



## Procurement Sub (Finance) Committee

**Date:** MONDAY, 12 APRIL 2021

**Time:** 11.00 am

**Venue:** VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

**Members:** Hugh Morris (Chairman) Alderman Gregory Jones QC  
Deputy Robert Merrett (Deputy Chairman) Jeremy Mayhew  
Randall Anderson Susan Pearson  
Deputy Roger Chadwick William Pimlott  
Michael Hudson Deputy Philip Woodhouse  
Deputy Jamie Ingham Clark

**Enquiries:** Antoinette Duhaney, 020 7332 1408,  
antoinette.duhaney@cityoflondon.gov.uk

### Accessing the virtual public meeting

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

<https://youtu.be/LoUoOwC2BWo>

This meeting will be a virtual meeting and therefore will not take place in a physical location following regulations made under Section 78 of the Coronavirus Act 2020. A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

**John Barradell**  
Town Clerk and Chief Executive

# AGENDA

## Part 1 - Public Items

1. **APOLOGIES**

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

3. **PUBLIC MINUTES OF PREVIOUS MEETINGS**

To agree the public minutes of the meetings held on 11 February and 22 March 2021.

**For Decision**  
(Pages 1 - 8)

4. **PROCUREMENT SUB-COMMITTEE WORK PROGRAMME (APRIL 2021)**

Report of the Chamberlain.

**For Information**  
(Pages 9 - 10)

5. **OPTIONS TO PROMOTE SUPPLIER DIVERSITY**

Report of the Chamberlain.

**For Decision**  
(Pages 11 - 16)

6. **HIGHWAY CONSTRUCTION & MAINTENANCE TERM CONTRACT TENDER**

Report of the Director of the Built Environment.

**For Decision**  
(Pages 17 - 32)

7. **PUBLIC SECTOR DECARBONISATION SCHEME (PSDS) PROJECT APPROVAL AND GOVERNANCE**

Report of the City Surveyor.

**For Information**  
(Pages 33 - 108)

8. **PUBLIC SECTOR DECARBONISATION SCHEME (PSDS) PROJECT GATEWAY 2**

Report of the City Surveyor.

**For Information**  
(Pages 109 - 134)

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
11. **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 Schedule 12A of the Local Government Act.

**For Decision**

### **Part 2 - Non-Public Items**

12. **NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**

To agree the non-public minutes of the meetings held on 11 February and 22 March 2021.

**For Decision**  
(Pages 135 - 142)

13. **MECHANICAL AND GAS APPLIANCE TESTING AND MAINTENANCE AT DCCS HOUSING PROPERTIES: PROCUREMENT STAGE 1 STRATEGY REPORT**

Report of the Chamberlain.

**For Decision**  
(Pages 143 - 148)

14. **INSURANCE - PROPERTY: PROCUREMENT STAGE 1 STRATEGY REPORT**

Report of the Chamberlain.

**For Decision**  
(Pages 149 - 156)

15. **DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD REPORT**

Report of the Chamberlain.

**For Information**  
(Pages 157 - 162)

16. **REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY OR URGENCY POWERS**

Report of the Town Clerk.

**For Information**  
(Pages 163 - 164)

17. **ACTION FRAUD PROJECT UPDATE**

The Chamberlain to be heard.

**For Information**

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

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

## PROCUREMENT SUB (FINANCE) COMMITTEE

Thursday, 11 February 2021

**Minutes of the virtual meeting of the Procurement Sub (Finance) Committee held at 10.30 am.**

### **Present**

#### **Members:**

Hugh Morris (Chairman)	Alderman Gregory Jones QC
Deputy Robert Merrett (Deputy Chairman)	Jeremy Mayhew
Deputy Roger Chadwick	Susan Pearson
Michael Hudson	Deputy Philip Woodhouse
Deputy Jamie Ingham Clark	

#### **Officers:**

Peter Kane	Chamberlain's Department
Darran Reid	Chamberlain's Department
Sharon Lokko	Chamberlain's Department
Nicholas Richmond-Smith	Chamberlain's Department
Christopher Bell	City of London Police
Oliver Bolton	Town Clerk's Department
Antoinette Duhaney	Town Clerk's Department

#### **1. APOLOGIES**

Apologies for absence were received from Randall Anderson.

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

No declarations were made.

#### **3. PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 06.11.20. be agreed as a correct record subject to the following corrections:

- As agreed at a previous meeting, an Action Fraud update should be a standing agenda item for future meetings.
- The location of the meeting in the minutes header to be corrected to reflect that the meeting was a virtual meeting.

#### **4. PROCUREMENT SUB-COMMITTEE WORK PROGRAMME 2021**

The Sub Committee considered a report of the Chamberlain outlining the workplan for future meetings.

Members noted that the workplan for forthcoming meetings in March and May did not have many items listed. In view of this, the Sub Committee agreed to cancel these meetings and arrange a new meeting to be held in April after the Easter break. It was also agreed that the Sub Committee's terms of reference be reviewed at the next meeting.

RESOLVED –

1. That the report be noted.
2. That the meetings scheduled for March and May 2021 be cancelled and a new date arranged for the Sub Committee to meet in April 2021, after the Easter break.
3. That the Sub Committee's terms of reference be reviewed at the next meeting.

5. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT (FEBRUARY 2021)**

The Sub Committee considered a report of the Chamberlain updating Members on the work of the City Procurement team, key performance indicators and areas of progress.

Officers reported that despite the continuing challenges of COVID-19, a high level of output was being maintained with invoices being paid on time to support Small and Medium Enterprises during these unprecedented times.

In response to questions and comments from Members, Officers stated that additional staff had been deployed across the team to assist with the processing Freedom of Information (Fol) requests and that all expenditure above £500 was published on the CoL website. Officers undertook to revisit thresholds to see if more data could be made public to reduce the number of Fol requests.

RESOLVED –

1. That the report be noted.
2. That Officers revisit thresholds to see if there is scope for more data to be made public to reduce the number of Fol requests.

6. **CITY PROCUREMENT RISK MANAGEMENT - QUARTERLY UPDATE REPORT**

The Sub Committee considered a report of the Chamberlain giving an overview of the management of risks faced by City Procurement.

In response to comments and questions from Members, Officers stated that funding and staffing were of equal concern and that the impact of fundamental review savings and staffing levels was under constant review.

It was also reported that a Brexit Assurance exercise carried out for key suppliers had not identified any significant concerns/ impact. Some contractors such as specialist engineering and highways and maintenance had flagged delays in receiving key components/materials but thus far, this had not caused disruption

Although there was media interest in fresh food supplies, in the context of CoL supply chains, any impact was negligible and not due to Brexit. Officers were keeping a watching brief and undertook to provide an update for the next meeting.

RESOLVED –

1. That the report and the actions taken by the City Procurement team to monitor and manage risks arising from its operations be noted.
2. That an update of the impact of Brexit on supply chains be presented to the next meeting.

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

There were no public questions.

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

- **ACTION FRAUD PROJECT: DISPUTE RESOLUTION UPDATE, TENDER OF NEW SYSTEM AND OPTIONS FOR INTERIM ARRANGEMENTS**

The Chairman reported that the above late paper which had been circulated to Members, would be considered as urgent business. Once the non-public business had been concluded, the livestream would be resumed so that this item could be considered in public session.

9. **ENDORSEMENT FOR COURT SUBMISSION ON NEW COMMITTEE FOR NEXT GENERATION FRAUD AND CYBER CRIME REPORTING AND ANALYSIS SERVICE PROJECT**

The Sub Committee considered a joint report of the Town Clerk and the Commissioner seeking authority to establish a dedicated, time-limited, stand-alone fulfil the need for Member oversight of the Next Generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS).

In considering this report, a Member expressed reservations about establishing yet another Committee in the context of the recommendations of the corporate governance review which were still being considered. A Member also expressed concerns at the late circulation of this report which provided little time for Members to give this matter full consideration before making an informed decision.

Officers gave assurances that the proposed new Committee would be required for a fixed period of time to steer procurement of the new service, following which the committee would be dissolved.

RESOLVED - That the establishment of a new stand alone, time-limited committee to oversee the FCCRAS project be endorsed, with decision-making responsibilities of the Procurement Sub Committee passed on to this new committee. (Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from all the relevant committees referenced in paragraph 15 of the officer report).

**10. 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 remaining 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.

**11. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the non-public minutes of the meeting held on 06.11.20. be agreed as a correct record.

**12. REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY OR URGENCY POWERS**

The Sub Committee considered a report of the Town Clerk advising Members of action taken by the Town Clerk in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and 41(b) since the last meeting.

**13. ACTION FRAUD PROJECT: DISPUTE RESOLUTION UPDATE, TENDER OF NEW SYSTEM AND OPTIONS FOR INTERIM ARRANGEMENTS**

The Sub Committee considered a joint oral update from the Chamberlain and the Commissioner.

**14. EXTENSION OF MANAGED SERVICE TEMPORARY AGENCY RESOURCE CONTRACT**

The Committee considered a joint report of the Town Clerk and the Chamberlain seeking approval for the recommended procurement strategy to extend the existing contract for the supply of temporary labour.

**15. MAJOR PROGRAMMES UPDATE**

The Committee considered an update from the Chamberlain

**16. DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD REPORT**

The Committee considered a report of the Chamberlain outlining action to monitor the use of departmental purchase cards.

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

There were no non-public questions.

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

There was no other non-public business.

**The meeting closed at 11.26 am**

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Chairman

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## PROCUREMENT SUB (FINANCE) COMMITTEE

Monday, 22 March 2021

Minutes of the meeting of the Procurement Sub (Finance) Committee held virtually at 3.00 pm

### Present

#### Members:

Hugh Morris (Chairman)	Deputy Jamie Ingham Clark
Deputy Robert Merrett (Deputy Chairman)	Jeremy Mayhew
Randall Anderson	Susan Pearson
Michael Hudson	Deputy Philip Woodhouse

#### Officers:

Christopher Bell	- City of London Police
Antoinette Duhaney	- Town Clerk's Department
Polly Dunn	- Town Clerk's Department
Lisa Moore	- Chamberlain's
Nicholas Richmond-Smith	- Chamberlain's
Oliver Bolton	- Town Clerk's Department
Alistair Cook	- Chamberlain's Department
Ian Dyson	- Commissioner of the City of London Police
Peter Kane	- Chamberlain
Simon Latham	- Town Clerk's Department
Philip Mirabelli	- Comptroller and City Solicitor

#### 1. **APOLOGIES**

Apologies for lateness were received from the Chairman, Hugh Morris. Deputy John Bennett (Deputy Chairman) took the Chair.

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

There were no declarations.

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

There were no questions.

#### 4. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

#### 5. **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.

6. **WITHOUT PREJUDICE SETTLEMENT OFFER REGARDING ALL DISPUTE NOTICES CURRENTLY SERVED ON THE ACTION AND KNOW FRAUD CONTRACT**

Members considered a report of the Commissioner regarding the Without Prejudice Settlement Offer regarding all Dispute Notices currently served on the Action and Know Fraud contract.

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

There were no questions.

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

There was no other business.

**The meeting closed at 4.00 pm**

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Chairman

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**Procurement Sub-Committee – Work Programme (April 2021)**

Meeting:	12 April 2021	9 June 2021	15 July 2021	16 September 2021	21 October 2021	25 November 2021
<b>Strategy, Policy, Continuous Improvements and Performance</b>						
		<ul style="list-style-type: none"> <li>• <b>Risk Update</b> (public, for info)</li> <li>• <b>City Procurement Qrtly Update</b> (public, for info)</li> <li>• <b>Procurement Targets update</b> (public, for info)</li> <li>• <b>Annual Waiver Report</b> (non-public, for info)</li> <li>• <b>Response to Chief Officers Purchase Card Report</b> (non-public, for info)</li> </ul>			<ul style="list-style-type: none"> <li>• <b>Risk Update</b> (public, for info)</li> <li>• <b>City Procurement Qrtly Update</b> (public, for info)</li> <li>• <b>Procurement Targets update</b> (public, for info)</li> </ul>	
<b>Sourcing and Category Management</b>						
	<ul style="list-style-type: none"> <li>• <b>Insurance December Programme</b> (non-public, for decision)</li> <li>• <b>Mechanical and Gas Appliance Testing and Maintenance at DCCS Housing properties Procurement Stage 1 Strategy Report</b> (non-public, for decision)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Architects, Stage 2</b> (non-public, for decision)</li> <li>• <b>Approval to award Filming location Agency Concession</b> (public, for decision)</li> </ul>				
<b>Contract Management and Responsible Procurement</b>						
	<ul style="list-style-type: none"> <li>• <b>Supplier Diversity Options Paper</b></li> </ul>					

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# Agenda Item 5

<b>Committee(s)</b>	<b>Dated:</b>
Procurement Sub Committee	12 April 2021
Finance Committee	13 April 2021
Policy & Resources Committee	6 May 2021
Subject: Options to Promote Supplier Diversity	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	3a, 5c, 7b
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£30,000
What is the source of Funding?	Policy Initiative Fund
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: The Chamberlain	For Decision
Report author: Lisa Moore, Procurement Policy & Compliance Officer	

## Summary

City Procurement has been asked to outline options to promote diversity in the City Corporation supply chain. This paper considers what options we have to increase the number of businesses owned by 'under-represented groups' such as BAME, women, LGBTQ+, and people with disabilities.

The recommended option is to commission a study which will help City Procurement identify 'market' areas, based on procurement categories, with diversity issues so that positive action can be taken. From that research a Procurement Policy Statement will be drafted to address areas of concern and areas with opportunities.

Additionally, a number of actions within the current procurement policy framework have been proposed including a communications campaign with the support of the staff networks and Equality and Diversity representatives where appropriate, to ensure all officers are aware of the importance of considering Equalities and Inclusion earlier in the 'commissioning' process and how they can have an impact now.

City Procurement will report back to Procurement Sub Committee on the progress of the recommendation actions and any additional actions as a result of the requested study.

## Recommendation(s)

Members of Procurement Sub Committee and Finance Committee are asked to:

- Approve the recommended action plan for FY2021/22.

Members of Policy & Resources Committee are asked to:

- Approve the funding of £30,000 from the 2021/22 Policy Investment Fund for research on diversity issues and opportunities broken down by categories of spend.

## **Main Report**

### **Background**

1. The City Corporation have long championed the inclusion of SMEs in our supply chain. Efforts are made to erode barriers throughout the procurement process.
2. The Responsible Procurement Policy has 18 commitments covering social value, environmental sustainability, and ethical sourcing. The three most relevant to this paper include:
  - a. Encourage and facilitate integration of VCSEs, SEs and SMEs within our supply chains
  - b. Seek to reduce gender pay gaps and under-representation of people with protected characteristics as part of supplier evaluation and through awareness raising, communication and transparency of our own performance
  - c. Work with suppliers who take active steps to embed equality, diversity and inclusion
3. Achievement of these commitments will support the continued delivery of the Responsible Business (RB) Strategy 2018-23 specifically the priorities of Equal Opportunities and Diverse Organisations

### **Current Position**

4. The TRT asked City Procurement to consider how we can attract procurement bids from Black or Minority Ethnic SMEs.
5. Finance Committee Members have also asked City Procurement what it can do to promote BAME led business in our supply chain and a public paper with options has been requested.

### **Proposals**

6. The City Corporation procures in line with the Public Contracts Regulations 2015 (PCR 2015), which are based on principles of competition, equal treatment, non-discrimination and transparency, and so provides some support in tackling discrimination. However, positive action taken to specifically target organisations led by people with any protected characteristics, including BAME-led firms, is limited to a certain extent.
7. Where we have evidence that under-representation is prevalent in specific industries, it is possible to take positive action to advertise tender opportunities in a targeted way to tackle such under-representation.
8. For contracts with values under the official spend thresholds of PCR 2015, we have more freedom to take such targeted action and as such part of the proposal is to focus on contracts with a value below £100,000. Suppliers can be nominated by departments and as a result diversifying our supply chain for this level of spend can happen immediately without a change of policy. By

focusing on lower value contracts, the aim is to give under-represented minority owned SMEs, especially micros and small companies the opportunity to get public sector contract experience, and increasing representation of these businesses in our supply chain. Running a quote exercise ensures that the City Corporation is still obtaining Value for Money as well as promoting greater diversity.

9. To support this, we need identify areas where under-representation is most prevalent based on our categories of spend. We propose to align under-represented groups to those of our staff action groups i.e. businesses led by BAME, women, LGBTQ+ and/or disability (including neural diversity).

## **Options**

10. The following action plan has been drafted in consultation with the Responsible Business team and the Diversity & Engagement Lead Officer. The plan includes several immediate actions which could allow us to make progress in the short term as well as translating some of our aims into policy for a longer-term impact.
11. Proposals have been broken down into four workstreams with estimated dates for the work to be completed:

## **Action plan**

12. Research and policy development
  - April-June 2021 – Commission a study to outline areas/categories of City Corporation spend that have 'diversity issues' (e.g. Architects and BAME) or where diversity is prevalent so that we can take positive action (targeted quote exercises e.g. catering). The report will act as a guide to ensure future actions have the greatest impact. City Procurement will report back to Procurement Sub Committee on the findings of this study including any further recommended actions.
  - June/July 2021 – Following on from the research that will enable resource to be targeted to maximise impact, draft a Procurement Policy Statement to promote Supplier Diversity outlining what are we aiming to achieve i.e. supporting SMEs and BAME/Women/LGBTQ/Disabled (under-represented groups) led or suppliers working toward diversity with E&I policies. By such time, the City Corporation SME Strategy may have been completed which could inform our approach. Additionally, City Procurement will work the proposed Equalities & Inclusion function as proposed by the TOM.
13. **Responsible Business**
  - April/May 2021– Communications campaign with the support of the staff networks and ED&I department representatives where appropriate, to promote diversity through the existing policy framework. For contracts up to £100,000 at least three quotes must be obtained where diverse suppliers are nominated. This work will be informed by the research on

category spend to help inform departments on how to identify businesses led by under-represented groups.

- April/May 2021– Officers should consider options to promote diversity as part of business planning and at commissioning stages to ensure all available possibilities are examined. As part of the communications campaign, a reminder of the Public Sector Equality Duty and undertaking an Equalities Impact Assessment from project start will be included.

#### **14. Procurement Exercise**

- April/May 2021 – Draft a selection and award question to assess diversity including bullying/harassment and whistleblowing policies to be used in relevant procurements.
- June/July 2021– To support contracts over PCR 2015 thresholds, explore what further barriers might exist for SMEs led by under-represented groups e.g. insurance, prior experience, turnover caps. This supports the procurement commitments proposed for the new City Corporation SME strategy.

#### **15. Reporting**

- September 2021– As at 1 March the City Corporation is paying over 8,000 active SMEs. It is not currently feasible for the City Corporation to update those profiles to include diversity statistics, as each Supplier is responsible for the management of its own profile on the procurement system, and the declaration of ownership diversity is optional. Instead, City Procurement will look at options to enable suppliers to self-certify as an under-represented group as part of the procurement process.
- September 2021– For areas of spend/categories where it is determined that under-representation is an issue, we will work with the top 25 suppliers of those areas to understand what Equality, Diversity and Inclusion policies are in place and if there are areas of improvement. Once commenced reporting on progress with this commitment can be included in the City Procurement Quarterly Update report.

### **Corporate & Strategic Implications**

#### **Sub-headings**

16. **Strategic implications** – The proposed action plan is aligned with the City Corporation’s Corporate Plan to contribute to a flourishing society and support a thriving economy.
17. The action plan also supports the priorities of the Responsible Business Strategy, commitments in the Responsible Procurement Policy, and the upcoming City Corporation SME Strategy to support recovering from Covid-19.

18. **Financial implications** – It is proposed that the required funding of £30,000 is to be drawn from the 2021/22 Policy Initiative Fund categorised as Communities and charged to City’s Cash to support our work in this area. The current uncommitted balance in the 2021/22 Policy Initiative Fund is £706,365 prior to any other allowances being made for other proposals on today’s agenda.
19. **Resource implications** – Actioning the proposed plan will have an impact on resources from the Responsible Business team, City Procurement and officers across the corporation when undertaking procurement.
20. If successful, the program is likely to increase the number of suppliers on our Finance system which will have an impact of the Data & Reporting team in City Procurement which sets up new suppliers.
21. **Legal implications** – The action plan is aligned with current procurement regulations both internal and external. As a procurement process will be undertaken suppliers would be awarded a contract on stated award criteria (based also on existing well known criteria as found for eg. in the Social Value Act) and not due to their protected characteristics mitigating risk of challenge for breach to the Equalities Act. Any further policy proposals will be checked with Comptroller’s for continued compliance.
22. **Risk implications** – The proposed action plan may result in untested suppliers delivering contracts for the City Corporation. The risk of businesses failure may be enhanced.
23. Any future considerations for reporting will need to carefully consider implications under the United Kingdom General Data Protection Regulation. Data concerning Race, Gender, Health, a person’s sex life and sexual orientation are classed as special category data.
24. **Equalities implications** – The recommendations of this report seek to strengthen review of Equalities and the Public Sector Equality Duty for all relevant procurements at the City Corporation.
25. **Climate implications** – N/A
26. **Security implications** – N/A

## Conclusion

27. In response to a request from the TRT and Finance Committee, City Procurement propose several options compliant with the framework of public procurement which aim to diversify our supply chain. While some options require research and more consultation, there are actions which can be undertaken across the City Corporation immediately to increase the use of suppliers from under-represented groups.

## Report author

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# Agenda Item 6

<b>Committee(s)</b>	<b>Dated:</b>
Procurement Sub Committee – For Decision Finance Committee – For Decision Project Sub Committee – For Information Streets and Walkways Sub Committee – For Information	12 April 2021 13 April 2021 14 April 2021 29 April 2021
<b>Subject:</b> Highway Construction & Maintenance Term Contract Tender	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>1, 9, 10, 12</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> Director of Built Environment	<b>For Information / For Decision</b>
<b>Report authors:</b> Ian Hughes (Deputy Director), Transportation & Public Realm Giles Radford, (Highways Manager), T&PR, DBE	

## Summary

The purpose of this report is to seek Member approval for the procurement strategy to be used in the selection of a new term contractor for highway construction & maintenance services.

The City's current highways term maintenance contractor is JB Riney who deliver highway maintenance, resurfacing, road marking, drainage, street lighting, public realm enhancements and highway changes for the Department of the Built Environment, as well as similar services for other departments.

Experience has shown that having a term contract in place has delivered several benefits. These include economies of scale, high quality work, early contractor involvement, quicker scheme delivery, lower staff costs, greater cost certainty, partnership working and more appropriate risk management.

The City’s term contract was last tendered in 2012 and consolidated a number of previous contracts, using economies of scale to deliver significant savings. As a result, returning to separate contracts for different aspects of the service is not recommended. Similarly, other procurement options such as taking the function back in house, using frameworks or employing the London Highway Alliance Contract (LoHAC) are not expected to deliver Best Value across a range of measures including cost, quality & performance, flexibility and early contractor involvement.

JB Riney are now 8½ years through their ten-year term (five years plus five-year extension), during which time they have maintained a very high level of performance. Nevertheless, the contract cannot be extended, and it is appropriate to test the market again to determine whether Riney are delivering best value. As such, officers of DBE, together with Procurement and Comptrollers, are intending to retender these services in time for the current contract to expire in June 2022.

### **Recommendation(s)**

Members are recommended to approve the retendering of the term contract for highway construction & maintenance as set out in this report.

### **Main Report**

#### **Background**

1. The City Corporation is the Highway Authority for all the public highway and City walkway areas in the Square Mile, except those streets that fall within the Transport for London Road Network.
2. As such, the Department of the Built Environment (DBE) is responsible for maintaining those streets, footpaths and walkways, including inspecting them for defects, undertaking repairs and resurfacing, maintaining signs, road markings, bollards, street nameplates & drainage. It also looks after powered & illuminated street furniture, such as road signs, fountains & streetlights, as well as all new highway construction activities, ranging from road safety & transportation schemes to public realm & security projects, including highway repairs & enhancements related to building developments.
3. DBE delivers all these functions using a term contract, with the current incumbents being JB Riney. They were awarded the contract in early 2012 following a standard EU procurement process, and over the 8½ years of the contract so far, Riney have often delivered over £10m of work each year. Most of that value relates to major public realm schemes & developments rather than standard highway maintenance operations, but also includes a smaller amount of work delivered for Open Spaces and the City Surveyors.
4. Despite the impact of COVID-19 which resulted in a shutdown of non-essential work during the last part of the contractual year (which ran to June 2020), the value of work delivered through the term contract remained around £10m for the year.
5. With the current term contract set to expire in June 2022, officers have confirmed with the Comptroller & City Solicitor that it cannot be extended beyond its five + five year duration, and the expectation in any case would be that after 10 years operation, it's appropriate to test the market to ensure the City is still receiving best value for these services.

## Contract Focus

6. The direction and culture of the forthcoming contract needs to remain aligned to the City's requirements of delivering & maintaining high quality streets and public spaces. It also needs to consider the challenging funding environment for highway maintenance works that recently resulted in changes to the City's intervention thresholds for road and footway repairs.
7. The winning bidder will be required to demonstrate value for money, operate with a degree of flexibility that minimises the impact of their works on pedestrian and vehicular traffic and be able to introduce innovation to the way services are delivered through the use of recycled materials and identifying more sustainable approaches to maintaining the highway aligned with the Climate Action Strategy.
8. The City's term contract has been built on a partnership approach with a series of City-specific Key Performance Indicators and sample checks being used to monitor performance, and with the contractor only paid for the work they complete rather than tracking every deviation from the construction package which otherwise can result in the creation of a claims culture.
9. The difficulties of working in the City's compact street environment, often with prohibitive volumes of underground utility services, requires the winning bidder to be flexible and adaptable, making a prescriptive contractual approach unsuitable for the City's environment. To help manage this, Riney felt it appropriate to embed a resource at Guildhall dedicated to working with the City to improve and maintain communications with those affected by their works, and something similar may be proposed by tenderers this time.
10. Other successful aspects of the contract that will be sought to be retained include:
  - a percentage of the contract sum is put at risk in the event of underperformance against the contract KPIs
  - a mechanism is included to allow for early invoicing for standard monthly activities, allowing for a contract discount to be offered by the contractor
  - a percentage rebate is offered by the contractor back to the City based on turnover through the contract over the previous 12 months, available for reinvestment to promote innovation
  - high standards for ethical procurement, particularly the way in which materials are sourced through the supply chain.
11. In terms of new innovations, the contract will look to include:
  - any innovation or concept that will support or align with the objectives of the Climate Action Strategy, including engagement with the supply chain regarding sustainable new materials & products
  - a specification aligned with the City's approved technical manual SPD for the use of highway materials and concepts such as Sustainable Urban Drainage Systems

- a focus on managing the contractor's vehicle fleet, encouraging the use of electric vehicles, tools and plant
- the provision of lean technological processes that help the collection and management of data in a faster and more cost-effective way
- better use of technology to enhance Health & Safety and improve working practices in terms of near miss reporting, protection systems and live site updates to gangs
- reporting and active support for diversity within the company and the contract
- opportunities for apprentices in terms of their performance and development.

### **Current Position – Use of a Term Contract**

12. There are several established benefits to using a term contract arrangement for Highway works.

#### Economies of Scale

13. Matters of highway maintenance and scheme delivery clearly overlap in terms of labour, plant & materials, and the combined volume of maintenance & project work through the term contract delivers economies of scale in terms of material rates and management skills.
14. Taking this approach in 2012 and combining three previously separate term contracts (highway maintenance, highway resurfacing and highway drainage) delivered efficiency savings of around 18% on revenue works and 22% on typical capital street scene works. As a result, it is thought uneconomic to unpick this approach and separate these contracts back out.

#### Quality of work

15. In addition to economies of scale, there is a risk to the City of using different contractors for different types of work. This is because of the City's difficult working environment, its use of high-quality materials that need particular expertise, and its desire for high quality finishes that better suit a regular, skilled and knowledgeable workforce.
16. Most of the construction gangs have worked in the City for many years, using TUPE to transfer across companies to remain here. As a result, they are used to working in the City's narrow streets with our difficult combination of traffic, cyclists, pedestrians, businesses, residents and visitors. They also have a proven track record of delivering high quality work with our specialist pallet of materials that has stood the test of time.
17. By comparison, other contractors can lack the experience of working in our challenging environment and gangs & supervisors can be unprepared for the City's local conditions.

#### Early contractor involvement

18. The City is sufficiently skilled in the process of delivering complex highway schemes that we develop the final design for the eventual scheme in parallel

to how the scheme will be built. This allows the range of construction costs to be narrowed during the design process, with contingencies reduced and potential savings identified.

19. Key to this is the need for early contractor involvement, meaning the decision over the choice of contractor must be made early in the project. Having a term contractor actively involved early in the design and construction planning process allows them to advise on maintainability and buildability issues in the certainty that they will both be undertaking the work as well as maintain it going forward. Without a term contract in place, this would not be possible, and these benefits would be unrealised.

#### The risk of claims

20. Under a separate tendering arrangement for each major project, there would also be a much greater risk of claims as tenderers will be more likely to lack an adequate appreciation of how difficult a place the City is to work because of its narrow streets, high traffic and pedestrian density, high quality requirements and major subsurface utility infrastructure.
21. As a result, they are much more likely to request compensation events than under the City's current term contract arrangement, where such claims are virtually nil as the contractor is able to redeploy staff to other City work in the event of delays caused by unforeseen issues.

#### **Options - Alternatives to a term contract**

22. The benefits set out above typically underpin the choice of a term contract over other ways of procuring these services and is the way most highway authorities manage these functions. There are alternatives (set out below), but none have proved sufficiently viable in the past for the City to utilise them for this type of work.

#### In-house provision of services

23. It is some time since the City delivered these services through an in-house direct labour structure, and currently there are no plans to propose such a move. Using experienced construction companies is still seen as the most efficient way to deliver these works across the sector as they typically have wider resources to draw upon, they are in a better position to manage supply chain risks and they can use accumulated volumes across different contracts to negotiate enhanced rates in labour, plant and materials.

#### Retendering each major scheme

24. There is an argument that retendering individual major schemes would allow market forces to deliver the cheapest rates for each job. However, there are several key problems with this approach. In particular, tendering major works on an individual basis would cause significant delays to each project due to the timescale involved in such a process.
25. A tender would usually only be run once the construction package is finalised, at which point the scheme delivery process would have to stop for this to happen. Given the value of some schemes, having to tender at this point could then add over a year to the construction timetable as OJEU tendering

regulations would apply and add considerably to staff costs. Early contractor involvement would also not be possible in order to maintain a level playing field between tendering companies.

26. By having a term contract in place, the City does not have to wait for the scheme construction package to be finalised and the design process halted while the work package is tendered. Instead, costs are established through a dynamic assessment process during the design stage.

#### Operating a series of framework contracts

27. A framework contract with a number of suppliers to call off could address some of these mid design tendering delays but disconnecting the major works contract from the highway maintenance contract risks introducing conflicts between contractors in terms of design and downstream maintainability.
28. In addition, the current joined up approach allows the contractor to move resources between schemes & maintenance works, allowing it to manage resources without incurring claims by responding to on-site delays, moving gangs between works to keep them productive. Having different contractors delivering different aspects of the same service puts this flexibility at risk.

#### The London Highways Alliance Contract (LoHAC)

29. TfL recently completed a retender for their highway services which is open for other highway authorities in London to join. The City can choose to join the London Highways Alliance Contract (LoHAC) but previous benchmarking of the respective contract costs had previously shown the City's term contract was demonstrably cheaper. However, more fundamentally, differences in the two forms of contract suggest LoHAC would cost more for the City to administer & it would introduce a significant risk of claims that are virtually absent from the City's term contract.
30. On this basis, Members previously agreed to remain with the City's term contract approach when Riney's 5 year contract extension was approved, and despite the recent retender by TfL, the view of officers remains the same. Any potential economies of scale are outweighed by a likely lack of priority from the contractor when part of such a wide-ranging contract, as well as the risk of higher management costs and the introduction of a claims culture. As such, using LoHAC is not recommended, albeit there could still be opportunities to remain involved for benchmarking and contingency planning purposes.

#### **Proposal**

31. In summary, the justification for continuing to use a term contract for these functions includes:
  - It allows the provision of flexible, joined-up services, having one contractor to build, inspect and maintain all aspects of the highway;
  - It allows resources to be swapped seamlessly between highway maintenance and major schemes, minimising the risk of claims for downtime whilst ensuring maximum flexibility of resource

- It delivers economies of scale in terms of management resource, material procurement and workforce;
  - It facilitates a corporate resource available to other departments to deliver work of a similar nature;
  - It removes the delay and cost to individual projects of tendering these services each time, creating a 'fast track' to facilitate early contractor involvement, both in terms of time and expertise;
  - It minimises the impact of these works on the public by ensuring that gangs, supervisors and managers all understand the requirements necessary to work in the Square Mile.
32. As a result, it is proposed to proceed with a combined tender for a term contract for these works and services based on the Timeline set out in Appendix 1.

### **Strategic Implications**

33. Having an effective, high quality term contract for highways construction & maintenance is essential to delivering key aspects of the City's Corporate plan, in particular:
- Our spaces are secure, resilient & well maintained to high standards
  - Creating & transforming streets & public spaces for people to admire & enjoy
  - Improving the experience of arriving in & moving through our spaces
  - Protecting users of streets & public spaces
34. The Procurement Category Board has confirmed it is supportive of the proposed procurement approach to deliver Best Value for highway works (see Appendix 2), with the contract designed to be available for use by other departments.

### **Financial implications**

35. In 2012, the estimated annual value attributed to the contract was £10m per annum. The value of works delivered through the contract has since varied from £4m (during the Olympic shutdown in 2012) to almost £17m per 12 month period, with the annual amount depending on the volume of work around new developments, public realm schemes (such as Holborn Circus, the recent Street Lighting LED upgrade & Crossrail) and general highway maintenance operations..
36. The following table helps to show the spend profile over the eight full contract years so far (1<sup>st</sup> July to 30<sup>th</sup> June). A similar level of turnover is expected for the new contract, but to be clear, no guarantee of turnover is included in the contract and the City is not required to underwrite a specific volume or value of work.

2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
£3.7m	£9.3m	£11.2m	£10.8m	£10.6m	£13.4m	£16.98m	£10.2m

### Resource implications

37. By allowing the term contractor to deliver a joined-up service managed through Key Performance Indicators, the City staff resources required to manage the contract are relatively limited and have been able to function without the need for quantity surveyors. Changing the currently contractual approach would likely require additional DBE staff resources to manage this process.

### Legal & Risk implications

38. As noted above, the term contract will reach the full extent of its available term in June 2022 and cannot be extended with the risk of challenge. Therefore, a retender for these services is required.

### Equalities Implications

39. Active engagement and management of diversity within the company and the contract will be of the highest importance, whilst clear and concise data capture on how this is being achieved will be mandatory.

### Climate Implications

40. All changes and new innovations within the proposed contract will seek to improve our approach towards the climate change emergency through delivering new initiatives and innovations with successful and measurable outcomes.

### Security Implications

41. None

### Conclusion

42. The term contract partnership approach has a proven track record (20 years+) in delivering high quality outcomes for the City & its stakeholders and remains the preferred solution for delivering these functions.

### Appendices

- Appendix 1 - Contract award & mobilisation timetable
- Appendix 2 – Procurement Category Board (PT4) Report

**Report authors:**

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## **Appendix 1 – Contract Award & Mobilisation Timetable**

<b>Stage</b>	<b>Date</b>
Supplier engagement meetings - commence	16/03/2021
Procurement Initiation Notice issued	01/05/2021
Completion of tender documents - Highways	31/07/2021
Publish Contract Notice & all tender documents	12/08/2021
Return of Qualification & Tech responses deadline	17/09/2021
Evaluation - Completion	20/10/2021
Finalise shortlist of 6 contractors	21/10/2021
Publish ITT on the portal	25/10/2021
ITT - deadline (return of Technical + Commercial)	19/11/2021
Technical - Evaluation (Start)	23/11/2021
Completion of Technical Evaluation	14/12/2021
Start Evaluation - Commercial Envelope	15/12/2021
Completion - Commercial Evaluation	29/12/2021
Draft PT8 - Tender Award Report (Procurement)	04/01/2022
Committee Approvals - Award & Commence	12/01/2022
TUPE - Outstanding Issues	24/02/2022
Issue Contract Award Notice + 10 day Alcatell period	01/03/2022
Challenges - if none, issue letters to other bidders	14/03/2022
Legal - Contract Execution	14/03/2022
Mobilisation Period - TBC with contractor	04/04/2022
Commencement of contract	01/06/2022

## **Appendix 2 - Procurement Category Board (PT4) Report**

### PT4 - Committee Procurement Report

*This document is to be used to identify the Procurement Strategy and Purchasing Routes associated with a project and only considers the option recommended on the associated Gateway report.*

### **Introduction**

City Procurement Project Reference:	20/394PS		
Project / Contract Title:	Highway Construction and Maintenance Contract		
Project Lead & Contract Manager:	Giles Radford	Lead Department:	DBE
Category Manager:	Hirdial Rai	Other Contact:	Ian Hughes
Total Contract Value (excluding VAT and inc. extension options):	£50m 5-year contract + 5-year extension option £50m, total £100m over 10-year period.	Contract Duration (inc. extension options):	5 years + 5-year extension option
Budget approved Capital/Revenue:	Not Applicable Not Applicable	Capital Project reference (if applicable):	
<p><b>Gateway Approval Process</b></p> <p>Is this project subject to the Gateway process? Yes/<del>No</del></p> <p>If so, what was the last Gateway report, and date of approval, and what is the next Gateway report and scheduled date for recommendation for approval?</p> <ul style="list-style-type: none"> <li>• Procurement Sub Committee – For Decision</li> <li>• Finance Committee – For Decision</li> <li>• Project Sub Committee – For Information</li> <li>• Streets and Walkways Sub Committee – For Information</li> </ul>			
<p><b>Opportunity for Inter-City Collaboration (is there another site/department that could benefit from this project)?</b></p> <p>The is scope to undertake highway type of works for other departments should they chose to use this procurement route. This would be on a case by case basis.</p>			

## Procurement Strategy Recommendation

### City Procurement team recommended option

Option 1 – Highway Construction and Maintenance Contract based on Schedule of Rates with a bespoke Highway Maintenance Contract. The following helps to explain why this approach is recommended:

#### Economies of Scale

Matters of highway maintenance and scheme delivery clearly overlap in terms of plant, materials & labour, and the combined volume of maintenance & project work through the term contract delivers economies of scale in terms of material rates and management skills.

