



City of London Corporation

# Climate Action Strategy

**NZ4 Investment Property Group**

## **Project Plan**

Version 1.2

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## Project Introduction

### Project Aims

In support of the Climate Action Strategy (CAS), commencing implementation from April 2021, this Project Plan details how action will be accelerated to deliver carbon reductions and energy efficiency improvements for the Investment Property Group (IPG).

This will support achievement of the following net zero vision and goals:

**NET ZERO VISION:** The City Corporation is responsible for some of Central London's most historic, landmark buildings. The net-zero future will prepare them for the next one hundred years, reducing emissions and costs, while improving tenant satisfaction and long term valuation.

### NET ZERO GOALS:

- City of London Corporation scope 1 and 2 emissions to be net zero by 2027 and scope 3 emissions to be net zero by 2040.
- The Square Mile's scope 1,2 and 3 emissions to be Net zero by 2040.
- Investment Property Portfolio to be net zero by 2040.

### Introduction

The Investment Property portfolio comprises of some 330 properties, of which some 150 are under direct management (including multi-let properties, properties let on FRI leases and properties under development). The remainder on ground leases, where the head leaseholder controls the property and there are some 650 tenants with varying terms of lease lengths.

Analysis completed by the Carbon Trust using a mix of actual, Energy Performance Certificate (EPC) and benchmark data estimated that Scope 3 emissions in 2018 for the IPG were 111.3 ktCO<sub>2</sub>e. When compared to modelling completed by Arup in August 2020, which identified 2018 baseline Scope 1 and 2 emissions (GHG Protocol operational control) as 36.4 ktCO<sub>2</sub>e, this shows that Scope 3 emissions from the IPG are extremely significant; three times that of the Scope 1 and 2 emissions. Therefore, reducing carbon emissions from IPG assets will make a large contribution towards achieving net zero in 2040.

It should be noted that a small number of IPG assets (fifteen) are included within Scope 1 and 2 emissions baseline. This equates to 2.3 tCO<sub>2</sub>e (6% of total 2018 baseline Scope 1 and 2 emissions). Therefore, reducing emissions in these IPG assets will also support achievement of the net zero by 2027 target. The IPG portfolio team have highlighted that, as of March 2021, this should be nine assets which are those being refurbished under the Gateway programme by 2027 (see Appendix 3). The remainder of the assets have either been identified for sale or have lease expiries in 2027 or later. In the first instance, data will be checked by the Buildings Centre of Excellence (see Delivery Approach) as part of Project Controls to confirm that these assets are correctly allocated to Scope 1 and 2 emissions and where necessary adjust the baseline.

Based on a floor area of 307,000 m<sup>2</sup> as identified by Verco (Table 3), it can be calculated that average emissions for the IPG are 362 kgCO<sub>2</sub>e/m<sup>2</sup> floor area. Using this as a proxy to compare against Scope 1 and 2 emissions, there are some concerns around data accuracy. Scope 1 and 2 emissions (excluding fleet) equate to 36 ktCO<sub>2</sub>e, based on an identified floor area of circa. 0.9 million m<sup>2</sup> this results in 41 kgCO<sub>2</sub>e/m<sup>2</sup>. Therefore, this suggests that, on average, IPG assets are 8.6 times less efficient than CPG assets.

Recognising that the Carbon Trust analysis relied on Energy Performance Certificates (EPCs) and energy benchmarks, these data sources may have caused an over-representation of actual operational energy consumption and carbon emissions. The availability of data is also flagged in analysis completed by Verco which showed that 23% of total floor area does not have detailed EPC

data available (including exemptions such as listed buildings). This is shown in Table 1. Therefore, in order to improve data coverage and accuracy a key Task in Year 1 will be to ensure that energy consumption is more accurately measured and reported. This will have further benefits of supporting the Corporation to identify which tenants to engage with in support of 2040 targets.

Table 1 – EPC coverage by Fund – provided by IPG 24/03/2021

Fund	Detailed EPC data		Remaining assets		Total floor area (m <sup>2</sup> )
	Floor area (m <sup>2</sup> )	%	Floor area (m <sup>2</sup> )	%	
<b>City Estate</b>	99,746	68%	47,052	32%	146,798
<b>City Fund</b>	64,651	71%	26,136	29%	90,787
<b>Bridge House Estates</b>	57,000	97%	1,500	3%	58,500
<b>Strategic Estate</b>	26,100	100%	-	0%	26,100
<b>Total (say)</b>	<b>247,500</b>	<b>76%</b>	<b>74,700</b>	<b>23%</b>	<b>322,200</b>

A significant driver in the short term for the Investment Property Group is the Minimum Energy Efficiency Standards (MEES). This applies to commercial private rental property and since April 2018, has made it an offence for a landlord of commercial property to sell, grant a new lease or renew a lease of a property which has an EPC rating of F or G. Asset Managers are acutely aware of avoiding the risk of “stranded assets” which are unable to comply with the MEES regulations.

In response to this, a Verco and Currie & Brown study was undertaken in August 2020 to understand the costs of upgrading the investment property portfolio to:

1. Meet the future requirements of the MEES regulations, noting there is speculation that the Government will increase the minimum rating to a ‘B’ by 2030;
2. Achieve carbon reductions in IPG portfolios to contribute to the Corporation’s net zero position by 2040.

It was reported that an average marginal estimate of £181/m<sup>2</sup> to achieve EPC B and £227/m<sup>2</sup> for net zero would be required across the investment portfolio. The next stage (Task 1a) is to undertake MEES risk and boundary assessment at asset level (rather than portfolio) to deliver a cost and risk profile. This will be informed by on-site surveys and technical energy assessments to determine which assets, in what order, will achieve what level of expected energy and carbon performance by which date, between 2021 and 2040, mindful of the key milestone of 2026/2027, being the end of the first delivery phase of the CAS and 2030 when properties potentially must achieve an EPC B.

It should be flagged that focusing solely on EPCs may be problematic. This is because they do not account for unregulated load e.g. IT equipment, lifts, escalators, external lighting, servers, audio-visual equipment and other appliances. Furthermore, current EPCs are based on older emissions factors (e.g. not current Department for Business, Energy and Industrial Strategy (BEIS), Green Book emissions factors) and so this may be in conflict with carbon reduction as the grid decarbonises<sup>1</sup>. The improvement in metering provision (Task 2) will support gathering of actual data and the focus of technical energy assessments will be on net zero and not just EPC upgrades.

To enable delivery, it is critical that identified interventions are implemented in such a way as to dovetail with existing estates and assets strategies. This will maintain continuity of service, avoid tenant disruption and embed net zero considerations into the daily activities of Asset Managers. To support this an Operating Plan will be developed (Task 4) to identify the emissions reductions potential by 2040, major milestones and how action will be integrated within investment strategy. For example, this is expected to identify varying scales of intervention e.g. non-invasive upgrades, such as changing lighting fittings to LEDs, opportunities where upgrades can occur during

<sup>1</sup> From 2022 onwards it is likely that all new EPCs will be produced with the new emissions factors. Therefore, this is a potential issue for current EPCs.

refurbishment of vacant floors where the business plan for the building is to hold for income, or during major refurbishment at a specific vacant possession date.

As with CPG, performance in relation to reducing carbon emissions in IPG is reliant on grid decarbonisation. Analysis completed to date suggests that modelling may be optimistic as when comparing annual figures published by the BEIS with the Green Book Figures used in the Arup model, average grid intensity in 2020 was 42% more carbon intensive. As grid decarbonisation is largely out of the control of the Corporation, this identifies that additional energy efficiency and carbon reduction interventions are needed to mitigate the risk that the grid does not decarbonise quickly. Therefore, a focus of this Project Plan is to deliver carbon reduction interventions within the control of the Corporation to ensure achievement of CAS targets.

