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| <b>Committee</b><br>Corporate Asset Sub Committee                                       | <b>Date:</b><br>11 July 2019 |
| <b>Subject:</b><br>Guildhall and Walbrook Wharf – Major Works and Prioritisation Update | <b>Public</b>                |
| <b>Report of:</b><br>The City Surveyor  | <b>For Decision</b>          |
| <b>Report author:</b><br>Dorian Price, Guildhall Manager, City Surveyor’s Department    |                              |

### Summary

The purpose of this report is to present an update on the Guildhall complex and Walbrook Wharf current and re-prioritised future major works arising from the Forward Maintenance Plans.

The last schedule of major projects approved by Corporate Asset Sub Committee in 2017, have been re-prioritised in the table below.

These works sit outside the Cyclical Works Programme (CWP) of minor works and were taken from the 20 year Forward Maintenance Plans. Subject to Member approval, the works are required to address the upkeep of cyclical works and the backlog of deferred works (Guildhall complex currently at £13.6m), and ensure the operational assets remain in a good, safe and statutory compliant condition, as outlined in the Corporate Property Asset Management Strategy 2017/18.

All Walbrook Wharf works align with the Walbrook Wharf - Medium Term Strategy and are necessary to maintain the operational status of the facility at least until the proposed block date of 2027.

These are the current major works that have been re-prioritised and are now recommended to take forward and bid in the new Annual Bid Process, or be deferred until funding is available, pending the outcome of the Fundamental Review.

#### Summary of agreed prioritised Current Major Projects – Appendix 1

| Property       | Summary of Current Major Projects                  | New Recommendation | Estimated Current Cost (excl Risk) | Note  | Policy and Resources Committee Prioritisation Criteria  |
|----------------|--|--------------------|------------------------------------|---|---|
| Walbrook Wharf | Walbrook Wharf - Electrical Infrastructure Upgrade | Continue           | £1,530,000                         | Continue – to next GW 3/4 - due to dependency of new cleansing contract to operate a full electric fleet. | <b>Policy Implementation Scheme</b> - This project is a dependency for the new cleansing contractor to operate an electric fleet from Walbrook Wharf. |

| Property       | Summary of Current Major Projects                               | New Recommendation | Estimated Current Cost (excl Risk) | Note  | Policy and Resources Committee Prioritisation Criteria   |
|----------------|---|--------------------|------------------------------------|---|--|
| Walbrook Wharf | Walbrook Wharf – Replace main depot roof felt and boarding.     | <b>Continue</b>    | £1,100,000                         | <b>Continue</b> - to next GW 3-5 to commence works – Autumn 2019 – funded from previously approved surpluses from business rates, applied to City Fund properties.                    | <b>Not part of Fundamental Review</b> - funded from previously approved surpluses from business rates, applied to City Fund properties.  |
| Guildhall      | St Lawrence Jewry Church – Refurbishment                        | <b>Continue</b>    | £3,474,000                         | <b>Continue</b> – to next GW 5 - due to reputational impact to withdraw deemed too great.   | <b>Reputational Scheme</b> - Given the extensive debate involving external parties Members may feel the reputational impact of withdrawing support will be too great.                |
| Walbrook Wharf | Walbrook Wharf - AWOW - Vacation                                | <b>Continue</b>    | £717,000                           | <b>Continue</b> - to next GW 5 – July 2019 Committee - Internal Loan scheme - Income generating project   | <b>Spend to Save (Operational Property Review) Scheme</b> Approval of funding is subject to Business Case and confirmation of net returns of the proposed option                     |
| Guildhall      | Guildhall – Great Hall - Events Chair Replacement               | <b>Continue</b>    | £500,000                           | <b>Continue</b> – to next GW 5 to commence works – July 2019  | <b>Replacement of Critical End of Life Assets</b> - replacement of life expired chairs are considered essential to the continuation of the viability of Guildhall as an event space. |
| Guildhall      | 20/21 Aldermanbury Building Refurbishment                       | <b>Continue</b>    | £8,300,000                         | <b>Continue</b> – to next GW 5  | <b>Not part of Fundamental Review</b> - funded from the CE DSP (ring fenced fund).   |
| Guildhall      | Guildhall Yard refurbishment - renewal of damaged paving stones | <b>Continue</b>    | £1,500,000                         | <b>Continue</b> - to next GW 3/4 - submit Annual Bid to Maintain Project to mitigate Business reputation and increasing Health and Safety risks if work deferred.                     | Deferred pending Fundamental Review<br><br>Propose works to be undertaken as a <b>Reputational Scheme</b>  |
| Guildhall      | Guildhall – Sub Metering  | <b>Continue</b>    | £230,000                           | <b>Continue</b> - to next GW 3/4 - submit Annual Bid to Maintain Project to mitigate the Energy Intensity metric we are currently unable to generate due to lack of data granularity. | Deferred pending Fundamental Review<br><br>Propose works to be undertaken as a <b>Spend to Save Scheme</b>   |
| Guildhall      | West Wing provision of  | <b>Continue</b>    |                                    | <b>Continue</b> - Request for   | <b>Reputational Scheme</b>   |