Taking this approach in 2012 and combining three previously separate term contracts (highway maintenance, highway resurfacing and highway drainage) and delivered efficiency savings of around 18% on revenue works and 22% on typical capital street scene works. As a result, it is thought uneconomic to unpick this approach and separate these contracts back out.

#### Quality of work

In addition to economies of scale, there is a risk to the City of using different contractors for different types of work. This is because of the City's difficult working environment, its use of high-quality materials that need particular expertise, and its desire for high quality finishes that better suit a regular, skilled and knowledgeable workforce.

Most of the construction gangs have worked in the City for many years, using TUPE to transfer across companies to remain here. As a result, they are used to working in the City's narrow streets with our difficult combination of traffic, cyclists, pedestrians, businesses, residents and visitors. They also have a proven track record of delivering high quality work with our specialist pallet of materials that has stood the test of time.

By comparison, other contractors can lack the experience of working in our challenging environment and gangs & supervisors can be unprepared for the City's local conditions.

#### Early contractor involvement

The City is sufficiently skilled in the process of delivering complex highway schemes that we develop the final design for the eventual scheme in parallel to how the scheme will be built. This allows the range of construction costs to be narrowed during the design process, with contingencies reduced and potential savings identified.

Key to this is the need for early contractor involvement, meaning the decision over the choice of contractor must be made early in the project. Having a term contractor actively involved early in the design and construction planning process allows them to advise on maintainability and buildability issues in the certainty that they will both be undertaking the work as well as maintain it going forward. Without a term contract in place, this would not be possible, and these benefits would be unrealised.

#### The risk of claims

Under a separate tendering arrangement for each major project, there would also be a much greater risk of claims as tenderers will be more likely to lack an adequate appreciation of how difficult a place the City is to work because of its narrow streets, high traffic and pedestrian density, high quality requirements and major subsurface utility infrastructure.

As a result, they are much more likely to request compensation events than under the City's current term contract arrangement, where such claims are virtually nil as the contractor is able to redeploy staff to other City work in the event of delays caused by unforeseen issues.

## Route to Market Recommendation

### City Procurement team recommended option

OJEU(FTS) Restricted process – We have researched into the market and the only alternative is really a Framework. A framework does not give us the breadth to open this up to the wider market.

## Specification and Evaluation Overview

<p>Summary of the main requirements:          Much of the highways maintenance and construction activities are delivered through the CoL's core term maintenance contract. This contract has been in place since 2012 and is due to expire on the 30th June 2022.</p>	
<p>Technical and Pricing evaluation ratio          40% (Technical) / 60% (Price)</p>	
<p>Overview of the key Evaluation areas (if known at this stage):</p> <ul style="list-style-type: none"> <li>- While this has been a very successful contract, CoL recognises that there is an opportunity to build upon these successes and take steps to identify and maximise the opportunities available to both the CoL and the appointed supplier. Our ambition is therefore to maintain these high levels of performance, whilst encouraging and supporting innovation. We are very keen to work with a supplier who is innovative in terms of how our core/continuing requirements are realised, in addition to discussing new ideas and ways of maximising the relationship. Our ambition is for this to create an exciting and new way of delivering highways services, whilst continuing to perform at the expected high levels.</li> <li>- The duration of the contract is 5 years, subject to the right of the City (at its sole discretion) to exercise its right to extend the Contract by up to 5 further years. The maximum length of the contract is therefore 10 years. The CoL anticipates that the value of the initial term of the contract (5-year period) would be in the region of GBP 50 000 000 (~ £10 Million a year). However, this is an indicative figure only based on its current 'core' scope of requirements and on the assumption that the contract would be in place for that duration. There will be the potential for a 5-year extension, but this will be subject to performance and quality objectives being met. Any extension would require committee approvals from the City of London Committees.</li> </ul>	
<p>Does contract delivery involve a higher than usual level of Health &amp; Safety, Insurance, or Business risk to be allowed in the procurement strategy?</p> <ul style="list-style-type: none"> <li>• Principal Contractor is required to consider all health and safety risks that could arise during the construction phase of projects and the contract. SSIP approval is a minimum for our contractors but we drive a positive H&amp;S culture to ensure best practice can always be maintained.</li> </ul>	
<p>Are there any accompanying documents with this report? <i>e.g. PTO/outlined project plan identifying roles and responsibilities as appropriate</i>          If yes, please include information in the appendices section below.</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>Will this project require the winning supplier(s) to process personal data on our behalf?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>Is there a requirement for a Performance Bond on this Project and if so, on what grounds?          There is no requirement for a performance bond for this type of contract. The KPI system measures performance and should standards drop financially penalties will occur for bad performance.</p>	
<p>Will the procurement process require a financial assessment? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>          If yes, please indicate recommended assessment: Finance Check <input checked="" type="checkbox"/> Financial Appraisal <input type="checkbox"/>          Please indicate reasons for this recommendation (please include in this section information on project being rated low/not low):</p> <ul style="list-style-type: none"> <li>• At SQ stage all bidders progressing to ITT will undergo a financial check to see if they meet the minimum turnover requirement.</li> </ul>	
<p>If yes, please make sure you've defined roles and responsibilities within your project specification. For more information visit <a href="#">Designing Specifications under GDPR</a>. You may include your Privacy Impact Assessment or other relevant report as an appendix to this PT form when submitting to category board (for information).</p>	
<p>Evaluation Panel – Please enter Names and Departments below (if known)</p>	
<p>Giles Radford – Highways Manager (DBE)</p>	<p>Ian Hughes – Asst Director (DBE)</p>

**Procurement Strategy Options** *This could include inter-departmental usage, external collaborative opportunities, existing contracts integrated once expired or adding it to an existing contract. Options for Make (In-house delivery) versus Buy (Outsource) decision to be considered; also indicate any discarded or radical options.*

<p><b>Option 1: <a href="#">Highway Maintenance Contract – Based on Schedule of Rates</a></b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Have set schedule of rates for works, which include labour, plant and materials</li> <li>• Easy to estimate projects by build-up of these rates</li> <li>• Costs and time frames very clear</li> <li>• Plan future projects with a pipeline of work</li> <li>• Time to establish a working partnership over the period of the contract</li> <li>• OJEU compliant contract</li> <li>• Single contractor who has a reliable supply chain</li> <li>• All costs can be predicted and standardised and easier to budget</li> <li>• One main contractor carrying out all the works under MTC this negates the need to go out to tender saving a lot of officer time and cost in the process.</li> <li>• Each order for work can begin much faster as you don't need to go through a tender process</li> <li>• The use and investment in the latest innovations, techniques and methods of works</li> <li>• Flexibility to meet and respond to emergencies</li> <li>• Client can stop and start work at pace that might be determined by its funding</li> <li>• Over the contract we can invest in innovation, new processes and social value and see these come to fruition during the term of the contract.</li> <li>• Anyone winning such a large contract in this sector working for the City of London will be keen to impress and use this contract as their flagship.</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• If no rate for new item(s) or similar work/item this would have to be a variation and the new rate negotiated and agreed</li> <li>• No option to go to another supplier if main contractor is unable to carry out the works.</li> <li>• Works outside of the contract's remit – may need to be tendered</li> <li>• Contract must be well resourced and managed with in house experienced staff to measure the work and certify payments</li> </ul>
<p><b>Please highlight any possible risks associated with this option:</b></p> <ul style="list-style-type: none"> <li>• A new contractor may not perform to the levels we expect but the KPI process and officer engagement should allow for this to be managed accordingly.</li> </ul>
<p><b>Option 2: <a href="#">Create a Framework</a></b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• City's Own Framework</li> <li>• The Framework is new, and suppliers are eager to impress</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Set rates could be assigned to the framework</li> <li>• Larger Suppliers will subcontract the work as opposed to having employees working directly on the project</li> <li>• Mini – competition exercises will need to be carried out for each project and will be time consuming and require resources to manage this process</li> <li>• Not all suppliers may take part in a mini – competition exercise</li> <li>• Reactive maintenance works – would be severely delayed due to mini – competition process</li> </ul>
<p><b>Please highlight any possible risks associated with this option:</b></p> <ul style="list-style-type: none"> <li>• Costs will differ from the tendered amount to the actual amount.</li> </ul>

**Route to Market Options:** *Route to market is the way in which the City will invite suppliers to bid for the procurement.*

<p><b>Option 1: FTS</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Allows for a wider market and greater number of suppliers to respond.</li> <li>• Creates an opportunity to contract with a new supplier.</li> <li>• Increased probability that adequate competition will be realised.</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• May result in large volumes of bidders expressing interest. which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> <li>• Higher level of resources required to deliver the procurement procedure - which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> </ul>
<p>Please highlight any possible risks associated with this option: Large response from the market could result in resource implications and delays in the process.</p>
<p><b>Option 2: External Framework</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Allows for a wider market and greater number of suppliers to respond.</li> <li>• Creates an opportunity to contract with a new supplier.</li> <li>• Increased probability that adequate competition will be realised.</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• May result in large volumes of bidders expressing interest. which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> <li>• Higher level of resources required to deliver the procurement procedure - which will require resources to manage the process eg Queries and evaluations (may result in delays) during the process.</li> <li>• Less control on the performance of the contract and less time to build a working relationship and the associated innovations due to lack of cohesion.</li> </ul>
<p>Please highlight any possible risks associated with this option: Large response from the market could result in resource implications and delays in the process.</p>

**Price Mechanism**

<p><b>Option 1: Schedule of Rates</b></p> <p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• Fixed Rates (first year fixed after which an annual uplift is applied) which include Labour, plant and material</li> <li>• Can budget and plan future work with some certainty</li> <li>• Rates can be used to negotiate new rates for new items of work</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• If no similar rate for new item(s) exists, then this will have to be negotiated as a variation and agreed</li> </ul>
<p>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:          High benefits in terms of fixed costs thus allowing us to generate estimates and manage costs independently of the contractors. All prices and known and pipelines of maintenance and capital works for developers can be planned and implemented successfully.</p>

## Form of Contract

<b>Option 1: Bespoke Term Contract</b>
<p><b>Advantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• This has been written and amended over time and has worked in terms of its legal function and practically with the contractor in a partnership manner.</li> <li>• The bespoke contract has specific/additional terms and condition clauses that other standard Engineering contracts do not contain</li> <li>• The bespoke contract is more flexible than standard contracts and allows for a partnering ethos.</li> </ul>
<p><b>Disadvantages to this Option:</b></p> <ul style="list-style-type: none"> <li>• The bespoke terms and condition clauses need to be revisited to amend and bring the clauses up to date over time with current legislation</li> <li>• Bringing the bespoke contract terms up to date takes resources and time</li> <li>• Standard model engineering contracts, new versions (updated) are issued periodically over time</li> <li>• The Standard Model Engineering contracts have been tested over time</li> </ul>
<p>Please highlight benefits and possible risks associated with this option relative to the specifics of the project: Further to the success of this contract, there is no risks at this moment in time.</p>

## Outline of appendices

- Please list appendices here or mark 'Not applicable' if there is none.
- Items to consider appending:
  - o PT0 (Project Plan with Roles and Responsibilities)
  - o Data Protection Impact Assessment
  - o risk matrix here

## Report Signoffs

Senior Category Manager Chamberlain's Department		Date	<a href="#">Click here to enter a date.</a>
Departmental Stakeholder Department	Ian Hughes	Date	23/03/2021

# Agenda Item 7

<b>Committee(s)</b>	<b>Dated:</b>
Policy & Resources Committee - For Decision Corporate Assets Sub Committee - For Information Project Sub Committee - For Information Procurement Sub Committee - For Information	Delegated authority 28 Apr 2021 24 Mar 2021 12 Apr 2021
<b>Subject: Public Sector Decarbonisation Scheme (PSDS) Project Approval and Governance</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>Climate Action Strategy</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>Yes</b>
<b>If so, how much?</b>	<b>£9.445m</b>
<b>What is the source of Funding?</b>	<b>Government Grant</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>Yes</b>
<b>Report of: The City Surveyor</b>	<b>For decision</b>
<b>Report author: James Rooke</b>	

## Summary

The City of London have been awarded c.£9.445m in government grant funding toward carbon saving projects at a few sites. This report presents the basis for establishing the Public Sector Decarbonisation Scheme (PSDS) Project to deliver these projects, and the project governance arrangements.

## Recommendations

Members are asked to:

1. Authorise the PSDS Project, at an estimated cost of £9.445m wholly funded by a Government Grant, whose scope is defined by the *Grant Offer Letter* and *MoU*, attached to this report.
2. Note the separate paper, 'Gateway 2 Report: PSDS Project Proposal' and separate recommendations.
3. Approve the formation of a new 'PSDS Project Board' to provide governance, leadership, and sponsorship to the PSDS Project in accordance with the draft *PSDS Board Terms of Reference*.
4. Instruct that the PSDS Project Board to first meet no later than 31<sup>st</sup> March 2021.
5. The PSDS Project Board meets at least fortnightly, or more frequently if appropriate thereafter, and that at each meeting receive details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, any further proposed commitments, and early warning of any delays or other issues.
6. Note the draft *PSDS Board Terms of Reference* and approve authority for the PSDS Project Board Chairman to finalise these and report back for confirmation.
7. Agree that any revenue savings arising from this project should be credited to the Build Back Better Funds in either City's Cash or City Fund as appropriate, so that Members can target savings to fund specific priorities and authorises the Chamberlain to adjust departments' budget according.
8. Authority to be delegated to the City Surveyor to make all decisions related to the gateway approval process, including future gateway and other project reports related to the PSDS Project, in consultation with the PSDS Project Board.

9. Notes the potential overlap with the City's wider Climate Action programme and instructs the board to coordinate activities with the wider team to ensure there is no duplication and the City achieves value for money.

## Main Report

### Background

1. The UK government wishes to inject significant financial stimulation and associated job generation into the UK economy through green re-growth in advance of Conference of the Parties (COP) 26. There is therefore a desire for extreme pace on releasing funds for carbon reduction projects in the public sector, with the goal to create economic activity in the near term. The Department for Business, Energy and Industrial Strategy (BEIS) launched the £1b Public Sector Decarbonisation Scheme (referred to as the Grant Scheme) in October 2020, open to public sector bodies to apply for capital funding towards carbon reduction projects for non-domestic buildings. The scheme is administered by Salix:  
<https://www.salixfinance.co.uk/PSDS>.

### Securing the grant funding

2. We applied to the Grant Scheme on 11<sup>th</sup> January 2021 for £9.445m. Our application covers projects to upgrade M&E building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the following sites: Guildhall, Barbican Art Centre, GSMD, and the LMA. We estimate the projects will deliver savings of c.1,5 ktCO<sub>2</sub>e/yr and c.£875k/yr. These projects have been developed over the last few months by the Energy Team, with external grant funded consultancy support, and in consultation with Facilities Management. Further details on the specific projects are provided in Appendix 1.
3. We were initially informed the scheme was over-subscribed, however on 4<sup>th</sup> of Feb 2021 we were advised that funding could be awarded but only in the form of a Section 31 grant. On 19<sup>th</sup> February we were informed that our application (value: £9,445,944) had passed the technical assessment, in accordance with the *Grant Offer Letter* (Appendix 2) and *Memorandum of Understanding* (Appendix 3).
4. Following consultation with senior officers it was agreed that the City of London could accept the full section 31 grant funding for all the projects and sites applied for and the Grant Officer Letter was signed and issued to the Salix on 26<sup>th</sup> February.
5. All grant funding (£9.445m) must be received by CoL no later than 31<sup>st</sup> March 2021.
6. It is recommended that any revenue savings arising from this project should be credited to the Build Back Better Funds in either City's Cash or City Fund. This will allow members then allow Members to allocate these savings to fund particular projects or priorities.

### Approving the project

7. In accordance with the grant conditions, the project must be approved by City of London and commence before 31<sup>st</sup> March 2021. Commencing the project can be demonstrated by having an agreed procurement plan and kick-off project board meeting.
8. We recommend the proposed 'PSDS Project' is formally approved, in accordance with the Project Proposal which is set out in Appendix 4.

### Delivering project

9. This is an excellent opportunity to advance the aims of the Climate Action Strategy without increasing capital burden on the City's finances. It will, however, require wide senior sponsorship, delegated authority and additional resources to unlock this significant opportunity within challenging timeframes.
10. A condition of the funding award is to commit to completion by 30<sup>th</sup> September 2021 and as part of the application process we have set out a very ambitious project programme to meet this deadline, see Appendix B. Salix have informed us that where reasonable justification can be made, they are able to consider an extension. Any funding unspent by the agreed end date would need to be returned to BEIS and they would not be liable for any costs for works or

services delivered after this date. This represents a significant financial risk for the City which will need to be carefully managed.

11. Given the scope of this project there is a high risk to achieving completion by 30<sup>th</sup> September 2021 through the standard project approval and procurement routes. This can be mitigated by:
  - a) a request to Salix for an extension, and;
  - b) curtailing spend commitments beyond the agreed completion date. We propose that our tender return for the works would require a programme attached to it, and prior to awarding we will verify with Salix that the programme is acceptable, including any need for an extension. We will also seek to transfer the risk of any delay onto the contractor under the contract.
12. Even if an extension is approved by Salix there would remain a high risk of programme slippage beyond this date. To further mitigate this risk we propose:
  - a) a Gateway 2 Project Proposal for the PSDS Project is received under Delegated authority (see Appendix 4).
  - b) a new Project Board specifically to support the delivery of the PSDS project (see below); and
  - c) an expedient gateway approval process (see below).

### **Project Governance**

13. We recommend a Project Board is established, responsible for the development and delivery of the project, in line with City of London guidance, to provide leadership, governance and risk management, communication and support.
14. The draft *Terms of Reference* for the Project Board are presented in Appendix 5. It is recommended that these are approved in principle, and that delegated authority is provided to the Chair of the PSDS Project Board to finalise them and report back.
15. The scope of the remit for the Project Board is limited to the PSDS Project. The proposed membership includes senior officer and stakeholder representation with Member oversight to provide governance, and sponsorship for the development and delivery of the projects.
16. We recommend the Project Board first meets mid-March to both expediate the project mobilisation and to meet the grant condition requirement for the project to commence prior to 31<sup>st</sup> March 2021.
10. We recommend the PSDS Project Board meets at least fortnightly, or more frequently if appropriate, and at each meeting receive details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, any further proposed commitments, and early warning of any delays or other issues.
11. There is the possibility of overlap with the City's wider Climate Action programme and therefore the PSDS Project Board will need to work closely with the wider Climate Action team to ensure there is no duplication and to ensure that the City achieves value for money.

### **Project approval process**

17. We have developed a project programme (see Appendix 6) which shows that approval to start the tender process needs to begin in March-21 to meet a Sep-21 completion deadline, or latest by the end of Apr-21 to meet an extended Mar-22 deadline.
18. The PSDS Project represents a large programme of works, which although not technically complex, do cover multiple sites and due to the overall value would be classified as a 'Complex' project under the Project Procedure requiring approval of the Court of Common Council. Under the normal sequence of gateway approvals this would mean approval to go out to tender would not be granted until a Court of Common Council meeting in Jul-21. This would mean completion by Sep-21 is not possible, and even if an extension was granted completion by Mar-22 would still be at high risk.

19. The Project Procedure states (paragraph 23) the following, and therefore the circumstances of this external grant funding may warrant a deviation from the normal project approval procedure.

*“To allow projects to proceed at the appropriate speed and to ensure that the City Corporation is able to take advantage of circumstances as they arise, Standing Orders authorise the Town Clerk, in consultation with the Projects Sub-Committee, or the Chairman and Deputy Chairman thereof as appropriate, to vary the Gateway Approval Process in relation to individual projects in cases when it is deemed appropriate to do so (e.g. to take advantage of external funding sources).”*

20. We have identified two options which could expedite the process:

- a. Not recommended: some or all further gateway papers to be taken under urgency where required.
- b. Recommended: delegated authority given to the City Surveyor to make decisions for all further gateway papers and issue reports, but only in consultation with the PSDS Project Board. All further gateway papers and issue reports to be issued to the relevant committees for information only.

21. Appendix 7 presents the relevant committee and board dates and the timelines for the normal project procedure, under urgency, and via delegated authority in consultation with the Project Board.

22. We recommend option b, but alternatives can be discussed on Member request. This could allow for approval to go out to tender to be achieved in Mar-21. We believe under the circumstances; this option could provide effective scrutiny over the approval process while allowing decision making to take place at the pace required of these specific grant conditions. The PSDS Project Board meetings would provide a forum for a range of members, senior officers and key stakeholders to discuss any concerns and provide informed recommendations on which the City Surveyor can make decisions. We recommend the recorded minutes along with regular progress reports are produced by the PSDS Project Board and presented to the relevant committees on a timely basis, for information.

## **Conclusion**

23. This is an excellent opportunity to advance the aims of the Climate Action Strategy without increasing capital burden on the City's finances. It will, however, require wide senior sponsorship and delegated authority to streamline the approval process to realise this significant opportunity within challenging timeframes.

## **Background papers:**

- Appendix 1. PSDS Projects
- Appendix 2. Grant Offer Letter
- Appendix 3. Memorandum of Understanding
- Appendix 4. Gateway 2 Report: PSDS Project Proposal
- Appendix 5. PSDS Project Board ToR
- Appendix 6. High-level programme via Retrofit Accelerator framework procurement route
- Appendix 7. Gateway approval timeline

## **Report author**

### **James Rooke**

Assistant Director, Head of Energy & Sustainability

City Surveyor's Department

E: [james.rooke@cityoflondon.gov.uk](mailto:james.rooke@cityoflondon.gov.uk)

## **Addendum to Paper ‘PSDS Project Approval and Governance’**

P&R delegated authority at its meeting of 11<sup>th</sup> March 2021 for consideration of the two papers:

- Report of the City Surveyor – PSDS Project Approval and Governance
- Report of the City Surveyor – PSDS Gateway 2 Project Proposal

Comments were received at P&R regarding alignment with the Climate Action Strategy, and to address this an amendment was agreed (following discussion between the City Surveyor and Innovation and Growth) to recommendation 6 which provides for an additional safeguard, as agreed between the City Surveyor and the Director of Innovation & Growth, to respond to that concern.

Please note the below summary report received by P&R and the revised wording for recommendation 6.

Approval of the revised papers was confirmed on 15<sup>th</sup> March 2021 (via e-mail) from:

- Assistant Town Clerk and Director of Members Services
- Chairman of the Policy & Resources Committee
- Deputy Chairman of the Policy & Resources Committee

**POLICY AND RESOURCES COMMITTEE - REQUEST FOR DECISION UNDER DELEGATED AUTHORITY – STANDING ORDER 41(B)**

**SUBJECT: Public Sector De-carbonisation Scheme (PSDS) – Project Approval & Governance and Gateway 2 Project Proposal**

**BACKGROUND:** In February 2021, the Policy & Resources Committee agreed (under urgency procedures) to accept a grant from the Department for Business, Energy and Industrial Strategy (BEIS), which had launched the £1b Public Sector Decarbonisation Scheme for public sector bodies to apply for capital funding towards carbon reduction projects for non-domestic buildings. The City Corporation had applied for £9.46m of grant funding to cover projects to upgrade M&E building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the Guildhall Complex, Barbican Arts Centre, GSMD, and London Metropolitan Archives. It was estimated that the projects would deliver savings of 1.5 ktCO<sub>2</sub> (1.5 kilotonnes or 1500 tonnes of CO<sub>2</sub>) each year, and £875,000 each year.

In approving the grant receipt, it was noted that this provided an excellent opportunity to advance the aims of the Climate Action Strategy without increasing capital burden on the City Corporation's finances. However, it was also observed that this would require wide senior sponsorship, delegated authority, and additional resources to unlock this significant opportunity within challenging timeframes. The projects would need to target completion by 30<sup>th</sup> September 2021, although it was likely that an extension could be granted to 31<sup>st</sup> March 2022 following mobilisation. Any funding unspent by the agreed end date, 31<sup>st</sup> March 2022 at the latest, would need to be returned to BEIS. Consequently, it was noted that a further report, seeking approval to a more streamlined governance process for this project (together with drawdown from the grant for the appropriate budget to initiate the scheme) was likely to need quick turnaround.

At the subsequent meeting of the Policy & Resources Committee, in March 2021, Members were advised that this further report was now being finalised and was expected to be completed imminently. In view of the extremely tight deadlines, it was not possible to wait for the next meeting for approval for the aforementioned governance processes and project initiation elements; therefore, the Committee resolved to delegate authority to the Town Clerk, in consultation with the Chair and Deputy Chairman, to consider the relevant reports. In so doing, Members stressed the importance of ensuring the governance arrangements integrated with the wider Climate Action Strategy (CAS) governance.

The Director of Innovation & Growth and the City Surveyor have since discussed and confirmed that the time-limited PSDS Project will align with the wider multi-year CAS programme so that the design of its output is integrated. As an added safeguard to satisfy Member concerns at the meeting, an addition to the recommendations set out the attached report has since been made such that, whilst delegated authority for spend will be given to the Surveyor, this will now be shared with the Chair of the Climate Action Strategy Buildings Chief Officers Group (CAS BCOG) so as to ensure this alignment. The PSDS Project Board will include a set of key stakeholders and enablers from across the Corporation. Its work is managed by the same delivery model as CAS and included as part of the Y1 Plan. In practice, the Director of Innovation & Growth (as chair of BCOG) would only intervene by exception so that delivery timescales are uninhibited, but the ability to exercise this effective veto power in relation to spend will provide a safeguard in ensuring that alignment with the CAS is maintained.

In order to give effect to the establishment of the project and meet the required timescale conditions of the grant, you are now asked to consider and approve proposals set out within the two accompanying background reports.

The first, details proposals for the creation of a project board and accompanying project approval process (through which, delegated authority will be given to the City Surveyor to make decisions for all further gateway papers and issue reports, in consultation with the PSDS Project Board, as well as the Chair of CAS BCOG on matters of spend). All further gateway papers and issue reports will be issued to the relevant committees for information only to ensure Members are kept informed of actions and provide for scrutiny, whilst still enabling quick decision-making as necessary.

The second report seeks approval to establish formally the project within the City's project gateway processes and to progress it to the next stage, drawing-down £500k from the available grant funding for the procurement of consultancy services to mobilise and support the PSDS Project.

**REASON FOR DECISION PRIOR TO NEXT MEETING:** In accordance with the grant conditions, the project must be approved and commence before 31<sup>st</sup> March 2021. The next meeting of the Committee is not until 8<sup>th</sup> April 2021 and so delegated authority was granted.

**RECOMMENDATIONS:** That:-

**(i) Project Approval and Governance**

1. The PSDS Project be authorised, at an estimated cost of £9.445m wholly funded by a Government Grant, with scope defined by the *Grant Offer Letter* and *MoU* (attached to the accompanying background report).
2. The formation of a new 'PSDS Project Board' be approved, to provide governance, leadership, and sponsorship to the PSDS Project in accordance with the draft *PSDS Board Terms of Reference* (set out in the accompanying background report).
3. The PSDS Project Board be instructed to hold its first meeting no later than 31<sup>st</sup> March 2021 and meet at least fortnightly thereafter, and that at each meeting receive details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, any further proposed commitments, and early warning of any delays or other issues.
4. The draft *PSDS Board Terms of Reference* be noted with the PSDS Project Board Chairman authorised to finalise these and report back for confirmation.
5. It be agreed that any revenue savings arising from this project should be credited to the Build Back Better Funds in either City's Cash or City Fund as appropriate, so that Members can target savings to fund specific priorities (with the Chamberlain authorised to adjust departments' budget according).
6. Authority be delegated to the City Surveyor to make all decisions related to the gateway approval process, including future gateway and other project reports related to the PSDS Project, in consultation with the PSDS Project Board and (where spend is involved) subject to the concurrence of the Chair of CAS BCOG.
7. The potential overlap with the City's wider Climate Action programme be noted and the Board be instructed to coordinate activities with the wider team to ensure there is no duplication and the City achieves value for money.

**(ii) Gateway 2 Project Proposal**

1. The total estimated cost £9,445,943 for the PSDS Project, which is funded from the PSDS grant awarded, be noted.
2. Approval to proceed to the next Gateway stage be granted.

3. Approval to proceed to the next stage for engaging with the Retrofit Accelerator framework be granted.
4. A budget allocation of £500k from the available PSDS grant funding, for the procurement of consultancy services to mobilise and support the PSDS Project, be approved.

**BACKGROUND PAPERS (ATTACHED):**

- Report of the City Surveyor – PSDS Project Approval and Governance
- Report of the City Surveyor – PSDS Gateway 2 Project Proposal

## Appendix 1. PSDS Projects

Project Names	Energy Cost savings (£/yr)	Carbon savings (tCO2e/yr)
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### Cross-cutting

Energy Management Software	£0	0
Building Energy Analyser	£0	0
<b>Sub-Total</b>	<b>£0</b>	<b>0</b>

### London Metropolitan Archives

LMA EC Fans	£10,001	8
<b>Sub-Total</b>	<b>£10,001</b>	<b>8</b>

### Guildhall Complex

Guildhall EC Fans	£205,413	144
Guildhall Humidifiers	£39,195	370
Guildhall: Cooling Stage 1 Migration Works	£22,477	17
Guildhall Metering	£0	0
Guildhall - Lighting	£74,832	39
<b>Sub-Total</b>	<b>£341,917</b>	<b>570</b>

### Barbican Art Centre

BAC Insulation Upgrades	£4,227	51
BAC Damper Works	£49,192	259
BAC Valve Works	£35,433	78
BAC EC Fan upgrades	£39,155	21
BAC BMS recommission/ upgrades	£4,568	14
Barbican Arts Centre Metering	£0	0
BAC - Lighting	£179,241	94
<b>Sub-Total</b>	<b>£311,815</b>	<b>516</b>

### GSMD

GSMD Insulation Upgrades	£1,812	22
GSMD Damper Works	£14,282	75
GSMD Valve Works	£32,615	254
GSMD Milton AHU's control and upgrade	£6,335	3
GSMD BMS recommission/ upgrades	£6,769	20
GSMD Milton - Cooling Mods	£25,755	17
Silk St metering	£0	0
Milton Court Metering	£0	0
GSMD Milton - Lighting	£45,244	23
GSMD Silk - Lighting	£32,714	18
GSMD Sundial - Lighting	£45,498	24
<b>Sub-Total</b>	<b>£211,023</b>	<b>456</b>

<b>Total</b>	<b>£874,756</b>	<b>1,549</b>
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**PUBLIC SECTOR DECARBONISATION SCHEME GRANT OFFER LETTER**

Peter Kane  
 City of London  
 Guildhall  
 PO Box 270  
 London  
 EC2P 2EJ

22 February 2021

Dear Peter Kane,

**GRANT OFFER LETTER**

1. The Secretary of State for Business, Energy and Industrial Strategy (the **Secretary of State**) has made funding available to provide you (the "**Recipient**") with a grant of £9,445,944 to assist you in carrying out Projects to support City of London energy decarbonisation programme.
2. I am writing to acknowledge receipt of your application for the Grant, a copy of which is attached at Schedule 5, and, on behalf of the Secretary of State, to provide you with an offer of grant funding. Terms defined in this Grant Offer Letter have the same meanings as defined in the attached Memorandum of Understanding.
3. The key details of the Grant are as follows:

<b>Name of Recipient</b>	City of London
<b>Amount of Grant</b>	£9,445,944
<b>Project Name</b>	City of London energy decarbonisation programme
<b>Project ID/Reference Number</b>	CCIT01G16989V02/16989
<b>Low Carbon Skills Fund Grant ID/Reference Number (if applicable)</b>	17750
<b>Description of Project</b>	This project runs across the Barbican arts centre, London Metropolitan archives, Guildhall complex and the Guildhall school of music and drama. Resulting in large parts the City of London's estate

	evolving to use less carbon. Improvements to HVAC systems and controls will be enabled and enhanced through upgrades to electrical infrastructure and metering. Further energy reductions will be provided through lighting upgrades.
<b>Project Start Date</b>	22/02/2021
<b>Grant Payment Date</b>	No later than 31 <sup>st</sup> March 2021

4. You must appoint a person (the “**Accountable Officer**”) who will be responsible for ensuring that you use the Grant in compliance with the attached Grant Determination Letter and Memorandum of Understanding.
5. The Grant will be paid to you by the Secretary of State in full on the Grant Payment Date, subject to various conditions which are set out in the attached Grant Determination Letter and Memorandum of Understanding.
6. The signature of the Accountable Officer is to be inserted at Schedule 6.
7. In communicating with us, your contact is Kate MacDonald, [kate.macdonald@salixfinance.co.uk](mailto:kate.macdonald@salixfinance.co.uk).
8. The provision of the Grant is subject to the terms and conditions set out in this Grant Offer Letter, the attached Grant Determination Letter, Memorandum of Understanding, and schedules. The Grant is being provided to you in consideration for you agreeing to deliver the Project and agreeing to comply with the terms and conditions set out in this Grant Offer Letter and the attached schedules, Grant Determination Letter, and Memorandum of Understanding.

If you wish to accept the offer of grant funding upon the terms set out in this Grant Offer Letter and the attached schedules, Grant Determination Letter, and Memorandum of Understanding, please countersign this letter within 10 Business Days of the date of this letter and return the original to Salix Finance Ltd. If you fail to countersign and return this letter within 10 Business Days of the date of this letter, the offer of grant funding shall expire.



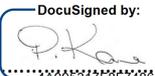
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Katherine Wright, Deputy Director, Public Sector and Local Energy, Department for Business, Energy and Industrial Strategy

Authorised Signatory

For and on behalf of the Secretary of State

We hereby accept the offer of grant funding upon the terms set out in this Grant Offer Letter and the attached schedules.

DocuSigned by:  
  
.....  
4A995317F8F7486...

26-Feb-21 | 9:29 AM GMT  
.....

Authorised Signatory

Date

For and on behalf of City of London

### **Schedule 1: Specific Conditions**

- Schedule 2 must be completed and returned to Salix Finance by 1<sup>st</sup> April 2021 including contingency plan.
- Counter fraud document must be signed and returned by 26th February.
- Risk Register - Full risk register to be provided. COVID impact to be included.
- Data Sheets - To be provided once contractor on board and product specifications and manufacturers confirmed.
- Firm Pricing - Quotations for all of the technologies must be provided from the appointed contractor(s) to confirm final pricing for each technology. This should be broken-down into equipment, installation and any other costs.
- Energy Saving Calculations - Any changes to the proposed savings must be communicated once contractor(s) on board and final product selected.
- Updated Application Form post tender must be provided to Salix with any changes.
- Board/councillors approval - Board approval to be obtained and confirm to Salix.

## Schedule 2: Delivery Programme

**To be completed and returned to Salix Finance by 1<sup>st</sup> April 2021.**

1. **Name of Project with URN** City of London energy decarbonisation programme CCIT01G16989V02/16989
  
2. **Summary Description of Project** This project runs across the Barbican arts centre, London Metropolitan archives, Guildhall complex and the Guildhall school of music and drama. Resulting in large parts the City of London's estate evolving to use less carbon. Improvements to HVAC systems and controls will be enabled and enhanced through upgrades to electrical infrastrucutre and metering. Further energy reductions will be provided through lighting upgrades.  
CCIT01G16989V02/16989

1. **List of Measures and the cost of each Measure**

2. **Detailed Timetable:**

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Steps Taken/To be Taken	Process	Dates	Status e.g. status/Complete	RAG	Estimated Spend Profile
<b>Internal Governance</b>					
Project Approval	Estates/Finance approval				
	Board/Council approval				
Confirmation that any Grant conditions have been satisfied e.g. provision of risk register					
Return Grant Offer Letter					
<b>Status of Project</b>					
Procurement/Tender	Final design/specification				
	Project out to tender				
	Contract awarded				

	Cool off period			
Order	Order placed			
Equipment	Equipment delivered/on site			
Project on Site	Commencement			
	Key milestones			
	Project complete onsite			
	Final commissioning/Completion Certificate			
Project Completion	Submit final invoices			
	Send Completion Certificate to Salix			

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- 3. Key/High Level Risks with mitigation measures
- 4. Estimated Number of Jobs generated by the project
- 5. Provide the following details for every building a measure is taking place:  
(further lines can be added if necessary)

#	Building name	Building Property Number	Unique Reference	Postcode
1				
2				
3				
4				

### Schedule 3: Monitoring Reports

Monitoring reports are to be provided by the 5<sup>th</sup> of each month to Salix Finance and should contain the following information:

1. **Internal governance/project approvals update**  
Including - progress update on any conditions within GOL that have been satisfied.
  