Against the background explained above, this Project Plan identifies Tasks that have been developed to address the following three aims:

- **Deliverable** – tasks can be completed within the identified timescales;
- **Affordable** – projects can be accommodated within the Corporation's current and future budget constraints; and
- **Impactful** – actions make expected carbon reductions towards both the 2027 and 2040 targets.

To achieve these aims the following high-level actions will be implemented, and these are split into individual Tasks in **Error! Reference source not found..**

#### Year 1-2

- Establish a comprehensive program to monitor energy consumption;
- Undertake MEES risk and boundary assessment at asset level to deliver portfolio cost and risk profile;
- Design an Operating Plan to identify emissions reductions achievable by 2040, identifying major milestones and investment strategy;
- Dovetailing of identified interventions into existing estates/asset strategy;
- Focus on the IPG assets that contribute to scope 1 and 2 emissions (considered a win-win).

#### Year 2+

- Focused procurement and delivery of capital works to achieve carbon reduction targets.

#### How to use this document

This document outlines the costs, benefits and overall approach to reducing emissions across the Investment Property Group to support delivery of the Climate Action Strategy. It is to be used as a baseline against which to monitor progress. It will be kept as a live document and will be updated periodically subject to the Change Control Procedure.

## Project Objectives

The Project Objectives for this Project Plan are:

- Improve building energy efficiency of the Investment Property Portfolio;
- Comply with energy efficiency regulations;
- Develop new 'green lease' agreements;
- Collaborate with tenants to achieve shared goals;
- Monitor and report on improving performance;
- Use the Investment Property Group portfolios to provide exemplars to the wider Square Mile.

Table 2 details key Tasks that will be completed to achieve the Project Aims. Further detail on each project can be found in Appendix 1. The focus of the 2021/22 plan will be to mobilise resource to address any current issues and data gaps, and identify and implement interventions in the short term, whilst allowing longer term action to be unlocked through capital works and relevant engagement activities.

It is vital that these Tasks interface with outcomes from the design standard and resilience Action Areas. This will make sure synergies to improve energy efficiency and reduce carbon (e.g. works to upgrade EPCs to B) are consistent with the outcomes from these CAS activities. The role of the Sustainability Director (detailed below) will be to co-ordinate across Action Areas to facilitate this.

Table 2 - Tasks and project objectives

Theme	Reference	Task	Rationale	Outcome	Key Actions in 21/22	Team Lead	Lead Support
<b>Minimum Energy Efficiency Standards (MEES) Risk Assessment</b>	1a	Undertake MEES risk and boundary assessment at asset level to deliver portfolio cost and risk profile	<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Risk of stranded assets</li> <li>• Informing Operational Plan</li> </ul>	Portfolio Level Cost Plan	<ul style="list-style-type: none"> <li>• Undertake MEES risk and boundary assessment on some 150 assets under direct management.</li> </ul>	Investment Property Group Director	Sustainable Property Specialist
	1b	Identify costs required to upgrade major refurbishment works to EPC grade B between 2022 and 2030	<ul style="list-style-type: none"> <li>• Reducing Scope 3 emissions</li> <li>• Risk of stranded assets</li> <li>• Informing Operational Plan</li> </ul>		<ul style="list-style-type: none"> <li>• Identify costs required for major refurbishment to get some 150 assets to Grade B between 2022 and 2030.</li> </ul>	Investment Property Group Director	Sustainable Property Specialist
<b>Due diligence standards</b>	1c	Identify and agree environmental due diligence standards for new acquisitions	<ul style="list-style-type: none"> <li>• New acquisitions may negatively contribute to net zero targets</li> </ul>		<ul style="list-style-type: none"> <li>• Identify and agree due diligence standards for new acquisitions.</li> <li>• Use net zero risk assessment on new acquisitions.</li> </ul>	Investment Property Group Director	Sustainable Property Specialist
<b>Smart Metering</b>	2	Undertake a study to establish process, cost and benefit of an improved metering strategy	<ul style="list-style-type: none"> <li>• Understanding Scope 3 emissions</li> <li>• Address current data uncertainties</li> </ul>	Report detailing the cost and viability of installing smart metering systems	<ul style="list-style-type: none"> <li>• Undertake study</li> <li>• Use outputs to inform tenant engagement.</li> </ul>	Investment Property Group Director	Sustainable Property Specialist

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<b>Green leases</b>	3	Undertake green lease Memorandum of Understanding (MOU) pilot to generate a working template for portfolio roll-out	<ul style="list-style-type: none"> <li>• Opportunity to engage with tenants</li> <li>• Helps to address the landlord / tenant split incentive</li> </ul>	Development of template for green lease clauses	<ul style="list-style-type: none"> <li>• Direct engagement with a pilot group of tenants to identify data sharing and carbon reduction opportunities.</li> <li>• Identify budget and resources for this piece of work.</li> </ul>	Investment Property Group Director	Sustainable Property Specialist
<b>Operations Plan</b>	4	Design an operating plan to identify a pathway to emissions reductions by 2040, identifying major milestones and investment strategy	<ul style="list-style-type: none"> <li>• Informed by previous work stages, action will need to be taken to meet the 2040 target.</li> </ul>	Operation plan with focus on at least 60% emissions reduction by 2040.	<ul style="list-style-type: none"> <li>• <i>Planned for 22/23 as dependent on other workstreams – see Project Schedule</i></li> </ul>	Investment Property Group Director	Sustainable Property Specialist
<b>Funding</b>	5a	Determine Capital Opportunities	<ul style="list-style-type: none"> <li>• Implementation of quick win interventions by portfolio.</li> <li>• Support delivery of Operations Plan by portfolio (Task 4)</li> </ul>	Funds directed to enable improvements to be applied to ongoing refurbishments and acquisitions.	<ul style="list-style-type: none"> <li>• Identification of quick win projects, based on current refurbishment/lifecycle replacements/lease breaks plans</li> </ul>	Investment Property Group Director	Sustainable Property Specialist
<b>Staff Resource</b>	5b	Sustainable Property Specialist - 1 FTE (outsourced)	<ul style="list-style-type: none"> <li>• Consultancy activities identified above will need to be managed</li> </ul>	Recruitment of specialist resource to manage work flow	<ul style="list-style-type: none"> <li>• Recruitment of specialist resource to manage work flow</li> </ul>	Investment Property Group Director	Sustainable Property Specialist
	5c	Capital PM resource (flexible)	<ul style="list-style-type: none"> <li>• PM Resource will be required to deliver capital projects</li> </ul>	Recruitment of PM resource	<ul style="list-style-type: none"> <li>• Recruitment of PM resource (flexible) as required</li> </ul>	Investment Property Group Director	Sustainable Property Specialist

## Team structure

The Teams involved in the delivery of this Project Plan are shown in Figure 1. How this integrates within the wider delivery approach and Buildings Centre of Excellence is explained in more detail in the Delivery Approach Section.

How additional resources are managed within the City Surveyors Department is shown in Figure 2.

The colour coding is as follows:

- Yellow boxes indicate areas of current activity that support the CAS;
- Green boxes show those additional activities required by this Plan that will be unlocked through additional resources;
- The grey boxes indicate additional staff resources either through outsourced team members (e.g. secondments) or third party flexible resource to be employed according to delivery need. As indicated by the legend this is not necessarily permanent employees.

The Team Structure has been developed to focus on the Year 1 and 2 priorities of addressing data quality, undertaking asset level assessments to deliver portfolio cost and risk profile and developing an Operating Plan that integrates interventions into existing estates and asset strategy. This will likely change as the programme progresses depending on identified procurement routes and service outcomes. For example, outsourced roles could be delivered as part of contracted services, with specific output requirements as part of the service (e.g. as part of an Energy Performance Contract). To make sure that the Team Structure remains fit for purpose, the Senior Responsible Officers and Buildings Chief Officer Group will review and manage resource requirements instilling a flexible approach that allows the market to innovate and deliver The Corporation's requirements efficiently.

