City Gardens in the first instance with respective stakeholders. These are very much in the public realm domain and would benefit from a proactive Health and Safety approach, which may in turn inform the discussion with the Diocese regarding addressing Faculty concerns.
- 4.2 The April 2021 report identified the need to secure funding to ensure all quinquennial surveys are programmed. Resourcing also requires officer capacity to commission, specify and as importantly, update the 20 year plans and ensure that the works are then undertaken. Therefore for 2022/23 the priority surveys have been identified that can realistically be incorporated into

the wider programme. The development of the framework should address capacity issues from 2023.

- 4.3 The Guildhall's Great Hall Internal Health and Safety and restoration Works capital project took advantage of the 2021 summer recess to employ a Historic Buildings architect and a structural engineer to carry out an inspection of the internal stonework and ceiling joinery of the Great Hall, with the aid of a cherry picker. Some minor problems were identified and holding repairs were carried out. This work was needed to ensure the Great Hall could be safely reopened after the end of the ban on large gatherings under government Covid rules. The second stage of the capital project, proactive conservation works, will take place from January 2023 requiring the hall to close for 12 weeks to facilitate. This has been factored into the Remembrancer's future event programme.

5.0 Objective 3 – Heritage Estate assets are removed and or not added to HARR

- 5.1 The most recent CoL property to be added to the HARR (Heritage At Risk Register) was the Grotto in Wanstead Park (2018). The Grotto is the subject of several projects not all lead by City Surveyors, two of which are grant aided. Overarching programme constraints, including securing external funding, have resulted in a delay to the works starting on the Grotto, which is now programmed for late November 2021.
- 5.2 After the successful completion of conservation works to the Roman and Medieval remains at the London Wall Car Park, officers prevented the addition of these assets to the HARR and are now due to start new conservation programme at All Hallows.
- 5.3 It is relevant to note that even though City Wall projects are relatively small in cost and size (cost of latest repairs to different sections of the City Wall range from under £50k to circa £90k), these projects require careful project management by individuals with relevant heritage expertise. As a result, these are directly delivered by the two Heritage Estate officers, rather than City Surveyors Operations Group.
- 5.4 Given the high importance of such assets, liaison with governing bodies (Planners - CoL or other Local Authorities, Historic England and the Diocese of London) and other key stakeholders is essential. Obtaining statutory consents, licencing together with the complex logistics imposed by local restrictions and sensitive neighbourhoods, result in very resource intensive projects.

6.0 Objective 4 - Improve understanding and awareness of CoL Heritage estate and its significance as within the top 5 prominent UK Heritage asset owners

- 6.1 The pandemic has deferred the establishment of periodic cross CoL member and Chief Officer heritage insight days – walkabouts.
- 6.2 The proposed annual cross CoL officer workshop to share lessons learnt, gaps in knowledge and inform future Heritage Estate management will be arranged for the spring of 2022. However ahead of this there will be joint working on the proposed Framework in the New Year.

7.0 **Programming and Resourcing**

- 7.1 Appendix A – Heritage Estate Programme provides a RAG status of the strategic asset management activities and the delivery of conservation related projects. This appendix reflects planned activity, however much of the Heritage Estate's time is taken up with reactive activity and curatorial support; responding to planning applications; providing advice and expertise; addressing immediate issues such as graffiti, or health and safety matters.
- 7.2 The number of conservation/maintenance projects involving heritage assets currently in progress 2021 – 2022/2023, is as follows: -

Service Delivery	No of projects	Value £
Heritage Estate team	37	773,500
Operations Group	79	15,929,000
Property Projects Group	6	331,500
Total	122	17,034,000

- 7.3 Of the 79 projects delivered by our Operations Group, 57 number are maintenance/repair works to listed buildings (£11.73m). Therefore 22 of the projects with Operations Group are specifically conservation to the value of £4.2m, which includes St Lawrence Jewry church at £3.7m.
- 7.4 The majority of activity is funded via the Cyclical Works Programme (CWP) with only a small number breaching the major projects threshold. Other funding includes the Section 106 and Crossrail. In addition, Property Projects Group are delivering the Main House major project at the Freeman's School of circa £22m.
- 7.5 Due to availability of resources and existing project delivery commitments, the Heritage Estate prioritised projects to slim down the 2022/23 CWP bid list. As noted above, the intention is to utilise additional project management support via a Framework in the future, enabling the Heritage Estate team to focus on strategic asset management of CoL's extensive and culturally valuable portfolio. However, this will mean that CWP bids will need to factor in external resourcing.
- 7.6 The 2022/23 CWP Heritage bids are yet to be approved, subject to the November 2021 Corporate Asset Sub Committee report Cyclical Works Programme 2022/23 Bid Report.