1. **Status of project**  
Highlighting comparison to Project Programme outlined in Schedule 2 e.g. project out to tender; updated details of procurement route used or awards made to contractors; order placed; equipment on site; completed on site; final commissioning, payment(s) required etc. Provide an updated Schedule 2 including detailed timetable if there have been any updates or changes.
  
2. **Actual project spend to date (£)**
  
3. **Risks impacting on project delivery (changes to risk register only)** [these should be reported by exception from month 2 onwards]  
e.g. supply chain delays to receiving some equipment
  
4. **Update on jobs being supported** – looking for evidence
  
5. **(Applicable for Category 2(c) and 3(c) projects only) Status of Heat Decarbonisation Plan**  
Highlighting progress made on the development of a Heat Decarbonisation Plan
  
6. **Any other relevant information**  
Highlighting any changes in Authorising Official and key personnel

In the event that the below scenarios arise, you need to report by exception within 3 business days:

- Changes in cost > 10%
- Changes in scope (technologies)
- Delayed > 3 months
- Project no longer able to proceed, detailing any reasons for the decision

**Schedule 4: Specimen Signature**

Name of Accountable Officer:	Peter Kane
Position in Organisation:	Chamberlain
Signature:	

**Schedule 5: Grant Application**

**Public Sector Decarbonisation Scheme  
2020/2021**

**MEMORANDUM OF UNDERSTANDING  
Between the**

**SECRETARY OF STATE FOR BUSINESS, ENERGY &  
INDUSTRIAL STRATEGY**

**And  
City of London**

This Memorandum of Understanding (**MoU**) governs the relationship between the Secretary of State for Business Energy & Industrial Strategy (the **Secretary of State**), which will provide the Grant, Salix Finance Limited, a company incorporated in England and Wales with company number 05068355 and whose registered office is at 6th Floor, 25 Farringdon Street, London, EC4A 4AB (**Salix**), which will administer the Grant on behalf of the Secretary of State, and the Grant Recipient in connection with the provision of the Public Sector Decarbonisation Scheme (**PSDS**) Grant by the Secretary of State to the Recipient.

This MoU shall apply to and be incorporated into the Grant Offer Letter and should be read in conjunction with the Grant Offer Letter and the Grant Determination Letter. This MoU, the Grant Offer Letter and its schedules shall together constitute the **Agreement**.

This MoU and the Agreement are not intended to be legally binding and no legal obligations or right shall arise between the Secretary of State, Salix, and the Recipient from the provisions of either this MoU or the Agreement. The parties enter into the MoU and the Agreement intending to honour all of their obligations.]

## Definitions and interpretation

1.1 In this MoU, the following terms shall have the following meanings:

**Accountable Officer:** the person appointed by the Recipient, and whose identity is approved by Salix, who is responsible for ensuring that the Recipient uses the Grant in compliance with the Agreement.

**Bribery Act:** the Bribery Act 2010 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation.

**Building Contract:** the contract to design and/or complete the design of and build the Project.

**Business Day:** a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in London.

**Change of Control:** means the sale of all or substantially all the assets of a party to the Agreement; any merger, consolidation or acquisition of a party to the Agreement with, by or into another corporation, entity or person, or any change in the ownership of more than fifty percent (50%) of the voting capital stock of a party to the Agreement in one or more related transactions.

**Dangerous Substance:** any radioactive emission, noise or natural or artificial substance (whether in the form of a solid, liquid, gas or vapour, including any controlled, special, hazardous, toxic, radioactive or dangerous substance or waste), the generation, transportation, storage, treatment, use or disposal of which (whether alone or in combination with any other substance) gives rise to a risk of causing harm to any living organism or damaging the Environment or public health or welfare.

**Data Protection Legislation:** all applicable data protection legislation and privacy legislation in force from time to time in the UK including the GDPR; the Data Protection Act 2018; the Privacy and Electronic Communications Directive 2002/58/EC (as updated by Directive 2009/136/EC) and the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426); any other directly applicable European Union regulation relating to privacy; and all other legislation and regulatory requirements in force from time to time which apply to a party relating to the use of Personal Data and the privacy of electronic communications.

**Deleterious Material:** any material, equipment, product or kit that is generally accepted, or generally suspected, in the construction industry at the relevant time as:

- (a) posing a threat to the health and safety of any person;
- (b) posing a threat to the structural stability, performance or physical integrity of the Project, or any part or component of the Project;
- (c) reducing, or possibly reducing, the normal life expectancy of the Project or any part or component of the Project; or

- (d) not being in accordance with any relevant British standard, relevant code of practice or good building practice.

**Eligible Expenditure:** the expenditure incurred, or to be incurred, by the Recipient during the period prior to Practical Completion for the purposes of delivering the Project in accordance with the Project Programme, Grant Application and the Agreement, and which comply in all respects with the eligibility rules set out in Clause 5 of this MoU.

**Environment:** the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those media.

**Environmental Law:** all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes insofar as they relate to or apply to the Environment.

**Evidence of Need:** such evidence requested by Salix which Salix considers, in its absolute discretion, provides it with a sufficient level of assurance to demonstrate that the Grant will be used for Eligible Expenditure.

**GDPR:** General Data Protection Regulation ((EU) 2016/679).

**Governing Body:** the governing body of the Recipient including its directors or trustees.

**Grant:** the sum specified in the Grant Offer Letter, to be paid to the Recipient in accordance with the Agreement.

**Grant Application:** the application for the Grant, submitted by the Recipient to Salix, which incorporates the Grant Application Support Notes, a copy of which is attached at Schedule 5 to the Grant Offer Letter.

**Grant Application Support Notes:** any notes or documentation supporting the Recipient's application for the Grant.

**Grant Offer Letter:** the letter from Salix, on behalf of the Secretary of State, to the Recipient, setting out the basis upon which the Grant will be provided to the Recipient.

**Grant Determination Letter:** the Department for Business Energy and Industrial Strategy Public Sector Decarbonisation Scheme Grant Determination (2020/2021) Letter issued in accordance with section 31 of the Local Government Act 2003.

**Grant Payment Date:** the date referred to as the 'Grant Payment Date' in the Grant Offer Letter.

**Intellectual Property Rights:** all patents, copyrights and design rights (whether registered or not) and all applications for any of the foregoing and all rights of confidence and Know-How however arising for their full term and any renewals and extensions.

**Know-How:** information, data, know-how or experience whether patentable or not and including but not limited to any technical and commercial information relating to research, design, development, manufacture, use or sale.

**Measures:** the individual items of design, construction or other building works which are necessary to achieve Practical Completion, as contained within the Project Programme.

**MoU:** this Memorandum of Understanding.

**Necessary Consents:** any planning permission required for the Project, any environmental licences and any other authorisation under any other statute, bye-law or regulation of any competent authority that is reasonably necessary to enable the works on the Project to be lawfully commenced, carried out or completed.

**Personal Data:** shall have the same meaning as set out in the Data Protection Legislation.

**Practical Completion:** the date on which the certificate of practical completion (or the equivalent evidence of practical completion of works) of the Project is properly issued in accordance with the

terms of the Building Contract. This date shall be no later than 30 September 2021.

**Procurement Regulations:** the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, Defence Security Public Contracts Regulations 2011 and the Utilities and Contracts Regulations 2016 together with their amendments, updates and replacements from time to time.

**Prohibited Act:**

- (a) offering, giving or agreeing to give to any servant of the Crown any gift or consideration of any kind as an inducement or reward for:
  - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of the Agreement or any other contract with the Crown; or
  - (ii) showing or not showing favour or disfavour to any person in relation to the Agreement or any other contract with the Crown;
- (b) committing any offence:
  - (i) under the Bribery Act;
  - (ii) under legislation creating offences in respect of fraudulent acts; or
  - (iii) at common law in respect of fraudulent acts in relation to the Agreement or any other contract with the Crown; or
  - (iv) defrauding or attempting to defraud or conspiring to defraud the Crown.

**Project:** the project or projects operated by the Recipient to assist in the reduction of energy use or the switch to, or enabling works in preparation for, a cleaner heat source, as set out in the Grant Application and as described in the Grant Offer Letter.

**Project Start Date:** the date upon which works on the Project are to commence, as specified in the Grant Offer Letter.

**Project Programme:** the detailed timetable for delivery and completion of the Project including a breakdown of the Measures and the cost of such Measures, as set out in Schedule 2 (*Project Programme*) to the Grant Offer Letter.

**Public Sector Body:** a local authority within the definition in section 33(1) of the Local Government Act 2003.

**Recipient:** the person named as such in the Grant Offer Letter.

**The Secretary of State:** the Secretary of State for Business, Energy and Industrial Strategy (and its successors, assigns and transferees).

**Specific Conditions:** any specific conditions set out at Schedule 1 (*Specific Conditions*) to the Grant Offer Letter.

**VAT:** value added tax payable by virtue of the Value Added Tax Act 1994 and any similar tax from time to time in addition to it, replacing it or performing a similar fiscal function.

- 1.2 In the event of any inconsistency between the Grant Offer Letter and this MoU, the provisions of the Grant Offer Letter shall prevail. In the event of any inconsistency between this MoU and any Specific Conditions, the provisions of the Specific Conditions shall prevail.
- 1.3 Headings do not affect the interpretation of this MoU.
- 1.4 Any reference to Salix in this MoU includes references to its successors, transferees or assigns.
- 1.5 A reference to a law is a reference to it as it is in force for the time being taking account of any amendment, extension, application or re-enactment and includes any subordinate legislation for the time being in force made under it.

- 1.6 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.7 A reference to a Clause is a reference to a clause of this MoU.
- 1.8 Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.
- 1.9 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

**2 Purpose of Grant**

- 2.1 The Recipient shall use the Grant only for the delivery of the Project in accordance with the Project Programme, the Grant Application and the Agreement. The Grant shall not be used for any other purpose without the prior written agreement of Salix.
- 2.2 The Recipient shall not make any significant change to the Project or the Project Programme without Salix's prior written agreement.
- 2.3 The Grant is being provided to the Recipient in consideration for the Recipient agreeing to deliver the Project and agreeing to comply with the Agreement.

**3 Payment of the Grant**

- 3.1 [Subject to Clause 17 of this MoU, the Secretary of State shall pay an amount not exceeding the Grant to the Recipient in a single amount on the Grant Payment Date, subject to:
  - 3.1.1 the Recipient providing Salix with Evidence of Need;
  - 3.1.2 Salix receiving all documents and information which it may, in its absolute discretion, request from the Recipient;
  - 3.1.3 the Recipient complying with any Specific Conditions; and
  - 3.1.4 the further conditions precedent that on the Grant Payment Date:
    - (a) Salix is satisfied, in its absolute discretion and subject to Clause 3.5 below, that the Grant to be provided is sufficient to meet the costs required for delivery of the Project in accordance with the Project Programme.
    - (b) Salix is satisfied, in its absolute discretion, that the Project has been initiated or will be initiated prior to 1 April 2021
- 3.2 No Grant shall be paid unless and until Salix is satisfied that such payment will be used for Eligible Expenditure.]
- 3.3 In the event of any overspend by the Recipient in its delivery of the Project outside of the sums set out in the Project Programme, the amount of such overspend shall be met by the Recipient from its own funds unless:
  - 3.3.1 the Secretary of State, in its absolute discretion agrees to increase the Grant by an amount equal to the overspend; or
  - 3.3.2 Salix, in its absolute discretion, agrees to adjust the Project Programme and/or reduce the Measures so as to ensure that the remaining Grant is sufficient to meet the remaining costs required for delivery of the Project.
- 3.4 The Grant shall be paid into a bank account in the name of the Recipient, which must be an ordinary UK business bank account. If it is necessary for Salix to request the details of the bank account, these shall be notified to Salix within 3 business days of the Recipient receiving the request..
- 3.5 The Recipient shall not transfer any part of the Grant to bank accounts which are not ordinary business accounts within the clearing bank system, without the prior written consent of the Secretary of State.
- 3.6 The Recipient shall promptly repay to the Secretary of State any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where either an incorrect sum of money has been paid or where

Grant monies have been paid in error before all conditions attaching to the Grant have been complied with by the Recipient.

#### **4 Use of the Grant**

- 4.1 The Grant shall be used by the Recipient for the delivery of the Project in accordance with the Project Programme, the Grant Application, the Grant Determination Letter and in accordance with the Agreement. For the avoidance of doubt, the amount of the Grant that the Recipient may spend on any item of Eligible Expenditure listed in the Project Programme shall not exceed the forecasted amounts as listed in the Project Programme (without prior written agreement of Salix).
- 4.2 The Recipient shall not use the Grant to:
- 4.2.1 make any payment to members of its Governing Body;
- 4.2.2 purchase buildings or land; or
- 4.2.3 pay for any expenditure commitments of the Recipient entered into before the Grant Payment Date, unless this has been approved in writing by the Secretary of State.
- 4.3 The Recipient shall not spend any part of the Grant on the delivery of the Project after the date of Practical Completion.
- 4.4 Should any part of the Grant remain unspent at the date of Practical Completion, or should any part of the Grant be provided for items of Eligible Expenditure which subsequently cost less than forecasted in the Project Programme, the Recipient shall, unless otherwise agreed in writing by the Secretary of State, ensure that any unspent monies are returned to the Secretary of State.
- 4.5 Where the Recipient enters into a contract with a third party in connection with the Project, the Recipient will remain responsible for paying that third party. Neither the Secretary of State nor Salix has responsibility for paying the invoices of third parties.
- 4.6 Onward payment of the Grant and the use of sub-contractors shall not relieve the Recipient of any of its obligations under the Agreement.
- 4.7 Any liabilities arising at the end of the Project and which are not otherwise incorporated within the Project Programme, including but not limited to any redundancy liabilities for staff employed by the Recipient to deliver the Project, must be managed and paid for by the Recipient using other resources of the Recipient and not using the Grant. There will be no additional funding available from the Secretary of State for this purpose.

#### **5 Eligibility Rules**

- 5.1 The Secretary of State will only pay the Grant in respect of Eligible Expenditure incurred by the Recipient to deliver the Project and the Recipient will use the Grant solely for delivery of the Project in accordance with the Project Programme.
- 5.2 The only costs/payments that will be classified as Eligible Expenditure are those specific items of expenditure set out in the Project Programme.
- 5.3 Notwithstanding any items of expenditure set out in the Project Programme, the Recipient may not use the Grant to meet any of the following payments:
- 5.3.1 paid for lobbying, which means using the Grant to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;
- 5.3.2 using the Grant to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the Grant;
- 5.3.3 using the Grant to petition for additional funding;
- 5.3.4 expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;

- 5.3.5 input VAT reclaimable by the Recipient from HMRC;
- 5.3.6 payments for activities of a political or exclusively religious nature;
- 5.3.7 contributions in kind;
- 5.3.8 interest payments or service charge payments for finance leases;
- 5.3.9 gifts;
- 5.3.10 entertaining (meaning anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- 5.3.11 statutory fines, criminal fines or penalties, civil penalties, damages or any associated legal costs;
- 5.3.12 costs incurred in giving evidence to Parliamentary Select Committees;
- 5.3.13 costs incurred in attending meetings with government ministers or civil servants to discuss the progress of the Project;
- 5.3.14 costs incurred in responding to public consultations or costs incurred in lobbying other people to respond to any such consultation;
- 5.3.15 costs incurred in providing independent evidence based advice to local or national government as part of the general policy debate;
- 5.3.16 payments for works or activities which the Recipient has a statutory duty to undertake, or that are fully funded by other sources;
- 5.3.17 bad debts to related parties;
- 5.3.18 payments for unfair dismissal or other compensation;
- 5.3.19 depreciation, amortisation or impairment of assets owned by the Grant Recipient; and/or
- 5.3.20 liabilities incurred before the Grant Payment Date unless expressly included in the Project Programme.

#### **6 Accountable Officer**

- 6.1 The Recipient must appoint an Accountable Officer who is responsible for ensuring that the Recipient uses the Grant in compliance with the Agreement.
- 6.2 The identity of the Accountable Officer must be approved by Salix prior to the commencement of the Project, and the identity of such person shall not change during the period prior to Practical Completion without the prior written consent of Salix.
- 6.3 The Accountable Officer must:
- 6.3.1 maintain oversight of the Recipient's use of the Grant and safeguard, control and ensure the efficient, economical and effective management of the Grant;
- 6.3.2 advise the Recipient on the discharge of the Recipient's responsibilities under the Agreement;
- 6.3.3 ensure that principles of probity, robust governance, transparency and value for money are maintained at all times in relation to the utilisation of the Grant; and
- 6.3.4 ensure that conflicts of interest are avoided.

#### **7 Covenants**

- 7.1 In consideration of the Grant being given, the Recipient undertakes to the Secretary of State and to Salix:
- 7.1.1 not to use the Grant otherwise than in respect of the Project, not to use the Grant to subsidise any economic activity, and in particular not to use the Grant to generate

revenue or capital gain, or to make any of the payments set out in Clause 3.1;

- 7.1.2 that it will respond fully, promptly and truthfully (to the best of its knowledge) to any enquiries that the Secretary of State or Salix (and any party authorised by the Secretary of State) may make about the Project and/or use of the Grant;
- 7.1.3 to ensure that the works on the Project are completed, and the design, construction and development of the Project is undertaken, in a proper and workmanlike manner, using materials of good quality which are fit for their respective purposes, and in accordance with:
- (a) the Project Programme and Grant Application;
  - (b) the Necessary Consents and all applicable authorisations and laws;
  - (c) the Building Contract and any other contracts and agreements relating to the completion of the Project.
- 7.1.4 that it shall properly and diligently monitor the work on the Project during the period prior to Practical Completion, and for such period after Practical Completion as Salix shall reasonably specify, to ensure that the Grant is being used appropriately and the Project continues to produce, or will in the future produce, the energy savings and CO2 reductions envisaged and agreed with Salix;
- 7.1.5 that it shall keep a full, accurate and proper auditable record of the progress of the Project, including all Eligible Expenditure and other costs incurred in relation to the Project and the present and future effectiveness of the Project in delivering energy savings and CO2 reductions, and shall provide such information, evidence and assistance as is reasonably required, and in such form as specified, by Salix or the Secretary of State including, but not limited to, any information relating to the amount of CO2 savings and cost effectiveness of such savings expected to be attained during and after Practical Completion of the Project.
- 7.1.6 where reasonably specified by Salix or the Secretary of State, it shall ensure that any information or evidence provided under the Agreement is audited by an identified and independent reporting accountant or otherwise confirmed or verified by a person of such other relevant expertise;
- 7.1.7 that it shall not create, or permit to subsist any mortgage, charge (whether floating or specific), pledge, lien or other security interest on any of its undertaking, property or assets comprised or utilised in the Project without the prior written consent of Salix;
- 7.1.8 that it will ensure at all times that it has appropriate auditing arrangements in place in relation to the Grant and its use, which shall include, but shall not be limited to, keeping and maintaining full and accurate records and evidence of the use of the Grant, including expenses defrayed, and of any third parties indirectly benefitting from the Grant, in particular contractors, manufacturers and installers of equipment installed as part of the Project;
- 7.1.9 that it will ensure that no Dangerous Substance has been deposited, disposed of, kept, treated, processed, manufactured, used, collected, sorted or produced at any time, or is present in the Environment, in connection with the Project in circumstances that are likely to result in a breach of Environmental Law;
- 7.1.10 that it will ensure that no professional engaged on the Project has specified or used anything in the work on the Project that, at the time of specification or use, was a Deleterious Material;
- 7.1.11 that it will retain the records maintained under Clause 7.1.5 for a period of not less than six years from the date of Practical Completion and shall allow the Secretary of State and Salix access to such records;

- 7.1.12 that it will provide Salix and, if requested, the Secretary of State with any updated information and documentation relating to the cost of delivering the Project, the expected energy savings and CO2 reduction and any expected or anticipated changes required to the Measures or Project Programme, as soon as it becomes aware of the same;
- 7.1.13 that all estimates, forecasts and projections provided by the Recipient, or on its behalf, to Salix or the Secretary of State in connection with the Project or the Project Programme have been prepared with due care and skill, are based on information known to it and reasonably expected to be relevant, and are subject only to such assumptions and qualifications as are expressly made;
- 7.1.14 to cause Practical Completion to occur in accordance with the Project Programme and Grant Application;
- 7.1.15 that it will comply with any Specific Conditions;
- 7.1.16 that it will maintain or cause to be maintained in full force and effect adequate insurances in respect of all its assets comprised or utilised in the Project against all risks and contingencies;
- 7.1.17 that it will ensure that all professional consultants and/or contractors involved in carrying out works on the Project hold and maintain appropriate professional indemnity insurance cover in relation to the services carried out or to be carried out and that the Recipient obtains copies of the relevant certificates.

## 8 Accounts and records

- 8.1 The Recipient shall keep accurate and up-to-date accounts and records of the receipt and expenditure of the Grant monies received by it.
- 8.2 The Recipient shall keep all invoices, receipts and accounts and any other relevant documents relating to the Project and the expenditure of the Grant for a period of at least six years following the date of Practical Completion. Salix and the Secretary of State (and any party authorised by Salix or the Secretary of State) shall have the right to review, at Salix's or the Secretary of State's request, the Recipient's accounts and records that relate to the Project and the expenditure of the Grant and shall have the right to take copies of such accounts and records.
- 8.3 The Recipient shall ensure that all its sub-contractors retain each record, item of data and document relating to the Project for a period of at least six years from the date of Practical Completion.
- 8.4 The Recipient shall comply and facilitate the Secretary of State's and Salix's compliance with all statutory requirements as regards accounts, audit or examination of accounts, annual reports and annual returns applicable to itself, the Secretary of State, and Salix.

## 9 Monitoring and reporting

- 9.1 The Recipient shall closely monitor the delivery and success of the Project throughout the period prior to Practical Completion to ensure that the Agreement is being adhered to.
- 9.2 The Recipient acknowledges that Salix and the Secretary of State, and any party authorised by Salix or the Secretary of State, may monitor the Project to ensure that the Project fulfils all requirements specified by Salix and/or the Secretary of State, including providing the energy savings and CO2 reductions envisaged and agreed with Salix at the outset of the Project.
- 9.3 On or before the date falling 5 Business Days after the first day of each calendar month during the period prior to Practical Completion, the Recipient shall provide Salix with a report, signed by the Accountable Officer, containing the information set out in Schedule 3 of the Grant Offer Letter (*Monitoring Reports*) in respect of the previous calendar month, together with copies of all invoices or other evidence of the total costs and expenses incurred in that calendar month.
- 9.4 Where the Recipient has obtained funding from a third party for its delivery of part of the Project, the Recipient shall include the

amount of such funding in the reports provided pursuant to Clause 9.3 together with details of what that funding has been used for.

- 9.5 Along with its first report provided pursuant to Clause 9.3, the Recipient shall provide Salix with a risk register and insurance review in the format requested by Salix. The Recipient shall address the health and safety of its staff in the risk register.
- 9.6 The Recipient shall on request provide Salix (or any party authorised by Salix) with such further information, explanations and documents as Salix (or such party authorised by Salix) may reasonably require in order for it to establish that the Grant has been used properly in accordance with the Agreement.
- 9.7 The Recipient shall permit any person authorised by Salix or the Secretary of State such reasonable access to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Recipient's fulfilment of the conditions of the Agreement and shall, if so required, provide appropriate oral or written explanations to them.
- 9.8 The Recipient shall, if so requested by Salix or the Secretary of State, permit any person authorised by Salix or the Secretary of State for the purpose to visit the Recipient once every quarter to monitor the delivery of the Project. Where, in its reasonable opinion, Salix or, as applicable, the Secretary of State, considers that additional visits are necessary to monitor the Project, either party shall be entitled to authorise any person to make such visits on its behalf.
- 9.9 The Recipient shall provide Salix with a final report on Practical Completion which shall confirm whether the Project has been successfully and properly completed and which shall contain the information set out in Schedule 3 of the Grant Offer Letter (*Monitoring Reports*).
- 9.10 On each of the first three years following Practical Completion, the Recipient shall provide Salix with a report outlining the effectiveness of the Project in delivering energy savings and CO2 reductions, and containing such other information and evidence as is reasonably requested by Salix in relation to the Project.
- 9.11 The Recipient represents and undertakes (and shall repeat such representations on delivery of the relevant report or information):
- 9.11.1 that the reports and information it gives pursuant to this Clause 9 are accurate;
- 9.11.2 that it has diligently made full and proper enquiry of the matter pertaining to the reports and information given; and
- 9.11.3 that any data it provided pursuant to the Grant Application may be shared within the powers conferred by legislation with other organisations for the purpose of preventing or detecting crime.

## 10 Receipt of other funding sources

- 10.1 The Recipient is prohibited from accepting any other public sector or European funding in relation to the Project without first obtaining the prior written consent of Salix or the Secretary of State and the Recipient shall not claim or use any part of the Grant for any purpose other than the delivery of the Project.
- 10.2 The Recipient shall comply with the subsidy control rules applicable in the United Kingdom in relation to the delivery of the Project at the time this Grant Offer Letter is signed.
- 10.3 The Recipient is required to obtain and retain all declarations and information as may be required to enable both the Recipient and the Secretary of State to comply with the relevant subsidy control rules which apply in domestic UK law from 1 January 2021, and to provide copies of such declarations and information to the Secretary of State when required to do so.
- 10.4 The Secretary of State may, if required to do so by any other Governmental body, recover from the Recipient, on demand, any Grant, plus interest, made in contravention of the applicable subsidy control rules.
- 10.5 The Recipient shall, if requested by the Secretary of State or any Governmental body, repay to the Secretary of State or, as

applicable, such Governmental body, any Grant, plus interest, made in contravention of the applicable subsidy control rules.

- 10.6 The Recipient accepts that the Secretary of State may exercise the options referred to in paragraphs 10.4 and 10.5 where the Secretary of State:
- 10.6.1 is required to cease grant funding or to recover all, or any proportion, of the Grant or any other amount by virtue of a decision of a court or any equivalent body as a result of the relevant subsidy control rules which apply in domestic UK law from 1 January 2021; or
- 10.6.2 has reasonable grounds to consider that the payment of the Grant, or the Recipient's use of it, contravenes any requirement of law, in particular (but without limitation) the relevant subsidy control rules which apply in domestic UK law from 1 January 2021.

## 11 Acknowledgment and publicity

- 11.1 The Recipient shall not publish any material referring to the Project, the Secretary of State or Salix without the prior written agreement of the Secretary of State or Salix. The Recipient shall acknowledge the support of the Secretary of State in any materials that refer to the Project and in any written or spoken public presentations about the Project. Such acknowledgements (where appropriate or as requested by Salix or the Secretary of State) shall include the Secretary of State's name and logo (or any future name or logo adopted by the Secretary of State) using the templates provided by the Secretary of State from time to time.
- 11.2 In using the Secretary of State's name and logo, the Recipient shall comply with all reasonable branding guidelines issued by the Secretary of State from time to time.
- 11.3 The Recipient agrees to participate in and co-operate with promotional activities relating to the Project that may be instigated and/or organised by Salix or the Secretary of State.
- 11.4 Salix or the Secretary of State may acknowledge the Recipient's involvement in the Project as appropriate without prior notice.
- 11.5 The Recipient shall comply with all reasonable requests from the Secretary of State or Salix to facilitate visits, provide reports, statistics, photographs and case studies that will assist the Secretary of State or Salix, as the case may be, in its promotional and fundraising activities relating to the Project.

## 12 Intellectual Property Rights

- 12.1 The Secretary of State, Salix and the Recipient agree that all rights, title and interest in or to any information, data, reports, documents, procedures, forecasts, technology, Know-How and any other Intellectual Property Rights whatsoever owned by either the Secretary of State, Salix or the Recipient before the Grant Payment Date or developed by any party during the period prior to Practical Completion, shall remain the property of that party.
- 12.2 Where the Secretary of State or Salix has provided the Recipient with any of its Intellectual Property Rights for use in connection with the Project (including without limitation its name and logo), the Recipient shall, on termination of the Agreement, cease to use such Intellectual Property Rights immediately and shall either return or destroy such Intellectual Property Rights as requested by Salix or the Secretary of State, as appropriate.

## 13 Confidentiality

- 13.1 Subject to Clause 14 (Freedom of Information), each party shall during the term of the Agreement and thereafter keep secret and confidential all Intellectual Property Rights or Know-How or other business, technical or commercial information disclosed to it as a result of the Agreement and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of the Agreement or save as expressly authorised in writing by the other party.
- 13.2 The obligation of confidentiality contained in this clause shall not apply or shall cease to apply to any Intellectual Property Rights, Know-How or other business, technical or commercial information which:

- 13.2.1 at the time of its disclosure by the disclosing party is already in the public domain or which subsequently enters the public domain other than by breach of the terms of the Agreement by the receiving party;
- 13.2.2 is already known to the receiving party as evidenced by written records at the time of its disclosure by the disclosing party and was not otherwise acquired by the receiving party from the disclosing party under any obligations of confidence; or
- 13.2.3 is at any time after the date of the Agreement acquired by the receiving party from a third party having the right to disclose the same to the receiving party without breach of the obligations owed by that party to the disclosing party.

#### 14 Freedom of information

- 14.1 The Recipient acknowledges that the Secretary of State and Salix are subject to the requirements of the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIRs).
- 14.2 The Recipient shall:
- 14.2.1 provide all necessary assistance and cooperation as reasonably requested by the Secretary of State or Salix, as the case may be, to enable the Secretary of State and/or Salix to comply with their obligations under the FOIA and EIRs;
- 14.2.2 transfer to Salix all requests for information relating to the Agreement that it receives as soon as practicable and in any event within 2 working days of receipt;
- 14.2.3 provide Salix with a copy of all information belonging to Salix requested in the request for information which is in its possession or control in the form that Salix requires within 5 working days (or such other period as Salix may reasonably specify) of Salix's request for such information; and
- 14.2.4 provide the Secretary of State with a copy of all information belonging to the Secretary of State requested in the request for information which is in its possession or control in the form that the Secretary of State requires within 5 working days (or such other period as the Secretary of State may reasonably specify) of the Secretary of State's request for such information; and
- 14.2.5 not respond directly to a request for information unless authorised in writing to do so by Salix.
- 14.3 The Recipient acknowledges that Salix and the Secretary of State may be required under the FOIA and EIRs to disclose information without consulting or obtaining consent from the Recipient. Salix or the Secretary of State, as applicable, shall take reasonable steps to notify the Recipient of a request for information (in accordance with the Secretary of State's section 45 Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the FOIA) to the extent that it is permissible and reasonably practical for it to do so but (notwithstanding any other provision in the Agreement) Salix or the Secretary of State, as the case may be, shall be responsible for determining in their absolute discretion whether any information is exempt from disclosure in accordance with the FOIA and/or the EIRs.

#### 15 Data protection

- 15.1 All Parties will comply with all applicable requirements of and all their obligations under the Data Protection Legislation which arise in connection with the Agreement.

#### 16 Procurement of Capital Equipment, Goods and Services

- 16.1 The procurement of all works, equipment, goods and services required to deliver the Project must be carried out in accordance with the Recipient's internal procurement guidelines and financial regulations, and with all applicable laws including the Procurement Regulations. The Secretary of State shall not be liable for the Recipient's failure to comply with its obligations under such guidelines, regulations or laws.

#### 17 Withholding, suspending and repayment of Grant

- 17.1 The Secretary of State's intention is that the Grant will be paid to the Recipient in full. However, without prejudice to the Secretary of State's or Salix's other rights and remedies, the Secretary of State may at their discretion reduce, withhold or suspend payment of all or any part of the Grant and/or require repayment of all or part of the Grant if:
- 17.1.1 the Recipient has used, or intends to use, all or any part of the Grant for purposes other than those for which the Grant has been awarded;
- 17.1.2 the delivery of the Project does not start within 6 weeks of the Project Start Date and the Recipient has failed to provide Salix with a reasonable explanation for the delay;
- 17.1.3 the Secretary of State or Salix, acting reasonably, considers that the Recipient has not made satisfactory progress with the delivery of the Project;
- 17.1.4 the Recipient is, in the reasonable opinion of the Secretary of State or Salix, delivering the Project in a negligent manner and/or not in accordance with the Project Programme or Grant Application;
- 17.1.5 the Recipient obtains duplicate funding from a third party for the Project;
- 17.1.6 the Recipient obtains funding from a third party without prior written consent of the Secretary of State or Salix, such consent not to be unreasonably withheld;
- 17.1.7 the Recipient provides Salix or the Secretary of State with any materially misleading or inaccurate information and/or any of the information provided in the Grant Application or in any subsequent correspondence is found to be incorrect or incomplete to an extent that the Secretary of State or Salix considers to be significant;
- 17.1.8 the Recipient commits or committed a Prohibited Act or fails to report a Prohibited Act to the Secretary of State or Salix, whether committed by the Recipient or a third party, as soon as they become aware of it;
- 17.1.9 any member of the Governing Body, employee or volunteer of the Recipient has (a) acted dishonestly or negligently at any time and directly or indirectly to the detriment of the Project or (b) taken any actions which, in the reasonable opinion of Salix or the Secretary of State, bring or are likely to bring Salix's name or reputation or the Secretary of State's name or reputation into disrepute (and actions include omissions in this context) or (c) transferred, assigned or novated the Grant to a third party or (d) failed to act in accordance with all applicable laws;
- 17.1.10 the Recipient ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
- 17.1.11 the Recipient becomes insolvent, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
- 17.1.12 in the sole opinion of Salix or the Secretary of State, the Grant has been used as an unlawful subsidy;
- 17.1.13 in the sole opinion of Her Majesty's Revenue & Customs, the Recipient engages in tax evasion or aggressive tax avoidance;
- 17.1.14 in the sole opinion of Salix, there is a financial irregularity within the Recipient which is not rectified within the timescale provided by Salix;

- 17.1.15 the Recipient undergoes a Change of Control which Salix, acting reasonably, considers:
- 17.1.16 will be materially detrimental to the completion of the Project and/or;
- 17.1.17 causes, or would cause, the Recipient to be in breach of the Agreement;
- 17.1.18 would raise national security concerns; or
- 17.1.19 the Recipient fails to comply with the Agreement and fails to rectify any such failure within 30 days of receiving written notice detailing the failure; or
- 17.1.20 Salix gives at least 2 months' notice in writing to the Recipient.
- 17.2 The Secretary of State may retain or set off any sums owed to it by the Recipient which have fallen due and payable against any sums due to the Recipient under the Agreement or any other agreement pursuant to which the Recipient provides goods or services to the Secretary of State .
- 17.3 The Recipient shall make any payments due to the Secretary of State without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise.
- 17.4 Should the Recipient be subject to financial or other difficulties which are capable of having a material impact on its effective delivery of the Project or compliance with the Agreement it will notify Salix as soon as possible so that, if possible, and without creating any legal obligation, Salix will have an opportunity to provide assistance in resolving the problem or to take action to protect Salix, the Secretary of State, and the Grant monies.
- 18 Anti-discrimination**
- 18.1 The Recipient shall not unlawfully discriminate within the meaning and scope of any law, enactment, order, or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment.
- 18.2 The Recipient shall take all reasonable steps to secure the observance of Clause 18.1 by all servants, employees or agents of the Recipient and all suppliers and sub-contractors engaged on the Project.
- 19 Human rights**
- 19.1 The Recipient shall (and shall use its reasonable endeavours to procure that its staff shall) at all times comply with the provisions of the Human Rights Act 1998 in the performance of the Agreement as if the Recipient were a public body (as defined in the Human Rights Act 1998).
- 19.2 The Recipient shall undertake, or refrain from undertaking, such acts as Salix or the Secretary of State requests so as to enable Salix and the Secretary of State to comply with their obligations under the Human Rights Act 1998.
- 20 Financial Management and Prevention of Bribery, Corruption, Fraud and Other Irregularity**
- 20.1 The Recipient will at all times comply with all applicable Laws, statutes and regulations relating to anti-bribery and anti-corruption, including but not limited to the Bribery Act.
- 20.2 The Recipient must have a sound administration and audit process, including internal financial controls to safeguard against fraud, theft, money laundering, counter terrorist financing or any other impropriety, or mismanagement in connection with the administration of the Grant. Salix or the Secretary of State may require that the Recipient's internal/external auditors report on the adequacy or otherwise of those processed.
- 20.3 All cases of fraud, theft or other financial irregularity (whether proven or suspected) relating to the Project and/or use of the Grant must be notified to Salix as soon as they are identified. The Recipient shall explain to Salix what steps are being taken to investigate the fraud, theft or financial irregularity and shall keep Salix informed about the progress of any such investigation. Salix may however request that the matter is referred to external auditors or other third parties for investigation as required.
- 20.4 Salix and the Secretary of State will have the right, at their absolute discretion, to insist that the Recipient addresses any actual or suspected fraud, theft or other financial irregularity and/or to suspend future payment of the Grant to the Recipient. Any grounds for suspecting fraud, theft or financial irregularity includes what the Recipient, acting with due care, should have suspected as well as what is actually proven.
- 20.5 For the purposes of this Clause 20, "financial irregularity" includes (but is not limited to) potential fraud or other impropriety, mismanagement, and the use of the Grant for any purpose other than those stipulated in the Agreement. The Recipient may be required to provide statements and evidence to Salix or the appropriate organisation as part of pursuing sanctions, criminal or civil proceedings.
- 21 Limitation of liability**
- 21.1 Salix and the Secretary of State accept no liability for any consequences, whether direct or indirect, that may come about from the Recipient running the Project, the use of the Grant or from withdrawal of the Grant. The Recipient shall indemnify and hold harmless Salix and the Secretary of State, and their employees, agents, officers or sub-contractors with respect to all claims, demands, actions, costs, expenses, losses, damages and all other liabilities arising from or incurred by reason of the actions and/or omissions of the Recipient in relation to the Project, the non-fulfilment of obligations of the Recipient under the Agreement or its obligations to third parties.
- 22 Warranties**
- 22.1 The Recipient warrants, undertakes and agrees that:
- 22.1.1 it is a Public Sector Body;
- 22.1.2 it has all necessary resources and expertise to deliver the Project (assuming due receipt of the Grant);
- 22.1.3 it has not committed, nor shall it commit, any Prohibited Act;
- 22.1.4 it shall at all times comply with all relevant legislation and all applicable codes of practice and other similar codes or recommendations, and shall notify Salix immediately of any significant departure from such legislation, codes or recommendations;
- 22.1.5 it shall comply with the requirements of the Health and Safety at Work etc. Act 1974 and any other acts, orders, regulations and codes of practice relating to health and safety, which may apply to employees and other persons working on the Project;
- 22.1.6 it has and shall keep in place adequate procedures for dealing with any conflicts of interest;
- 22.1.7 it has and shall keep in place systems to deal with the prevention of fraud and/or administrative malfunction;
- 22.1.8 all financial and other information concerning the Recipient which has been disclosed to Salix or the Secretary of State is to the best of its knowledge and belief, true and accurate;
- 22.1.9 it is not subject to any contractual or other restriction imposed by its own or any other organisation's rules or regulations or otherwise which may prevent or materially impede it from meeting its obligations in connection with the Grant;
- 22.1.10 it is not aware of anything in its own affairs, which it has not disclosed to Salix, any of Salix's advisers, the Secretary of State, or any of the Secretary of State's advisers, which might reasonably have influenced the decision of the Secretary of State to make the Grant on the terms contained in the Agreement; and
- 22.1.11 since the date of its last accounts there has been no material change in its financial position or prospects which

would, in the reasonable opinion of Salix, adversely affect the Recipient's ability to deliver the Project in accordance with the Project Programme, the Grant Application and the Agreement.