Figure 1 – Delivery Teams - NZ4 Investment Property Group Project Plan

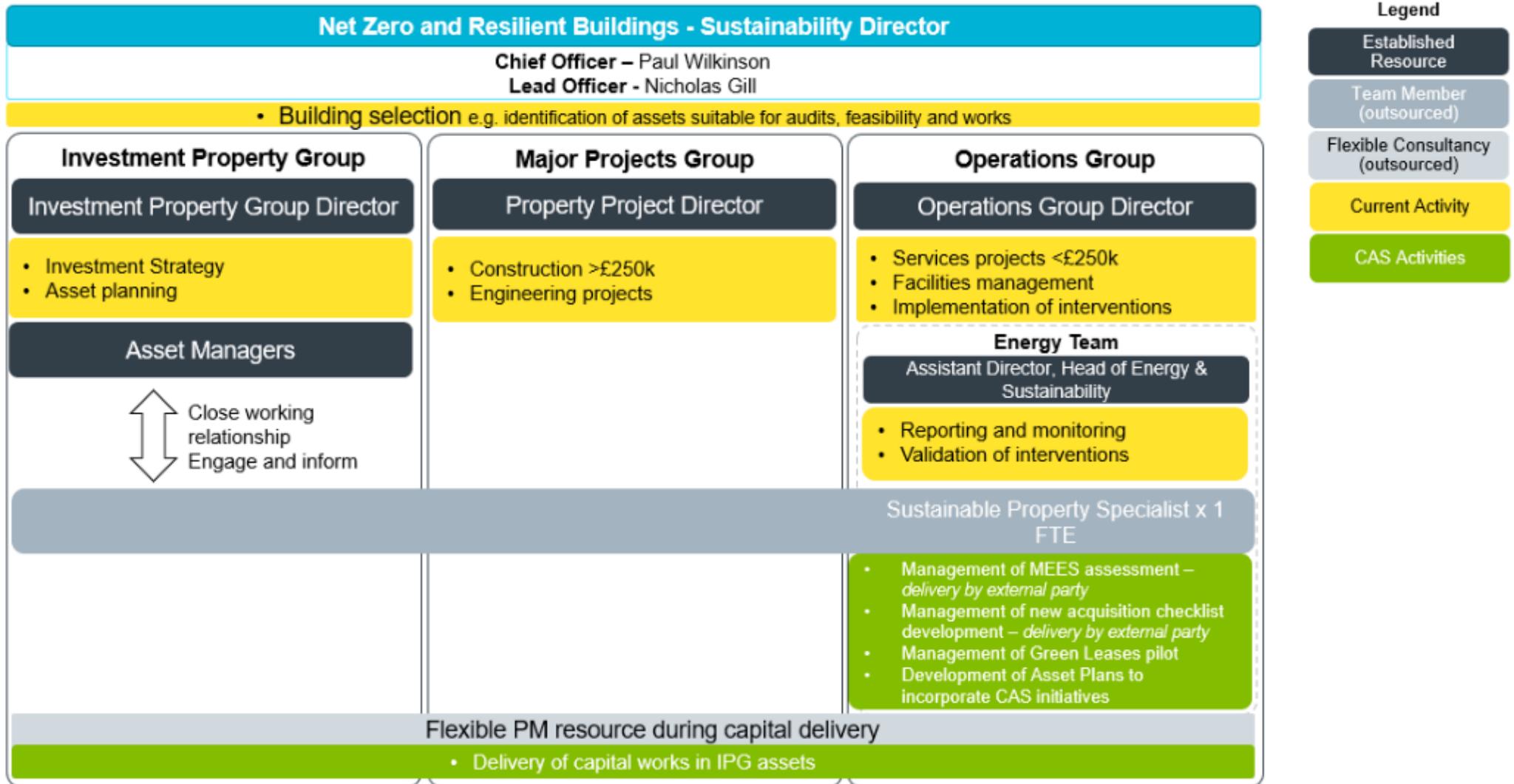
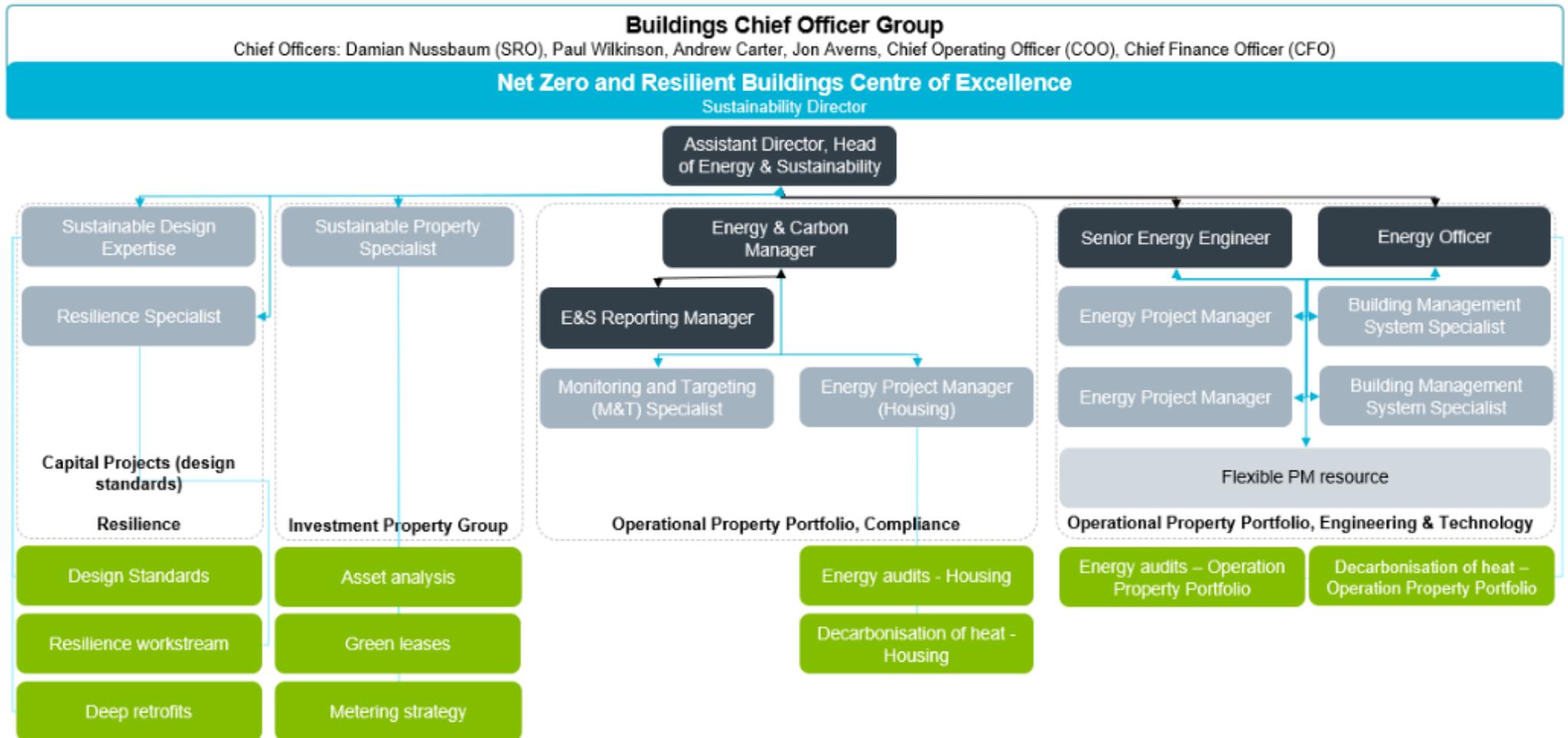