|           |   |                 |          |   |  |
|-----------|---|-----------------|----------|---|--|
|           | upgraded lavatories and cloakroom - automatic door openers                                  |                 | £42,000  | top-up of City's Cash to install automatic door openers             | This is a request for top-up funding from the 2018/19 City Fund provision for new schemes to incorporate access features such as automatic door openers. |
| Guildhall | Art Gallery Cloakroom and Lavatory Refurbishment  | <b>Continue</b> | £196,000 | <b>Continue</b> – to next GW 3/4                                    | <b>Not part of Fundamental Review</b> - funded from previously approved surpluses from business rates, applied to City Fund properties.                  |
| Guildhall | Guildhall - Justices Switch - Damp proofing and relocation of essential electrical services | <b>Defer</b>    | £300,000 | <b>Defer</b> - works until GJR vacated - anticipated to be end 2021 | Deferred pending Fundamental Review  |

The table below provides an overview of future Major works with a prioritised list (Appendix 2) of works due in 2020/21.

| Scheme | Summary of Future 2020/21 Major Works  | Estimated Current Cost (excl Risk) | Recommendation                   |
|--------|--|------------------------------------|----------------------------------|
| 1      | Walbrook Wharf – Phase 3 Mechanical & Electrical Replacement   | £1,500,000                         | Submit bid to Annual Bid process |
| 2      | Guildhall - Great Hall - Internal Stonework Overhaul   | £1,200,000                         | Submit bid to Annual Bid process |
| 3      | Guildhall – Masterplanning Report  | £100,000                           | Submit bid to Annual Bid process |
| 4      | Guildhall - West Wing - Space Cooling - Chiller Plant & Cooling Tower Replacement                                | £3,000,000                         | Submit bid to Annual Bid process |
| 5      | Guildhall – West Wing – Space Heating – Distribution Pipework, Ductwork, pipework and terminal units Replacement | £2,520,000                         | Submit bid to Annual Bid process |
| 6      | Guildhall - Great Hall - External Stonework Overhaul   | £200,000                           | Submit bid to Annual Bid process |
| 7      | Guildhall - Listed Building - Conservation Management Plan restoration/refurbishment works                       | £2,000,000                         | Submit bid to Annual Bid process |
|        | <b>Estimated Total Cost</b>  | <b>£10,520,000</b>                 |                                  |

A brief explanation of each future major work is provided in Appendix 3.

In the meantime, the City Surveyor is currently reviewing, as a Fundamental Review opportunity, wholesale development of the North and West Wings which are under considerable strain with regards to the building fabric and services as a result of increased use and age. Both buildings have reached the point where there is a need to consider the future of these buildings and consider if they are to remain fit for purpose for the changing culture within the City of London Corporation given their age, condition and poor net to gross workspace ratios.

For the West Wing in particular, the key challenge will be refurbishment and replacement of existing M&E services during occupation. The noise and disruption (with added

complexity of asbestos) necessitates that there is little option other than to decant the building in its entirety for the duration of the works (including Members' facilities).

This investment, regardless of the extent, needs to follow a consistent strategy in the form of a Guildhall Masterplan. However, if this Masterplan strategy is not approved as part of the Fundamental Review, then current and future Major projects will be prioritised accordingly, and as set out in Appendix 1 and 2.

## **Recommendation**

Members are asked to:

1. Approve the current prioritisation of major projects set out in Appendix 1 – that are recommended to proceed, with an estimated project value of £17.59m, and one project recommended to defer.
2. Approve the future major projects set out in Appendix 2 – with a combined value of £10.52m, to be submitted through the formal Annual Bid Process.
3. Note that if the introduction of an Annual Capital bid process is approved later this year, the schemes set out in Appendix 2, will compete against other Corporate bids prior to receiving approved funding to proceed.
4. Defer the approval of schemes set out in Appendix 2 – Schemes 8 to 31, with an estimated project cost of £48.74m (excluding risk) which are still deemed essential but have been prioritised lower and will be considered in future years.