### **23 Change of Control**

- 23.1 The Recipient shall notify Salix immediately in writing and as soon as the Recipient is aware (or ought reasonably to be aware) that it is anticipating, undergoing, undergoes or has undergone a Change of Control, provided such notification does not contravene any law.
- 23.2 The Recipient shall ensure that any notification made pursuant to Clause 23.1 shall set out full details of the Change of Control including the circumstances suggesting and/or explaining the Change of Control.
- 23.3 Where the Grant has been awarded to a consortium and the Recipient has entered into a collaboration agreement, the notification required under Clause 23.1 shall include any changes to the consortium members as well as the Recipient.
- 23.4 Following notification of a Change of Control, and unless Salix gave prior consent to the Change of Control, Salix shall be entitled to exercise its rights under Clause 17.1.15 by providing the Recipient with notification of its proposed action in writing within three (3) months of:
- 23.4.1 being notified in writing that a Change of Control is anticipated or is in contemplation or has occurred; or
- 23.4.2 where no notification has been made, the date that Salix becomes aware that a Change of Control is anticipated or is in contemplation or has occurred.

### **24 Duration**

- 24.1 Except where otherwise specified, the terms of the Agreement shall apply from the Grant Payment Date until the anniversary of expiry of Practical Completion or for so long as any Grant monies remain unspent by the Recipient, whichever is longer.
- 24.2 Any obligations under the Agreement that remain unfulfilled following the expiry or termination of the Agreement shall survive such expiry or termination and continue in full force and effect until they have been fulfilled.

### **25 Assignment**

- 25.1 The Recipient may not, without the prior written consent of the Secretary of State, assign, transfer, sub-contract, or in any other way make over to any third party the benefit and/or the burden of the Agreement or, except as contemplated as part of the Project, transfer or pay to any other person any part of the Grant.

### **26 Waiver**

- 26.1 No failure or delay by either party to exercise any right or remedy under the Agreement shall be construed as a waiver of any other right or remedy.

### **27 Notices**

- 27.1 All notices and other communications in relation to the Agreement shall be in writing and shall be deemed to have been duly given if personally delivered or mailed (first class postage prepaid) to the address of the relevant party, as referred to above or otherwise notified in writing. If personally delivered all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any working day they shall be deemed received on the next working day) and if mailed all such communications shall be deemed to have been given and received on the second working day following such mailing.

### **28 No partnership or agency**

- 28.1 The Agreement shall not create any partnership or joint venture between (1) the Secretary of State or Salix and (2) the Recipient, nor any relationship of principal and agent, nor authorise any party to make or enter into any commitments for or on behalf of the other party.

### **29 Joint and several liability**

- 29.1 Where the Recipient is not a company nor an incorporated entity with a distinct legal personality of its own, the individuals who enter into and sign the Agreement on behalf of the Recipient shall be jointly and severally liable for the Recipient's obligations and liabilities arising under the Agreement.

## **BEIS PUBLIC SECTOR DECARBONISATION SCHEME GRANT DETERMINATION (2020/2021): No 31/5353.**

The Secretary of State for Business, Energy and Industrial Strategy (“the Minister of State”), in exercise of the powers conferred by Section 31 of the Local Government Act 2003, makes the following determination:

### **Citation**

1) This determination may be cited as the BEIS Public Sector Decarbonisation Scheme Grant Determination (2020/2021): No 31/5353.

### **Purpose of the grant**

2) The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them.

### **Determination**

3) The Minister of State determines as the authorities to which grant is to be paid and the amount of grant to be paid, the authorities and the amounts set out in Annex A.

### **Grant conditions**

4) Pursuant to section 31(4) of the Local Government Act 2003, the Minister of State determines that the grant will be paid subject to the conditions in Annex B.

### **Treasury consent**

5) Before making this determination in relation to local authorities in England, the Minister of State obtained the consent of the Treasury.

Signed by authority of the Minister of State for Business, Energy and Industrial Strategy



### **Katherine Wright**

Deputy Director, Public Sector and Local Energy, Department for Business Energy and Industrial Strategy

08 February 2021

## **ANNEX A**

Please note full details of all grants, including Local Authorities and grant amounts will be published on [www.gov.uk](http://www.gov.uk) after all applications have been assessed and all grants have been determined.

## **ANNEX B**

1. Grant paid to a local authority under this determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

2. The Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return to the team leader of the Public Sector and Local Division of the Department for Business Energy and Industrial Strategy a declaration, to be received no later than 31 October 2021, in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Public Sector Decarbonisation Scheme Grant Determination (2020/2021): No 31/5353 have been complied with”.

This declaration can be sent to the following email address:  
[documents.psds@beis.gov.uk](mailto:documents.psds@beis.gov.uk).

3. If an authority fails to comply with any of the conditions and requirements of paragraphs 1 and 2, the Minister of State may-

- a) reduce, suspend or withhold grant; or
- b) by notification in writing to the authority, require the repayment of the whole or any part of the grant.

4. Any sum notified by the Minister of State under paragraph 3(b) shall immediately become repayable to the Minister.

Draft



Public Sector Decarbonisation Scheme: Application Form - Guidance Notes

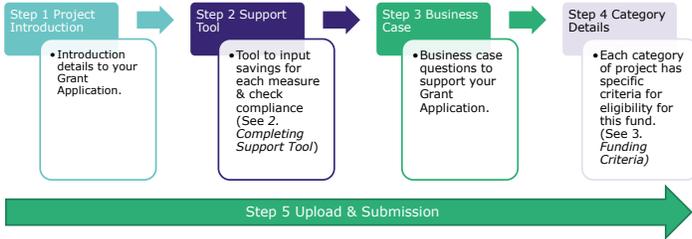
The following section is designed to give some clear guidance on how to fill out the Application Form for the Public Sector Decarbonisation Scheme. Any questions regarding the below please contact grants@salixfinance.co.uk.

Please **Enable Editing** in order for this Tool to fully function. This is a standard requirement when downloading excel files.

**Index:**

1. Steps for completing an application
2. Guidance on completing 'Step 2 Support Tool'
3. Completing 'Step 4 Category Details'
4. Low Carbon Skills Fund
5. Strategic Approach
6. Additionality Criteria
7. Mitigating Fraud
8. Carbon Saving Methodology
9. Definitions

**1. Steps for completing the Application Form**



**2. Completing 'Step 2 Support Tool'**

Enter project details as shown in the example below.

Start Date	Completion Date	Site Life	Project Description
1/1/20	1/1/21	30	Building improvements and energy efficiency works

For Category 1,2 & 4 (any projects directly saving carbon), enter information for each work type required for the project in the first table. Up to 10 work types may be entered here. Contact technical@salixfinance.co.uk if more measures are to be applied for.

Description of Work	Energy Type	Cost per kWh	Category	Project Type	Technology - Work Type	Annual kWh Pre-Project	Annual kWh Post-Project	Annual kWh savings	% kWh savings	Project Value
Building Fabric	Gas	2.80	2	Insulation - building fabric	Cavity-wall insulation	1000,000	890,000	110,000	11%	£50,000.00

The cells to the right show the calculated values for each work type.

Annual Financial Savings	Payback in Years	CO <sub>2</sub> e pa	£/CO <sub>2</sub> e LT
£4,200	11.90	27.58	60.43

Missing information for a work type will be flagged up in the 'Data Entry Check' column. The compliance check cannot be completed until all information is entered.

Payback in Years	CO <sub>2</sub> e pa	£/CO <sub>2</sub> e LT	Data Entry Check
11.90			Check all fields completed correctly
7.14	183.87	86.74	OK

Once all of the required information has been entered correctly, the cells at the top will show the final project figures and whether or not the project is compliant.

	Total Salix Funding Requested	Total Project Value	Payback in Years	Total Financial Savings	Total CO <sub>2</sub> e pa	£/CO <sub>2</sub> e LT	Compliance
Category 1,2 & 4	£850,000.00	£850,000	15.69	£54,189	355.83	177.27	Compliant
Category 3	£6,000.00	£6,000					
		<b>Total Project Value</b>		<b>Total Financial Savings</b>	<b>Total CO<sub>2</sub>e pa</b>	<b>£/CO<sub>2</sub>e LT</b>	
		£856,000.00		£54,189	355.83	177.27	

If you have a technology that is affecting more than one fuel, please enter each fuel into a separate line in the Compliance Tool.

Description of Work	Energy Type	Fuel Cost p/kWh	Category	Project Type	Technology - Work Type	Annual kWh Pre-Project	Annual kWh Post-Project	Annual kWh savings	% kWh savings	Project Value
1 Boiler to Heat pump	Gas	2.80	1	Heating	Air Source Heat Pump (air to water)	1,000,000	0	1,000,000	100%	£200,000.00
2 Boiler to Heat pump	Electricity	11.00	1	Heating	Air Source Heat Pump (air to water)	0	300,000	- 300,000	0%	£30,000.00

For Category 3 (enabling works), please provide a detailed description of the project and technology each work type is enabling. Please include the number of the project being enabled, this can be found in the far right column of the support tool table. Up to 10 work types may be entered here.

Description of Work	Project Type	Technology - Work Type	Details of Projects Enabled	Project Number	Project Value	Data Entry Check
Sub-metering	Metering	Flow Meters	Low carbon heating	1	£1,000.00	OK
Battery to support solar array	Battery Storage	Battery in combination with renewable	Solar Array	4	£5,000.00	OK

**3. Completing 'Step 4 Category Details'**

Completion of 'Step 4 Category Details' will depend on which category your project(s) fall into:



**Technology Categories:**

**Category 1:**

Technologies that directly contribute to the heat decarbonisation of a building by installation of low carbon heating.

**Category 2:**

Technologies that do not directly contribute to the heat decarbonisation of a building but reduce overall energy demand so will support future heat decarbonisation.

**Category 3:**

Technologies that do not reduce carbon emissions but enable future heat decarbonisation projects to take place - these technologies are exempt from the requirement to meet £500/CO<sub>2</sub>e lifetime savings.

**Category 4:**

Technologies that are only permitted if:

- (a) they are used to replace coal-fuelled heating systems or oil-fuelled heating systems, AND
  - (b) if, in Salix's reasonable opinion, it has been demonstrated that it is not viable for a low-carbon heating system to be installed within the building as a replacement for the coal or oil-fuelled heating system.
- Projects that fall into Category 2 and Category 3 must meet either one of criteria A, B or C as outlined below. Supporting commentary and evidence is needed to demonstrate each Category 2 and 3 project meets any one of the criteria. The criteria are outlined below, including advice on supporting information required.

**Category 2 and Category 3 Projects**

**Criteria A: Category 2 and 3 measures are combined with measures in Category 1:**

In this section, provide an overview of how each Category 2 and 3 measure facilitates the implementation of the Category 1 project.

**Criteria B: Category 2 and 3 measures are for buildings that already use low-carbon heating for all their heating requirements:**

In this section, provide a detailed description of these buildings including their heating systems and requirements.

**Criteria C: A written commitment is made to future heat decarbonisation for the buildings in which measures are installed, which includes all of the following:**

- (i) A commitment to produce and submit to Salix, a Heat Decarbonisation Plan by **30th September 2021**.
- (ii) An explanation within the Heat Decarbonisation Plan setting out how the building(s) fossil fuel heating systems will be replaced by low carbon heating when the fossil fuel system(s) reach the end of their natural lifetime. It is important to consider what will happen when your current heating plant has reached the end of its life and suitable upgrades have not been made to your building to manage this. The type or types of low carbon heating systems, and the likely timescale for this, must be identified. A template for this Heat Decarbonisation Plan is provided if there isn't an existing document, and this can be used to help create this plan if support is needed.
- (iii) The Heat Decarbonisation Plan must include details of how it has been approved by their public body, how this plan is going to be implemented, and that there is a commitment to apply for and utilise funding where available to deliver the Heat Decarbonisation Plan. The Heat Decarbonisation Plan will enable public bodies to plan their approach to decarbonisation and their contribution to meeting the 2050 net zero target.

## Step 1: Project Introduction



Project Title:

Applicant:

Submission date:

Will you need further use of the Low Carbon Skills Fund?  [Low Carbon Skills Fund](#)

Please provide an estimate of how many jobs will be supported by these projects.

Grant value requested (£)

Is the project dependent on any other funding streams?

If the project is dependent on any other funding stream, please provide details below.

**Please answer yes/no to the following questions, if any require additional commentary please include this in the box provided:**

- |  |                                  |
|--|----------------------------------|
| 1. Have you or your team worked with Salix before?   | <input type="text" value="Yes"/> |
| 2. Can you confirm your organisation owns the buildings where you wish to undertake these measures?                            | <input type="text" value="Yes"/> |
| 3. Can you confirm that your organisation pays the energy bills for these buildings?   | <input type="text" value="Yes"/> |
| 4. Can you confirm that the proposed measures have not yet started?  | <input type="text" value="Yes"/> |
| 5. Upon award of funding, do you have access to frameworks to procure the measures against?                                    | <input type="text" value="Yes"/> |
| 5a. If no, are you in a position to place orders having gone through a procurement process in line with financial regulations? | <input type="text" value="N/A"/> |
| 6. Does the project require planning consent?  | <input type="text" value="No"/>  |
| 7. Have you secured all necessary internal sign off for this project proposal?   | <input type="text" value="No"/>  |

If no, please provide detail below

The City of London (CoL) have been developing an Energy Reduction Programme over the last 12-months and internal approval has been granted to develop phase 1 and phase 2 of this programme which constitutes a number of the project proposed in this application. CoL were awarded LCSF funding when has been used to further develop opportunities already identified and build on this with additional projects. In October 2020 CoL approved a new Climate Action Strategy which sets an ambitious target for net zero carbon of our own estate by 2027. Achieving this target is dependent on accelerating our current reduction programme and increasing its scope - and therefore the PSDS Grant Scheme is an ideal opportunity to achieve our already well-established corporate objectives.

Approval of the City of London Corporation's programme of projects is the responsibility of the Policy and Resources Committee through its Projects Sub- Committee,

8. Does the project include any Private Finance Initiative (PFI) buildings, if yes please provide detail below.

### Additional Commentary

We have included some commentary for the basis of the estimated jobs supported figure state above, in the supporting document: Project Cost Breakdown.xls

Please note: all buildings are owned by City of London apart from the London Metropolitan Archives, which is under long lease.

The City of London have been awarded with Salix load funding previously, though it was some year ago. The City of London have recently liaised with Salix in regards to considering an application for the loan scheme, but none have been recently made as yet.

# Step 2: Support Tool

Version 1.5



<b>Applicant:</b>	City of London Corporation
<b>Project Phase:</b>	Pre-tender
<b>Compliance Criteria:</b>	£500 /tCO <sub>2</sub> e LT

	Total Grant Funding Requested	Total Project Value	Payback in Years	Total Financial Savings	Total tCO <sub>2</sub> e pa	£/tCO <sub>2</sub> e LT	Compliance
<b>Category 1, 2 &amp; 4</b>	£7,937,900.47	£7,937,900.47	9.03	£879,198	1,542.58	290.25	<b>Check Work Type Details</b>
<b>Category 3</b>	£1,508,043.29	£1,508,043.29	<b>Total Project Value</b>	£9,445,943.76	<b>Total Grant Value</b>	£9,445,943.76	

Planned Start Date	Planned Completion Date	Site Life	Project Description
1/4/21	29/9/21	30	Projects to support heat decarbonisation through improvements to HVAC systems and controls, enabled and enhanced through upgrades to electrical infrastructure and metering, and further energy reduction provided by lighting upgrades.

## Category 1, 2 and 4 projects

Description of Work	Energy Type	Fuel Cost p/kWh	Category	Project Type	Technology - Work Type	Annual kWhrs Pre-Project	Annual kWhrs Post-Project	Annual kWh savings	% kWh savings	Project Value	Annual Financial Savings	Payback in Years	tCO <sub>2</sub> e pa	£/tCO <sub>2</sub> e LT	Data Entry Check
1 BAC Damper Upgrades (On-site savings)	Electricity	13.50	2	Ventilation	Ventilation - distribution	864,000	648,000	216,000	25%	£10,278.63	£29,160	0.35	13.83	24.77	OK
2 BAC Damper Upgrades (Citigen chiller savings)	Electricity	18.18	2	Ventilation	Ventilation - distribution	301,191	256,012	45,179	15%	£2,149.88	£8,215	0.26	2.89	24.77	OK
3 BAC Damper Upgrades (Citigen gas savings)	Gas	1.34	2	Ventilation	Ventilation - distribution	12,991,452	11,042,735	1,948,718	15%	£266,313.39	£26,099	10.20	358.31	24.77	OK
4 BAC Damper Upgrades (CHP non-displaced electricity)	Electricity	0.00	2	Ventilation	Ventilation - distribution	0	672,772	- 672,772	0%	£0.00	£0	-	43.07	-	OK
5 BAC&GSMD Insulation Upgrades (Citigen gas savings)	Gas	1.34	2	Insulation - pipework	Heating pipework insulation (internal)	10,080,000	9,629,088	450,912	4%	£84,900.22	£6,039	14.06	82.91	45.51	OK
6 BAC&GSMD Insulation Upgrades (CHP non-displaced electricity)	Electricity	0.00	2	Insulation - pipework	Heating pipework insulation (internal)	0	155,672	- 155,672	0%	£0.00	£0	-	11.47	-	OK
7 BAC EC fan upgrades (on-site savings)	Electricity	13.50	2	Ventilation	Fans - air handling unit	1,450,176	1,160,141	290,035	20%	£297,198.00	£39,155	7.59	20.92	598.28	OK
8 GSMD Milton AHU's control and upgrade (On-site savings)	Electricity	13.50	2	Ventilation	Ventilation - distribution	226,640	179,712	46,928	21%	£266,720.00	£6,335	42.10	3.00	2,959.06	OK
9 BAC&GSMD BMS recommission/upgrade (On-site savings)	Electricity	13.50	2	Building management systems	BEMS - bureau remotely managed	1,630,080	1,565,529	64,551	4%	£110,873.92	£8,714	12.72	6.96	1,770.77	OK
10 BAC&GSMD BMS BMS recommission/upgrade (Citigen savings)	Electricity	18.18	2	Building management systems	BEMS - bureau remotely managed	58,032	56,871	1,161	2%	£1,993.53	£211	9.45	0.13	1,770.77	OK
11 BAC&GSMD BMS BMS recommission/upgrade (CHP non-displaced electricity)	Gas	1.34	2	Building management systems	BEMS - bureau remotely managed	4,547,008	4,366,947	180,062	4%	£527,638.11	£2,412	218.80	33.11	1,770.77	OK
12 BAC&GSMD BMS BMS recommission/upgrade (CHP non-displaced electricity)	Electricity	0.00	2	Building management systems	BEMS - bureau remotely managed	0	62,164	- 62,164	0%	£0.00	£0	-	6.70	-	OK
13 BAC pneumatic Valve replacements (On-site savings)	Electricity	13.50	2	Heating	Heating - distribution pipework improvements	823,680	617,760	205,920	25%	£512,943.21	£27,799	18.45	18.24	1,849.88	OK
14 BAC&GSMD Standard Valve upgrades/replacements (On-site savings)	Electricity	13.50	2	Heating	Heating - distribution pipework improvements	823,680	798,970	24,710	3%	£831.41	£3,336	0.25	2.19	24.99	OK
15 BAC&GSMD Standard Valve upgrades/replacements (Citigen savings)	Electricity	18.18	2	Heating	Heating - distribution pipework improvements	837,000	778,968	58,032	7%	£1,952.56	£10,552	0.19	5.14	24.99	OK
16 BAC&GSMD Standard Valve upgrades/replacements (Citigen savings)	Gas	1.34	2	Heating	Heating - distribution pipework improvements	21,840,000	19,871,715	1,968,285	9%	£137,452.72	£26,361	5.21	361.91	24.99	OK
17 BAC&GSMD Standard Valve upgrades/replacements (CHP non-displaced electricity)	Electricity	0.00	2	Heating	Heating - distribution pipework improvements	0	679,527	- 679,527	0%	£0.00	£0	-	60.20	-	OK
18 Guildhall E. Wing Art Gallery/Amp. AHUs (On-site savings)	Electricity	13.00	2	Ventilation	Fans - high efficiency	2,196,558	852,806	1,343,752	61%	£372,680.00	£174,688	2.13	123.38	211.97	OK
19 Guildhall E. Wing Offices AHUs (On-site savings)	Electricity	13.00	2	Ventilation	Fans - high efficiency	212,162	96,998	115,164	54%	£116,373.00	£14,971	7.77	10.57	772.30	OK
20 Guildhall West Wing AHU (On-site savings)	Electricity	15.10	2	Ventilation	Fans - high efficiency	179,580	75,248	104,332	58%	£36,560.00	£15,754	2.32	9.58	267.82	OK
21 LMA AHU Upgrade	Electricity	12.20	2	Ventilation	Fans - high efficiency	158,118	76,146	81,972	52%	£97,252.00	£10,001	9.72	7.53	906.74	OK
22 Guildhall East/West Wing Humidifiers (On-site savings)	Gas	2.30	2	Ventilation	Ultrasonic Humidifiers	2,048,394	0	2,048,394	100%	£311,544.00	£47,113	6.61	376.64	114.57	OK
23 Guildhall East/West Wing Humidifiers (new consumption)	Electricity	13.00	2	Ventilation	Ultrasonic Humidifiers	0	60,911	- 60,911	0%	£0.00	-£7,918	-	6.64	-	OK
24 Guildhall: Cooling Stage 1 Migration Work	Electricity	14.00	2	Cooling	Cooling - plant replacement/upgrade	532,378	371,827	160,551	30%	£123,500.00	£22,477	5.49	17.30	869.55	OK
25 GSMD Milton - Cooling Mods (On-site savings)	Electricity	13.50	2	Cooling	Cooling - plant replacement/upgrade	28,333	10,000	18,333	65%	£16,551.94	£2,475	6.69	1.98	1,020.58	OK
26 GSMD Milton - Cooling Mods (Citigen chiller savings)	Electricity	18.18	2	Cooling	Cooling - plant replacement/upgrade	306,258	153,796	152,462	50%	£137,648.06	£27,722	4.97	16.43	1,020.58	OK
27 Guildhall - Lighting (new fitting)	Electricity	14.50	2	LED lighting	LED - new fitting	752,923	338,283	414,640	55%	£998,769.44	£60,123	16.61	29.29	1,364.20	OK
28 Guildhall - Lighting (same fitting & controls work)	Electricity	14.50	2	LED lighting	LED - same fitting	141,466	40,025	101,441	72%	£374,001.92	£14,709	25.43	9.93	2,896.12	OK

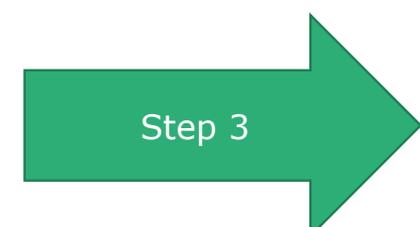
29	GSMD Milton - Lighting	Electricity	14.00	2	LED lighting	LED - new fitting	591,117	277,980	313,138	53%	£1,095,970.73	£43,839	25.00	22.12	1,982.20	OK
30	GSMD Milton - Lighting	Electricity	14.00	2	LED lighting	LED - same fitting	23,329	13,297	10,033	43%	£59,697.50	£1,405	42.50	0.98	4,674.15	OK
31	GSMD Silk - Lighting	Electricity	13.13	2	LED lighting	LED - new fitting	353,784	112,972	240,812	68%	£285,941.17	£31,619	9.04	17.01	672.48	OK
32	GSMD Silk - Lighting	Electricity	13.13	2	LED lighting	LED - same fitting	16,989	8,650	8,339	49%	£4,105.44	£1,095	3.75	0.82	386.71	OK
33	BAC - Lighting	Electricity	13.50	2	LED lighting	LED - new fitting	1,924,330	596,620	1,327,710	69%	£1,447,141.23	£179,241	8.07	93.77	617.29	OK
34	GSMD Sundial - Lighting	Electricity	13.50	2	LED lighting	LED - new fitting	407,999	70,980	337,019	83%	£238,918.44	£45,498	5.25	23.80	401.49	OK
35										0%						
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If you have more than 10 projects you wish to apply for, please contact: grants@salixfinance.co.uk

**Category 3 projects**

Description of Work	Project Type	Technology - Work Type	Details of Projects Enabled	Project Number	Project Value	Data Entry Check
1 Control cabling for pneumatic & other valves	Electrical Infrastructure	Electrical Distribution	PN Valve upgrades	2	£365,000.00	OK
2 Barbican Arts Centre Metering	Metering	Metering Other	Damper/EC Fan/Valve upgrades	2	£359,251.70	OK
3 Silk St metering	Metering	Metering Other	Damper/EC Fan/Valve upgrades	2	£203,823.55	OK
4 Milton Court Metering	Metering	Metering Other	Damper/EC Fan/Valve/AHU upgrades	2	£240,384.63	OK
5 Guildhall Metering	Metering	Metering Other	Guildhall AHU upgrades	2	£150,644.41	OK
6 Energy Management Software	Metering	Metering Software	Upgrade of current software to provide enhanced M&T functionality to support all projects listed	2	£50,000.00	OK
7 Building Energy Analyser	Metering	Metering Software	Enhanced energy data analysis (live stream) and HVAC operations which supports all HVAC projects: lines 1-26	2	£138,939.00	OK
8						
9						
10						



Category 1	Category 3
Category 2	Category 4

Please click on the links above to get a comprehensive list of all technologies included as part of each category

## Step 3: Business Case



### 1. Project Cost Breakdown

If pre-tender please provide cost estimates, and final costs to be provided when available.

Design and engineering costs (£)	£641,940.05	7%
Main equipment capital costs (£)	£3,909,806.82	41%
Installation & commissioning costs (£)	£3,007,362.59	32%
Project delivery costs (£)	£635,551.45	7%
Contingency costs (£)	£1,026,991.05	11%
Other project costs (£)	£224,296.22	2%
Total projects costs	£9,445,943.76	100%

### 2. Cost Breakdown

Please provide commentary on the project cost breakdown. Salix appreciates that at this stage these costs may not be firm. Please provide commentary around how the costs have been estimated.

Please first refer to the background to the projects set out in section 3 below.

Cost estimates have been provided by experienced consultants for each of the energy saving measures proposed as set out in the Support Tool sheet.

Where there are multiple lines in the Support Tool for savings relating to a single project, we have apportioned the total project cost between these lines based on the carbon savings, so the LT CO2 savings figure for the specific project can be clearly distinguished.

The above Project Cost Breakdown has been provided through collating costs provided by the consultants, with a few minor adjustments, as set out in the supporting spreadsheet: Project\_Cost\_Breakdown.xls.

Within the individual consultant reports, referenced in the below 'Project Details', the consultants have provided summary details on how the costs have been estimated and

### 3. Project Details

Project background - please give detail on how this project was selected compared to alternative low carbon solutions.

The proposed project is for category 2 and 3 measures for the following 5 sites:

- Guildhall Complex (GHC): the administrative headquarters for the CoL, incorporating public venues, art gallery, London's Roman amphitheatre, and a public library.
- Barbican Art Centre (BAC): a performing arts centre in the Barbican Estate of the City of London and the largest of its kind in Europe. The centre hosts classical and contemporary music concerts, theatre performances, film screenings and art exhibitions. It also houses a library, three restaurants, and a conservatory.
- Guildhall School of Music and Drama (GSMD) (<https://www.gsmd.ac.uk/>): a conservatoire and drama school offering undergraduate and postgraduate training in all aspects of classical music and jazz along with drama and production arts.
- London Metropolitan Archives (LMA) (<https://www.cityoflondon.gov.uk/things-to-do/history-and-heritage/london-metropolitan-archives>): the principal local government archive repository for the Greater London area, including the City of London: it is the largest county record office in the United Kingdom.

### 4. Details of Project Energy Saving Calculations

Describe how the programme energy and carbon savings have been calculated, detailing any assumptions. Please attach savings calculations and product specifications alongside your application.

Calculations specific to the items set out in the Support Tool are summarised within the documents referenced in the above 'Project Details' and contained within separate supporting spreadsheets.

The general approach can be summarised as:

1. Baseline energy data has been derived from a combination of top down metering data and bottom up analysis based on site-surveys to verify equipment operational loads and supplemented by O&M documentation.
2. Where required, energy consumption has been estimated based on sampling, and benchmarking techniques were used such as CIBSE and British Standards.
3. Building Management System values and logging data has been used to verify HVAC operations and assumptions.
4. New energy consumption has been informed by manufacturers technical data where an outline specification is possible, or conservative estimations.

### 5. Energy and Carbon Monitoring Plan Post-completion

- Post-completion do you have plans in place for monitoring your projects?
- Do you agree that you will participate and cooperate with those people who are assessing this project from BEIS?

A post-completion verification exercise will be carried out by the CoL Energy Team. Energy consumption will be monitored through main or sub-meters (where available) and supplemented by BEMS logging of plant operations and spot checks of power loads. The level of monitoring will be greatly enhanced through the category 3 metering and software projects proposed in this application. Monitoring will be carried out at intervals of: 1-month, 3-months, 6-months and 12-months, and 3-years post installation to verify the energy savings and the installation is meeting design expectations. The Energy Team will provide assessment updates at these intervals with a final report at 12-months post-completion of each project which will evaluate the project energy savings, capital costs and building service performance. The assessment will also take into account other variables in order to determine the impact of the actual energy saving project, including: weather, site changes (occupancy hours, occupied area), site HVAC changes (including control and physical changes). The project will also be carried out in accordance with CoL project governance procedures which requires a formal report 6 months post completion. To confirm, CoL agrees to participate and cooperate with those people who are assessing this project from BEIS.

### 6. Project Governance

Please define the project team and their roles in the delivery of the project (e.g. consultants, contractors, senior manager etc.).

- Please outline the organisation structure in terms of who has the authority to approve the project and any changes.
- Has a Project Execution Plan been drawn up to state exactly how the project will be managed?
- Please provide commentary to demonstrate how the teams overseeing the works are appropriately trained and skilled for the proposed technologies.
- Please attach a copy of your internal project plan.

We have set out our route for internal approval in Step 1, section 7. The Town Clerk's Programme Office monitors the progress of projects from start to finish and programme officers are required to provide monthly update reports. If the programme costs are subsequently projected to exceed the approved budget then internal approval must be sought before proceeding, and this process depends on the value and percentage variation. Any significant changes to the project that are not related to cost (e.g. programme, risk and specification) must be agreed by the Committee(s) which consider the progress reports for the project.

Following approval, a Project Board will be established who are responsible for the development and delivery of the project within the parameters agreed by Members and the Chief Officer. The Project Board will ensure the project is delivered in accordance with the agreed programme, specification and budget and is responsible for ensuring any actual or forecast deviation from the parameters agreed by Members is reported. James Rooke, Assistant Director and Head of Energy & Sustainability would be the overall Project

### 7. Previous Experience

Describe any previous experience that you may have with the proposed energy efficiency measure.

- Please also outline the experience members of the project team have with managing projects of a similar scale, including that of any third-party support.

The programme is governed within the City Surveyor's Department of the City of London Corporation. The department are responsible for maintaining the City's Investment and Corporate portfolios over 1000 buildings (value of ~£5.6 billion) extending to 6.25 million sq ft of space and delivering construction projects (worth about £200m). The project will be managed by the Corporate Energy Team who are part of the Operations Group within the City Surveyor's Department. The Operations Group, who consist of 170 in-house staff, are responsible for directly managing all property and services for 100+ buildings and delivering over 1000 projects annual of a total value of £20m. The Energy Project Programme would be managed in parallel to the Operations Group Cyclical Works Programme which invests ~£3.5m/yr in essential building works.

The project will be directly managed by the existing 6-person Corporate Energy Team, within the City Surveyor's department, with support from the wider department who have significant experience in programmes of this nature and scale. The energy team manage the £17m annual corporate energy procurement and provide energy management

### 8. Procurement process

What are your plans for procuring the services needed for this project?



## Step 4: Grant Funding Criteria



For further guidance on individual category criteria please see: [Guidance Notes tab](#)

Please complete Sections 1 to 2 unless otherwise specified.

### 1. Category 1 Projects - *If you have not applied for Category 1 projects, please move on to section 2*

Provide detailed commentary and supporting evidence for how the proposed work(s) fit into the estate wide decarbonisation strategy. Can you comment on how the site(s) will be made compatible for the low carbon heating system(s)?

The London Metropolitan Archives (LMA) and Walbrook Wharf, which are not connected to Citigen, are also included in this project proposal for measures to improve ventilation efficiency and metering. These sites are currently supplied with heat from on-site gas boilers. The measures proposed will aim in reducing the existing energy consumption to facilitate more efficient future heat network connection or alternative low carbon on-site heat supply.

Alongside the grant application we will be applying to the LCSF for funding towards Heat Decarbonisation Plans for all these five sites. This will allow consultancy work to be commissioned to provide detailed surveys, analysis and recommendations for optimising site temperature regimes, and identifying options for low carbon heat supplies for the LMA and Walbrook Wharf.

### 2. Category 2 or 3 projects - *If you have not applied for Category 2 or 3 projects, please move on to Step 5.*

These technologies will only be eligible for funding where one of the following criteria (A,B or C) applies:

Please input details below for the option where **yes** is selected.

<p><b>Criteria A:</b> Do you have both Category 1 and Category 2/3 measures in your application <b>AND</b> do the Category 2/3 measures support measures in Category 1?</p> <p>If yes, please provide an overview outlining how each Category 2/3 project relates to and facilitates the implementation of Category 1 measure.</p>	No	
<p><b>Criteria B:</b> Are the Category 2/3 measures for buildings that already use low-carbon heating?</p> <p>If yes, please provide a detailed description of these buildings including their heating systems and requirements.</p>	Yes	<p>The Guildhall, Barbican Art Centre, and GSMD are already connected to the Citigen network, which supplies low carbon heat generated by a central gas-CHP energy centre. The proposed projects are designed to not only reduce the demand for heat, but also to improve the efficiency of it's supply by addressing HVAC issues causing high return temperatures and low flow/return temperature differentials. The City of London are in a long-term partnership with Citigen (owned by E.ON) to develop the network, both extending to connect to more</p>
<p><b>Criteria C:</b> If you have answered no to Criteria A and B, please provide your heat decarbonisation plan for all buildings involved in category 2/3 projects.</p> <p>Select Yes to confirm that this heat decarbonisation plan has been provided with your application.</p>	No	<p>If No is selected, please sign the Signature Document (which will be sent to you after Application) as a written commitment to produce and submit to Salix, a Heat Decarbonisation Plan by 30 September 2021.</p>

### 3. Category 3 Projects - *If you have not applied for just Category 3 projects, please move onto Step 5*

Please provide commentary on why low carbon heating measures cannot be implemented on site presently.