Figure 2 Team structure - NZ4 Investment Property Group



## Project Schedule & Gantt Chart

### Delivery Plan (Gantt chart)

Task Number	Task Detail	Responsible	Completion (%)	FY 21/22				FY 22/23				FY 23/24				FY 24/25				FY 25/26				FY 26/27				
				Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	
<b>Net Zero and Resilient Buildings Centre of Excellence</b>																												
CoE-1	Establishment of Net Zero and Resilient Buildings Centre of Excellence	Director of Innovation & Growth, City Surveyor	0%	█																								
CoE-2	Establish energy targets and intensity metrics where data gaps	Director of Innovation & Growth, City Surveyor	0%	█																								
<b>NZ4 Investment Property Group Project Plan</b>																												
	Selection of buildings for workstreams for IPG-1a	Investment Property Group Director	0%	█																								
IPG-1a	Undertake MEES risk and boundary assessment at asset level to deliver portfolio cost and risk profile	Investment Property Group Director	0%		█	█	█																					
IPG-1b	Identify costs required to upgrade major refurbishment works to EPC grade B between 2022 and 2026	Investment Property Group Director	0%			█	█	█																				
IPG-1c	Identify and agree environmental Due Diligence Standards	Investment Property Group Director	0%				█	█																				
IPG-2	Undertake a study to establish process, cost and benefit of improved metering	Investment Property Group Director	0%		█	█	█																					
IPG-3	Undertake Green lease MOU pilot group tenants to evolve a working template for portfolio roll-out	Investment Property Group Director	0%					█	█	█	█																	
IPG-4	Design an operating plan to work towards 60% emissions reduction by 2040	Investment Property Group Director	0%					█	█	█	█																	
IPG-5a	Capital Opportunity Budget	Investment Property Group Director	0%																									
IPG-5b	Appoint specialist resource	Investment Property Group Director	0%	█	█																							
IPG-5c	Capital PM Resource (outsourced - as required)	Investment Property Group Director	0%																									

## Project Business Case

### Project Costs

Total project costs for this Action Area have been identified as, on average, £3.49 million a year from 2020 to 2040. This has been ascertained based on marginal costs (additional cost beyond existing maintenance and upgrade budgets ) to achieve net zero in 2040 as per the Verco, City of London – Net Zero Cost Assessment completed in August 2020. A breakdown of this is provided in Table 3 (Note: areas have since changed due to purchase and sale of properties since August 2020). Capital opportunities are indicative only at the beginning of Y1; exact spend per portfolio will need to be determined once site level surveys have been completed. Decisions will need to be made on a site and portfolio basis through the relevant governance channels.

Table 3 – Cost to achieve net zero, Verco, City of London – Net Zero Cost Assessment, August 2020, costs indexed to Q3 2020 rates (unclear whether VAT has been applied)

Fund	Total floor area (m <sup>2</sup> )	Marginal cost per m <sup>2</sup> to achieve net zero (£/m <sup>2</sup> )	20 year cost	Cost per year
<b>City Estate</b>	146,798	216	£31,708,368	£1,585,418
<b>City Fund</b>	90,787	239	£21,698,093	£1,084,905
<b>Bridge House Estates</b>	44,687	241	£10,769,567	£538,478
<b>Strategic Estate</b>	24,592	228	£5,606,976	£280,349
<b>Total</b>	<b>306,864</b>		<b>£69,783,004</b>	<b>£3,489,150</b>

It is important to note that all costs for resource have been capitalised and therefore come out of this budget.. It is assumed that funding will be available to support workstreams to be mobilised in line with the Project Schedule.

The costs for individual Tasks have been ascertained by the Energy Team which, as Table 2 demonstrates, is made up of an initial focused period of project consultancy in Years 1 and 2. This will address current data uncertainties, identify costings and plans at the property level and implement quick wins. It is expected that these activities will determine capital spending from Year 2 onwards and subsequent carbon and cost savings towards 2040.

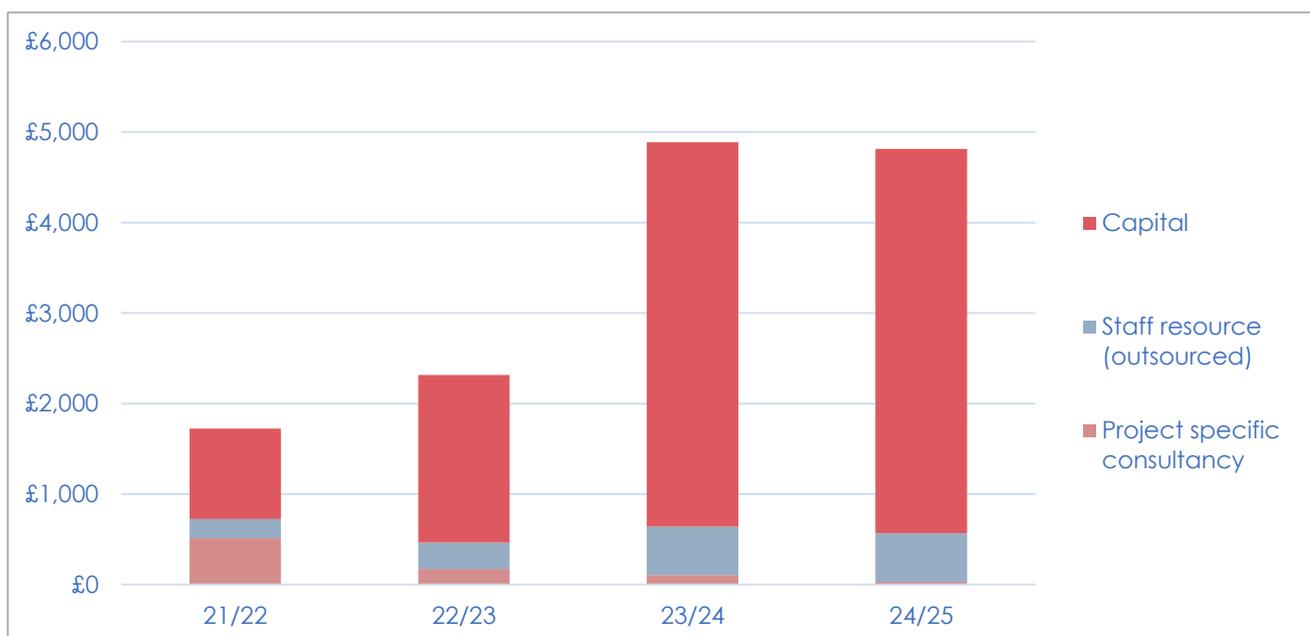
Over the four year period of this project plan, average costs are £3.4 million per year. Whilst this is in line with the Verco model, the spend profile is variable. This is because initial action will be on identifying interventions and dovetailing this within asset plans before completing capital works in line with investment strategy.