8.0 **Risks**

- 8.1 Below are the key risks being currently managed. A more comprehensive risk register will be provided as part of the Annual Heritage Estate Update report in May 2022.

Category	Description	RAG	Mitigation	RAG
Project - Lord Mayors Show	Southwark Bridge Arches storage of State Coaches, Lord Mayors' saddlery/sundries and glass for temporary coach house are not accessible due to restricted access by Developer WPP (IPG Bridge House Estates' tenant) having consumed the arches into contractor/s' compound since 2020 - 2026		BHE have reinforced with WPP assess requirements. Significant logistic and communications planning between WPP, Heritage Estate, and HE contractors to ensure access prior and post show (immediate) has been agreed in the main. Access outside of show time and other matters remain to be resolved. Negotiations to reduce HE rent (£25k) to BHE are on-going.	
Project - All Hallows, works to remove from HARR	Works to City Wall at All Hallows are not complete in time before temperatures drop inhibiting lime works and therefore asset is not removed in 2022 from HARR.		Arrange site visit with Historic England to assess work so far and confirm that works will complete as soon as weather allows. Seek reassurance that asset will come off HARR	
Strategic – asset management	Strategic asset management is not undertaken; updating 20 year plans, the database, forward planning, procurement, due to projects coming back to Heritage Estate from Operations as a result of lack of Heritage project management resource.		CWP bids request slimmed down to reflect both Operations and Heritage Estate resourcing and to enable joint working on proposed Framework which will include Heritage project management expertise.	

8.2 A further risk, subject to the outcome of the CWP approval process, is that funding for essential maintenance of the Heritage Estate, built assets and otherwise, like essential maintenance for the wider operational estate, remains substantially unfunded.

9.0 **Corporate & Strategic Implications**

9.1 The portfolio density of heritage assets in the Square Mile is comparable to York City, Edinburgh or Bath. These cities utilise their heritage past as a unique selling point to significantly drive visitor engagement supporting the local economy and placemaking. While the Cultural and Visitor Services teams bring the City's heritage assets together through curated self-guided walks and events programmes such as *Shakespeare Woz Ere* (2015), *London's Burning* (2016), *Londinium* (2017) and *Fantastic Feats* (2019) which have engaged

audiences in their hundreds of thousands, there is a clear opportunity through cross CoL service collaboration for the City's heritage to contribute to the CoL's Corporate Plan and cultural aspirations. Not least in this, a new Destination Strategic Review is underway and will be considered by Committees over the next two months. The review will seek to drive visitor footfall and spend, serving City Corporation recovery ambitions by building on the City's heritage offer amongst other themes.

10.0 **Conclusion**

- 10.1 The focus for the remaining of 2021/22 will be to ensure the successful completion of projects with budgets expiring in March 2022, as well as progressing All Hallows works which should result in that asset being removed from the HARR by the end of 2022.
- 10.2 Collaboration across Heritage Estate, Operations Group and Property Projects Group will be enhanced through joint working to develop and procure a CoL Heritage Conservation Services Framework.
- 10.3 Resourcing appropriately in terms of expertise and delivery of projects will be key to enabling the Heritage Estate team to undertake more effective strategic asset management and therefore 'Protect, curate and promote world-class heritage assets' as per the Corporate Plan.

Committee(s)	Dated:
Corporate Asset Sub-Committee – For Information	24 th November 2021
Subject: Corporate Property Asset Management Strategy 2020-25 – Progress update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	
Report of: Paul Wilkinson, City Surveyor (CS.442/21)	For Information
Report author: Paul Friend, City Surveyor's Department	

Summary

Members of this committee previously approved the Corporate Property Asset Management Strategy 2020-25 in November 2020. Briefly, this strategy outlines the overriding objectives for managing the operational estate (excluding Housing) and provides the platform for decisions on all operational property assets to be guided by the objectives within.

Good progress on the new strategy has been achieved since approval last year and this report provides a summary of the progress made on specific objectives. It also alerts members where some objectives such as better utilisation, enhanced data/corporate reporting, adopting Core Processes and development of the Asset Management Plan process may need prioritisation and/or additional resources to meet expectations over the 5 year life of the strategy. Associated governance issues such as proposed changes to Committees Terms of Reference, Standing Orders and Scheme of Delegations also need to be further progressed to support the above objectives.