## Step 5 Submit Application

You can upload the completed Public Sector Decarbonisation Scheme Application Form and any further supporting documentation to the Salix online application portal:

[Application Portal](#)

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Category List			
Project Type	Work Type	Persistence Factor	Status/Comments
<b>Category 1</b>			
Heating	Air Source Heat Pump (air to water)	12.54	Use a separate line for each fuel type
	Ground Source Heat Pump	16.72	Use a separate line for each fuel type
	Water Source Heat Pump	16.72	Use a separate line for each fuel type
	Connect to existing district heating	28.50	
	Heating - Electric Heating	9.50	
<b>Category 2</b>			
Building management systems	BEMS - bureau remotely managed	9.00	
	BEMS - not remotely managed	6.84	
	BEMS - remotely managed	8.42	
Compressor	Compressed Air: air compressor upgrade	14.44	
Computers & IT solutions	CRT to LED monitors	7.20	
	Energy Efficient File Storage Replacement	9.00	
	Energy Efficient Server Replacement	9.00	
	Evaporative cooling for ICT	13.68	
	Free Cooling for ICT	13.68	
	Hot aisle/cold aisle containment	10.83	
	LED monitors instead of LCD (cost difference)	7.20	
	Multi Functional Devices	4.50	
	Network PC power management	4.00	
	Thin client	9.00	
	Uninterruptible Power Supplies	18.00	
	Virtualisation	9.00	
Cooling	Cooling - control system	6.84	
	Cooling - plant replacement/upgrade	8.21	
	Energy Efficient Chillers	14.44	
	Free cooling	13.68	
	Replacement of air conditioning with evaporative cooling	13.68	
Energy from waste	Anaerobic digestion	15.20	
	Incineration	15.20	Use a separate line for each fuel type
Hand Dryers	Hand Dryers - replacement to more efficient type	8.21	
Heating	Heat recovery	10.83	Use a separate line for each fuel type
	Heating - discrete controls	6.84	
	Heating - distribution pipework improvements	15.20	
	Heating - TRVs	6.84	
	Heating - zone control valves	11.88	
	Replace steam calorifier with plate heat exchanger	28.50	
	Steam trap replacements	15.20	
	Thermal Stores	18.00	
Hot water	Flow restrictors	14.00	
	Hot Water - chlorine dioxide dosing and biocide treatment	9.50	
	Hot Water - distribution improvements	18.00	
	Hot Water - Efficient taps	11.00	
	Hot Water - point of use heaters	9.50	
Industrial kitchen equipment	Energy efficient combi-oven	8.10	
	Energy efficient convection-oven	10.30	
	Steriliser to dishwasher replacement	10.80	
Insulation - building fabric	Cavity wall insulation	30.00	
	Double glazing with metal or plastic frames	28.00	
	Dry wall lining	30.00	
	Loft insulation	27.00	
	Floor Insulation - suspended timber floor	27.00	
	Floor Insulation - solid floor or other type	30.00	
	Roof insulation	30.00	
	Secondary glazing	7.92	
Insulation - draught proofing	Insulation - draught proofing	29.25	
Insulation - other	Air Curtains - ambient	11.40	
	Air Curtains - heated	10.83	
	Automatic speed doors		

	Automatic/revolving doors	<b>8.45</b>	
	Draught Lobby (external)	<b>29.25</b>	
	Draught Lobby (internal)	<b>29.25</b>	
	Radiator reflective foil (external walls)	<b>8.00</b>	
Insulation - pipework	Heating pipework insulation (external)	<b>9.00</b>	
	Heating pipework insulation (internal)	<b>22.50</b>	
Lab Upgrades	Diode pumped solid state lasers	<b>6.80</b>	
	Energy Efficient Drying Cabinets	<b>12.80</b>	
	Energy Efficient Freezers (-25°C)	<b>12.83</b>	
	Energy Efficient Freezers (-86°C)	<b>8.55</b>	
	Energy Efficient Fume Cupboards	<b>16.25</b>	
	Energy Efficient Growth Cabinets	<b>10.80</b>	
	Energy Efficient X-Ray Generator	<b>10.00</b>	
	Fume Cupboards - Auto Sash Closing + PIR	<b>6.84</b>	
	Fume Cupboards - VAV Controls + Inverter Drives	<b>10.26</b>	
	Heat Recovery on Extract System	<b>10.83</b>	
LED lighting	LED - new fitting	<b>25.00</b>	
	LED - same fitting	<b>13.00</b>	
Lighting controls	Lighting - discrete controls	<b>8.89</b>	
	Lighting control system centralised	<b>10.26</b>	
Motor controls	Fixed speed motor controls	<b>11.40</b>	
	Motors - flat belt drives	<b>11.40</b>	
	Variable speed drives	<b>10.26</b>	
Motor replacement	Motors - high efficiency	<b>15.00</b>	
Office equipment	Office equipment improvements for non-ICT	<b>3.00</b>	
Renewable energy	Small Hydropower	<b>22.80</b>	Use a separate line for each fuel type
	Solar PV	<b>22.50</b>	
	Solar Thermal	<b>17.10</b>	
Time switches	Time switches	<b>6.84</b>	
Transformers	Low loss	<b>30.00</b>	
	Low loss (cost difference)	<b>30.00</b>	
	Low loss+voltage management	<b>30.00</b>	
	Low loss+voltage management(cost difference)	<b>30.00</b>	
	Transformer tapping change	<b>30.00</b>	
Ventilation	Fans - air handling unit	<b>23.75</b>	
	Fans - high efficiency	<b>14.25</b>	
	Phase change material	<b>23.75</b>	
	Ultrasonic Humidifiers	<b>7.22</b>	
	Ventilation - distribution	<b>30.00</b>	
	Ventilation - presence controls	<b>6.84</b>	
<b>Category 3</b>			
Battery Storage	Battery in combination with renewable	<b>N/A</b>	
	Standalone Batteries	<b>N/A</b>	
	Upgrade uninterruptible power supply	<b>N/A</b>	
Electrical Infrastructure	Capacity Improvements	<b>N/A</b>	
	Electrical Distribution	<b>N/A</b>	
	Incoming Electricity Provision	<b>N/A</b>	
Metering	Flow Meters	<b>N/A</b>	
	Heat Meters	<b>N/A</b>	
	Metering Other	<b>N/A</b>	
	Metering Software	<b>N/A</b>	
<b>Category 4</b>			
Boilers	Boilers - control systems	<b>6.84</b>	
	Boilers - replacement combination	<b>7.22</b>	
	Boilers - replacement condensing	<b>14.44</b>	
	Boilers - replacement modular	<b>10.83</b>	
	Boilers - retrofit economiser	<b>10.83</b>	
Combined heat & power	CHP Private Wire Connection	<b>30.00</b>	
	Gas Turbine	<b>11.40</b>	
	Gas Engine CHP	<b>15.20</b>	
Heating	Oil to Gas - boiler fuel switching	<b>7.92</b>	Use a separate line for each fuel type

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Public Sector Decarbonisation Scheme  
Assessment and Feedback



Applicant: City of London Corporation

**Salix Commentary**

**Step 1: Project Introduction**

Supporting Employment		Score Green for High Quality, Amber for OK and Red for Requires Improvement
		409 reasonable given size of the project
		Project expected to run from 01/04/2021 to 29/09/2021

**Step 2: Support Tool**

Technical Feasibility & Future Resilience		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
		Improvements to several City of London buildings, including: Damper Upgrade, Insulation - pipework, EC fan upgrades, AHU's control and upgrade, BMS recommission/ upgrades, Pneumatic Valve upgrades/ replacement, Fans - high efficiency, Ultrasonic Humidifiers, Cooling - plant replacement/upgrade and LED lighting
		Pre-tender application, so final contractors not selected. project team and contractors have extensive building energy experience

Project Cost Savings Calculations with particular reference to the fuel prices being considered		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
		Price for electricity are generally typical, however the below are quite high: BAC Damper Upgrades (Citigen chiller savings) 18.18 p/kWh Elec BAC&GSM BMS BMS recommission/ upgrades (Citigen chiller savings) 18.18 p/kWh Elec BAC&GSM Standard Valve upgrades/ replacements (Citigen chiller savings) 18.18 p/kWh Elec Guildhall West Wing AHU (On-site savings) 15.1 p/kWh Elec GSM Milton - Cooling Mods (Citigen chiller savings) 18.18 p/kWh Elec Applicant has confirmed these electricity prices over email, based on bills.

Is cost of carbon in line with similar projects		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
		Cost of carbon within compliancy limit for overall project. Payback time is reasonable.
		Surveys carried out by consultant for each project and will need to be confirmed post-tender.

**Step 3: Business Case**

1.1 Design & Engineering Costs		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
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1.2 Main Equipment Costs		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
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1.3 Installation and Commissioning Costs		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
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1.4 Project Delivery Costs		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
		no quotes obtained, estimations by consultant
		Breakdown of project costs are reasonable
Comments on Project Costs (1.1-1.4):		

2. Evidence of Firm Pricing or close budgets having been received		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
		Costs are given to a good degree of certainty pre tender. Paybacks are as expected for these technologies. Revised costs are to be provided with evidence post tender.

3. Project Description including any background material		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
		project description is very clear. Works at this site include Damper Upgrade, Insulation - pipework, EC fan upgrades, AHU's control and upgrade, BMS recommission/ upgrades, Pneumatic Valve upgrades/ replacement, Fans - high efficiency, Ultrasonic Humidifiers, Cooling - plant replacement/upgrade and LED lighting

4. Energy/Carbon Savings Calculations		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
		Several surveys have been completed for Damper Upgrade, Insulation - pipework, EC fan upgrades, AHU's control and upgrade, BMS recommission/ upgrades, Pneumatic Valve upgrades/ replacement, Fans - high efficiency, Ultrasonic Humidifiers, Cooling - plant replacement/upgrade and LED lighting
		Energy and costs savings should be reassessed/confirmed post-tender when exact equipment to be installed is finalised.

5. Energy/Carbon Monitoring Plan		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement
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		A post-completion verification exercise will be carried out by the CoL Energy Team. Energy consumption will be monitored through main or sub-meters
6. Is the project governance sufficient for the size and complexity of the work to be completed?		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement The Town Clerk's Programme Office monitors the progress of projects from start to finish and programme officers are required to provide monthly update reports. Any significant changes to the project that are not related to cost (e.g. programme, risk and specification) must be agreed by the Committee(s) which consider the progress reports for the project.
7. Applicant/Contractors' previous experience capability		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement Pre-tender, contractor not selected. The project will be directly managed by the existing 6-person Corporate Energy Team, within the City Surveyor's department, with support from the wider department who have significant experience in programmes of this nature and scale
8. Has a robust procurement policy been demonstrated?		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement 1. Existing City of London frameworks, including: a) Major Works framework: consists of two frameworks in which 6 suppliers can compete for works between £1,000,000 and £15 million. b) Intermediate Works framework: for M&E works between £250k and £1 million. c) Minor Works framework: for M&E works up to £250k.
9. & 10. Project Risks & Mitigations including Fraud		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement It has a dedicated unit as part of the Chamberlain's Internal Audit section tasked with the prevention, detection and investigation of allegations of fraud and corruption originating both internally and externally risk register not provided with application
<b>Step 4: Category Details</b>		
Category Criteria		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement Category 2 measures include reducing electricity consumption and energy consumption (heating and cooling) Damper Upgrade, Insulation - pipework, EC fan upgrades, AHU's control and upgrade, BMS recommission/ upgrades, Pneumatic Valve upgrades/ replacement, Fans - high efficiency, Ultrasonic Humidifiers, Cooling - plant replacement/upgrade and LED lighting
<b>From Supporting Information</b>		
Material provided on the technology, has the final product been chosen?		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement Pre-tender application. Final product specifications required once tender process is complete.
Project Implementation / Schedule - Timings included; for example key milestones for installation and commissioning		Score Green for High Quality, Amber for With Conditions and Red for Requires Improvement Project plan provided, very high level, Expected completion date is 29/09/2021, within the required timescale to deliver within final deadline.
Board/councillors approval?	No	we will seek to expedite the approval process through Where a decision is required rapidly and must be done outside of the regu
<b>Assessor review and recommendations</b>		
Based on the overall score achieved, the business case for this project is:		Green = Passed Amber = Passed with conditions Red = Requires improvement
Based on evidence provided, is project completion realistic and feasible:		Green = Passed Amber = Passed with conditions Red = Requires improvement
Assessor Opinion - Consider this project for funding:	Passed with Conditions	Assessor's confirmation of scoring outcome or over-ride if assessor has reservations over scoring. Normally a Not Sound outcome from the scoring will result in further information being required or a recommendation that the project is not taken any further.
<b>Assessor summary including improvement points:</b>		
Funding has been requested for upgrades to the heating and cooling system in several City of London buildings. Category 2 measures include reducing electricity consumption and energy consumption (heating and cooling) Damper Upgrade, Insulation - pipework, EC fan upgrades, AHU's control and upgrade, BMS recommission/ upgrades, Pneumatic Valve upgrades/ replacement, Fans - high efficiency, Ultrasonic Humidifiers, Cooling - plant replacement/upgrade and LED lighting  Site surveys have been complete for all works		
<b>Conditions (if any further information required) for passing business case:</b>		

<p>Conditions of funding:</p> <p>Provide project programme including contingency plan.                  Risk Register - Full risk register to be provided. COVID impact to be included.                  Data Sheets - To be provided once contractor on board and product specifications and manufacturers confirmed.                  Firm Pricing - Quotations for all of the technologies must be provided from the appointed contractor(s) to confirm final pricing for each technology. This should be broken-down into equipment, installation and any other costs.                  Energy Saving Calculations - Any changes to the proposed savings must be communicated once contractor(s) on board and final product selected.                  Updated Application Form post tender must be provided to Salix with any changes.                  Board/councillors approval - Board approval to be obtained and confirm to Salix.</p>																
<p><b>Project Completion Commentary:</b></p> <p>Applicants expected completion date is 29/09/2021, which is within the required timescale to deliver within final deadline.</p> <p>Technologies are established, but the project is large in scale. A structured procurement process is to be used to tender for the work.</p> <p>Risk register has not been provided - this must be considered properly by the applicant to understand its risks to delivery by end of September 2021.</p>																
<p><b>Disclaimer</b></p> <p>This assessment is made on the information as provided by the applicant. Whilst reasonable steps have been taken to ensure that the information provided within this assessment is correct, Salix, the assessor, and the Government give no warranty and make no representation as to its accuracy and accept no liability for any errors or omissions.</p>																
<p><b>To be completed by Salix/Technical Contractor Assessor</b></p> <table border="1"> <tr> <td>Project reference</td> <td>16989</td> <td></td> </tr> <tr> <td>Time Allocated</td> <td>15.00</td> <td>hours</td> </tr> <tr> <td>Assessor</td> <td colspan="2">Jeremy Pye</td> </tr> </table> <p>QA</p> <table border="1"> <tr> <td>Approved by</td> <td colspan="2">Pete Edwards</td> </tr> <tr> <td>Date</td> <td colspan="2">17 February 2021</td> </tr> </table>		Project reference	16989		Time Allocated	15.00	hours	Assessor	Jeremy Pye		Approved by	Pete Edwards		Date	17 February 2021	
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**Public Sector Decarbonisation Scheme  
2020/2021**

**MEMORANDUM OF UNDERSTANDING  
Between the**

**SECRETARY OF STATE FOR BUSINESS, ENERGY &  
INDUSTRIAL STRATEGY**

**And  
City of London**

This Memorandum of Understanding (**MoU**) governs the relationship between the Secretary of State for Business Energy & Industrial Strategy (the **Secretary of State**), which will provide the Grant, Salix Finance Limited, a company incorporated in England and Wales with company number 05068355 and whose registered office is at 6th Floor, 25 Farringdon Street, London, EC4A 4AB (**Salix**), which will administer the Grant on behalf of the Secretary of State, and the Grant Recipient in connection with the provision of the Public Sector Decarbonisation Scheme (**PSDS**) Grant by the Secretary of State to the Recipient.

This MoU shall apply to and be incorporated into the Grant Offer Letter and should be read in conjunction with the Grant Offer Letter and the Grant Determination Letter. This MoU, the Grant Offer Letter and its schedules shall together constitute the **Agreement**.

This MoU and the Agreement are not intended to be legally binding and no legal obligations or right shall arise between the Secretary of State, Salix, and the Recipient from the provisions of either this MoU or the Agreement. The parties enter into the MoU and the Agreement intending to honour all of their obligations.]

## Definitions and interpretation

1.1 In this MoU, the following terms shall have the following meanings:

**Accountable Officer:** the person appointed by the Recipient, and whose identity is approved by Salix, who is responsible for ensuring that the Recipient uses the Grant in compliance with the Agreement.

**Bribery Act:** the Bribery Act 2010 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation.

**Building Contract:** the contract to design and/or complete the design of and build the Project.

**Business Day:** a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in London.

**Change of Control:** means the sale of all or substantially all the assets of a party to the Agreement; any merger, consolidation or acquisition of a party to the Agreement with, by or into another corporation, entity or person, or any change in the ownership of more than fifty percent (50%) of the voting capital stock of a party to the Agreement in one or more related transactions.

**Dangerous Substance:** any radioactive emission, noise or natural or artificial substance (whether in the form of a solid, liquid, gas or vapour, including any controlled, special, hazardous, toxic, radioactive or dangerous substance or waste), the generation, transportation, storage, treatment, use or disposal of which (whether alone or in combination with any other substance) gives rise to a risk of causing harm to any living organism or damaging the Environment or public health or welfare.

**Data Protection Legislation:** all applicable data protection legislation and privacy legislation in force from time to time in the UK including the GDPR; the Data Protection Act 2018; the Privacy and Electronic Communications Directive 2002/58/EC (as updated by Directive 2009/136/EC) and the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426); any other directly applicable European Union regulation relating to privacy; and all other legislation and regulatory requirements in force from time to time which apply to a party relating to the use of Personal Data and the privacy of electronic communications.

**Deleterious Material:** any material, equipment, product or kit that is generally accepted, or generally suspected, in the construction industry at the relevant time as:

- (a) posing a threat to the health and safety of any person;
- (b) posing a threat to the structural stability, performance or physical integrity of the Project, or any part or component of the Project;
- (c) reducing, or possibly reducing, the normal life expectancy of the Project or any part or component of the Project; or

- (d) not being in accordance with any relevant British standard, relevant code of practice or good building practice.

**Eligible Expenditure:** the expenditure incurred, or to be incurred, by the Recipient during the period prior to Practical Completion for the purposes of delivering the Project in accordance with the Project Programme, Grant Application and the Agreement, and which comply in all respects with the eligibility rules set out in Clause 5 of this MoU.

**Environment:** the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those media.

**Environmental Law:** all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes insofar as they relate to or apply to the Environment.

**Evidence of Need:** such evidence requested by Salix which Salix considers, in its absolute discretion, provides it with a sufficient level of assurance to demonstrate that the Grant will be used for Eligible Expenditure.

**GDPR:** General Data Protection Regulation ((EU) 2016/679).

**Governing Body:** the governing body of the Recipient including its directors or trustees.

**Grant:** the sum specified in the Grant Offer Letter, to be paid to the Recipient in accordance with the Agreement.

**Grant Application:** the application for the Grant, submitted by the Recipient to Salix, which incorporates the Grant Application Support Notes, a copy of which is attached at Schedule 5 to the Grant Offer Letter.

**Grant Application Support Notes:** any notes or documentation supporting the Recipient's application for the Grant.

**Grant Offer Letter:** the letter from Salix, on behalf of the Secretary of State, to the Recipient, setting out the basis upon which the Grant will be provided to the Recipient.

**Grant Determination Letter:** the Department for Business Energy and Industrial Strategy Public Sector Decarbonisation Scheme Grant Determination (2020/2021) Letter issued in accordance with section 31 of the Local Government Act 2003.

**Grant Payment Date:** the date referred to as the 'Grant Payment Date' in the Grant Offer Letter.

**Intellectual Property Rights:** all patents, copyrights and design rights (whether registered or not) and all applications for any of the foregoing and all rights of confidence and Know-How however arising for their full term and any renewals and extensions.

**Know-How:** information, data, know-how or experience whether patentable or not and including but not limited to any technical and commercial information relating to research, design, development, manufacture, use or sale.

**Measures:** the individual items of design, construction or other building works which are necessary to achieve Practical Completion, as contained within the Project Programme.

**MoU:** this Memorandum of Understanding.

**Necessary Consents:** any planning permission required for the Project, any environmental licences and any other authorisation under any other statute, bye-law or regulation of any competent authority that is reasonably necessary to enable the works on the Project to be lawfully commenced, carried out or completed.

**Personal Data:** shall have the same meaning as set out in the Data Protection Legislation.

**Practical Completion:** the date on which the certificate of practical completion (or the equivalent evidence of practical completion of works) of the Project is properly issued in accordance with the

terms of the Building Contract. This date shall be no later than 30 September 2021.

**Procurement Regulations:** the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, Defence Security Public Contracts Regulations 2011 and the Utilities and Contracts Regulations 2016 together with their amendments, updates and replacements from time to time.

**Prohibited Act:**

- (a) offering, giving or agreeing to give to any servant of the Crown any gift or consideration of any kind as an inducement or reward for:
  - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of the Agreement or any other contract with the Crown; or
  - (ii) showing or not showing favour or disfavour to any person in relation to the Agreement or any other contract with the Crown;
- (b) committing any offence:
  - (i) under the Bribery Act;
  - (ii) under legislation creating offences in respect of fraudulent acts; or
  - (iii) at common law in respect of fraudulent acts in relation to the Agreement or any other contract with the Crown; or
  - (iv) defrauding or attempting to defraud or conspiring to defraud the Crown.

**Project:** the project or projects operated by the Recipient to assist in the reduction of energy use or the switch to, or enabling works in preparation for, a cleaner heat source, as set out in the Grant Application and as described in the Grant Offer Letter.

**Project Start Date:** the date upon which works on the Project are to commence, as specified in the Grant Offer Letter.

**Project Programme:** the detailed timetable for delivery and completion of the Project including a breakdown of the Measures and the cost of such Measures, as set out in Schedule 2 (*Project Programme*) to the Grant Offer Letter.

**Public Sector Body:** a local authority within the definition in section 33(1) of the Local Government Act 2003.

**Recipient:** the person named as such in the Grant Offer Letter.

**The Secretary of State:** the Secretary of State for Business, Energy and Industrial Strategy (and its successors, assigns and transferees).

**Specific Conditions:** any specific conditions set out at Schedule 1 (*Specific Conditions*) to the Grant Offer Letter.

**VAT:** value added tax payable by virtue of the Value Added Tax Act 1994 and any similar tax from time to time in addition to it, replacing it or performing a similar fiscal function.

- 1.2 In the event of any inconsistency between the Grant Offer Letter and this MoU, the provisions of the Grant Offer Letter shall prevail. In the event of any inconsistency between this MoU and any Specific Conditions, the provisions of the Specific Conditions shall prevail.
- 1.3 Headings do not affect the interpretation of this MoU.
- 1.4 Any reference to Salix in this MoU includes references to its successors, transferees or assigns.
- 1.5 A reference to a law is a reference to it as it is in force for the time being taking account of any amendment, extension, application or re-enactment and includes any subordinate legislation for the time being in force made under it.

- 1.6 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.7 A reference to a Clause is a reference to a clause of this MoU.
- 1.8 Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.
- 1.9 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

**2 Purpose of Grant**

- 2.1 The Recipient shall use the Grant only for the delivery of the Project in accordance with the Project Programme, the Grant Application and the Agreement. The Grant shall not be used for any other purpose without the prior written agreement of Salix.
- 2.2 The Recipient shall not make any significant change to the Project or the Project Programme without Salix's prior written agreement.
- 2.3 The Grant is being provided to the Recipient in consideration for the Recipient agreeing to deliver the Project and agreeing to comply with the Agreement.

**3 Payment of the Grant**

- 3.1 [Subject to Clause 17 of this MoU, the Secretary of State shall pay an amount not exceeding the Grant to the Recipient in a single amount on the Grant Payment Date, subject to:
  - 3.1.1 the Recipient providing Salix with Evidence of Need;
  - 3.1.2 Salix receiving all documents and information which it may, in its absolute discretion, request from the Recipient;
  - 3.1.3 the Recipient complying with any Specific Conditions; and
  - 3.1.4 the further conditions precedent that on the Grant Payment Date:
    - (a) Salix is satisfied, in its absolute discretion and subject to Clause 3.5 below, that the Grant to be provided is sufficient to meet the costs required for delivery of the Project in accordance with the Project Programme.
    - (b) Salix is satisfied, in its absolute discretion, that the Project has been initiated or will be initiated prior to 1 April 2021
- 3.2 No Grant shall be paid unless and until Salix is satisfied that such payment will be used for Eligible Expenditure.]
- 3.3 In the event of any overspend by the Recipient in its delivery of the Project outside of the sums set out in the Project Programme, the amount of such overspend shall be met by the Recipient from its own funds unless:
  - 3.3.1 the Secretary of State, in its absolute discretion agrees to increase the Grant by an amount equal to the overspend; or
  - 3.3.2 Salix, in its absolute discretion, agrees to adjust the Project Programme and/or reduce the Measures so as to ensure that the remaining Grant is sufficient to meet the remaining costs required for delivery of the Project.
- 3.4 The Grant shall be paid into a bank account in the name of the Recipient, which must be an ordinary UK business bank account. If it is necessary for Salix to request the details of the bank account, these shall be notified to Salix within 3 business days of the Recipient receiving the request..
- 3.5 The Recipient shall not transfer any part of the Grant to bank accounts which are not ordinary business accounts within the clearing bank system, without the prior written consent of the Secretary of State.
- 3.6 The Recipient shall promptly repay to the Secretary of State any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where either an incorrect sum of money has been paid or where

Grant monies have been paid in error before all conditions attaching to the Grant have been complied with by the Recipient.

#### **4 Use of the Grant**

- 4.1 The Grant shall be used by the Recipient for the delivery of the Project in accordance with the Project Programme, the Grant Application, the Grant Determination Letter and in accordance with the Agreement. For the avoidance of doubt, the amount of the Grant that the Recipient may spend on any item of Eligible Expenditure listed in the Project Programme shall not exceed the forecasted amounts as listed in the Project Programme (without prior written agreement of Salix).
- 4.2 The Recipient shall not use the Grant to:
- 4.2.1 make any payment to members of its Governing Body;
- 4.2.2 purchase buildings or land; or
- 4.2.3 pay for any expenditure commitments of the Recipient entered into before the Grant Payment Date,
- unless this has been approved in writing by the Secretary of State.
- 4.3 The Recipient shall not spend any part of the Grant on the delivery of the Project after the date of Practical Completion.
- 4.4 Should any part of the Grant remain unspent at the date of Practical Completion, or should any part of the Grant be provided for items of Eligible Expenditure which subsequently cost less than forecasted in the Project Programme, the Recipient shall, unless otherwise agreed in writing by the Secretary of State, ensure that any unspent monies are returned to the Secretary of State.
- 4.5 Where the Recipient enters into a contract with a third party in connection with the Project, the Recipient will remain responsible for paying that third party. Neither the Secretary of State nor Salix has responsibility for paying the invoices of third parties.
- 4.6 Onward payment of the Grant and the use of sub-contractors shall not relieve the Recipient of any of its obligations under the Agreement.
- 4.7 Any liabilities arising at the end of the Project and which are not otherwise incorporated within the Project Programme, including but not limited to any redundancy liabilities for staff employed by the Recipient to deliver the Project, must be managed and paid for by the Recipient using other resources of the Recipient and not using the Grant. There will be no additional funding available from the Secretary of State for this purpose.

#### **5 Eligibility Rules**

- 5.1 The Secretary of State will only pay the Grant in respect of Eligible Expenditure incurred by the Recipient to deliver the Project and the Recipient will use the Grant solely for delivery of the Project in accordance with the Project Programme.
- 5.2 The only costs/payments that will be classified as Eligible Expenditure are those specific items of expenditure set out in the Project Programme.
- 5.3 Notwithstanding any items of expenditure set out in the Project Programme, the Recipient may not use the Grant to meet any of the following payments:
- 5.3.1 paid for lobbying, which means using the Grant to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;
- 5.3.2 using the Grant to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the Grant;
- 5.3.3 using the Grant to petition for additional funding;
- 5.3.4 expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;

- 5.3.5 input VAT reclaimable by the Recipient from HMRC;
- 5.3.6 payments for activities of a political or exclusively religious nature;
- 5.3.7 contributions in kind;
- 5.3.8 interest payments or service charge payments for finance leases;
- 5.3.9 gifts;
- 5.3.10 entertaining (meaning anything that would be a taxable benefit to the person being entertained, according to current UK tax regulations);
- 5.3.11 statutory fines, criminal fines or penalties, civil penalties, damages or any associated legal costs;
- 5.3.12 costs incurred in giving evidence to Parliamentary Select Committees;
- 5.3.13 costs incurred in attending meetings with government ministers or civil servants to discuss the progress of the Project;
- 5.3.14 costs incurred in responding to public consultations or costs incurred in lobbying other people to respond to any such consultation;
- 5.3.15 costs incurred in providing independent evidence based advice to local or national government as part of the general policy debate;
- 5.3.16 payments for works or activities which the Recipient has a statutory duty to undertake, or that are fully funded by other sources;
- 5.3.17 bad debts to related parties;
- 5.3.18 payments for unfair dismissal or other compensation;
- 5.3.19 depreciation, amortisation or impairment of assets owned by the Grant Recipient; and/or
- 5.3.20 liabilities incurred before the Grant Payment Date unless expressly included in the Project Programme.

#### **6 Accountable Officer**

- 6.1 The Recipient must appoint an Accountable Officer who is responsible for ensuring that the Recipient uses the Grant in compliance with the Agreement.
- 6.2 The identity of the Accountable Officer must be approved by Salix prior to the commencement of the Project, and the identity of such person shall not change during the period prior to Practical Completion without the prior written consent of Salix.
- 6.3 The Accountable Officer must:
- 6.3.1 maintain oversight of the Recipient's use of the Grant and safeguard, control and ensure the efficient, economical and effective management of the Grant;
- 6.3.2 advise the Recipient on the discharge of the Recipient's responsibilities under the Agreement;
- 6.3.3 ensure that principles of probity, robust governance, transparency and value for money are maintained at all times in relation to the utilisation of the Grant; and
- 6.3.4 ensure that conflicts of interest are avoided.

#### **7 Covenants**

- 7.1 In consideration of the Grant being given, the Recipient undertakes to the Secretary of State and to Salix:
- 7.1.1 not to use the Grant otherwise than in respect of the Project, not to use the Grant to subsidise any economic activity, and in particular not to use the Grant to generate

revenue or capital gain, or to make any of the payments set out in Clause 3.1;

- 7.1.2 that it will respond fully, promptly and truthfully (to the best of its knowledge) to any enquiries that the Secretary of State or Salix (and any party authorised by the Secretary of State) may make about the Project and/or use of the Grant;
- 7.1.3 to ensure that the works on the Project are completed, and the design, construction and development of the Project is undertaken, in a proper and workmanlike manner, using materials of good quality which are fit for their respective purposes, and in accordance with:
- (a) the Project Programme and Grant Application;
  - (b) the Necessary Consents and all applicable authorisations and laws;
  - (c) the Building Contract and any other contracts and agreements relating to the completion of the Project.
- 7.1.4 that it shall properly and diligently monitor the work on the Project during the period prior to Practical Completion, and for such period after Practical Completion as Salix shall reasonably specify, to ensure that the Grant is being used appropriately and the Project continues to produce, or will in the future produce, the energy savings and CO2 reductions envisaged and agreed with Salix;
- 7.1.5 that it shall keep a full, accurate and proper auditable record of the progress of the Project, including all Eligible Expenditure and other costs incurred in relation to the Project and the present and future effectiveness of the Project in delivering energy savings and CO2 reductions, and shall provide such information, evidence and assistance as is reasonably required, and in such form as specified, by Salix or the Secretary of State including, but not limited to, any information relating to the amount of CO2 savings and cost effectiveness of such savings expected to be attained during and after Practical Completion of the Project.
- 7.1.6 where reasonably specified by Salix or the Secretary of State, it shall ensure that any information or evidence provided under the Agreement is audited by an identified and independent reporting accountant or otherwise confirmed or verified by a person of such other relevant expertise;
- 7.1.7 that it shall not create, or permit to subsist any mortgage, charge (whether floating or specific), pledge, lien or other security interest on any of its undertaking, property or assets comprised or utilised in the Project without the prior written consent of Salix;
- 7.1.8 that it will ensure at all times that it has appropriate auditing arrangements in place in relation to the Grant and its use, which shall include, but shall not be limited to, keeping and maintaining full and accurate records and evidence of the use of the Grant, including expenses defrayed, and of any third parties indirectly benefitting from the Grant, in particular contractors, manufacturers and installers of equipment installed as part of the Project;
- 7.1.9 that it will ensure that no Dangerous Substance has been deposited, disposed of, kept, treated, processed, manufactured, used, collected, sorted or produced at any time, or is present in the Environment, in connection with the Project in circumstances that are likely to result in a breach of Environmental Law;
- 7.1.10 that it will ensure that no professional engaged on the Project has specified or used anything in the work on the Project that, at the time of specification or use, was a Deleterious Material;
- 7.1.11 that it will retain the records maintained under Clause 7.1.5 for a period of not less than six years from the date of Practical Completion and shall allow the Secretary of State and Salix access to such records;

- 7.1.12 that it will provide Salix and, if requested, the Secretary of State with any updated information and documentation relating to the cost of delivering the Project, the expected energy savings and CO2 reduction and any expected or anticipated changes required to the Measures or Project Programme, as soon as it becomes aware of the same;
- 7.1.13 that all estimates, forecasts and projections provided by the Recipient, or on its behalf, to Salix or the Secretary of State in connection with the Project or the Project Programme have been prepared with due care and skill, are based on information known to it and reasonably expected to be relevant, and are subject only to such assumptions and qualifications as are expressly made;
- 7.1.14 to cause Practical Completion to occur in accordance with the Project Programme and Grant Application;
- 7.1.15 that it will comply with any Specific Conditions;
- 7.1.16 that it will maintain or cause to be maintained in full force and effect adequate insurances in respect of all its assets comprised or utilised in the Project against all risks and contingencies;
- 7.1.17 that it will ensure that all professional consultants and/or contractors involved in carrying out works on the Project hold and maintain appropriate professional indemnity insurance cover in relation to the services carried out or to be carried out and that the Recipient obtains copies of the relevant certificates.

## 8 Accounts and records

- 8.1 The Recipient shall keep accurate and up-to-date accounts and records of the receipt and expenditure of the Grant monies received by it.
- 8.2 The Recipient shall keep all invoices, receipts and accounts and any other relevant documents relating to the Project and the expenditure of the Grant for a period of at least six years following the date of Practical Completion. Salix and the Secretary of State (and any party authorised by Salix or the Secretary of State) shall have the right to review, at Salix's or the Secretary of State's request, the Recipient's accounts and records that relate to the Project and the expenditure of the Grant and shall have the right to take copies of such accounts and records.
- 8.3 The Recipient shall ensure that all its sub-contractors retain each record, item of data and document relating to the Project for a period of at least six years from the date of Practical Completion.
- 8.4 The Recipient shall comply and facilitate the Secretary of State's and Salix's compliance with all statutory requirements as regards accounts, audit or examination of accounts, annual reports and annual returns applicable to itself, the Secretary of State, and Salix.

## 9 Monitoring and reporting

- 9.1 The Recipient shall closely monitor the delivery and success of the Project throughout the period prior to Practical Completion to ensure that the Agreement is being adhered to.
- 9.2 The Recipient acknowledges that Salix and the Secretary of State, and any party authorised by Salix or the Secretary of State, may monitor the Project to ensure that the Project fulfils all requirements specified by Salix and/or the Secretary of State, including providing the energy savings and CO2 reductions envisaged and agreed with Salix at the outset of the Project.
- 9.3 On or before the date falling 5 Business Days after the first day of each calendar month during the period prior to Practical Completion, the Recipient shall provide Salix with a report, signed by the Accountable Officer, containing the information set out in Schedule 3 of the Grant Offer Letter (*Monitoring Reports*) in respect of the previous calendar month, together with copies of all invoices or other evidence of the total costs and expenses incurred in that calendar month.
- 9.4 Where the Recipient has obtained funding from a third party for its delivery of part of the Project, the Recipient shall include the

amount of such funding in the reports provided pursuant to Clause 9.3 together with details of what that funding has been used for.

- 9.5 Along with its first report provided pursuant to Clause 9.3, the Recipient shall provide Salix with a risk register and insurance review in the format requested by Salix. The Recipient shall address the health and safety of its staff in the risk register.
- 9.6 The Recipient shall on request provide Salix (or any party authorised by Salix) with such further information, explanations and documents as Salix (or such party authorised by Salix) may reasonably require in order for it to establish that the Grant has been used properly in accordance with the Agreement.
- 9.7 The Recipient shall permit any person authorised by Salix or the Secretary of State such reasonable access to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Recipient's fulfilment of the conditions of the Agreement and shall, if so required, provide appropriate oral or written explanations to them.
- 9.8 The Recipient shall, if so requested by Salix or the Secretary of State, permit any person authorised by Salix or the Secretary of State for the purpose to visit the Recipient once every quarter to monitor the delivery of the Project. Where, in its reasonable opinion, Salix or, as applicable, the Secretary of State, considers that additional visits are necessary to monitor the Project, either party shall be entitled to authorise any person to make such visits on its behalf.
- 9.9 The Recipient shall provide Salix with a final report on Practical Completion which shall confirm whether the Project has been successfully and properly completed and which shall contain the information set out in Schedule 3 of the Grant Offer Letter (*Monitoring Reports*).
- 9.10 On each of the first three years following Practical Completion, the Recipient shall provide Salix with a report outlining the effectiveness of the Project in delivering energy savings and CO2 reductions, and containing such other information and evidence as is reasonably requested by Salix in relation to the Project.
- 9.11 The Recipient represents and undertakes (and shall repeat such representations on delivery of the relevant report or information):
- 9.11.1 that the reports and information it gives pursuant to this Clause 9 are accurate;
- 9.11.2 that it has diligently made full and proper enquiry of the matter pertaining to the reports and information given; and
- 9.11.3 that any data it provided pursuant to the Grant Application may be shared within the powers conferred by legislation with other organisations for the purpose of preventing or detecting crime.

