

<b>Committee(s)</b>	<b>Dated:</b>
Property Investment Board (PIB)	26th May 2021
<b>Subject:</b> Year 1 plan for Climate Action	<b>Public</b>
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 5, 7, 10, 11, 12
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>NA</b>
<b>What is the source of Funding?</b>	<b>As approved under CAS for Y1 approved by Policy and Resources on 8 April 2021</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>Yes</b>
<b>Report of:</b> Paul Wilkinson, City Surveyor Damian Nussbaum, Executive Director, Innovation & Growth	<b>For Decision</b>

## Summary

This paper sets out the implementation plan for the areas accountable to PIB during Year 1 of the Climate Action Strategy (CAS) programme. It provides Members with an overview of the activity and outcomes proposed within the following delivery areas:

- Design Standards
- Resilience in Buildings
- Net Zero in Investment Property Group

## Recommendations

The Property Investment Board is recommended to:

- i. Approve the Year 1 (Y1) Implementation plans for the areas accountable to PIB as found in Appendices 1-3.
- ii. Note the Y1 composite budget envelope and programme has been approved by Policy and Resources Committee on 8<sup>th</sup> April 2021.
- iii. Recommend to the Bridge House Estates (BHE) Board, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (Charity no. 10345628) and solely in the charity's best interests to approve the Y1 implementation plans for the delivery of CAS outcomes under the areas accountable to the Bridge House Estates Board as included in the Y1 Implementation Plan in Appendices 1-3. Bridge House Estates Board also recommended to make a 23% contribution (£370k) to the mobilisation needs of the

Y1 budgets as BHE is 23% of the floor space. This amounts to the following for 2021-22:

- a. £370k for the mobilisation costs of the Y1 IPG Net Zero Plan (23% as BHE 23% of floor space)
  - b. £46k for the Y1 Design Standards Plan (5%)
  - c. £15k for the mobilisation costs of the Y1 Resilient Buildings Plan (5%)
- iv. Note that any site level capital investment decisions arising from the Y1 programme of work to be taken separately for all portfolios, including BHE, following the mobilisation activities. BHE contributions to capital opportunities to be decided on a site level basis.

## **Background and context**

1. In January 2020 the City of London Corporation set out on a fast-paced, cross-corporation journey to develop an ambitious Climate Action Strategy. At that point, the Corporation needed to assess the carbon footprint across both its own varied holdings, and across the Square Mile - as well as develop a plan to achieve Net Zero.
2. An in-depth organisational and Square Mile carbon foot-printing assessment to create our pathway was undertaken. Alongside this, we conducted an analysis of the climate resilience in the Square Mile across buildings, public realm and infrastructure. The pathway and analysis formed the basis of the Climate Action Strategy adopted at Court of Common Council on the 8<sup>th</sup> October 2020.
3. The Climate Action Strategy (CAS) marked the start of a new and transformative programme of action. It set out three interlinked primary objectives for the City Corporation and the Square Mile:
  - to support the achievement of net-zero emissions,
  - to build resilience, and
  - to champion sustainable growth.
4. It committed the City Corporation to mitigating the impact of climate change by achieving net-zero emissions for the City Corporation and the Square Mile. It highlighted the need to take preventative steps to protect the City and its assets from the physical and commercial risks from climate change. Fifteen costed project delivery areas have since been consolidated into ten project plans. Upon adoption, it was agreed that a year 1 programme plan would be presented for approval at P&R at the start of the inaugural year as well as the relevant service committees.
5. Based on the year 1 plans, the net zero trajectories have been updated to reflect planned activities and a series of interim targets for the wider programme have also been set. We are still on target to achieve our overall ambitions of being:
  - Net Zero in our own operations by 2027
  - Net Zero in our value chain by 2040
  - Net Zero in the Square Mile by 2040

- Climate resilient in our buildings, public spaces and infrastructure

## Current position

6. The composite Y1 programme and accompanying budget envelope was adopted by the Policy and Resources Committee on 8<sup>th</sup> April. Service committees are asked to adopt and oversee the detailed Y1 plans within their areas and confirm the Y1 budgets against these activities. The Y1 plans will also need to be adopted by the new BHE Board although portfolio level investment decisions will need to be governed by fund.
7. The specifications for the asset level survey to carry out a Minimum Energy Efficiency Standards (MEES) boundary analysis and a journey to Carbon Net Zero for directly managed and FRI buildings has been agreed. The specification is currently in the procurement stage and it is envisaged that the surveys will be completed by January 2022, to thereafter identify the opportunities across the Investment Portfolio.
8. The resource plan to supplement the City Surveyors current Energy and Sustainability Team has been created that mirrors the project and delivery plans for the 3 main workstreams (attached) applicable to Investment property. The additional resource is to be outsourced using CAS capital funding. The type of resource expertise has been identified and included in the specification that is being used to procure the appropriate supplier(s).

## Corporate and strategic implications

9. Strategic implications: The CAS supports delivery against the following outcomes in the Corporate Plan, 2018-23:
  - Outcome 1: People are safe and feel safe
  - Outcome 5: Businesses are trusted and socially and environmentally responsible
  - Outcome 7: We are a global hub for innovation in financial and professional services, commerce and culture
  - Outcome 10: We inspire enterprise, excellence, creativity and collaboration
  - Outcome 11: We have clean air, land and water and a thriving and sustainable natural environment
  - Outcome 12: Our spaces are secure, resilient and well-maintained.
10. The wider CAS strategy builds upon existing strategies and policies, including: The Responsible Business Strategy 2018-23, the Responsible Investment Policy, the City Procurement Strategy 2020-24, the Local Plan 2015, the draft City Plan 2036, the Transport Strategy 2018-43, the Air Quality Strategy 2015-20, the Climate Mitigation Strategy, the Carbon Descent Plan, the

Transition to a Zero Emission Fleet Policy, the Renewable Electricity Policy & Sourcing Strategy and related campaigns, such as Plastic Free City. It is aligned to ongoing reviews of our financial and property investment portfolio.

11. Resource Implications – There are no new resource implications beyond what was approved by Court on 8<sup>th</sup> October 2020. The overall budget envelope for Y1 has been confirmed by Policy and Resources on 8<sup>th</sup> April 2021. This report asks PIB and subsequently BHE Board to confirm the detail of the activities against that budget.
12. Risk Implications – To manage risk effectively in the programme, all projects have a risk register and the overall risks are controlled through a corporation level risk CR30 – Climate Action Strategy.
13. Equalities Implications – A Test of Relevance was undertaken on the Climate Action Strategy and several positive impacts were identified for people in at least one of the following five protected groups - age, disability, race, pregnancy/maternity and gender. No negative impacts were identified. Potential equalities impacts will be investigated and assessed on an ongoing basis.
14. No new legal, security, climate implications arise from the recommendations in this report.

## **Conclusion**

15. In Year 1 of the Climate Action programme, we will make tangible carbon emission reductions across the Square Mile and within our own operations. We will do this through both energy reductions in our buildings and carbon removals on our open spaces. We will roll out an exciting programme of activities across all 10 of the workstreams to meet our Net Zero and Resilience goals. We will also focus on deepening our skills and expertise to build a strong foundational base for the life of the Strategy. Crucially, we will create an enabling environment to support delivery departments with focus on performance, reporting and improving our data quality, stakeholder engagement, integrating CAS into the wider organisation, and strong financial and risk management.