Table 4 - Costs by Task (£k/annum)

Tasks	Category	21/22	22/23	23/24	24/25
1a - Undertake MEES risk and boundary assessment at asset level to deliver portfolio cost and risk profile	Project specific consultancy	£365	£60	£75	£75
1b - Identify costs required to upgrade major refurbishment works to EPC grade B between 2022 and 2030					
1c - Identify and agree environmental Due Diligence standards					
2 - Undertake a study to establish process, cost and benefit of an improved metering strategy	Project specific consultancy	£40	-	-	-
3 - Undertake green lease MOU pilot group tenants to evolve a working template for portfolio roll-out	Project specific consultancy	£50	-	-	-
4 - Design an operating plan to identify a pathway to 60% emissions reductions by 2040, identifying major milestones and investment strategy	Project specific consultancy	£60	£60	-	-
5a – Indicative Capital Budget	Capital	£1,000	£1,850	£4,250	£4,250
5b - Sustainable Property Specialist - 1 FTE (outsourced)	Staff resource (outsourced)	£110	£110	£110	£110

5c - Capital PM resource	Staff resource (outsourced)	£100	£185	£425	£425
<b>Total</b>	<b>Project specific consultancy</b>	<b>£515</b>	<b>£170</b>	<b>£105</b>	<b>£30</b>
	<b>Staff resource (outsourced)</b>	<b>£210</b>	<b>£295</b>	<b>£535</b>	<b>£535</b>
	<b>Capital</b>	<b>£1,000</b>	<b>£1,850</b>	<b>£4,250</b>	<b>£4,250</b>
	<b>Total</b>	<b>£1,725</b>	<b>£2,315</b>	<b>£4,890</b>	<b>£4,815</b>

Figure 3 - Costs breakdown by Category (£k/annum)



### Project Benefits

The main quantitative project benefits are expected to be cost and carbon savings, asset re-sale value and protection of rental yields. The Project Initiation Document for this Action Area quantify carbon savings as 2.25 ktCO<sub>2</sub>e and cost savings as £2.5 million each year over the four year Project Plan period. However, due to limited information currently available on the Investment Portfolio Group, an intensive workstream of asset-level assessment needs to be undertaken prior to quantifying these benefits fully.

In addition, given the nature of landlord/tenant lease arrangements there will be instances where reducing energy consumption may not necessarily result in realisable savings back to the Corporation. This is where tenants are responsible for energy supplies.

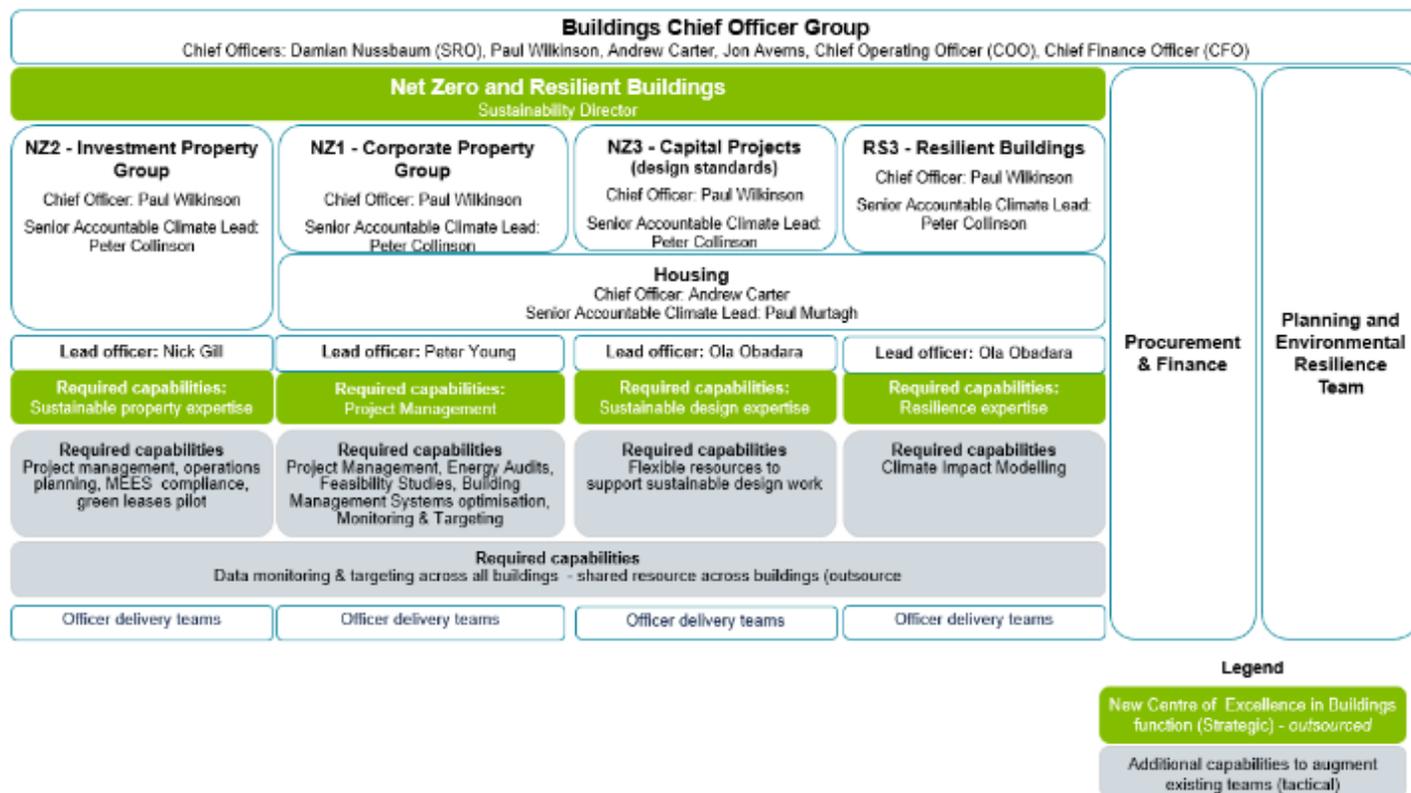
Work in Year 1 will look at opportunities to address this split incentive, in particular the green lease MOU Pilot which will look at commercial mechanisms where co-investment could occur between The Corporation and tenants.

Additional, non-quantifiable savings (at this stage) include:

- Improved access to energy data and understanding of energy performance;
- Improved air quality where gas boilers are avoided or removed;
- Understanding and positioning for innovative and emerging technologies;
- Assisting tenants in meeting their own ESG requirements;
- Improved occupant comfort and internal environment.

## Delivery Approach

Figure 4 – Net Zero and Resilience Buildings Centre of Excellence, Delivery Model



To drive and direct leadership, best practice, research, support and training to all areas of building decarbonisation and resilience work to deliver the CAS, a Net Zero and Resilient Buildings Centre of Excellence will be established. This will sit outside of the regular reporting structure to drive strategic level targets into mobilisation and delivery across departments. Through this approach it will provide a view across all Tasks and Project Plans to control and package up service requirements based on the outputs of feasibility studies, energy audits etc. maximising value from the market based on clear desired outcomes and a programme level view.

Its role will include concentrating knowledge from across all activity areas to attain and sustain high performance and value, capture lessons learnt and provide a feedback loop for continuous improvement.

The benefits of this approach will be:

- Member-buy in and confidence;
- Limiting “single points of failure”;
- Development of a cross-discipline team;
- Share resources and learning across workstreams;
- Ability to flex staff resource to meet need;
- Ability to draw in a wide range of expertise and experience from the private sector.

### Net Zero and Resilient Buildings Sustainability Director

To manage and lead the Net Zero and Resilience Buildings Centre of Excellence, a Sustainability Director will be resourced. This will allow The Corporation to utilise the third party expertise of someone with extensive experience of delivering large, complex programmes across net zero, resilience and energy in buildings to drive delivery across the four buildings workstreams.

Their role will comprise:

- Managing and leading the Net Zero and Resilience Buildings Centre of Excellence;
- Reporting progress to CAS Senior Responsible Officers;
- Coordinating and identifying synergies between workstreams;
- Aligning strategy and policy with delivery;
- Managing the transition from project definition to mobilisation and implementation;
- Facilitating reach back to private sector expertise and best practice.

### Delivery model

The delivery model for the Net Zero and Resilient Buildings Centre of Excellence is illustrated in Figure 4. This shows how all four workstreams across buildings will come together, identifies the key officers and illustrates the role of additional resource capabilities to support existing teams.

For this Project Plan the key resources are:

- Net Zero and Resilient Buildings Centre of Excellence Sustainability Director
- Chief Officer – Paul Wilkinson
- Senior Accountable Climate Lead – Peter Collinson
- Lead Officer – Nick Gill

The team structure for the Investment Property Group Action Area is detailed above.