## 10 Receipt of other funding sources

- 10.1 The Recipient is prohibited from accepting any other public sector or European funding in relation to the Project without first obtaining the prior written consent of Salix or the Secretary of State and the Recipient shall not claim or use any part of the Grant for any purpose other than the delivery of the Project.
- 10.2 The Recipient shall comply with the subsidy control rules applicable in the United Kingdom in relation to the delivery of the Project at the time this Grant Offer Letter is signed.
- 10.3 The Recipient is required to obtain and retain all declarations and information as may be required to enable both the Recipient and the Secretary of State to comply with the relevant subsidy control rules which apply in domestic UK law from 1 January 2021, and to provide copies of such declarations and information to the Secretary of State when required to do so.
- 10.4 The Secretary of State may, if required to do so by any other Governmental body, recover from the Recipient, on demand, any Grant, plus interest, made in contravention of the applicable subsidy control rules.
- 10.5 The Recipient shall, if requested by the Secretary of State or any Governmental body, repay to the Secretary of State or, as

applicable, such Governmental body, any Grant, plus interest, made in contravention of the applicable subsidy control rules.

- 10.6 The Recipient accepts that the Secretary of State may exercise the options referred to in paragraphs 10.4 and 10.5 where the Secretary of State:
- 10.6.1 is required to cease grant funding or to recover all, or any proportion, of the Grant or any other amount by virtue of a decision of a court or any equivalent body as a result of the relevant subsidy control rules which apply in domestic UK law from 1 January 2021; or
- 10.6.2 has reasonable grounds to consider that the payment of the Grant, or the Recipient's use of it, contravenes any requirement of law, in particular (but without limitation) the relevant subsidy control rules which apply in domestic UK law from 1 January 2021.

## 11 Acknowledgment and publicity

- 11.1 The Recipient shall not publish any material referring to the Project, the Secretary of State or Salix without the prior written agreement of the Secretary of State or Salix. The Recipient shall acknowledge the support of the Secretary of State in any materials that refer to the Project and in any written or spoken public presentations about the Project. Such acknowledgements (where appropriate or as requested by Salix or the Secretary of State) shall include the Secretary of State's name and logo (or any future name or logo adopted by the Secretary of State) using the templates provided by the Secretary of State from time to time.
- 11.2 In using the Secretary of State's name and logo, the Recipient shall comply with all reasonable branding guidelines issued by the Secretary of State from time to time.
- 11.3 The Recipient agrees to participate in and co-operate with promotional activities relating to the Project that may be instigated and/or organised by Salix or the Secretary of State.
- 11.4 Salix or the Secretary of State may acknowledge the Recipient's involvement in the Project as appropriate without prior notice.
- 11.5 The Recipient shall comply with all reasonable requests from the Secretary of State or Salix to facilitate visits, provide reports, statistics, photographs and case studies that will assist the Secretary of State or Salix, as the case may be, in its promotional and fundraising activities relating to the Project.

## 12 Intellectual Property Rights

- 12.1 The Secretary of State, Salix and the Recipient agree that all rights, title and interest in or to any information, data, reports, documents, procedures, forecasts, technology, Know-How and any other Intellectual Property Rights whatsoever owned by either the Secretary of State, Salix or the Recipient before the Grant Payment Date or developed by any party during the period prior to Practical Completion, shall remain the property of that party.
- 12.2 Where the Secretary of State or Salix has provided the Recipient with any of its Intellectual Property Rights for use in connection with the Project (including without limitation its name and logo), the Recipient shall, on termination of the Agreement, cease to use such Intellectual Property Rights immediately and shall either return or destroy such Intellectual Property Rights as requested by Salix or the Secretary of State, as appropriate.

## 13 Confidentiality

- 13.1 Subject to Clause 14 (Freedom of Information), each party shall during the term of the Agreement and thereafter keep secret and confidential all Intellectual Property Rights or Know-How or other business, technical or commercial information disclosed to it as a result of the Agreement and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of the Agreement or save as expressly authorised in writing by the other party.
- 13.2 The obligation of confidentiality contained in this clause shall not apply or shall cease to apply to any Intellectual Property Rights, Know-How or other business, technical or commercial information which:

- 13.2.1 at the time of its disclosure by the disclosing party is already in the public domain or which subsequently enters the public domain other than by breach of the terms of the Agreement by the receiving party;
- 13.2.2 is already known to the receiving party as evidenced by written records at the time of its disclosure by the disclosing party and was not otherwise acquired by the receiving party from the disclosing party under any obligations of confidence; or
- 13.2.3 is at any time after the date of the Agreement acquired by the receiving party from a third party having the right to disclose the same to the receiving party without breach of the obligations owed by that party to the disclosing party.

#### 14 Freedom of information

- 14.1 The Recipient acknowledges that the Secretary of State and Salix are subject to the requirements of the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIRs).
- 14.2 The Recipient shall:
- 14.2.1 provide all necessary assistance and cooperation as reasonably requested by the Secretary of State or Salix, as the case may be, to enable the Secretary of State and/or Salix to comply with their obligations under the FOIA and EIRs;
- 14.2.2 transfer to Salix all requests for information relating to the Agreement that it receives as soon as practicable and in any event within 2 working days of receipt;
- 14.2.3 provide Salix with a copy of all information belonging to Salix requested in the request for information which is in its possession or control in the form that Salix requires within 5 working days (or such other period as Salix may reasonably specify) of Salix's request for such information; and
- 14.2.4 provide the Secretary of State with a copy of all information belonging to the Secretary of State requested in the request for information which is in its possession or control in the form that the Secretary of State requires within 5 working days (or such other period as the Secretary of State may reasonably specify) of the Secretary of State's request for such information; and
- 14.2.5 not respond directly to a request for information unless authorised in writing to do so by Salix.
- 14.3 The Recipient acknowledges that Salix and the Secretary of State may be required under the FOIA and EIRs to disclose information without consulting or obtaining consent from the Recipient. Salix or the Secretary of State, as applicable, shall take reasonable steps to notify the Recipient of a request for information (in accordance with the Secretary of State's section 45 Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the FOIA) to the extent that it is permissible and reasonably practical for it to do so but (notwithstanding any other provision in the Agreement) Salix or the Secretary of State, as the case may be, shall be responsible for determining in their absolute discretion whether any information is exempt from disclosure in accordance with the FOIA and/or the EIRs.

#### 15 Data protection

- 15.1 All Parties will comply with all applicable requirements of and all their obligations under the Data Protection Legislation which arise in connection with the Agreement.

#### 16 Procurement of Capital Equipment, Goods and Services

- 16.1 The procurement of all works, equipment, goods and services required to deliver the Project must be carried out in accordance with the Recipient's internal procurement guidelines and financial regulations, and with all applicable laws including the Procurement Regulations. The Secretary of State shall not be liable for the Recipient's failure to comply with its obligations under such guidelines, regulations or laws.

#### 17 Withholding, suspending and repayment of Grant

- 17.1 The Secretary of State's intention is that the Grant will be paid to the Recipient in full. However, without prejudice to the Secretary of State's or Salix's other rights and remedies, the Secretary of State may at their discretion reduce, withhold or suspend payment of all or any part of the Grant and/or require repayment of all or part of the Grant if:
- 17.1.1 the Recipient has used, or intends to use, all or any part of the Grant for purposes other than those for which the Grant has been awarded;
- 17.1.2 the delivery of the Project does not start within 6 weeks of the Project Start Date and the Recipient has failed to provide Salix with a reasonable explanation for the delay;
- 17.1.3 the Secretary of State or Salix, acting reasonably, considers that the Recipient has not made satisfactory progress with the delivery of the Project;
- 17.1.4 the Recipient is, in the reasonable opinion of the Secretary of State or Salix, delivering the Project in a negligent manner and/or not in accordance with the Project Programme or Grant Application;
- 17.1.5 the Recipient obtains duplicate funding from a third party for the Project;
- 17.1.6 the Recipient obtains funding from a third party without prior written consent of the Secretary of State or Salix, such consent not to be unreasonably withheld;
- 17.1.7 the Recipient provides Salix or the Secretary of State with any materially misleading or inaccurate information and/or any of the information provided in the Grant Application or in any subsequent correspondence is found to be incorrect or incomplete to an extent that the Secretary of State or Salix considers to be significant;
- 17.1.8 the Recipient commits or committed a Prohibited Act or fails to report a Prohibited Act to the Secretary of State or Salix, whether committed by the Recipient or a third party, as soon as they become aware of it;
- 17.1.9 any member of the Governing Body, employee or volunteer of the Recipient has (a) acted dishonestly or negligently at any time and directly or indirectly to the detriment of the Project or (b) taken any actions which, in the reasonable opinion of Salix or the Secretary of State, bring or are likely to bring Salix's name or reputation or the Secretary of State's name or reputation into disrepute (and actions include omissions in this context) or (c) transferred, assigned or novated the Grant to a third party or (d) failed to act in accordance with all applicable laws;
- 17.1.10 the Recipient ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
- 17.1.11 the Recipient becomes insolvent, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
- 17.1.12 in the sole opinion of Salix or the Secretary of State, the Grant has been used as an unlawful subsidy;
- 17.1.13 in the sole opinion of Her Majesty's Revenue & Customs, the Recipient engages in tax evasion or aggressive tax avoidance;
- 17.1.14 in the sole opinion of Salix, there is a financial irregularity within the Recipient which is not rectified within the timescale provided by Salix;

- 17.1.15 the Recipient undergoes a Change of Control which Salix, acting reasonably, considers:
- 17.1.16 will be materially detrimental to the completion of the Project and/or;
- 17.1.17 causes, or would cause, the Recipient to be in breach of the Agreement;
- 17.1.18 would raise national security concerns; or
- 17.1.19 the Recipient fails to comply with the Agreement and fails to rectify any such failure within 30 days of receiving written notice detailing the failure; or
- 17.1.20 Salix gives at least 2 months' notice in writing to the Recipient.
- 17.2 The Secretary of State may retain or set off any sums owed to it by the Recipient which have fallen due and payable against any sums due to the Recipient under the Agreement or any other agreement pursuant to which the Recipient provides goods or services to the Secretary of State .
- 17.3 The Recipient shall make any payments due to the Secretary of State without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise.
- 17.4 Should the Recipient be subject to financial or other difficulties which are capable of having a material impact on its effective delivery of the Project or compliance with the Agreement it will notify Salix as soon as possible so that, if possible, and without creating any legal obligation, Salix will have an opportunity to provide assistance in resolving the problem or to take action to protect Salix, the Secretary of State, and the Grant monies.
- 18 Anti-discrimination**
- 18.1 The Recipient shall not unlawfully discriminate within the meaning and scope of any law, enactment, order, or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment.
- 18.2 The Recipient shall take all reasonable steps to secure the observance of Clause 18.1 by all servants, employees or agents of the Recipient and all suppliers and sub-contractors engaged on the Project.
- 19 Human rights**
- 19.1 The Recipient shall (and shall use its reasonable endeavours to procure that its staff shall) at all times comply with the provisions of the Human Rights Act 1998 in the performance of the Agreement as if the Recipient were a public body (as defined in the Human Rights Act 1998).
- 19.2 The Recipient shall undertake, or refrain from undertaking, such acts as Salix or the Secretary of State requests so as to enable Salix and the Secretary of State to comply with their obligations under the Human Rights Act 1998.
- 20 Financial Management and Prevention of Bribery, Corruption, Fraud and Other Irregularity**
- 20.1 The Recipient will at all times comply with all applicable Laws, statutes and regulations relating to anti-bribery and anti-corruption, including but not limited to the Bribery Act.
- 20.2 The Recipient must have a sound administration and audit process, including internal financial controls to safeguard against fraud, theft, money laundering, counter terrorist financing or any other impropriety, or mismanagement in connection with the administration of the Grant. Salix or the Secretary of State may require that the Recipient's internal/external auditors report on the adequacy or otherwise of those processed.
- 20.3 All cases of fraud, theft or other financial irregularity (whether proven or suspected) relating to the Project and/or use of the Grant must be notified to Salix as soon as they are identified. The Recipient shall explain to Salix what steps are being taken to investigate the fraud, theft or financial irregularity and shall keep Salix informed about the progress of any such investigation. Salix may however request that the matter is referred to external auditors or other third parties for investigation as required.
- 20.4 Salix and the Secretary of State will have the right, at their absolute discretion, to insist that the Recipient addresses any actual or suspected fraud, theft or other financial irregularity and/or to suspend future payment of the Grant to the Recipient. Any grounds for suspecting fraud, theft or financial irregularity includes what the Recipient, acting with due care, should have suspected as well as what is actually proven.
- 20.5 For the purposes of this Clause 20, "financial irregularity" includes (but is not limited to) potential fraud or other impropriety, mismanagement, and the use of the Grant for any purpose other than those stipulated in the Agreement. The Recipient may be required to provide statements and evidence to Salix or the appropriate organisation as part of pursuing sanctions, criminal or civil proceedings.
- 21 Limitation of liability**
- 21.1 Salix and the Secretary of State accept no liability for any consequences, whether direct or indirect, that may come about from the Recipient running the Project, the use of the Grant or from withdrawal of the Grant. The Recipient shall indemnify and hold harmless Salix and the Secretary of State, and their employees, agents, officers or sub-contractors with respect to all claims, demands, actions, costs, expenses, losses, damages and all other liabilities arising from or incurred by reason of the actions and/or omissions of the Recipient in relation to the Project, the non-fulfilment of obligations of the Recipient under the Agreement or its obligations to third parties.
- 22 Warranties**
- 22.1 The Recipient warrants, undertakes and agrees that:
- 22.1.1 it is a Public Sector Body;
- 22.1.2 it has all necessary resources and expertise to deliver the Project (assuming due receipt of the Grant);
- 22.1.3 it has not committed, nor shall it commit, any Prohibited Act;
- 22.1.4 it shall at all times comply with all relevant legislation and all applicable codes of practice and other similar codes or recommendations, and shall notify Salix immediately of any significant departure from such legislation, codes or recommendations;
- 22.1.5 it shall comply with the requirements of the Health and Safety at Work etc. Act 1974 and any other acts, orders, regulations and codes of practice relating to health and safety, which may apply to employees and other persons working on the Project;
- 22.1.6 it has and shall keep in place adequate procedures for dealing with any conflicts of interest;
- 22.1.7 it has and shall keep in place systems to deal with the prevention of fraud and/or administrative malfunction;
- 22.1.8 all financial and other information concerning the Recipient which has been disclosed to Salix or the Secretary of State is to the best of its knowledge and belief, true and accurate;
- 22.1.9 it is not subject to any contractual or other restriction imposed by its own or any other organisation's rules or regulations or otherwise which may prevent or materially impede it from meeting its obligations in connection with the Grant;
- 22.1.10 it is not aware of anything in its own affairs, which it has not disclosed to Salix, any of Salix's advisers, the Secretary of State, or any of the Secretary of State's advisers, which might reasonably have influenced the decision of the Secretary of State to make the Grant on the terms contained in the Agreement; and
- 22.1.11 since the date of its last accounts there has been no material change in its financial position or prospects which

would, in the reasonable opinion of Salix, adversely affect the Recipient's ability to deliver the Project in accordance with the Project Programme, the Grant Application and the Agreement.

## **23 Change of Control**

- 23.1 The Recipient shall notify Salix immediately in writing and as soon as the Recipient is aware (or ought reasonably to be aware) that it is anticipating, undergoing, undergoes or has undergone a Change of Control, provided such notification does not contravene any law.
- 23.2 The Recipient shall ensure that any notification made pursuant to Clause 23.1 shall set out full details of the Change of Control including the circumstances suggesting and/or explaining the Change of Control.
- 23.3 Where the Grant has been awarded to a consortium and the Recipient has entered into a collaboration agreement, the notification required under Clause 23.1 shall include any changes to the consortium members as well as the Recipient.
- 23.4 Following notification of a Change of Control, and unless Salix gave prior consent to the Change of Control, Salix shall be entitled to exercise its rights under Clause 17.1.15 by providing the Recipient with notification of its proposed action in writing within three (3) months of:
- 23.4.1 being notified in writing that a Change of Control is anticipated or is in contemplation or has occurred; or
- 23.4.2 where no notification has been made, the date that Salix becomes aware that a Change of Control is anticipated or is in contemplation or has occurred.

## **24 Duration**

- 24.1 Except where otherwise specified, the terms of the Agreement shall apply from the Grant Payment Date until the anniversary of expiry of Practical Completion or for so long as any Grant monies remain unspent by the Recipient, whichever is longer.
- 24.2 Any obligations under the Agreement that remain unfulfilled following the expiry or termination of the Agreement shall survive such expiry or termination and continue in full force and effect until they have been fulfilled.

## **25 Assignment**

- 25.1 The Recipient may not, without the prior written consent of the Secretary of State, assign, transfer, sub-contract, or in any other way make over to any third party the benefit and/or the burden of the Agreement or, except as contemplated as part of the Project, transfer or pay to any other person any part of the Grant.

## **26 Waiver**

- 26.1 No failure or delay by either party to exercise any right or remedy under the Agreement shall be construed as a waiver of any other right or remedy.

## **27 Notices**

- 27.1 All notices and other communications in relation to the Agreement shall be in writing and shall be deemed to have been duly given if personally delivered or mailed (first class postage prepaid) to the address of the relevant party, as referred to above or otherwise notified in writing. If personally delivered all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any working day they shall be deemed received on the next working day) and if mailed all such communications shall be deemed to have been given and received on the second working day following such mailing.

## **28 No partnership or agency**

- 28.1 The Agreement shall not create any partnership or joint venture between (1) the Secretary of State or Salix and (2) the Recipient, nor any relationship of principal and agent, nor authorise any party to make or enter into any commitments for or on behalf of the other party.

## **29 Joint and several liability**

- 29.1 Where the Recipient is not a company nor an incorporated entity with a distinct legal personality of its own, the individuals who enter into and sign the Agreement on behalf of the Recipient shall be jointly and severally liable for the Recipient's obligations and liabilities arising under the Agreement.

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<p><b>Committees:</b>          Policy &amp; Resources Committee under for DECISION under DELEGATED AUTHORITY          CASC for Information          Project-Sub (Finance) for Information          Procurement-Sub (Finance) for Information          Corporate Projects Board for Information</p>	<p><b>Dates:</b>          11 Mar 2021           28 Apr 2021          24 Mar 2021          12 Apr 2021          10 Mar 2021</p>
<p><b>Subject:</b>          Gateway 2 Report: PSDS Project Proposal</p> <p><b>Unique Project Identifier:</b>          TBC</p>	<p><b>Gateway 2:</b>  <b>Project Proposal</b>          Complex</p>
<p><b>Report of:</b>          City Surveyor</p> <p><b>Report Author:</b>          James Rooke</p>	<p><b>For Decision</b></p>
<h1>PUBLIC</h1>	

**Recommendations**

<p><b>1. Next steps and requested decisions</b></p>	<p><b>Project Description:</b> the City of London have been awarded c.£9.4m of grant funding through the government’s Public Sector Decarbonisation Scheme (PSDS) to deliver projects to achieve carbon savings through upgrading building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the following four sites: Guildhall, Barbican Arts Centre, Guildhall School of Music and Drama (GSMD), and the London Metropolitan Archives (LMA).</p> <p><b>Funding Source:</b> A grant under s.31 Local Government Act 2003 from the Department for Business, Energy and Industrial Strategy (BEIS) to cover 100% of the project costs set out in the approved City of London application to the PSDS.</p> <p><b>Next Gateway:</b> Gateway 3 - Outline Options Appraisal (Complex) for the bulk of the PSDS projects and Gateway 3/4 - Options Appraisal (Regular) for some of the PSDS projects.</p> <p><b>Next Steps:</b>          Commence the PSDS Project before 31<sup>st</sup> March 2021. Present either a Gateway 3 and Gateway 3/4 papers under urgency, or in accordance with alternative approved arrangements. Commission consultancy services to support project development and delivery.</p> <p><b>Requested Decisions:</b></p> <ol style="list-style-type: none"> <li>1. Note the total estimated cost £9,445,943 for the PSDS Project, which is funded from the PSDS grant awarded.</li> <li>2. Approval to proceed to the next Gateway stage.</li> </ol>
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	<p>3. Approval to proceed to the next stage for engaging with the Retrofit Accelerator framework.</p> <p>4. Approval for a budget allocation of £500k, from the available PSDS grant funding, for the procurement of consultancy services to mobilise and support the PSDS Project.</p>												
<p><b>2. Resource requirements to reach next Gateway</b></p>	<table border="1" data-bbox="424 506 1441 808"> <thead> <tr> <th data-bbox="424 506 707 607">Item</th> <th data-bbox="715 506 1031 607">Reason</th> <th data-bbox="1038 506 1278 607">Funds/ Source of Funding</th> <th data-bbox="1286 506 1441 607">Cost (£)</th> </tr> </thead> <tbody> <tr> <td data-bbox="424 618 707 741">Consultancy services and technical surveys</td> <td data-bbox="715 618 1031 741">To mobilise the PSDS Project</td> <td data-bbox="1038 618 1278 741">Awarded PSDS grant funding</td> <td data-bbox="1286 618 1441 741">£500,000</td> </tr> <tr> <td data-bbox="424 752 707 808"><b>Total</b></td> <td data-bbox="715 752 1031 808"></td> <td data-bbox="1038 752 1278 808"></td> <td data-bbox="1286 752 1441 808">£500,000</td> </tr> </tbody> </table> <p>The project costs as set out in the approved grant application includes an estimated budget of £1.28m for the costs of design, engineering and project delivery. Of these costs we have budgeted for £595k for client-side project management and engineering consultancy support. This additional resource is required to support City Surveyor’s to deliver the project due to the scope of works and challenging deadline.</p> <p><b>Costed Risk Provision requested for this Gateway: £95,000</b>  For expenditure on additional consultancy services as required to support reaching the next gateway.</p>	Item	Reason	Funds/ Source of Funding	Cost (£)	Consultancy services and technical surveys	To mobilise the PSDS Project	Awarded PSDS grant funding	£500,000	<b>Total</b>			£500,000
Item	Reason	Funds/ Source of Funding	Cost (£)										
Consultancy services and technical surveys	To mobilise the PSDS Project	Awarded PSDS grant funding	£500,000										
<b>Total</b>			£500,000										
<p><b>3. Governance arrangements</b></p>	<p>The governance arrangements and recommendations are set out in a separate committee paper, titled ‘PSDS Project Approval and Governance’, see Appendix 1. This separate paper recommends a Project Board is established, responsible for the development and delivery of the project, in line with City of London guidance, to provide leadership, governance and risk management, communication and support. The proposed membership includes senior officer and stakeholder representation, with Member oversight to provide governance, and sponsorship for the development and delivery of the projects. The paper also recommends an expediated project approval process through either delegated authority or urgency.</p>												

**Project Summary**

<p><b>4. Context</b></p>	<p>4.1 The City of London is committed to targets for reducing energy consumption and, in support of its Climate Action Strategy, achieving net zero carbon emissions for its operational properties by 2027.</p> <p>4.2 The Department for Business, Energy and Industrial Strategy (BEIS) launched the £1b Public Sector Decarbonisation Scheme in October 2020, open to public sector bodies to apply for capital funding towards carbon reduction projects for non-domestic buildings. The scheme is administered by Salix: <a href="https://www.salixfinance.co.uk/PSDS">https://www.salixfinance.co.uk/PSDS</a>.</p> <p>4.3 The City of London applied to the Grant Scheme on 11<sup>th</sup> January 2021 and on 26<sup>th</sup> February accepted an offer for £9,445,944 of grant funding</p>
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	<p>to cover 100% of the anticipated costs for the projects set out in our application.</p> <p>4.4 The conditions of the grant funding are set out in the <i>Grant Offer Letter</i> and <i>Memorandum of Understanding</i>, copies of which are included in Appendix 1.</p>																												
<p><b>5. Brief description of project</b></p>	<p>5.1 The PSDS project includes works (26 sub-projects) to upgrade M&amp;E building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the following four sites: Guildhall, Barbican Art Centre, GSMD, and the LMA. We estimate the projects will deliver carbon savings of c.1.5 ktCO<sub>2</sub>e/yr and energy cost savings of c.£875k/yr.</p> <p>5.2 Financial savings that are made will accrue back to the City as a contribution to the Build Back Better Fund held in City Fund or City's Cash as appropriate. As a consequent departmental local risk budgets will be adjusted accordingly. The PSDS Project Board will need to receive a regular report on these savings to allow appropriate budget adjustments to be made</p> <p>5.3 These projects have been developed over the last few months by the Energy Team (in consultation with Facilities Management) through fully grant funded consultancy support.</p> <p>5.4 The below table provides a summary of the key project figures relating to each site, and further details on the specific projects are provided in Appendix 2. Note: N/A relates to software packages to support metering/control across all sites.</p> <table border="1" data-bbox="437 1193 1422 1487"> <thead> <tr> <th>Site</th> <th>Total Project Cost</th> <th>Energy Cost savings (£/yr)</th> <th>Carbon savings (tCO<sub>2</sub>e/yr)</th> </tr> </thead> <tbody> <tr> <td>BAC</td> <td>£3,545,957</td> <td>£311,815</td> <td>516</td> </tr> <tr> <td>GSMD</td> <td>£3,129,723</td> <td>£211,023</td> <td>456</td> </tr> <tr> <td>GHC</td> <td>£2,484,072</td> <td>£341,917</td> <td>570</td> </tr> <tr> <td>LMA</td> <td>£97,257</td> <td>£10,001</td> <td>8</td> </tr> <tr> <td>N/A</td> <td>£188,939</td> <td>£0</td> <td>0</td> </tr> <tr> <td><b>Grand Total</b></td> <td><b>£9,445,948</b></td> <td><b>£874,756</b></td> <td><b>1,549</b></td> </tr> </tbody> </table>	Site	Total Project Cost	Energy Cost savings (£/yr)	Carbon savings (tCO <sub>2</sub> e/yr)	BAC	£3,545,957	£311,815	516	GSMD	£3,129,723	£211,023	456	GHC	£2,484,072	£341,917	570	LMA	£97,257	£10,001	8	N/A	£188,939	£0	0	<b>Grand Total</b>	<b>£9,445,948</b>	<b>£874,756</b>	<b>1,549</b>
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<p><b>6. Consequences if project not approved</b></p>	<p>6.1 A specific condition of the grant funding is that the project is approved and commenced before 31<sup>st</sup> March 2021. Approval of the gateway 2 Project Proposal would support meeting this condition.</p> <p>6.2 Without approval to commence the project and the recommendations set out in this paper there is a high risk that the awarded funding will need to be returned to BEIS. The PSDS grant represents a significant opportunity to accelerate the delivery of energy and carbon reduction projects through grant funding, hence reducing the burden on the City's finances if such projects were to be financed locally.</p> <p>6.3 The majority of the projects include the replacement/refurbishment of existing building services which would currently require cyclical replacement, and hence investment, within 5-10 years.</p> <p>6.4 Missed opportunity to reduce the carbon emissions of the City of London Corporation by c.1.5ktCO<sub>2</sub>e/yr which represents a significant proportion of the reduction requirements to meet the City of London's net zero carbon target.</p>																												

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	6.5 Missed opportunity to reduce the energy costs to the City of London Corporation by c.£875k/yr.
<b>7. SMART project objectives</b>	7.1 The project commences before 31 <sup>st</sup> March 2021. 7.2 The project (and all associated works/sub-projects) are complete by 30 <sup>th</sup> September 2021, unless an extension is agreed by Salix. 7.3 Each project achieves specified performance and design parameters. 7.4 Each project achieves high levels of stakeholder and user satisfaction. 7.5 Minimise disruption to the site's occupants and services. 7.6 Energy cost savings of c.£875k/year. 7.7 Carbon emission savings of c.1.5ktCO <sub>2</sub> e/yr.
<b>8. Key benefits</b>	8.1 Compliant and high-quality building services which satisfies needs. 8.2 Lower energy and maintenance costs for the City of London Corporation. 8.3 Energy and carbon emission savings contribute towards City of London Corporation targets.
<b>9. Project category</b>	7a. Asset enhancement/improvement (capital)
<b>10. Project priority</b>	B. Advisable
<b>11. Notable exclusions</b>	None.

### **Options Appraisal**

<b>12. Overview of options</b>	12.1 The initial scope of the PSDS project is set out in our approved application. The scope is limited to four sites: Guildhall, Barbican Arts Centre, GSMD, and the LMA. The PSDS project represents a programme of works which includes 26 individual projects as set out in Appendix 2. 12.2 As the projects are developed in consultation with stakeholders, and through the tendering process, the scope and budget of the individual projects within the four sites will be refined to meet the project objectives, grant conditions, while maximising value-for-money. 12.3 Significant changes to the scope and outcomes from any individual projects would need to be agreed with Salix. It is a requirement for an updated application form, post tender, to be provided to Salix.
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### **Project Planning**

<b>13. Delivery period and key dates</b>	<b>Overall project:</b> Mar-21: Project Board established Mar-21: Mobilisation and support resources procured. Apr-21: Procurement started for Principal Contractor Jun-21: Contract award
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	<p>Jul-21: Commencement of work on-site</p> <p>Sep-21: Project completion (primary target date)</p> <p>Mar-22: Project completion (fall-back latest possible date)</p> <p><b>Key dates:</b> Project commence before 31<sup>st</sup> March 2021, Procurement start before 30<sup>th</sup> April 2021, main construction contract start by 30<sup>th</sup> June 2021, works completed and paid for by 30<sup>th</sup> September 2021 (unless an extension is approved by Salix).</p> <p><b>Other works dates to coordinate:</b> None.</p>
<p><b>14. Risk implications</b></p>	<p><b>Overall project risk:</b> Medium</p> <p>14.1 The Risk Register is presented in Appendix 3. A costed risk register, and hence the estimation of the costed risk post-mitigation, will be produced at the next Gateway, informed by further project development work undertaken by the requested consultancy resource.</p> <p>14.2 There is a high risk to achieving completion by 30<sup>th</sup> September 2021 through the standard project approval and procurement routes. In addition, the current level of internal staff resource is insufficient to mobilise and support the project delivery.</p> <p>a) a request to Salix for an extension. We propose that our tender return for the works would require a programme attached to it, and prior to awarding we will verify with Salix that the programme is acceptable, including any need for an extension; and</p> <p>b) curtailing spend commitments beyond the agreed completion date.</p> <p>14.3 Even if an extension is approved by Salix there would remain a medium/high risk of programme slippage beyond this date. To mitigate this risk we propose:</p> <p>a) the formation of a new Project Board (see box 3).</p> <p>b) procurement of additional project management and technical consultancy services, wholly funded through the PSDS grant, to accelerate project delivery (see box 2).</p> <p>c) That the PSDS Board meet at least fortnightly, or more frequently if appropriate, and at each meeting receive details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, any further proposed commitments, and early warning of any delays or other issues.</p> <p>14.4 The PSDS grant funding awarded is anticipated to cover for 100% of the project costs. At this pre-tender stage there is a risk that the actual project costs could exceed the available grant funding. To mitigate this risk, the application included a contingency cost of c.£1m (c.11% of the total application value). A costed risk register will be developed to ensure sufficient contingency funds are held in reserve throughout the project delivery to manage any known risks (such as asbestos management) as they rise.</p> <p>14.5 In the event of any anticipated overspend beyond this contingency, Salix will be consulted to explore (in line with the terms of the MoU) whether to: request an increase to the Grant, or agree an adjustment to the project scope to be within budget. If neither is agreed, then one or more of the individual 26 projects will need to be cancelled and the grant funding returned for those specific projects.</p>

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<b>15. Stakeholders and consultees</b>	Chamberlains: Finance	John James, Sonia Virdee Hazel Lerigo, Dianne Merrifield
	Chamberlains: Procurement	James Carter, Michael Harrington
	IT	TBC
	HR	TBC
	Communications	TBC
	Corporate Property	Pete Collinson, Alison Bunn, Richard Chamberlain, Jonathan Cooper, Paul Friend
	Property specific stakeholders	See Appendix 4.

### Resource Implications

<b>16. Total estimated cost</b>	<b>Likely cost range (excluding risk):</b> £8,418,953							
	<p>The PSDS grant funding awarded is anticipated to cover for 100% of the project costs. At this pre-tender stage there is a risk that the actual project costs could exceed the available grant funding. To mitigate this risk, the application included a contingency cost of c.£1m (c.11% of the total application value). A costed risk register will be developed to ensure sufficient contingency funds are held in reserve throughout the project delivery to manage any known risks (such as asbestos management) as they rise.</p> <p>The Senior Responsible Officer will develop for the PSDS Project Board a strategy to utilise the funds earmarked for the costed risk towards the end of the project should the costed risk items not ultimately be required, in agreement with Salix and the conditions of the grant funding.</p>							
	<b>Likely cost range (including risk):</b> £8,418,953 - £9,445,943							
<b>17. Funding strategy</b>	Choose 1: All funding fully guaranteed	Choose 1: External - Funded wholly by contributions from external third parties						
	<table border="1"> <thead> <tr> <th>Funds/Sources of Funding</th> <th>Cost (£)</th> </tr> </thead> <tbody> <tr> <td>Public Sector Decarbonisation Scheme grant</td> <td>£9.46m</td> </tr> <tr> <td style="text-align: right;"><b>Total</b></td> <td><b>£9.46m</b></td> </tr> </tbody> </table>		Funds/Sources of Funding	Cost (£)	Public Sector Decarbonisation Scheme grant	£9.46m	<b>Total</b>	<b>£9.46m</b>
	Funds/Sources of Funding	Cost (£)						
Public Sector Decarbonisation Scheme grant	£9.46m							
<b>Total</b>	<b>£9.46m</b>							
<p>On 19<sup>th</sup> February we were informed that our application to the PSDS had passed the technical assessment and the City of London were offered the full applied for value of £9.46m which covers 100% of the anticipated project costs to deliver the PSDS projects in accordance with the terms set out in the <i>Grant Offer Letter</i> and <i>Memorandum of Understanding</i>. The funding was offered in the form of a section 31 grant from BEIS, which was signed by the authorising officer (section 151 officer) on 25<sup>th</sup> February 2020. The funding is to be received by the City of London no later than 31<sup>st</sup> March 2021. A condition of the grant is for the funding to be spent by 30<sup>th</sup></p>								

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	<p>September 2021 unless an extension is agreed. Any unspent funding is to be returned to BEIS. Risks associated with the funding are detailed in box 14.</p>
<p><b>18. Investment appraisal</b></p>	<p>18.1 The projects are to be funded 100% through external grant funding in accordance with our PSDS application. The application sets out the estimated capital costs, anticipated energy cost savings, and project life-time carbon savings. Compliance with the grant funding requires most of the projects collectively achieve a life-time carbon cost of under £500/tCO<sub>2</sub>e, and the application sets out a target for achieving £290/tCO<sub>2</sub>e.</p> <p>18.2 It is not a condition of the grant funding to achieve particular financial savings or a particular payback period, but these are estimated to be c.£875k/year with an overall payback of 9-10 years.</p> <p>18.3 The Chamberlain have recommended (see appendix 1) that financial savings that are made will accrue back to the City as a contribution to the Build Back Better Fund held in City Fund or City's Cash as appropriate. As a consequent departmental local risk budgets will be adjusted accordingly. The PSDS Project Board will need to receive a regular report on these savings to allow appropriate budget adjustments to be made</p> <p>18.4 The majority of projects are for the repair and replacement of existing building services with more energy efficient equivalents, such as LED lighting. This will result in a reduction in the outstanding maintenance liabilities and future cyclical replacement costs to the City of London.</p> <p>18.5 As the PSDS project develops we shall seek to maximise the cost benefit alongside the carbon benefit and achieving value-for-money.</p> <p>18.6 The estimated costs and savings set out in our application will be regularly reviewed and reported throughout the project. A post-project verification exercise will be carried out, aided by the additional metering equipment and software upgrades included within the project. Energy and carbon savings will be monitored for a period of at least 3-years post-completion, as per the grant conditions.</p>
<p><b>19. Procurement strategy/route to market</b></p>	<p>19.1 The total value of the design and build works is c.£9.5m which consists of c.£600k design/engineer costs, and c.£8.8m build (supply &amp; install) costs (including contingency).</p> <p>19.2 PT4 Committee Procurement Report has been completed in consultation with Procurement, see Appendix 5. This recommends a procurement through the Retrofit Accelerator framework through the framework's partner approach.</p> <p>19.3 We anticipate the bulk of the works will be procured through this framework, which includes for a degree of the design element. Alongside this, we anticipate some of the works will be procured through existing CoL frameworks or incorporated into existing contracts of planned procurements where desired.</p> <p>19.4 The Greater London Authority's (GLA) Retrofit Accelerator framework should allow for these works to meet the tight timescale required for project completion and also has the following advantages:</p> <ul style="list-style-type: none"> <li>• A single contract which can deliver the bulk of the projects as required. This simplifies the required procurement activity, and associated contract management.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Designed for delivering these types of projects.</li> <li>• Well established framework with successful record.</li> <li>• Combined design and build contract.</li> <li>• Schedule of rates ensures fair value.</li> <li>• Provides an energy performance guarantee.</li> </ul> <p>19.5 We have signed a non-binding partnership agreement with the Retrofit Accelerator programme and are completing the preparation stage of the tender process. The following sets out how approval will be requested at the different gateways for this procurement route:</p> <ul style="list-style-type: none"> <li>• GW2: approval for: <ul style="list-style-type: none"> <li>○ Mini competition conducted, and framework partner (supplier) selected.</li> <li>○ Partner conducts high level appraisal (short process) to verify their interest in delivering the proposed PSDS projects.</li> </ul> </li> <li>• GW3/4: approval for: <ul style="list-style-type: none"> <li>○ Partner conducts Investment Grade Proposal (IGP).</li> <li>○ Based on a satisfactory IGP, a works contract is drawn up.</li> </ul> </li> <li>• GW5: approval for: <ul style="list-style-type: none"> <li>○ Enter works contract with partner.</li> <li>○ Partner proceeds to deliver the projects (supply, install etc.).</li> </ul> </li> </ul> <p>19.6 We recommend approval is given to proceed to the next stage, which includes a mini-competition and selection of framework supplier, followed by a high-level appraisal by the supplier of the proposed PSDS projects.</p>
<p><b>20. Legal implications</b></p>	<p>20.1 The grant has offered under the conditions set out in the <i>Grant Determination Letter</i>, <i>Grant Offer Letter</i>, and <i>Memorandum of Understanding</i>.</p> <p>20.2 We have consulted with legal on the use of the Retrofit Accelerator framework and due diligence has been mostly completed, with two remaining actions under enquiry.</p>
<p><b>21. Corporate property implications</b></p>	<p>21.1 The PSDS projects represent a significant scope of works within the Barbican Arts Centre, GSMD, and Guildhall (the works at the LMA are of a lower scope).</p> <p>21.2 All stages of these projects will require close consultation with: Facilities Management, site management, and managing/occupying departments. Works to building services need to meet service performance needs and meet occupant satisfaction. Installation needs to be carefully managed to minimise the disruption which will be caused to an acceptable level.</p> <p>21.3 PSDS projects will need to be aligned with other planned building work project to avoid duplication or increased disruption.</p> <p>21.4 PSDS projects will need to be informed by potential changes to buildings to provide confidence that the installed works will persist for the foreseeable future.</p> <p>21.5 Planning approval and listed building consent may be required for some of the works, especially the lighting at Barbican Arts Centre and GSMD Silk Street.</p>

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<b>22. Traffic implications</b>	22.1 The proposed PSDS project for the replacement of the Guildhall East Wing office ventilation fans/motors which are located at roof level, are is likely to require crantage and a traffic management plan to be approved well in advance.
<b>23. Sustainability and energy implications</b>	23.1 The main aims of these projects are to improve energy efficiency as set out in the Project Summary above.
<b>24. IS implications</b>	24.1 None.
<b>25. Equality Impact Assessment</b>	An equality impact assessment will be undertaken.
<b>26. Data Protection Impact Assessment</b>	The risk to personal data is less than high or non-applicable and a data protection impact assessment will not be undertaken.

