

## **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