### Approach to staff resourcing

The diagram above shows how the proposed Net Zero and Resilient Buildings Centre of Excellence Sustainability Director would relate to the four workstreams, including this one.

Whilst this plan identifies staff resource requirements, it is not expected that this will be delivered through new internal hires. This will be delivered through project specific consultancy, outsourced staff and/or flexible project management resources allowing The Corporation to drive value from the supply chain through competitiveness, contractual measures to secure outcomes, flexibility, reach back support and market innovation. This will also inform plans under the current Target Operating Model.

At present, staff resourcing has been developed to address the initial need to identify interventions, complete feasibility studies, deliver quick wins and identify, specify and deliver procurement solutions. As the CAS progresses (informed by Year 1) a key review point will be to evaluate resourcing requirements as this may change depending on the identified procurements routes and service outcomes. This review will be managed and guided by the Senior Responsible Officer and the Buildings Chief Officer Group.

### Approach to selecting buildings

When determining which buildings should be taken forward for the identification and implementation of carbon reduction interventions there are a number of criteria that need to be considered. These are broadly divided into two categories as detailed below:

#### Pre-survey

- Does the building offer sufficient scale (in terms of energy use) to warrant intervention?
- Is there sufficient data and metering infrastructure to support the identification and implementation of interventions?

- Are there existing planned activities in the near term (e.g. next 3 years) that offer the opportunity to integrate carbon reduction interventions e.g. major upgrades, lease breaks, refurbishments?
- Are there existing planned refurbishments, reconfigurations or divestments that would make any survey redundant in the near term?
- Is the building of sufficient importance that it is considered meritorious to implement works here?
- How much of the savings could be returned back to The Corporation rather than to tenants?

### **Post survey**

#### Achievability

- Are interventions considered technically and financially viable?
- Are there potential procurement routes available?
- Are there any heritage implications?
- Can the works be scheduled and sequenced with any other planned works in a realistic timeframe?

#### Affordability

- What is the scale of the investment?
- Are the commercial outcomes acceptable to The Corporation?

#### Benefits optimisation

- What is the scale of potential carbon savings and when are they achieved?
- Are cost savings realisable to The Corporation?

In order to support the selection of which buildings are to be taken forward for energy audits a set of selection criteria have been developed to assess buildings both pre and post survey to ascertain those which are suitable for taking forward to implementation. This is provided in Appendix 3.

## Risk Management

Table 5 illustrates the key risks identified for this Project Plan. It is recognised that some of these will be universal across the four building Action Areas. Therefore, it is important that mitigations and solutions are matched up to ensure they are addressed at the programme level.

It is expected that the role of the Sustainability Director will be to manage these risks across the four Action Areas so that comparative risk analysis can be completed, risks can be stress tested to quantify their impact on meeting carbon targets and mitigations aligned to ensure a holistic approach.

Table 5 - Risk Management, RAID analysis

Ref:	Description	Type (RAID)	Criticality	Proposed mitigation
R-1	Delays in Governance and sign off result in carbon savings being realised later than planned across 15 Scope 1 and 2 IPG assets	Risk	Critical	<ul style="list-style-type: none"> <li>Stakeholder Engagement approach detailed below.</li> <li>Internal Governance requirements for each Task to be mapped.</li> <li>Reporting cycles for each Task to be identified.</li> </ul>
R-2	Interventions are not developed and organised into a deliverable programme which when presented to committees result in delays to action and slippage in the Project Schedule.	Risk	Critical	<ul style="list-style-type: none"> <li>Links to Risk 1.</li> <li>Project Schedule developed (see above).</li> <li>This Project Plan is the Framework against which interventions will be delivered and presented as a whole programme.</li> <li>Mobilisation Phase to support organisation of a deliverable programme.</li> </ul>
R-3	Delays during mobilisation mean Tasks are implemented later than planned.	Risk	High	<ul style="list-style-type: none"> <li>Delivery Approach identified above.</li> <li>Programme Management Approach to be considered.</li> <li>Stakeholder Engagement approach detailed below.</li> </ul>
R-4	Current procurement routes are too slow causing project delay.	Risk	Medium	<ul style="list-style-type: none"> <li>Procurement routes to be considered at mobilisation: this could include Frameworks and existing arrangements.</li> <li>Delivery approach to consider delegated authority allowing rapid release of budget where needed to support rapid procurement.</li> </ul>
A-1	Scope 3 footprint for IPG is based on benchmarks/proxy data at present.	Assumption	Medium	<ul style="list-style-type: none"> <li>Task 2 to look at improved metering.</li> <li>Sustainability Director to develop and oversee implementation of a data maturity strategy</li> </ul>
D-1	Grid decarbonisation occurs at sufficient pace to achieve net zero target.	Dependency	Critical	<ul style="list-style-type: none"> <li>Grid decarbonisation to be tracked by Energy Team.</li> <li>Ongoing risk management approach to be incorporated in Delivery Approach.</li> </ul>
D-2	Tenants are not willing to engage with the programme.	Dependency	Critical	<ul style="list-style-type: none"> <li>Dedicated tenant engagement workstream to be developed (see Stakeholder Engagement).</li> <li>Use of additional metering to target key tenants.</li> </ul>
D-3	Data quality is of sufficient accuracy and robustness to allow measurement and monitoring of interventions.	Dependency	Critical	<ul style="list-style-type: none"> <li>Task 2 to look at improved metering.</li> <li>Sustainability Director to develop and oversee implementation of a data maturity strategy</li> </ul>

<b>D-4</b>	Lifecycle works up to 2027 will support achievement of the Scope 1 and 2 net zero carbon target e.g. life expired system will be replaced with energy efficient/low carbon alternatives.	Dependency	Medium	<ul style="list-style-type: none"><li>• Mitigated through actions in Design Standards/Resilience Project Plan.</li></ul>
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## Stakeholder Engagement

The following table outlines the key stakeholders, how and when we intend to interact with them and what channels will be used.

Table 6 – Stakeholder engagement

Category:	Department / Who	Message	Channels	When
<b>Internal Stakeholders - Department</b>	Chamberlains (Financial) Chamberlains (Procurement) PMO City Surveyors (Chief Officer, CPG, PPG, Energy, Resilience, Climate Team, Building Services Engineers Team and Technical Advisory Group Team) Legal Possibly DBE	Engage, Inform, Consult, Validate	Tried and tested  Climate Chats  Interviews  Team meetings  1:1 meetings	Needs minimum 6 week lead in time before referring to Committee.   Internal liaison through programme and project lifecycles
<b>Internal Stakeholders - Committees</b>	Corporate Project Board Project Sub Committee P&R Committee RASC Court (where complex) Proposed Extraordinary Board Cyclical Works Board Housing Board	Seek Approval	Tried and tested  Committees  Meetings	Gateways 1, 2, combined 3 & 4 (4b where relevant), 5 and 6
<b>External</b>	Funders	Seek Offers, Inform	Regular partnership meetings  Funding opportunities	Concurrent with gateway 4 (RIBA Stage 2, 3, 4, 5 & 6) At required times gateway 2-6
<b>External</b>	Residents Building Users Tenants	Specific section provided below.		
<b>External</b>	Building Managers Facilities Managers	Engage, Seek information, Validate, Inform	Interviews  1:1 meetings	(At required times in RIBA stage 2, 3 and 4) At required times gateways 3-6
<b>External</b>	Supply Chains	Engage, Seek information, Inform	Consultation  1:1 meetings	RIBA Stage 1, 2, 3, 4, 5 and 6 At required times gateways 2-6
<b>External</b>	External Consultants (design) and Contractors (surveys, design and works)	Engage, Seek Information, Collaborate, Commission	Consultation  Partnership meetings	RIBA Stage 1, 2, 3, 4, 5 and 6 At required times gateways 1-6
<b>External</b>	Distribution Network Operator	Engage, Consult, Collaborate	Regular partnership meetings  Engaged through decarbonisation of heat Tasks.	Concurrent with gateway 4 (RIBA Stage 2, 3, 4, 5 & 6) At required times gateway 2-6

## Tenant engagement

A key stakeholder for implementing action across IPG are the building tenants of which there are some 650 with varying terms of lease lengths. In order to support the delivery of net zero and resilience interventions in IPG, a clear strategy will be developed specifically for this stakeholder group highlighting how and when we intend to interact with them and what channels will be used.