### Appendices

<b>Appendix 1</b>	Committee Paper: PSDS Project Approval and Governance
<b>Appendix 2</b>	PSDS Projects
<b>Appendix 3</b>	Risk Register
<b>Appendix 4</b>	PSDS Stakeholders RACI
<b>Appendix 5</b>	PT4 – PSDS Project

### Contact

<b>Report Author</b>	James Rooke
<b>Email Address</b>	<a href="mailto:James.rooke@cityoflondon.gov.uk">James.rooke@cityoflondon.gov.uk</a>
<b>Telephone Number</b>	07725 636975

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## PSDS Project Board Terms of Reference

### Introduction

It was agreed at the meeting of \_\_\_\_\_ that the PSDS Project Board be formed under the following Terms of Reference.

### Background

- The City of London have been awarded grant funding, to the value of value: £9,445,944 to deliver our application to the Public Sector Decarbonisation Scheme (PSDS). The conditions of this award are set out in the supporting documentation: Grant Offer Letter, Memorandum of Understanding.
- The application includes 26 individual projects to upgrade M&E building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the following sites: Guildhall, Barbican Arts Centre, Guildhall School of Music and Drama (GSMD), and the London Metropolitan Archives (LMA).
- The grant covers 100% of the estimated capital costs for the projects set out in the application, including a contingency allowance.
- The project is estimated to deliver carbon savings of c.1,5 ktCO<sub>2</sub>e/yr and energy cost savings of c.£875k/yr.

### Membership and roles

The initial membership is set out in the following table. It is proposed that the following are required as a minimum for the first board meeting, at which a decision could be made on expanding the membership.

Post in City of London	Project role
Chairman of Corporate Asset Sub-Committee	Chairman*
Deputy Chairman of Corporate Asset Sub-Committee	Deputy Chairman*
City Surveyor, City Surveyors	Project Sponsor
Head of Energy & Sustainability, City Surveyors	Senior Responsible Officer*
New external hire (TBC), within City Surveyors	PSDS Programme Manager*
Head of Facilities Management, City Surveyors	Key Stakeholder
Project Director, City Surveyors	Key Stakeholder
Assistant Director Strategic Finance, Chamberlains' Department	Advice over financial matters
(TBC), Chamberlains' Department (Procurement)	Advice over procurement matters
Director of Operations and Buildings (Barbican)	Key stakeholder: Barbican Arts Centre, GSMD
Guildhall Manager, City Surveyors	Key stakeholder: Guildhall

\*see Appendix A for details of specific duties for this role.

Note: other attendees and external stakeholders will only be invited to join the Project Board meeting when appropriate. Appendix B sets out officer posts and teams who will be expected to regularly attend board meetings to contribute when asked to do so.

Note: only a single smaller scale project is proposed for the LMA, and therefore this is expected to be delivered through standard project arrangements – hence no representation of LMA stakeholders is proposed for the board.

### Terms of reference

- i. The scope of the remit and decision-making for the Project Board is limited to the delivery of the PSDS Project.
- ii. The PSDS Project Board will be dissolved once the PSDS Project is concluded or as agreed by a decision of Project-Subcommittee.

The Project Board is also responsible for ensuring the following items specific to the PSDS Project:

- iii. That the PSDS Project is delivered in accordance with the grant conditions set out in the Grant Offer Letter and Memorandum of Understanding.
- iv. That the Project commences before 31<sup>st</sup> March 2021.
- v. That the project is delivered by 30<sup>th</sup> September 2021, or a later date (up to 31<sup>st</sup> March 2022) as agreed with Salix.

The Project Board is also responsible for ensuring the following standard items:

- vi. That the business need or opportunity has been identified correctly and is supported by robust information
- vii. That all elements of the Project Proposal and subsequent Project Initiation Document (PID) and the project success criteria are clearly defined and agreed with the client
- viii. The solution meets the brief set out in the PID, is consistent with the Corporate Plan, makes sense commercially and provides best value for money
- ix. All project risks are identified, owned and mitigation actions managed. In particular the project board will focus its attention on the progress of works and expenditure to ensure not works are undertaken after the cut off deadline for funding.
- x. The project board will agree on the recommendation of City Procurement a procurement strategy and will review progress against this strategy at each meeting.
- xi. That health and safety is paramount, and the Project Board is executing its duties as 'client' under CDM regulations (separate guidance on these responsibilities is available on the intranet)
- xii. All stakeholders are consulted and appropriate buy-in achieved
- xiii. The design and method of execution is best value for money and reflects the likely availability of resources, both in terms of the initial investment and any ongoing resource requirements
- xiv. The project follows the City's agreed [Project Procedure](#), or alternative arrangements where they have been approved
- xv. Project controls are in place
- xvi. The solution is successfully delivered and integrated seamlessly in to use
- xvii. That benefits are achieved, and learning is captured and shared with the Town Clerk's Programme Office

### **Delegated authority**

The committee paper 'PSDS Project Approval and Governance' recommend delegated authority to expedite the project approval process. This section of the ToR should explicitly detail these arrangements if approved.

This authority was approved at the meeting of \_\_\_\_\_.

### **Project Board meetings**

The PSDS Project Board shall meet at least fortnightly and more frequently at the discretion of the Chairman, it is anticipated that the board may need to meet frequently at sometimes due to the tight timeframe of the project delivery.

Minutes for all meetings will be recorded and issued to the relevant committees and boards for information.

### **Reporting**

The PSDS Project Board will receive at each meeting details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, and any further proposed commitments, together with early warning of any delays or other issues.

The PSDS Project Board will be responsible for all reporting to the grant funding administrator, Salix, and any other reporting as required under the *Grant Offer Letter and Memorandum of Understanding*. The Senior Responsible Officer shall keep the board informed, on a timely basis, of all correspondence received from Salix and advise any concerns that Salix may have raised.

The Senior responsible Officer will provide details of all monitoring returns that have been submitted to Salix on a timely basis so the board can have oversight of the returns being made

### **Key Project Board activities and collective responsibilities**

The key activities of the Project Board are divided in to three areas and will include the activities set out in Appendix C:

- Leadership
- Governance & Risk Management
- Communication & Support

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## Appendix A.

Role	Duties
<b>Chairman</b>	Provide leadership and direction to the board.
<b>Senior Responsible Officer</b>	<p>The Senior Responsible Officer is responsible for the project. He or she is accountable to the Chief Officer of the client department for the project who, in turn, is accountable to the Spending Committee for the Project. The Senior Responsible Officer's role is to ensure that the project is focused throughout its life on achieving its objectives and delivering a product that will achieve the forecast benefits.</p> <p>The Senior Responsible Officer has to ensure that the project gives value for money, ensuring a cost-conscious approach to the project, balancing the demands of the business, user and supplier.</p> <p>In addition to the Project Board's collective responsibilities, the Senior Responsible Officer will:</p> <ul style="list-style-type: none"> <li>• Design and appoint the project management team in conjunction with the Chief Officers of the other departments affected and the Town Clerk's Programme Office</li> <li>• Oversee the development of the project documentation and reports, ensuring that the project is aligned with corporate strategies</li> <li>• Secure the funding for the project</li> <li>• Monitor and control the progress of the project at a strategic level</li> <li>• Escalate issues/risks to corporate/programme management if project tolerance is forecast to be exceeded</li> <li>• Ensure that risks are identified, assessed and controlled</li> <li>• Make decisions on escalated issues, with particular focus on continued business justification</li> <li>• Organise and Chair Project Board reviews</li> <li>• Ensure overall business assurance of the project – that it remains on target to deliver the expected business benefits, and that the project will be completed within its agreed tolerances.</li> </ul>
<b>Programme Manager</b>	<p>The Programme Manager has the authority to run the project on a day-to-day basis on behalf of the Senior Responsible Officer and the Project Board within the constraints laid down by them.</p> <p>The Programme Manager's prime responsibility is to ensure that the project is delivered within the specified tolerances of time, cost, quality, scope, risk and benefits. The Programme Manager is also responsible for the project producing a result capable of achieving the defined benefits.</p> <p>Acts as the Project Board's representative throughout the project, providing reports and information to the Project Board and ensuring the outputs and action points are effectively recorded and actioned. The Programme Manager is responsible for the safe and efficient delivery of the chosen solution.</p> <p><b>The Programme Manager's responsibilities include the following:</b></p> <ul style="list-style-type: none"> <li>• Prepare the relevant project documentation and agree them with the Senior Responsible Officer and the Project Board</li> <li>• Prepare all reports required for Member and Officer level groups</li> <li>• Maintain and update the required information on Project Vision</li> <li>• Liaise with the Town Clerk's Programme Office and the local programme office if there is one to ensure that work is neither overlooked nor duplicated by related projects</li> <li>• Liaise with any external suppliers or account managers</li> <li>• Lead and motivate the project management team</li> </ul>

	<ul style="list-style-type: none"><li>• Ensure that behavioural expectations of team members are established</li><li>• Manage the information flows between directing and delivering levels of the project</li><li>• Manage the delivery of the project, taking responsibility for overall progress and use of resources and initiating corrective action where necessary</li><li>• Establish and manage the procedures relating to: risk, issue and change control, communication and stakeholder engagement</li><li>• Establish and manage the project controls – monitoring and reporting</li><li>• Advise the Senior Responsible Officer and the Project Board of any deviations from the plan</li></ul>
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## Appendix B.

Position in organisation	Project role
Operations Group Director, City Surveyors	
Head of Building Surveying, City Surveyors	
Assistant Property Facilities Manager (Barbican)	Key stakeholder: Barbican Arts Centre, GSMD
Guildhall Complex Building and Hospitality Manager	Key stakeholder: Guildhall
Senior Principal Project Manager, Major Projects Team	
Climate Action Strategy Project Manager, Town Clerks	
Senior Energy Engineer, Energy Team, City Surveyors	Energy Team Account Lead for BAC & GSMD
Energy Manager, Energy Team, City Surveyors	
Energy Officer, Energy Team, City Surveyors	
BEMS Energy Engineer, Energy Team, City Surveyors	Energy Team Account Lead for Guildhall
Assistant Director (London Metropolitan Archives)	Stakeholder

## Appendix C.

### Leadership

Guidance	<ul style="list-style-type: none"> <li>• Holding the vision, directing the strategy and priorities for the project</li> <li>• Ensuring that clear and measurable objectives are set for the project, including cost, time and quality and championing the project</li> <li>• Creating an environment for success, innovation and opportunity</li> </ul>
Challenge	<ul style="list-style-type: none"> <li>• Constantly and constructively challenging information about the project from a commercial, business and stakeholder perspective</li> <li>• Balancing requirements and priorities of stakeholders with those of the City Corporation's services</li> </ul>
Decision-making	<ul style="list-style-type: none"> <li>• Using sound judgment to ensure that decisions are based on improving value to the City Corporation</li> <li>• Timely decision-making for project critical issues</li> <li>• Ensuring the Project Board has the right information to ensure an effective decision can be taken</li> <li>• Dealing with major issues and removing barriers to progress as they arise or are foreseen</li> </ul>

### Governance and Risk Management

Direction	<ul style="list-style-type: none"> <li>• Ensuring the project is developed and delivered within the City Corporation's Project Procedure, or alternative arrangements where they have been approved</li> <li>• Ensuring the required financial approvals are achieved at each stage</li> <li>• Ensuring that appropriate resources are being allocated to achieve project milestones/ deliverables in the timescales required</li> <li>• Ensuring that the project is effectively managed and reviewed in terms of cost, time and quality and regularly monitoring performance against the brief as set out in the PID</li> <li>• Initiating reviews, ensuring corrective action is taken when necessary</li> <li>• Ensuring that effective change control procedures and reporting are in place</li> <li>• Ensuring exceptional issues are reported in accordance with the Project Procedure</li> </ul>
Managing Risk and Opportunity	<ul style="list-style-type: none"> <li>• Understanding the level of all aspects of risk – business, operational and project – and ensuring that it is effectively managed and that key risks that cannot be managed are reported at the appropriate time</li> <li>• Ensuring that opportunities are identified, recorded and actively pursued where appropriate</li> </ul>
Health, Safety and Environment	<ul style="list-style-type: none"> <li>• Demonstrating the appropriate commitment to safety and the environment</li> </ul>
Benefits delivery and learning	<ul style="list-style-type: none"> <li>• Ensuring that best practice is developed and continually refreshed from learning during each project</li> <li>• Ensuring that pre-defined success criteria and benefits of the project are delivered</li> <li>• Ensuring, on completion, that a formal Post Project Evaluation is conducted so that achievements, benefits, and lessons learnt are captured and reported</li> </ul>

### Communication and Support

Communication	<ul style="list-style-type: none"> <li>• Visibly demonstrating commitment to the project and ensuring the project is actively promoted</li> <li>• Ensuring that the right people know about the project at the right time</li> <li>• Ensuring that the right people are consulted and invited to contribute at the right time, that their views are listened to, acted upon and appropriate responses given</li> <li>• Managing the flow of information relating to the project internally and externally</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Providing support to the Project Manager</li> <li>• Ensuring that additional expertise is brought in when needed to facilitate effective decision-making</li> </ul>

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## Appendix 6. High-level programme via Retrofit Accelerator framework procurement route

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
<b><u>Sep-21 completion</u></b>															
Grant Scheme award decision		█													
Project Manager appointment		█	█												
Internal approvals		█	█	█											
Finalise Project Plan		█	█	█	█										
<b>Retrofit Accelerator Route</b>															
Mini Competition			█	█	█										
HLA/IGP			█	█	█	█									
Works Contract Agreement						█	█	█	█						
Construction						█	█	█	█	█	█	█	█	█	█
<b><u>Mar-22 completion</u></b>															
Grant Scheme award decision		█													
Project Manager appointment		█	█												
Internal approvals		█	█	█											
Finalise Project Plan		█	█	█	█										
<b>Retrofit Accelerator Route</b>															
Mini Competition					█	█	█	█	█						
HLA/IGP					█	█	█	█	█	█					
Works Contract Agreement										█	█	█	█	█	█
Construction											█	█	█	█	█

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# Appendix 7. Gateway approval timeline

	8-Mar-21	15-Mar-21	22-Mar-21	29-Mar-21	5-Apr-21	12-Apr-21	19-Apr-21	26-Apr-21	3-May-21	10-May-21	17-May-21	24-May-21	31-May-21	7-Jun-21	14-Jun-21	21-Jun-21	28-Jun-21	5-Jul-21	12-Jul-21	19-Jul-21	
<b>Committees/Boards meeting dates</b>																					
CPB				31 Mar					04 May					09 Jun						14 Jul	
CASC								28 Apr								22 Jun					
Project-Sub (PJS)			24 Mar			14 Apr				TBC				TBC						TBC	
P&R	11 Mar				08 Apr					TBC				TBC						TBC	
Court of Common Council						15 Apr					TBC				TBC						TBC
Barbican Centre Board			24 Mar								19 May										
Board of Governors (GSMD)											17 May										
<b>Timeline under normal Project Procedure</b>																					
GW2 - under URGENCY	CPB/Proj-Sub/CASC/P&R																				
GW3						PJS		CASC													
GW4														PJS		CASC					
G4b																					CCC
<b>Project Procedure under URGENCY</b>																					
GW2 - under URGENCY	CPB/Proj-Sub/CASC/P&R																				
GW3 - under URGENCY			PJS/CASC																		
GW4 - under URGENCY					PJS/CASC																
G4b - under Urgency								CCC													
<b>Delegated authority to City Surveyor in consultation with PSDS Project Board</b>																					
GW2 - under URGENCY	CPB/Proj-Sub/CASC/P&R																				
GW3																					
GW4																					
G4b																					

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# Agenda Item 8

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<b>Committees:</b> Policy & Resources Committee - For Decision Corporate Assets Sub Committee - For Information Project-Sub Committee - For Information Procurement Sub Committee - For Information Corporate Projects Board - For Information	<b>Dates:</b> Delegated Authority 28 Apr 2021 24 Mar 2021 12 Apr 2021 10 Mar 2021
<b>Subject:</b> Gateway 2 Report: PSDS Project Proposal <b>Unique Project Identifier:</b> TBC	<b>Gateway 2:</b> <b>Project Proposal</b> Complex
<b>Report of:</b> City Surveyor <b>Report Author:</b> James Rooke	<b>For Decision</b>
<h1>PUBLIC</h1>	

## Recommendations

<b>1. Next steps and requested decisions</b>	<p><b>Project Description:</b> the City of London have been awarded c.£9.4m of grant funding through the government's Public Sector Decarbonisation Scheme (PSDS) to deliver projects to achieve carbon savings through upgrading building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the following four sites: Guildhall, Barbican Arts Centre, Guildhall School of Music and Drama (GSMD), and the London Metropolitan Archives (LMA).</p> <p><b>Funding Source:</b> A grant under s.31 Local Government Act 2003 from the Department for Business, Energy and Industrial Strategy (BEIS) to cover 100% of the project costs set out in the approved City of London application to the PSDS.</p> <p><b>Next Gateway:</b> Gateway 3 - Outline Options Appraisal (Complex) for the bulk of the PSDS projects and Gateway 3/4 - Options Appraisal (Regular) for some of the PSDS projects.</p> <p><b>Next Steps:</b> Commence the PSDS Project before 31<sup>st</sup> March 2021. Present either a Gateway 3 and Gateway 3/4 papers under urgency, or in accordance with alternative approved arrangements. Commission consultancy services to support project development and delivery.</p> <p><b>Requested Decisions:</b></p> <ol style="list-style-type: none"><li>1. Note the total estimated cost £9,445,943 for the PSDS Project, which is funded from the PSDS grant awarded.</li><li>2. Approval to proceed to the next Gateway stage.</li></ol>
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	<p>3. Approval to proceed to the next stage for engaging with the Retrofit Accelerator framework.</p> <p>4. Approval for a budget allocation of £500k, from the available PSDS grant funding, for the procurement of consultancy services to mobilise and support the PSDS Project.</p>												
<p><b>2. Resource requirements to reach next Gateway</b></p>	<table border="1" data-bbox="421 506 1441 808"> <thead> <tr> <th data-bbox="421 506 707 607">Item</th> <th data-bbox="707 506 1029 607">Reason</th> <th data-bbox="1029 506 1275 607">Funds/ Source of Funding</th> <th data-bbox="1275 506 1441 607">Cost (£)</th> </tr> </thead> <tbody> <tr> <td data-bbox="421 607 707 741">Consultancy services and technical surveys</td> <td data-bbox="707 607 1029 741">To mobilise the PSDS Project</td> <td data-bbox="1029 607 1275 741">Awarded PSDS grant funding</td> <td data-bbox="1275 607 1441 741">£500,000</td> </tr> <tr> <td data-bbox="421 741 707 808"><b>Total</b></td> <td data-bbox="707 741 1029 808"></td> <td data-bbox="1029 741 1275 808"></td> <td data-bbox="1275 741 1441 808">£500,000</td> </tr> </tbody> </table> <p>The project costs as set out in the approved grant application includes an estimated budget of £1.28m for the costs of design, engineering and project delivery. Of these costs we have budgeted for £595k for client-side project management and engineering consultancy support. This additional resource is required to support City Surveyor’s to deliver the project due to the scope of works and challenging deadline.</p> <p><b>Costed Risk Provision requested for this Gateway: £95,000</b>  For expenditure on additional consultancy services as required to support reaching the next gateway.</p>	Item	Reason	Funds/ Source of Funding	Cost (£)	Consultancy services and technical surveys	To mobilise the PSDS Project	Awarded PSDS grant funding	£500,000	<b>Total</b>			£500,000
Item	Reason	Funds/ Source of Funding	Cost (£)										
Consultancy services and technical surveys	To mobilise the PSDS Project	Awarded PSDS grant funding	£500,000										
<b>Total</b>			£500,000										
<p><b>3. Governance arrangements</b></p>	<p>The governance arrangements and recommendations are set out in a separate committee paper, titled ‘PSDS Project Approval and Governance’, see Appendix 1. This separate paper recommends a Project Board is established, responsible for the development and delivery of the project, in line with City of London guidance, to provide leadership, governance and risk management, communication and support. The proposed membership includes senior officer and stakeholder representation, with Member oversight to provide governance, and sponsorship for the development and delivery of the projects. The paper also recommends an expediated project approval process through either delegated authority or urgency.</p>												

**Project Summary**

<p><b>4. Context</b></p>	<p>4.1 The City of London is committed to targets for reducing energy consumption and, in support of its Climate Action Strategy, achieving net zero carbon emissions for its operational properties by 2027.</p> <p>4.2 The Department for Business, Energy and Industrial Strategy (BEIS) launched the £1b Public Sector Decarbonisation Scheme in October 2020, open to public sector bodies to apply for capital funding towards carbon reduction projects for non-domestic buildings. The scheme is administered by Salix: <a href="https://www.salixfinance.co.uk/PSDS">https://www.salixfinance.co.uk/PSDS</a>.</p> <p>4.3 The City of London applied to the Grant Scheme on 11<sup>th</sup> January 2021 and on 26<sup>th</sup> February accepted an offer for £9,445,944 of grant funding</p>
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	<p>to cover 100% of the anticipated costs for the projects set out in our application.</p> <p>4.4 The conditions of the grant funding are set out in the <i>Grant Offer Letter</i> and <i>Memorandum of Understanding</i>, copies of which are included in Appendix 1.</p>																												
<p><b>5. Brief description of project</b></p>	<p>5.1 The PSDS project includes works (26 sub-projects) to upgrade M&amp;E building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the following four sites: Guildhall, Barbican Art Centre, GSMD, and the LMA. We estimate the projects will deliver carbon savings of c.1.5 ktCO<sub>2</sub>e/yr and energy cost savings of c.£875k/yr.</p> <p>5.2 Financial savings that are made will accrue back to the City as a contribution to the Build Back Better Fund held in City Fund or City's Cash as appropriate. As a consequent departmental local risk budgets will be adjusted accordingly. The PSDS Project Board will need to receive a regular report on these savings to allow appropriate budget adjustments to be made</p> <p>5.3 These projects have been developed over the last few months by the Energy Team (in consultation with Facilities Management) through fully grant funded consultancy support.</p> <p>5.4 The below table provides a summary of the key project figures relating to each site, and further details on the specific projects are provided in Appendix 2. Note: N/A relates to software packages to support metering/control across all sites.</p> <table border="1" data-bbox="437 1193 1422 1487"> <thead> <tr> <th>Site</th> <th>Total Project Cost</th> <th>Energy Cost savings (£/yr)</th> <th>Carbon savings (tCO<sub>2</sub>e/yr)</th> </tr> </thead> <tbody> <tr> <td>BAC</td> <td>£3,545,957</td> <td>£311,815</td> <td>516</td> </tr> <tr> <td>GSMD</td> <td>£3,129,723</td> <td>£211,023</td> <td>456</td> </tr> <tr> <td>GHC</td> <td>£2,484,072</td> <td>£341,917</td> <td>570</td> </tr> <tr> <td>LMA</td> <td>£97,257</td> <td>£10,001</td> <td>8</td> </tr> <tr> <td>N/A</td> <td>£188,939</td> <td>£0</td> <td>0</td> </tr> <tr> <td><b>Grand Total</b></td> <td><b>£9,445,948</b></td> <td><b>£874,756</b></td> <td><b>1,549</b></td> </tr> </tbody> </table>	Site	Total Project Cost	Energy Cost savings (£/yr)	Carbon savings (tCO <sub>2</sub> e/yr)	BAC	£3,545,957	£311,815	516	GSMD	£3,129,723	£211,023	456	GHC	£2,484,072	£341,917	570	LMA	£97,257	£10,001	8	N/A	£188,939	£0	0	<b>Grand Total</b>	<b>£9,445,948</b>	<b>£874,756</b>	<b>1,549</b>
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<b>Grand Total</b>	<b>£9,445,948</b>	<b>£874,756</b>	<b>1,549</b>																										
<p><b>6. Consequences if project not approved</b></p>	<p>6.1 A specific condition of the grant funding is that the project is approved and commenced before 31<sup>st</sup> March 2021. Approval of the gateway 2 Project Proposal would support meeting this condition.</p> <p>6.2 Without approval to commence the project and the recommendations set out in this paper there is a high risk that the awarded funding will need to be returned to BEIS. The PSDS grant represents a significant opportunity to accelerate the delivery of energy and carbon reduction projects through grant funding, hence reducing the burden on the City's finances if such projects were to be financed locally.</p> <p>6.3 The majority of the projects include the replacement/refurbishment of existing building services which would currently require cyclical replacement, and hence investment, within 5-10 years.</p> <p>6.4 Missed opportunity to reduce the carbon emissions of the City of London Corporation by c.1.5ktCO<sub>2</sub>e/yr which represents a significant proportion of the reduction requirements to meet the City of London's net zero carbon target.</p>																												

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	6.5 Missed opportunity to reduce the energy costs to the City of London Corporation by c.£875k/yr.
<b>7. SMART project objectives</b>	<p>7.1 The project commences before 31<sup>st</sup> March 2021.</p> <p>7.2 The project (and all associated works/sub-projects) are complete by 30<sup>th</sup> September 2021, unless an extension is agreed by Salix.</p> <p>7.3 Each project achieves specified performance and design parameters.</p> <p>7.4 Each project achieves high levels of stakeholder and user satisfaction.</p> <p>7.5 Minimise disruption to the site’s occupants and services.</p> <p>7.6 Energy cost savings of c.£875k/year.</p> <p>7.7 Carbon emission savings of c.1.5ktCO<sub>2</sub>e/yr.</p>
<b>8. Key benefits</b>	<p>8.1 Compliant and high-quality building services which satisfies needs.</p> <p>8.2 Lower energy and maintenance costs for the City of London Corporation.</p> <p>8.3 Energy and carbon emission savings contribute towards City of London Corporation targets.</p>
<b>9. Project category</b>	7a. Asset enhancement/improvement (capital)
<b>10. Project priority</b>	B. Advisable
<b>11. Notable exclusions</b>	None.

**Options Appraisal**

<b>12. Overview of options</b>	<p>12.1 The initial scope of the PSDS project is set out in our approved application. The scope is limited to four sites: Guildhall, Barbican Arts Centre, GSMD, and the LMA. The PSDS project represents a programme of works which includes 26 individual projects as set out in Appendix 2.</p> <p>12.2 As the projects are developed in consultation with stakeholders, and through the tendering process, the scope and budget of the individual projects within the four sites will be refined to meet the project objectives, grant conditions, while maximising value-for-money.</p> <p>12.3 Significant changes to the scope and outcomes from any individual projects would need to be agreed with Salix. It is a requirement for an updated application form, post tender, to be provided to Salix.</p>
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**Project Planning**

<b>13. Delivery period and key dates</b>	<p><b>Overall project:</b></p> <p>Mar-21: Project Board established</p> <p>Mar-21: Mobilisation and support resources procured.</p> <p>Apr-21: Procurement started for Principal Contractor</p> <p>Jun-21: Contract award</p>
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	<p>Jul-21: Commencement of work on-site</p> <p>Sep-21: Project completion (primary target date)</p> <p>Mar-22: Project completion (fall-back latest possible date)</p> <p><b>Key dates:</b> Project commence before 31<sup>st</sup> March 2021, Procurement start before 30<sup>th</sup> April 2021, main construction contract start by 30<sup>th</sup> June 2021, works completed and paid for by 30<sup>th</sup> September 2021 (unless an extension is approved by Salix).</p> <p><b>Other works dates to coordinate:</b> None.</p>
<p><b>14. Risk implications</b></p>	<p><b>Overall project risk:</b> Medium</p> <p>14.1 The Risk Register is presented in Appendix 3. A costed risk register, and hence the estimation of the costed risk post-mitigation, will be produced at the next Gateway, informed by further project development work undertaken by the requested consultancy resource.</p> <p>14.2 There is a high risk to achieving completion by 30<sup>th</sup> September 2021 through the standard project approval and procurement routes. In addition, the current level of internal staff resource is insufficient to mobilise and support the project delivery.</p> <p style="padding-left: 20px;">a) a request to Salix for an extension. We propose that our tender return for the works would require a programme attached to it, and prior to awarding we will verify with Salix that the programme is acceptable, including any need for an extension; and</p> <p style="padding-left: 20px;">b) curtailing spend commitments beyond the agreed completion date.</p> <p>14.3 Even if an extension is approved by Salix there would remain a medium/high risk of programme slippage beyond this date. To mitigate this risk we propose:</p> <p style="padding-left: 20px;">a) the formation of a new Project Board (see box 3).</p> <p style="padding-left: 20px;">b) procurement of additional project management and technical consultancy services, wholly funded through the PSDS grant, to accelerate project delivery (see box 2).</p> <p style="padding-left: 20px;">c) That the PSDS Board meet at least fortnightly, or more frequently if appropriate, and at each meeting receive details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, any further proposed commitments, and early warning of any delays or other issues.</p> <p>14.4 The PSDS grant funding awarded is anticipated to cover for 100% of the project costs. At this pre-tender stage there is a risk that the actual project costs could exceed the available grant funding. To mitigate this risk, the application included a contingency cost of c.£1m (c.11% of the total application value). A costed risk register will be developed to ensure sufficient contingency funds are held in reserve throughout the project delivery to manage any known risks (such as asbestos management) as they rise.</p> <p>14.5 In the event of any anticipated overspend beyond this contingency, Salix will be consulted to explore (in line with the terms of the MoU) whether to: request an increase to the Grant, or agree an adjustment to the project scope to be within budget. If neither is agreed, then one or more of the individual 26 projects will need to be cancelled and the grant funding returned for those specific projects.</p>

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<b>15. Stakeholders and consultees</b>	Chamberlains: Finance	John James, Sonia Virdee Hazel Lerigo, Dianne Merrifield
	Chamberlains: Procurement	James Carter, Michael Harrington
	IT	TBC
	HR	TBC
	Communications	TBC
	Corporate Property	Pete Collinson, Alison Bunn, Richard Chamberlain, Jonathan Cooper, Paul Friend
	Property specific stakeholders	See Appendix 4.

**Resource Implications**

<b>16. Total estimated cost</b>	<b>Likely cost range (excluding risk):</b> £8,418,953							
	<p>The PSDS grant funding awarded is anticipated to cover for 100% of the project costs. At this pre-tender stage there is a risk that the actual project costs could exceed the available grant funding. To mitigate this risk, the application included a contingency cost of c.£1m (c.11% of the total application value). A costed risk register will be developed to ensure sufficient contingency funds are held in reserve throughout the project delivery to manage any known risks (such as asbestos management) as they rise.</p> <p>The Senior Responsible Officer will develop for the PSDS Project Board a strategy to utilise the funds earmarked for the costed risk towards the end of the project should the costed risk items not ultimately be required, in agreement with Salix and the conditions of the grant funding.</p>							
<b>17. Funding strategy</b>	<b>Likely cost range (including risk):</b> £8,418,953 - £9,445,943							
	Choose 1: All funding fully guaranteed	Choose 1: External - Funded wholly by contributions from external third parties						
	<table border="1"> <thead> <tr> <th>Funds/Sources of Funding</th> <th>Cost (£)</th> </tr> </thead> <tbody> <tr> <td>Public Sector Decarbonisation Scheme grant</td> <td>£9.46m</td> </tr> <tr> <td style="text-align: right;"><b>Total</b></td> <td><b>£9.46m</b></td> </tr> </tbody> </table>		Funds/Sources of Funding	Cost (£)	Public Sector Decarbonisation Scheme grant	£9.46m	<b>Total</b>	<b>£9.46m</b>
Funds/Sources of Funding	Cost (£)							
Public Sector Decarbonisation Scheme grant	£9.46m							
<b>Total</b>	<b>£9.46m</b>							
	<p>On 19<sup>th</sup> February we were informed that our application to the PSDS had passed the technical assessment and the City of London were offered the full applied for value of £9.46m which covers 100% of the anticipated project costs to deliver the PSDS projects in accordance with the terms set out in the <i>Grant Offer Letter</i> and <i>Memorandum of Understanding</i>. The funding was offered in the form of a section 31 grant from BEIS, which was signed by the authorising officer (section 151 officer) on 25<sup>th</sup> February 2020. The funding is to be received by the City of London no later than 31<sup>st</sup> March 2021. A condition of the grant is for the funding to be spent by 30<sup>th</sup></p>							

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	<p>September 2021 unless an extension is agreed. Any unspent funding is to be returned to BEIS. Risks associated with the funding are detailed in box 14.</p>
<p><b>18. Investment appraisal</b></p>	<p>18.1 The projects are to be funded 100% through external grant funding in accordance with our PSDS application. The application sets out the estimated capital costs, anticipated energy cost savings, and project life-time carbon savings. Compliance with the grant funding requires most of the projects collectively achieve a life-time carbon cost of under £500/tCO<sub>2</sub>e, and the application sets out a target for achieving £290/tCO<sub>2</sub>e.</p> <p>18.2 It is not a condition of the grant funding to achieve particular financial savings or a particular payback period, but these are estimated to be c.£875k/year with an overall payback of 9-10 years.</p> <p>18.3 The Chamberlain have recommended (see appendix 1) that financial savings that are made will accrue back to the City as a contribution to the Build Back Better Fund held in City Fund or City's Cash as appropriate. As a consequent departmental local risk budgets will be adjusted accordingly. The PSDS Project Board will need to receive a regular report on these savings to allow appropriate budget adjustments to be made</p> <p>18.4 The majority of projects are for the repair and replacement of existing building services with more energy efficient equivalents, such as LED lighting. This will result in a reduction in the outstanding maintenance liabilities and future cyclical replacement costs to the City of London.</p> <p>18.5 As the PSDS project develops we shall seek to maximise the cost benefit alongside the carbon benefit and achieving value-for-money.</p> <p>18.6 The estimated costs and savings set out in our application will be regularly reviewed and reported throughout the project. A post-project verification exercise will be carried out, aided by the additional metering equipment and software upgrades included within the project. Energy and carbon savings will be monitored for a period of at least 3-years post-completion, as per the grant conditions.</p>
<p><b>19. Procurement strategy/route to market</b></p>	<p>19.1 The total value of the design and build works is c.£9.5m which consists of c.£600k design/engineer costs, and c.£8.8m build (supply &amp; install) costs (including contingency).</p> <p>19.2 PT4 Committee Procurement Report has been completed in consultation with Procurement, see Appendix 5. This recommends a procurement through the Retrofit Accelerator framework through the framework's partner approach.</p> <p>19.3 We anticipate the bulk of the works will be procured through this framework, which includes for a degree of the design element. Alongside this, we anticipate some of the works will be procured through existing CoL frameworks or incorporated into existing contracts of planned procurements where desired.</p> <p>19.4 The Greater London Authority's (GLA) Retrofit Accelerator framework should allow for these works to meet the tight timescale required for project completion and also has the following advantages:</p> <ul style="list-style-type: none"> <li>• A single contract which can deliver the bulk of the projects as required. This simplifies the required procurement activity, and associated contract management.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Designed for delivering these types of projects.</li> <li>• Well established framework with successful record.</li> <li>• Combined design and build contract.</li> <li>• Schedule of rates ensures fair value.</li> <li>• Provides an energy performance guarantee.</li> </ul> <p>19.5 We have signed a non-binding partnership agreement with the Retrofit Accelerator programme and are completing the preparation stage of the tender process. The following sets out how approval will be requested at the different gateways for this procurement route:</p> <ul style="list-style-type: none"> <li>• GW2: approval for:             <ul style="list-style-type: none"> <li>○ Mini competition conducted, and framework partner (supplier) selected.</li> <li>○ Partner conducts high level appraisal (short process) to verify their interest in delivering the proposed PSDS projects.</li> </ul> </li> <li>• GW3/4: approval for:             <ul style="list-style-type: none"> <li>○ Partner conducts Investment Grade Proposal (IGP).</li> <li>○ Based on a satisfactory IGP, a works contract is drawn up.</li> </ul> </li> <li>• GW5: approval for:             <ul style="list-style-type: none"> <li>○ Enter works contract with partner.</li> <li>○ Partner proceeds to deliver the projects (supply, install etc.).</li> </ul> </li> </ul> <p>19.6 We recommend approval is given to proceed to the next stage, which includes a mini-competition and selection of framework supplier, followed by a high-level appraisal by the supplier of the proposed PSDS projects.</p>
<p><b>20. Legal implications</b></p>	<p>20.1 The grant has offered under the conditions set out in the <i>Grant Determination Letter, Grant Offer Letter, and Memorandum of Understanding.</i></p> <p>20.2 We have consulted with legal on the use of the Retrofit Accelerator framework and due diligence has been mostly completed, with two remaining actions under enquiry.</p>
<p><b>21. Corporate property implications</b></p>	<p>21.1 The PSDS projects represent a significant scope of works within the Barbican Arts Centre, GSMD, and Guildhall (the works at the LMA are of a lower scope).</p> <p>21.2 All stages of these projects will require close consultation with: Facilities Management, site management, and managing/occupying departments. Works to building services need to meet service performance needs and meet occupant satisfaction. Installation needs to be carefully managed to minimise the disruption which will be caused to an acceptable level.</p> <p>21.3 PSDS projects will need to be aligned with other planned building work project to avoid duplication or increased disruption.</p> <p>21.4 PSDS projects will need to be informed by potential changes to buildings to provide confidence that the installed works will persist for the foreseeable future.</p> <p>21.5 Planning approval and listed building consent may be required for some of the works, especially the lighting at Barbican Arts Centre and GSMD Silk Street.</p>

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<b>22. Traffic implications</b>	22.1 The proposed PSDS project for the replacement of the Guildhall East Wing office ventilation fans/motors which are located at roof level, are is likely to require crantage and a traffic management plan to be approved well in advance.
<b>23. Sustainability and energy implications</b>	23.1 The main aims of these projects are to improve energy efficiency as set out in the Project Summary above.
<b>24. IS implications</b>	24.1 None.
<b>25. Equality Impact Assessment</b>	An equality impact assessment will be undertaken.
<b>26. Data Protection Impact Assessment</b>	The risk to personal data is less than high or non-applicable and a data protection impact assessment will not be undertaken.