Continued adherence and implementation of the objectives within the strategy, across all committees who have responsibility for decision making for property assets, is essential to achieve an efficient, effective and sustainable operational estate.

Recommendation

Members are asked to note the progress on the new Corporate Property Asset Management Strategy 2020-25.

Main Report

Background

- 1) The existing Corporate Property Asset Management Strategy (CPAMS) was approved in November 2020. The core purpose of CPAMS is to provide a member approved strategy, outlining the common objectives shared across all the operational property estate, which in turn supports the Corporate Plan. By way of clarification, this strategy solely relates to the operational property portfolio overseen by this committee; it is separate from any property asset strategies held on the investment or housing portfolios, albeit there may be commonality for example in the management of third-party interests.
- 2) The scope of CPAMS covers all of the operational property portfolio, excluding Housing (whose strategy is contained within the Dept of Community and Children's Services Business Plan). It therefore includes all operational assets such as for example private schools, the Barbican Centre, Guildhall, Markets, Environment, Courts, Mansion House, Car Parks, City of London Police, Open Spaces, Schools, Bridges and Special structures. It also covers the City's Heritage Estate portfolio which consists of a varied range of over 870 assets, including listed buildings, statues, policeboxes etc.
- 3) The scope also covers the third party portfolio where we lease out or licence operational premises to third parties. This third party portfolio income (rent and service charge) is approximately £12m per annum, but is not held specifically for investment purposes; the strategy for these assets is tailored towards the operational portfolio and services provided, albeit the commonality is a commercial property management approach.
- 4) The new CPAMS was approved by CAsC and Finance committee in November 2020. It was subsequently distributed by the Chairman and Deputy Chairman of CAsC to the Chairmen and Deputy Chairmen of all committees with responsibility for decisions on operational assets. The CPAMS was also distributed to all Chief Officers and those officers involved in asset management for their respective departments. The current version of CPAMS 2020/25 is currently held on the COL intranet. It is also available to members of the public from the City website.

Review

- 5) This is an informal review undertaken by the Corporate Property Group in consultation with officers from the Chamberlain and Town Clerk's department.
- 6) The review of all of the new 19 objectives within CPAMS 2020-25 and their RAG status is attached as Appendix 1. Performance was assessed by evidence of workstreams, initiatives or projects supporting the objective and/or where activity is planned either funded or to be funded.

- 7) In summary 10 objectives are assessed as green, 8 as amber and 1 as red. Where there is concern that specific objectives are not currently being met, either through lack of adherence to the strategy, capacity and/or resources these are summarised as potential issues below.
- 8) The following core issues are identified as impacting the Amber and Red on the assessed objectives:-
- a) Insufficient budget availability to maintain the entire operational property portfolio in at least a Good condition overall and prioritisation of investment.
 - b) Delay to the implementation of all of the Asset Management Service Based Review (AM SBR) recommendations due to the impact of the current Governance Review, Target Operating Model (TOM) and business case for additional resources.
 - c) Insufficient progress in driving through reviews and delivering improved utilisation of the operational estate due to lack of transparency, reporting, and delays to the maturing of the Asset Management Plan process (part of the AM SBR recommendations above).

Next steps

- 9) The objectives within the new CPAMS need to be embedded into the TOM and the outcome of the Governance review. It is therefore proposed that a revised communication of the strategy is undertaken on completion of the TOM in 22/23.
- 10) Further, consideration of the introduction of key performance metrics on the CPAMS objectives and Performance Management Plans on specific assets will be assessed in consultation with the Chief Strategy Officer, subject to prioritisation and available resources.
- 11) Officers will continue to review whether implications arising from the ongoing Fundamental Review, the Governance Review and the impact of Covid-19 may dictate an earlier formal review of the portfolio strategy is appropriate before 2025. Officers will therefore undertake an informal review on an annual basis and advise members if amendments or additions are necessary within the proposed life of the strategy.

Corporate & Strategic Implications

- 12) The revised CPAMS will continue to align with the aims of the Corporate Plan 2018-23 (subject to further review) and associated outcomes: -
- i) Contribute to a flourishing society
 - ii) Shape outstanding environments
 - iii) Support a thriving economy

Conclusion

13) This report provides an update on the current Corporate Property Asset Management Strategy 2020-25, since its adoption in November 2020. Good progress is being made across the majority of objectives, although some areas of concern require more focus, prioritisation and/or additional resources to make significant progress within the life of the strategy.

Appendices

- Appendix 1 - Corporate Property Asset Management Strategy 2020-25 RAG Status November 2021

Paul Friend

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