This will be mapped against tenant groups based on characteristics including level of concern/engagement to date, their expectations, opportunities to implement action (e.g. via lease breaks, planned refurbishments, etc.) and opportunities to share benefits. It is expected that the Sustainable Property Specialist will be responsible for developing a tenant engagement strategy in Year 1 to facilitate this, working with the relevant portfolio managers. Prior to mobilising resources and building capacity for successful engagement, they will identify the current level of engagement. This will be facilitated through tasks identified in this plan e.g. Green leases and MOU, improved metering and development of Operating Plans.

After carrying out any tenant engagement initiatives, it is essential to evaluate the effectiveness of the engagement to look for areas of improvement and to guide management decisions. In addition to comparing year-over-year changes in data, a holistic system of regularly collecting and analysing tenants' feedback and comments such as circulating tenant satisfaction surveys and convening focus group interviews will support this process where needed.

## Reporting cycle

It is assumed that projects will evolve from the master programme of works. It is envisaged that projects will, in the majority, follow the 'regular' project route but some may fall under the 'complex' route. The table below identifies reporting envisaged along with intended reporting benefits:

Table 7 – Reporting cycle

Category:	When	Benefit Realised
<b>Internal Stakeholders (Internal Departments)</b>	Throughout project lifecycle, Gateways	Obtaining advice and feedback. Output monitoring Governance Checks
<b>Internal Stakeholders (Buildings Chief Officer Group (BCOG))</b>	Throughout project lifecycle, Gateways via the Programme Function and progress to KPIs via the CAS Dashboard	Commitment 2: To support the creation of a consistent format and content for effective progress reporting at monthly Chief Officer Group and quarterly Committee meetings from 1 April 2021.
<b>Internal Stakeholders (Committees)</b>	Gateways 1, 2, combined 3 & 4 (4b where relevant), 5 and 6	Tracking and monitoring of project outputs and objectives. Escalation of issue management. Seeking project direction required. Governance Checks
<b>External (Funding)</b>	Concurrent with gateway 4 (RIBA Stage 2, 3, 4, 5 & 6) At required times gateway 2-6	Known funding outcomes. Progress reporting against funding elements incl. tracking of progress Lessons learned from other projects or best practice
<b>External (Tenants &amp; Users)</b>	(At required times in RIBA stage 3 and 4 and 5) At required times gateways 3-5	Keeping all informed and engaged Informing of methodologies and outputs intended – Involving residents and user's ideas Informing of methodologies and outputs intended – Involving residents and users by allowing people to voice their views Informing of methodologies and outputs intended – how people can play their part. Positive reputational image

<b>External (Building Managers and FM)</b>	(At required times in RIBA stage 2, 3 and 4) At required times gateways 3-6	In-depth knowledge sharing Lessons learning – what works and what works less than envisaged Watch Points sharing - Specific building usage / information that could help or hinder projects.
<b>External (Supply chains)</b>	RIBA Stage 1, 2, 3, 4, 5 and 6 At required times gateways 2-6	Gathering market intelligence and information Complying with Statutory consents
<b>External (Consultants &amp; Contractors)</b>	RIBA Stage 1, 2, 3, 4, 5 and 6 At required times gateways 1-6	Obtaining advice. Receiving specialist design knowledge and sharing. Specific technological information and expertise. Additional resource to assist existing teams.
<b>External (Distribution Network Operator)</b>	Concurrent with gateway 4 (RIBA Stage 2, 3, 4, 5 & 6) At required times gateway 2-6	Identify the viability of proposed interventions and any required enabling works. Understanding of impact on project timescales and costs. Specific technological information and expertise.

## Project Controls

The following Key Performance Indicators (KPIs) will be defined and tracked by this Project in order to judge its overall delivery success. Each will be tracked on a quarterly basis for qualitative (initially) and move toward quantitative progress reporting and will be reported formally in the Annual Report each year starting FY22/23.

### Project-level Key Performance Indicators (KPIs)

The below table sets out the principal KPIs that will track the delivery of the four CAS headline targets listed below. A trajectory and set of milestone target dates are to be developed for each.

1. Net zero by 2027 in the City Corporation’s operations
2. Net zero by 2040 across the City Corporation’s full value chain
3. Net zero by 2040 in the Square Mile
4. Climate resilience in our buildings, public spaces and infrastructure

Reporting KPIs are intended to be refreshed as part of the annual cycle of baseline re-assessment work beginning in FY22/23. The Management KPIs will be refreshed more regularly and will be reported via the Corporate Performance Framework to committees from FY21/22.

Table 8 – Key performance indicators (KPI)

Theme	KPI name	Definition	Relevant CAS target	Regularity of reporting
<b>Carbon</b>	IPG Scope 1 & 2 emissions	Reduction in Scope 1 & 2 emissions GHG Protocol operational control	Net zero by 2027 in the City Corporation’s operations  Net zero by 2040 in the City Corporation’s operations	Quarterly
	IPG Scope 3 emissions	Reduction in Scope 3 emissions.	Net zero by 2040 across the City Corporation’s full value chain  Net zero by 2040 in the Square Mile	Annually
<b>Energy</b>	Energy consumption kwh/m <sup>2</sup> floor area*	Energy use in kilowatt hours per unit of gross internal floor area	Net zero by 2027 in the City Corporation’s operations  Net zero by 2040 in the City Corporation’s full value chain  Net zero by 2040 in the Square Mile	Quarterly

	Energy Performance Certificates (EPC)*	Weighted average EPC for whole portfolio	Net zero by 2027 in the City Corporation's operations Net zero by 2040 in the City Corporation's full value chain Net zero by 2040 in the Square Mile	Annually
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\*Once reporting processes have been established for these KPIs it is intended that additional targets will be developed to help drive improvement. Where possible this will be split out by building archetype/use to provide more focused targets where needed. Responsibility for this is expected to fall under the role of the Sustainability Director who will manage a data maturity strategy (see below).

### Key Data and Information

Documentation and process controls will be improved to allow for future audit and quality assurance measures such as alignment to best practice international standards on climate reporting.

The Sustainability Director will develop a data maturity strategy to increase data accuracy and completeness, ensure integration of key data across key workstreams and provide clear data governance and performance management going forward. This will also include data and information requirements that will extend to any outsourced work to provide assurance on quality. For example, this could include that energy audits are aligned against ISO 50002:2014/ BS EN 16247-1:2012 standards.

As this project progresses data will be generated as to the effectiveness of carbon reduction interventions. Further KPIs and targets may be periodically linked to the efficacy of measures and their overall contribution to the CAS. This will be subject to the Change Control Procedure.

The data generated by this project will be collated and displayed through Power BI dashboards to improve accessibility and understanding for a range of audiences.

### Internal Governance

- Net Zero and Resilient Buildings Centre of Excellence to report to Buildings Chief Officer Group;
- Action Area Chief Officers and Senior Accountable Climate Leads to report to Buildings Centre of Excellence;
- Lead officers to report to Action Area Chief Officer and Senior Accountable Climate Lead;
- Proposed Project Board (Extraordinary Board) where required for cost and progress updates under the holistic Capex cost allowance;
- Internal Stakeholders (all gateway reports) - informal project updates and formal gateways reports ahead of submission to Committees. Property Investment Board and Bridge House Estates Broad will be main governance committees for the IPG planned activities.