## **Main Report**

### **Background**

1. In light of the scale of potential capital requirements, Members have agreed it will become essential to prioritise effectively which capital projects should progress. Funding will then be allocated in a measured way, by applying a process of prioritisation that ensures the most essential schemes are progressed in order to meet corporate objectives.
2. Guildhall Complex and Walbrook Wharf forward maintenance plans have identified areas of further investment and renewal that is required beyond the minor Cyclical Works Programme (CWP) and funding available.
3. Using the project prioritisation model developed for the CWP officers have reassessed future projects and a programme of essential projects have been ranked in order of priority according to the following criteria;
  - a. Health, Safety & Security
  - b. Physical Asset Performance
  - c. COL Reputation
  - d. Maintaining Income
  - e. Stakeholder Feedback e.g. Committee, Department, Chief Officer.

4. A separate report that includes major works maintenance due across the operational estate (excluding Housing) with a prioritised list of works due in 2020/21, is on this Committee's agenda. Given these works, along with those listed within this report, represent all the major works maintenance bids for 2020/21, it is recommended all works are approved in principle.
5. As all bids are now subject to consideration at the Resource Allocation Sub away day, any further consideration of these major works will be made as part of the Fundamental Review.

### **Current Position**

6. The Cyclical Works Programmes considers the requirements across the corporate operational estate, including the Barbican Centre and the Guildhall School of Music and Drama. The Guildhall Complex receives c.£1m per annum towards property maintenance, hence the requirement to undertake further works as part of a major works programme.
7. The re-prioritisation exercise has resulted in a pipeline of unfunded projects, Appendix 2 – Schemes 1 to 31. All projects have been re-assessed using the current approved CWP prioritisation scoring criteria.
8. The most essential Guildhall Complex and Walbrook Wharf schemes 1 to 7 (Appendix 2, above the red line), have been programmed to deliver over the next three to five years.
9. These are all projects that cannot be absorbed into the CWP programme and if these essential works are not undertaken, there is a risk that operational assets are not fully fit for purpose and do not meet service delivery needs.
10. The cost of any deferred works is likely to increase in the future if not undertaken.
11. A summary of Guildhall Complex and Walbrook Wharf schemes 1 to 7 is detailed in Appendix 3.

### **Corporate & Strategic Implications**

12. The proposals align with the following Corporate Plan outcomes.
  - a. Outcome 1: People are safe and feel safe.
  - b. Outcome 4: Communities are cohesive and have the facilities they need
  - c. Outcome 5: Businesses are trusted and socially and environmentally responsible
  - d. Outcome 8: We have access to the skills and talent we need
  - e. Outcome 9: We are digitally and physically well-connected and responsive
  - f. Outcome 10: We inspire enterprise, excellence, creativity and collaboration

13. Once projects are approved to proceed, a rationalisation exercise will be undertaken to maximise opportunities for economies of scale and effectiveness of delivery by bundling types of projects and the procurement together, wherever possible.
14. These projects will help to address the backlog of cyclical maintenance works by renewing and improving the operational effectiveness of our assets and delivering potential savings from more efficient and effective maintenance. However, if funding is restricted and not available, the backlog, currently standing at £13.6m, may increase going forward.

### **Implications**

15. If essential works are not undertaken, there is a risk that operational assets are not fully fit for purpose and do not meet service delivery needs and the cost is likely to increase in the future if deferred.
16. These works support the requirements of City heritage and reputational risk by improving and securing Listed buildings for the future and enhancing the overall environment for visitors and enclave of historic buildings.
17. Funding has yet to be identified for schemes 1 to 7. However, it is proposed that, subject to Resource Allocation Sub-Committee approval, funding for major capital projects would come from;
  - a. City's Cash - total estimated cost £9.02m (excluding risk)
  - b. City Fund– total estimated cost £1.5m (excluding risk)

### **Conclusion**

18. All new major work projects will be required to meet a revised set of criteria as a result of the Fundamental Review. Once projects have met the criteria, they will, subject to approval, follow the Annual Capital Bid process where major projects will compete against other corporate bids prior to receiving approved funding to proceed.

### **Appendices**

- Appendix 1 – Guildhall Complex and Walbrook Wharf prioritised and re-assessed current Major Projects
- Appendix 2 - Guildhall Complex and Walbrook Wharf future Major Projects
- Appendix 3 - Summary of Guildhall Complex and Walbrook Wharf future schemes 1 to 7

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