### Appendices

<b>Appendix 1</b>	Committee Paper - PSDS Project Approval and Governance
<b>Appendix 2</b>	PSDS Projects
<b>Appendix 3</b>	Risk Register
<b>Appendix 4</b>	PSDS Stakeholders RACI
<b>Appendix 5</b>	PT4 – PSDS Project

### Contact

<b>Report Author</b>	James Rooke
<b>Email Address</b>	<a href="mailto:James.rooke@cityoflondon.gov.uk">James.rooke@cityoflondon.gov.uk</a>
<b>Telephone Number</b>	07725 636975

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<b>Committee(s)</b>	<b>Dated:</b>
Policy & Resources Committee for DECISION under DELEGATED AUTHORITY CASC for Information Project-Sub (Finance) for Information Procurement-Sub (Finance) for Information	11 Mar 2021  28 Apr 2021 24 Mar 2021 12 Apr 2021
<b>Subject: PSDS Project Approval and Governance</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>Climate Action Strategy</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>Yes</b>
<b>If so, how much?</b>	<b>£9.445m</b>
<b>What is the source of Funding?</b>	<b>Government Grant</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>Yes</b>
<b>Report of: The City Surveyor</b>	<b>For decision</b>
<b>Report author: James Rooke</b>	

### Summary

The City of London have been awarded c.£9.445m in government grant funding toward carbon saving projects at a few sites. This report presents the basis for establishing the Public Sector Decarbonisation Scheme (PSDS) Project to deliver these projects, and the project governance arrangements.

### Recommendations

Members are asked to:

1. Authorise the PSDS Project, at an estimated cost of £9.445m wholly funded by a Government Grant, whose scope is defined by the *Grant Offer Letter* and *MoU*, attached to this report.
2. Note the separate paper, 'Gateway 2 Report: PSDS Project Proposal' and separate recommendations.
3. Approve the formation of a new 'PSDS Project Board' to provide governance, leadership, and sponsorship to the PSDS Project in accordance with the draft *PSDS Board Terms of Reference*.
4. Instruct that the PSDS Project Board to first meet no later than 31<sup>st</sup> March 2021.
5. The PSDS Project Board meets at least fortnightly, or more frequently if appropriate thereafter, and that at each meeting receive details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, any further proposed commitments, and early warning of any delays or other issues.
6. Note the draft *PSDS Board Terms of Reference* and approve authority for the PSDS Project Board Chairman to finalise these and report back for confirmation.
7. Agree that any revenue savings arising from this project should be credited to the Build Back Better Funds in either City's Cash or City Fund as appropriate, so that Members can target savings to fund specific priorities and authorises the Chamberlain to adjust departments' budget according.
8. Authority to be delegated to the City Surveyor to make all decisions related to the gateway approval process, including future gateway and other project reports related to the PSDS Project, in consultation with the PSDS Project Board.

9. Notes the potential overlap with the City's wider Climate Action programme and instructs the board to coordinate activities with the wider team to ensure there is no duplication and the City achieves value for money.

## Main Report

### Background

1. The UK government wishes to inject significant financial stimulation and associated job generation into the UK economy through green re-growth in advance of Conference of the Parties (COP) 26. There is therefore a desire for extreme pace on releasing funds for carbon reduction projects in the public sector, with the goal to create economic activity in the near term. The Department for Business, Energy and Industrial Strategy (BEIS) launched the £1b Public Sector Decarbonisation Scheme (referred to as the Grant Scheme) in October 2020, open to public sector bodies to apply for capital funding towards carbon reduction projects for non-domestic buildings. The scheme is administered by Salix:  
<https://www.salixfinance.co.uk/PSDS>.

### Securing the grant funding

2. We applied to the Grant Scheme on 11<sup>th</sup> January 2021 for £9.445m. Our application covers projects to upgrade M&E building services (heating, cooling, ventilation, and lighting) and improve building controls and energy metering across the following sites: Guildhall, Barbican Art Centre, GSMD, and the LMA. We estimate the projects will deliver savings of c.1,5 ktCO<sub>2</sub>e/yr and c.£875k/yr. These projects have been developed over the last few months by the Energy Team, with external grant funded consultancy support, and in consultation with Facilities Management. Further details on the specific projects are provided in Appendix 1.
3. We were initially informed the scheme was over-subscribed, however on 4<sup>th</sup> of Feb 2021 we were advised that funding could be awarded but only in the form of a Section 31 grant. On 19<sup>th</sup> February we were informed that our application (value: £9,445,944) had passed the technical assessment, in accordance with the *Grant Offer Letter* (Appendix 2) and *Memorandum of Understanding* (Appendix 3).
4. Following consultation with senior officers it was agreed that the City of London could accept the full section 31 grant funding for all the projects and sites applied for and the Grant Officer Letter was signed and issued to the Salix on 26<sup>th</sup> February.
5. All grant funding (£9.445m) must be received by CoL no later than 31<sup>st</sup> March 2021.
6. It is recommended that any revenue savings arising from this project should be credited to the Build Back Better Funds in either City's Cash or City Fund. This will allow members then allow Members to allocate these savings to fund particular projects or priorities.

### Approving the project

7. In accordance with the grant conditions, the project must be approved by City of London and commence before 31<sup>st</sup> March 2021. Commencing the project can be demonstrated by having an agreed procurement plan and kick-off project board meeting.
8. We recommend the proposed 'PSDS Project' is formally approved, in accordance with the Project Proposal which is set out in Appendix 4.

### Delivering project

9. This is an excellent opportunity to advance the aims of the Climate Action Strategy without increasing capital burden on the City's finances. It will, however, require wide senior sponsorship, delegated authority and additional resources to unlock this significant opportunity within challenging timeframes.
10. A condition of the funding award is to commit to completion by 30<sup>th</sup> September 2021 and as part of the application process we have set out a very ambitious project programme to meet this deadline, see Appendix B. Salix have informed us that where reasonable justification can be made, they are able to consider an extension. Any funding unspent by the agreed end date would need to be returned to BEIS and they would not be liable for any costs for works or

services delivered after this date. This represents a significant financial risk for the City which will need to be carefully managed.

11. Given the scope of this project there is a high risk to achieving completion by 30<sup>th</sup> September 2021 through the standard project approval and procurement routes. This can be mitigated by:
  - a) a request to Salix for an extension, and;
  - b) curtailing spend commitments beyond the agreed completion date. We propose that our tender return for the works would require a programme attached to it, and prior to awarding we will verify with Salix that the programme is acceptable, including any need for an extension. We will also seek to transfer the risk of any delay onto the contractor under the contract.
12. Even if an extension is approved by Salix there would remain a high risk of programme slippage beyond this date. To further mitigate this risk we propose:
  - a) a Gateway 2 Project Proposal for the PSDS Project is received under Delegated authority (see Appendix 4).
  - b) a new Project Board specifically to support the delivery of the PSDS project (see below); and
  - c) an expedient gateway approval process (see below).

### **Project Governance**

13. We recommend a Project Board is established, responsible for the development and delivery of the project, in line with City of London guidance, to provide leadership, governance and risk management, communication and support.
14. The draft *Terms of Reference* for the Project Board are presented in Appendix 5. It is recommended that these are approved in principle, and that delegated authority is provided to the Chair of the PSDS Project Board to finalise them and report back.
15. The scope of the remit for the Project Board is limited to the PSDS Project. The proposed membership includes senior officer and stakeholder representation with Member oversight to provide governance, and sponsorship for the development and delivery of the projects.
16. We recommend the Project Board first meets mid-March to both expediate the project mobilisation and to meet the grant condition requirement for the project to commence prior to 31<sup>st</sup> March 2021.
10. We recommend the PSDS Project Board meets at least fortnightly, or more frequently if appropriate, and at each meeting receive details from the Senior Responsible Officer of the progress of works committed to date, the spend incurred, any further proposed commitments, and early warning of any delays or other issues.
11. There is the possibility of overlap with the City's wider Climate Action programme and therefore the PSDS Project Board will need to work closely with the wider Climate Action team to ensure there is no duplication and to ensure that the City achieves value for money.

### **Project approval process**

17. We have developed a project programme (see Appendix 6) which shows that approval to start the tender process needs to begin in March-21 to meet a Sep-21 completion deadline, or latest by the end of Apr-21 to meet an extended Mar-22 deadline.
18. The PSDS Project represents a large programme of works, which although not technically complex, do cover multiple sites and due to the overall value would be classified as a 'Complex' project under the Project Procedure requiring approval of the Court of Common Council. Under the normal sequence of gateway approvals this would mean approval to go out to tender would not be granted until a Court of Common Council meeting in Jul-21. This would mean completion by Sep-21 is not possible, and even if an extension was granted completion by Mar-22 would still be at high risk.

19. The Project Procedure states (paragraph 23) the following, and therefore the circumstances of this external grant funding may warrant a deviation from the normal project approval procedure.

*“To allow projects to proceed at the appropriate speed and to ensure that the City Corporation is able to take advantage of circumstances as they arise, Standing Orders authorise the Town Clerk, in consultation with the Projects Sub- Committee, or the Chairman and Deputy Chairman thereof as appropriate, to vary the Gateway Approval Process in relation to individual projects in cases when it is deemed appropriate to do so (e.g. to take advantage of external funding sources).”*

20. We have identified two options which could expedite the process:

- a. Not recommended: some or all further gateway papers to be taken under urgency where required.
- b. Recommended: delegated authority given to the City Surveyor to make decisions for all further gateway papers and issue reports, but only in consultation with the PSDS Project Board. All further gateway papers and issue reports to be issued to the relevant committees for information only.

21. Appendix 7 presents the relevant committee and board dates and the timelines for the normal project procedure, under urgency, and via delegated authority in consultation with the Project Board.

22. We recommend option b, but alternatives can be discussed on Member request. This could allow for approval to go out to tender be achieved in Mar-21. We believe under the circumstances; this option could provide effective scrutiny over the approval process while allowing decision making to take place at the pace required of these specific grant conditions. The PSDS Project Board meetings would provide a forum for a range of members, senior officers and key stakeholders to discuss any concerns and provide informed recommendations on which the City Surveyor can make decisions. We recommend the recorded minutes along with regular progress reports are produced by the PSDS Project Board and presented to the relevant committees on a timely basis, for information.

## **Conclusion**

23. This is an excellent opportunity to advance the aims of the Climate Action Strategy without increasing capital burden on the City’s finances. It will, however, require wide senior sponsorship and delegated authority to streamline the approval process to realise this significant opportunity within challenging timeframes.

## **Background papers:**

- Appendix 1. PSDS Projects
- Appendix 2. Grant Offer Letter
- Appendix 3. Memorandum of Understanding
- Appendix 4. Gateway 2 Report: PSDS Project Proposal
- Appendix 5. PSDS Project Board ToR
- Appendix 6. High-level programme via Retrofit Accelerator framework procurement route
- Appendix 7. Gateway approval timeline

## **Report author**

### **James Rooke**

Assistant Director, Head of Energy & Sustainability

City Surveyor's Department

E: [james.rooke@cityoflondon.gov.uk](mailto:james.rooke@cityoflondon.gov.uk)

## Appendix 2. PSDS Projects

Project Names	Energy Cost savings (£/yr)	Carbon savings (tCO2e/yr)
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### Cross-cutting

Energy Management Software	£0	0
Building Energy Analyser	£0	0
<b>Sub-Total</b>	<b>£0</b>	<b>0</b>

### London Metropolitan Archives

LMA EC Fans	£10,001	8
<b>Sub-Total</b>	<b>£10,001</b>	<b>8</b>

### Guildhall Complex

Guildhall EC Fans	£205,413	144
Guildhall Humidifiers	£39,195	370
Guildhall: Cooling Stage 1 Migration Works	£22,477	17
Guildhall Metering	£0	0
Guildhall - Lighting	£74,832	39
<b>Sub-Total</b>	<b>£341,917</b>	<b>570</b>

### Barbican Art Centre

BAC Insulation Upgrades	£4,227	51
BAC Damper Works	£49,192	259
BAC Valve Works	£35,433	78
BAC EC Fan upgrades	£39,155	21
BAC BMS recommission/ upgrades	£4,568	14
Barbican Arts Centre Metering	£0	0
BAC - Lighting	£179,241	94
<b>Sub-Total</b>	<b>£311,815</b>	<b>516</b>

### GSMD

GSMD Insulation Upgrades	£1,812	22
GSMD Damper Works	£14,282	75
GSMD Valve Works	£32,615	254
GSMD Milton AHU's control and upgrade	£6,335	3
GSMD BMS recommission/ upgrades	£6,769	20
GSMD Milton - Cooling Mods	£25,755	17
Silk St metering	£0	0
Milton Court Metering	£0	0
GSMD Milton - Lighting	£45,244	23
GSMD Silk - Lighting	£32,714	18
GSMD Sundial - Lighting	£45,498	24
<b>Sub-Total</b>	<b>£211,023</b>	<b>456</b>

<b>Total</b>	<b>£874,756</b>	<b>1,549</b>
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**City of London: Projects Procedure Corporate Risks Register**

Project name: *PSDS Project*

Unique project identifier: *TBC*

Total est cost (exc risk) *£1000000*

*Corporate Risk Matrix score table*

PM's overall risk rating	Medium
Avg risk pre-mitigation	12.9
Avg risk post-mitigation	6.1
Red risks (open)	7
Amber risks (open)	7
Green risks (open)	0

	Minor impact	Serious impact	Major impact	Extreme impact
Likely	4	8	16	32
Possible	3	6	12	24
Unlikely	2	4	8	16
Rare	1	2	4	8

Costed risks identified (All)

£1,000,000.00	100%
---------------	------

*Costed risk as % of total estimated cost of project*

Costed risk pre-mitigation (open)

£1,000,000.00	100%
---------------	------

" "

Costed risk post-mitigation (open)

£0.00	0%
-------	----

" "

Costed Risk Provision requested

£100,000.00	10%
-------------	-----

*CRP as % of total estimated cost of project*

- (1) Compliance/Regulatory
- (2) Financial
- (3) Reputation
- (4) Contractual/Partnership
- (5) H&S/Wellbeing
- (6) Safeguarding
- (7) Innovation
- (8) Technology
- (9) Environmental
- (10) Physical

Number of Open Risks	Avg Score	Costed impact	Red	Amber	Green
1	6.0	£0.00	0	1	0
8	13.8	£1,000,000.00	5	3	0
1	12.0	£0.00	0	1	0
2	6.0	£0.00	0	2	0
2	20.0	£0.00	2	0	0
0	0.0	£0.00	0	0	0
0	0.0	£0.00	0	0	0
0	0.0	£0.00	0	0	0
0	0.0	£0.00	0	0	0
0	0.0	£0.00	0	0	0

Issues (open)

0
---

Open Issues

Extreme	Major	Serious	Minor
0	0	0	0

All Issues

0
---

All Issues

0	0	0	0
---	---	---	---

Cost to resolve all issues (on completion)

£0.00
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Total CRP used to date

£0.00
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City of London: Projects Procedure Corporate Risks Register

Project Name:	PSDS Project	PM's overall risk rating:	Medium	CRP requested this gateway	£ 100,000	Average unmitigated risk	12.9	Open Risks	14
Unique project identifier:	TBC	Total estimated cost (exc risk):	£ 1,000,000	Total CRP used to date	£ -	Average mitigated risk score	6.1	Closed Risks	0

General risk classification																	Ownership & Action						
Risk ID	Gateway	Category	Description of the Risk	Risk Impact Description	Likelihood Classification pre-mitigation	Impact Classification pre-mitigation	Risk score	Costed impact pre-mitigation (£)	Costed Risk Provision requested Y/N	Confidence in the estimation	Mitigation actions	Mitigation cost (£)	Likelihood Classification post-mitigation	Impact Classification post-mitigation	Costed impact post-mitigation (£)	Post-Mitigation risk score	CRP used to date	Use of CRP	Date raised	Named Departmental Risk Manager/ Coordinator	Risk owner (Named Officer or External Party)	Date Closed OR/ Realised & moved to issues	Comment(s)
R1	2	(2) Financial	Programme delivery deadline at risk from duration of standard project procedure approval route	If projects not delivered by agreed grant conditions deadline then the funding would have to be returned.	Likely	Major	16	£0.00	N	C - Uncomfortable	Streamline gateway process, through either urgency or delegated authority.	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R2	2	(2) Financial	Programme delivery deadline at risk from duration of standard procurement process	If projects not delivered by agreed grant conditions deadline then the funding would have to be returned.	Likely	Major	16	£0.00	N	C - Uncomfortable	Utilise GLA's Retrofit Accelerator framework for bulk of procurement	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R3	2	(2) Financial	Procured consultancy services are insufficient to support the project, resulting in delays to delivery.	If projects not delivered by agreed grant conditions deadline then the funding would have to be returned.	Likely	Major	16	£1,000,000.00	Y - for costed impact post-mitigation	C - Uncomfortable	Procure additional project management consultancy services	£100,000.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R4	3	(2) Financial	Projected project costs estimated to exceed grant funding, including contingency funding	Col. liable for any costs incurred above agreed grant funding level.	Possible	Major	12	£0.00	N	C - Uncomfortable	Seek best-value through competitive procurement and value-engineer where necessary without compromising agreed outcomes. If risk still materialises, request from Salix either: increased in the grant amount to meet existing scope, a change in project scope to deliver within awarded funding, or to cancel one or more projects and return the remaining funding associated with them.	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R5	5	(2) Financial	Works underway and in contract are not completed before the agreed grant completion date, beyond which the grant funding can't be used to pay for work.	Col. liable for any costs incurred beyond the grant funding deadline.	Likely	Major	16	£0.00	N	C - Uncomfortable	Only enter into contracts where they set out a confident completion date which occurs comfortably before the grant deadline. Ensure contracts have break-clauses to enable them to be cancelled if required. Request an extension from Salix.	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R6	2	(2) Financial	Covid-19 results in site restrictions which delay the project programme.	If projects not delivered by agreed grant conditions deadline then the funding would have to be returned.	Possible	Serious	6	£0.00	N	C - Uncomfortable	Ensure contractors operate in accordance with covid guidance. Develop contingency plans with contractors. Ask Salix for an extension.	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R7	2	(2) Financial	Key stakeholders are unable to support the project due to capacity constraints and other priorities, resulting in delays to the programme.	If projects not delivered by agreed grant conditions deadline then the funding would have to be returned.	Likely	Major	16	£0.00	N	C - Uncomfortable	Establish good project governance with senior sponsorship. Provide supporting consultancy services	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R8	5	(3) Reputation	Installation of project works results in disruption to site occupants and services, such as noise, movement of materials, works requiring access to be limited to some areas.	Project delays as unplanned disruption is addressed. Increased project costs to mitigate disruption. Loss of income to Col from cancelled or curtailed activities. Loss of productivity from staff due to noise and other potential issues.	Possible	Major	12	£0.00	N	C - Uncomfortable	Early and careful consultation of the installation with key stakeholders and in detail with the contractor. Timing of works to minimise disruption. Development of contingency plans where residual risks identified. Close monitoring of contractor installation to address any issues early.	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		
R9	5	(5) H&S/Wellbeing	Presence of asbestos containing material which requires management prior to surveys/works being undertaken	Additional project costs and time delays	Likely	Major	16	£0.00	N	C - Uncomfortable	Survey to reduce uncertainty (cost included in project budget), add in float time to account for potential delays. If risk provision is insufficient then review impact on project costs and consider whether to either descope to exclude areas of higher management cost or to request additional funding from Salix.	£0.00	Likely	Minor	£0.00	4	£0.00		05/03/21	City Surveyors	James rooke		
R10	5	(1) Compliance/Regulatory	Planning permission not gained or approval process leading to project delays	Projects awarded funding may need to be changed in scope or cancelled. If projects not delivered by agreed grant conditions deadline then the funding would have to be returned.	Possible	Serious	6	£0.00	N	C - Uncomfortable	Early consultation with planning authority and English Heritage. Support from specialist consultancy services with expertise in listed buildings. Agree with Salix either a change in scope or to cancel the particular project and return the grant funding.	£0.00	Possible	Serious	£0.00	6	£0.00		05/03/21	City Surveyors	James rooke		

R11	6	(4) Contractual/Partnership	Projects do not deliver the required performance requirements of the particular building services.	Performance impacts on occupants/services.	Possible	Serious	6	£0.00	N	C - Uncomfortable	Specify high quality products, with appropriate warranties, and procure the supply and installation from a reputable contractor. Ensure contract incentivises good design and verification. Careful contract management and good control in place to verify the installation meets specification and design requirements. Ensure snagging and defects period address and post-installation issue.	£0.00	Unlikely	Serious	£0.00	4	£0.00	05/03/21	City Surveyors	James rooke		
R12	4	(4) Contractual/Partnership	Anticipated carbon savings, as set out in the grant funding application, are not achieved	Requirement of the grant funding application.	Possible	Serious	6	£0.00	N	C - Uncomfortable	Require contractor to include savings guarantees in their contract which meets the grant application targets and require post-installation verification and rectification. Where contractor guarantees can meet the application target - discuss with Salix and agree changes as required.	£0.00	Unlikely	Serious	£0.00	4	£0.00	05/03/21	City Surveyors	James rooke		
R13	4	(5) H&S/Wellbeing	Injury to persons or property due to the installation works	Depends on the nature of the injury, but potentially: project delays, legal action/costs, and reputational damage.	Possible	Extreme	24	£0.00	N	C - Uncomfortable	Ensure compliance with H&S Policies through careful procurement and contract management, with client project management in place to ensure excellent consultation between site and contractor.	£0.00	Unlikely	Extreme	£0.00	16	£0.00	05/03/21	City Surveyors	James rooke		
R14	6	(2) Financial	Site changes result in early redundancy of installed assets	Anticipated savings on installed assets are not achieved.	Possible	Major	12	£0.00	N	B - Fairly Confident	Consult with corporate property stakeholders to ensure alignment with existing asset and building plans. Where there is a significant risk of assets becoming redundant before their anticipated life as stated in the grant application - this will need to be discussed with Salix and an agreement made to proceed or reduce the scope, or cancel the project.	£0.00	Unlikely	Serious	£0.00	4	£0.00	05/03/21	City Surveyors	James rooke		
R15																						
R16																						
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R66								£0.00				£0.00			£0.00							



# RACI MATRIX - PSDS STAKEHOLDERS

	Comments	RACI
<b>Committees/Boards</b>		
Policy and Resources Committee	Members (decisions)	Accountable
CASC Committee	Members (decisions)	Responsible
Procurement Sub Committee	Members (decisions)	Responsible
Project Sub Committee	Members (decisions)	Responsible
Finance Committee	Members (inform)	Inform
Barbican Committee		Consult
Board of Governors for the Guildhall School		Consult
Members - Climate Action Sherpas	Members (Advisory)	Inform
<b>Key Senior Officers</b>		
City Surveyor	Engineering / Surveying	Accountable
Chamberlain	Salix 'Authorised Officer'	Responsible
Managing Director and Chief Officer	MD Barbican	Responsible
Principal GSMD	GSMD Principal	Responsible
Buildings and Ops Director	Barbican Centre	Responsible
<b>Key Teams</b>		
City Surveyors - Ops Team	Operations / FM	Responsible
Energy & Sustainability Team	Energy	Responsible
Barbican Management Team	Barbican Operations	Responsible
Comms team	Communications	Consult
<b>Other individuals officer posts</b>		
Operations Director	City Surveyor	Responsible
Assitant Property Facilities Manager	Barbican	Consult
Head of Finance - Property Services	Chamberlains	Consult
Senior Category Manager	Chamberlains	Consult
Deputy IT Director	Chamberlains	Consult
Lead Architect - IT	City of London / Police	Consult
Asset Management	City Surveyor	Consult
Head of FM	City Surveyor	Responsible
Director of Corporate Property	City Surveyor	Consult
Guildhall Manager	City Surveyor	Responsible
Guildhall Complex And Hospitality Manager	City Surveyor	Consult
Group Building Surveyor	City Surveyor	Consult
Property Projects Director	City Surveyor	Consult
Principal Surveyor	City Surveyor	Consult
Energy and Controls Engineer	City Surveyor	Consult
Energy Reporting Manager	City Surveyor	Consult
Head of Energy and Sustainability	City Surveyor	Responsible
Energy Officer	City Surveyor	Consult
Senior Energy Engineer	City Surveyor	Consult
Energy and Carbon Manager	City Surveyor	Consult
Assistant Director - Development Management Historic Environment	Conservation Team - DBE	Consult

## RACI MATRIX - PSDS STAKEHOLDERS

	Comments	RACI
District Surveyor and Environmental Resilience Director	DBE	Consult
Health and Safety Property Manager	H&S City Surveyor	Consult
Fire Safety Advisor	H&S City Surveyor	Consult
Assistant Highways Director	Highways	Consult
Project Director	Innovation and Growth	Inform
Assistant Town Clerk	Town Clerk	Inform
Corporate Programme Manager	Town Clerk	Consult

## PT4 - Committee Procurement Report

This document is to be used to identify the Procurement Strategy and Purchasing Routes associated with a project and only considers the option recommended on the associated Gateway report.



### Introduction

<b>City Procurement Project Reference:</b>	Not Been Allocated Yet – Due to urgency.		
<b>Project / Contract Title:</b>	PSDS Project		
<b>Project Lead &amp; Contract Manager:</b>	James Rooke	<b>Lead Department:</b>	City Surveyors
<b>Category Manager:</b>	TBC	<b>Other Contact:</b>	Edmund Tran
<b>Total Contract Value (excluding VAT and inc. extension options):</b>	£9,455,948	<b>Contract Duration (inc. extension options):</b>	7 Months
<b>Budget approved Capital/Revenue:</b>	No Capital	<b>Capital Project reference (if applicable):</b>	
<b>Gateway Approval Process</b>			
<ul style="list-style-type: none"> <li>- Is this project subject to the Gateway process? Yes</li> <li>- If so, what was the last Gateway report, and date of approval, and what is the next Gateway report and scheduled date for recommendation for approval? None so far due to the urgency.</li> </ul>			
<b>Opportunity for Inter-City Collaboration (is there another site/department that could benefit from this project)?</b>			
This is a cross departmental approach considering decarbonisation across the City Estate.			

### Procurement Strategy Recommendation

<b>City Procurement team recommended option</b>
The proposed approach is a partnering approach. This has been suggested due to the unforeseen within our current stock. A partner role will be to assess, report and deliver on the approved options for each of the sites proposed.

### Route to Market Recommendation

<b>City Procurement team recommended option</b>
The recommended route proposed is a Mini Competition via the Retrofit Accelerator framework. The relevant investigations have been completed and seems to be a viable option. However, due to the urgency and the critical delivery date to meet grant funding. This seems to be the only viable option in this climate. This framework does have different engagement routes and the Partnering approach is the best method based on the work required to propose another route.

### Specification and Evaluation Overview

<b>Summary of the main requirements:</b>	
A package of energy efficiency measures to reduce the energy consumption at Barbican Arts Centre, GSMD and Guildhall. Includes LED lighting upgrades, valve replacements, metering, HVAC works, fans, sensor replacements, BMS works & optimisation, energy management software, design & engineering work, project management, contingencies. Also see attached project breakdown.	
<b>Technical and Pricing evaluation ratio</b>	
This is to be determined. Only after an expression of interest stage, will we have further clarity on the best economic vs Technical approach	
<b>Overview of the key Evaluation areas (if known at this stage):</b>	
<ul style="list-style-type: none"> <li>• What extras do we get for our investment? The grant must not be exceeded.</li> <li>• This is an opportunity for a supplier to lead us in certain approaches. What can the provide as the best viable option?</li> </ul>	
<b>Does contract delivery involve a higher than usual level of Health &amp; Safety, Insurance, or Business risk to be allowed in the procurement strategy?</b>	
<ul style="list-style-type: none"> <li>• Enhanced level of health and safety because of works</li> </ul>	
<b>Are there any accompanying documents with this report? e.g. PTO/outlined project plan identifying roles and responsibilities as appropriate</b> If yes, please include information in the appendices section below.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Will this project require the winning supplier(s) to process personal data on our behalf?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Is there a requirement for a Performance Bond on this Project and if so, on what grounds? No	
Will the procurement process require a financial assessment? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, please indicate recommended assessment: Finance Check <input type="checkbox"/> Financial Appraisal <input type="checkbox"/> Please indicate reasons for this recommendation (please include in this section information on project being rated low/not low): A financial assessment has not been recommended for this project as the framework suppliers will have had to pre qualify to sit on the framework.	
If yes, please make sure you've defined roles and responsibilities within your project specification. For more information visit <a href="#">Designing Specifications under GDPR</a> . You may include your Privacy Impact Assessment or other relevant report as an appendix to this PT form when submitting to category board (for information).	
Evaluation Panel – Please enter Names and Departments below (if known)	
Edward Tran	James Rooke

**Procurement Strategy Options** This could include inter-departmental usage, external collaborative opportunities, existing contracts integrated once expired or adding it to an existing contract. Options for Make (In-house delivery) versus Buy (Outsource) decision to be considered; also indicate any discarded or radical options.

<b>Option 1: Traditional – Client Led</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Fully Completed Design approach</li> <li>City has full control of the Design approach.</li> <li>Allows for clear pricing options.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>If unsure of the design approach, would not be suitable as variations would be costly.</li> <li>The City has less control over changes that maybe required.</li> <li>Traditional is an approach used more for standardised approaches.</li> </ul>
<b>Please highlight any possible risks associated with this option:</b> The Use of traditional could result in many different design changes across the different sites and cause programme issues.
<b>Option 2: Partnering</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Allows more experienced providers to help guide the City to get the best option for the delivery.</li> <li>Provides a design element that will allow to be implemented along the course of the delivery.</li> <li>A more partnering approach allows for a more transparent programme and sharing of information.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>Costs can be increased.</li> <li>As there is only one supplier, if performance is poor the only option is to cancel the contract.</li> </ul>
<b>Please highlight any possible risks associated with this option:</b> Increased costs but caveated with investment in an inexperienced client us).

**Route to Market Options:** Route to market is the way in which the City will invite suppliers to bid for the procurement.

<b>Option 1: Find a Tender - Open</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Allows us to engage with the Market as a Whole</li> <li>Open Tender process allows for specialist tenderers to make an impact.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>Resources could be strained because of the large number of suppliers received.</li> <li>Longer tender period to cater for all suppliers.</li> </ul>
<b>Please highlight any possible risks associated with this option:</b> An already strain team could delay the award and allocation of funds risks the delivery of the programme.
<b>Option 3: Internal Framework</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>City Owns and manages this approach and documentation.</li> <li>We have established relationships with the suppliers which sit on it.</li> <li>The Framework has set Rates</li> </ul>
<b>Disadvantages to this Option:</b>

<b>Please highlight any possible risks associated with this option:</b>
<b>Option 4: External Framework - Retrofit Accelerator</b>
<b>Advantages to this Option:</b>
<ul style="list-style-type: none"> <li>• Retrofit Accelerator are specialists in this area and have existing relationships with the suppliers.</li> <li>• Part of their delivery to to aid and advise new clients on the best approach to take.</li> <li>• The Framework has set Rates</li> </ul>
<b>Disadvantages to this Option:</b>
<ul style="list-style-type: none"> <li>• We are not using our own standard documents.</li> <li>• This does not engage with the market as a whole.</li> </ul>
<b>Please highlight any possible risks associated with this option:</b> If no tenderers come back, we are unable to deliver the project. Due to time restrictions on the funds, we have not been able to research the market properly and a recommendation has come from the department to delivery via this route.

**Price Mechanism**

<b>Option 1: Partnering Bid</b>
<b>Advantages to this Option:</b>
<ul style="list-style-type: none"> <li>• Allows for a joined-up approach to the delivery.</li> <li>• Allows us to set minimum performance KPI requirements to deliver the contract.</li> <li>• Allows us to set 'in addition to' standards where the suppliers can provide us services in addition to our existing.</li> </ul>
<b>Disadvantages to this Option:</b>
<ul style="list-style-type: none"> <li>• This is an untested approach and unable to market test the requirements.</li> </ul>
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b>
Unsure if the services for the awarded tenderer is value for money or not.
<b>Option 2: Fixed price - schedule of rates/bill of quantities</b>
<b>Advantages to this Option:</b>
<ul style="list-style-type: none"> <li>• Gives us the best opportunity to cost certainty.</li> <li>• Give a clear deliverable plan</li> </ul>
<b>Disadvantages to this Option:</b>
<ul style="list-style-type: none"> <li>• As we have not conducted surveys yet, we are unsure what the requirements are and could result in costly variations.</li> <li>• Surveys have not been completed, so the possibility of unforeseen is high and could result in variations.</li> </ul>
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b>
Without a defined specification the Fixed Price approach is unrealistic.
<b>Option 4: Target cost</b>
<b>Advantages to this Option:</b>
<ul style="list-style-type: none"> <li>• This is a good approach for a client who is able to properly define the condition of their stock and relevant achievable.</li> <li>• Can give our members and stakeholders clear fees that can be achieved.</li> </ul>
<b>Disadvantages to this Option:</b>
Without a defined scope, we are unable to set target costs and could be unrealistic and be unattractive to the tenderers.
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b>
The unknown of the scope and the ambiguity around the potential return of investment can result in an unrealistic contract with a supplier.

**Outline of appendices**

<ul style="list-style-type: none"> <li>• Please list appendices here or mark 'Not applicable' if there is none.</li> <li>• Items to consider appending: <ul style="list-style-type: none"> <li>○ PTO (Project Plan with Roles and Responsibilities)</li> <li>○ Data Protection Impact Assessment</li> <li>○ risk matrix here</li> </ul> </li> </ul>
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**Report Sign-offs**

<b>Senior Category Manager Chamberlain's Department</b>	Michael Harrington	<b>Date</b>	04/03/2021
<b>Departmental Stakeholder</b>		<b>Date</b>	08/03/2021



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