## APPENDIX 1: Task Breakdowns

<b>Task</b>	<b>1a – Undertake MEES risk and boundary assessment at asset level to deliver portfolio and risk profile</b>			
<b>Outcome</b>	Development of portfolio level cost plan			
<b>Responsible officer</b>	Investment Property Group Director			
<b>Description</b>	<p>Minimum Energy Efficiency Standards (MEES) require that a landlord must not grant a new tenancy (including a renewal tenancy) of a property after 1<sup>st</sup> April 2018 or continue to let any property after 1<sup>st</sup> April 2023 where the property has an EPC Rating of F or G. Furthermore, the Government is currently consulting on whether this should be extended to require all properties to achieve a minimum energy efficiency standard of EPC band B by 2030.</p> <p>This task will undertake a MEES risk and boundary assessment at the asset level to deliver a portfolio and risk profile. This will initially be undertaken in Year 1 on some 150 buildings under direct management to identify where the risks lie and the costs of implementing action to address these risks. This will be informed by on site surveys and technical energy assessments at each property including looking at refrigerants and water consumption. Further review of assets not directly under control, subject to lease arrangements will be completed in subsequent years.</p> <p>It is expected that all audits will be completed in a standardised fashion, e.g. aligned against ISO 50002:2014/ BS EN 16247-1:2012, to allow outcomes to be compared across Tasks and Project Plans. This should also include a standardised, consolidated table of all interventions to provide a portfolio-wide view which will inform potential procurement and commercialisation approaches.</p>			
<b>Timescales</b>	<p><b>Year 1</b> – Undertake MEES assessment on some 150 buildings under direct management, with the priority being multi-let buildings followed by those on FRI leases.</p> <p>Note: It is important that this Task links with the planned changes to EPC emissions factors.</p> <p><b>Year 2-4</b> – Further roll out of MEES assessment across IPG assets, noting that the head leaseholder controls the property where buildings have been sold on ground leases.</p> <p>For further breakdown see Gantt Chart (Project Schedule).</p> <p><u>Key dependencies</u></p> <p>Tasks 1a, 1b and 1c are part of a combined outcome to develop a portfolio level cost plan.</p>			
<b>Costs</b>		<b>Year</b>		
	<b>Cost - £k</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	Project specific consultancy	£365	£60	£75
	Staff resource (outsourced)	-	-	-
	<b>Resource</b>	-	-	-
	<b>Capital</b>	-	-	-
	<b>TOTAL</b>	<b>£365</b>	<b>£60</b>	<b>£75</b>
<b>Benefits</b>	<p>Support legal compliance.</p> <p>Minimise risk of stranded assets.</p> <p>Informs Operational Plan.</p> <p>Enabling action which will contribute towards future savings realised in Tasks 5a and 5b.</p>			
<b>Assumptions</b>				
<b>Task</b>	<b>1b – Identify costs required to upgrade major refurbishment works to EPC grade B between 2022 and 2030</b>			

<b>Outcome</b>	Development of portfolio level cost plan			
<b>Responsible officer</b>	Investment Property Group Director			
<b>Description</b>	<p>This task will build upon the work in Task 1a to identify asset level costs to achieve EPC grade B between 2022 and 2030 and any potential exemption paths.</p> <p>A report produced by Verco estimates total costs of upgrading EPCs to B by 2030 are ~£59 million (absolute) or ~£55 million (marginal – e.g. additional cost beyond existing maintenance and upgrade budgets which includes bringing all properties to EPC ‘E’ by 2023). Whilst useful, these costs were identified based on high level analysis of the IPG portfolio which included detailed EPC for 76% of the total portfolio. This will need to be further scrutinised and refined before being incorporated into a portfolio level cost plan.</p>			
<b>Timescales</b>	<p><b>Year 1</b> – Asset level cost assessment to achieve EPC Grade B and any potential exemption pathways. Year 1 will focus on the some 150 buildings under direct management, with the priority being multi-let buildings followed by those on FRI leases.</p> <p><b>Year 2-4</b> – Further roll out of cost assessment across IPG assets noting that the head leaseholder controls the property where buildings have been sold on ground leases.</p> <p>For further breakdown see Gantt Chart (Portfolio Schedule).</p> <p><u>Key dependencies</u></p> <p>Tasks 1a, 1b and 1c are part of a combined outcome to develop a portfolio level cost plan</p>			
<b>Costs</b>		<b>Year</b>		
	<b>Cost - £k</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	<i>Project specific consultancy</i>	<i>Identified in costs for Task 1a</i>		
	<i>Staff resource (outsourced)</i>	-	-	-
	<b>Resource</b>	<b>Identified in costs for Task 1a</b>		
	<b>Capital</b>	-	-	-
	<b>TOTAL</b>	<b>Identified in costs for Task 1a</b>		
<b>Benefits</b>	<p>Informs Operational Plan.</p> <p>Enabling action which will contribute towards future savings realised in Task 5a and 5b.</p>			
<b>Assumptions</b>				

<b>Task</b>	<b>1c – Identify and agree environmental due diligence standards</b>			
<b>Outcome</b>	Development of due diligence standards for new IPG acquisitions.			
<b>Responsible officer</b>	Investment Property Group Director			
<b>Description</b>	<p>There is a risk that new IPG acquisitions will negatively impact the achievement of net zero carbon targets. This Task will identify and agree a full set of environmental due diligence standards which can be used to assess the carbon risk of new acquisitions. This should be aligned with an industry standard such as the Better Buildings Partnership <a href="#">Acquisitions Sustainability Toolkit</a>.</p>			
<b>Timescales</b>	<p><b>Year 1</b> – Identification, development and agreement of environmental due diligence standards.</p> <p>For further breakdown see Gantt Chart (Project Schedule).</p> <p><u>Key dependencies</u></p> <p>Tasks 1a, 1b and 1c are part of a combined outcome to develop a portfolio level cost plan.</p>			

	Year				
	21/22	22/23	23/24	24/25	
<b>Costs</b>	<b>Cost - £k</b>				
	<i>Project specific consultancy</i>	Identified in costs for Task 1a			
	<i>Staff resource (outsourced)</i>	-	-	-	-
	<b>Resource</b>	Identified in costs for Task 1a			
	<b>Capital</b>	-	-	-	-
	<b>TOTAL</b>	Identified in costs for Task 1a			
<b>Benefits</b>	Support legal compliance.				
	Minimise risk of stranded assets.				
	Informs Operational Plan.				
	Enabling action which will contribute towards future savings realised in Task 5a and 5b.				
<b>Assumptions</b>					

<b>Task</b>	<b>2 – Undertake a study to establish process, cost and benefit of an improved metering strategy</b>				
<b>Outcome</b>	Report detailing the cost and viability of installing smart metering systems.				
<b>Responsible officer</b>	Investment Property Group Director				
<b>Description</b>	At present, Scope 3 emissions from the IPG portfolio are based on EPC, benchmark and/or proxy data. This has resulted in some queries with regards to its accuracy (see page 3). Therefore, in order to robustly establish Scope 3 emissions related to these assets, as well as identify tenants to engage with (e.g. based on the scale/impact of their emissions), it has been identified that the installation of additional and improved smart metering technology will be necessary.				
	Given the size of the IPG portfolio, it is unlikely that it will be viable to install metering across every asset and tenants may already have submeters. Therefore, this Task will establish the cost and viability of installing smart metering systems at tenant sites and where this will provide most benefit to addressing current uncertainties, supporting tenant engagement and providing visibility on progress towards net zero targets.				
<b>Timescales</b>	<b>Year 1</b> – Metering strategy study.				
	For further breakdown see Gantt Chart (Project Schedule).				
	<u>Key dependencies</u> None.				
<b>Costs</b>		Year			
	<b>Cost - £k</b>	21/22	22/23	23/24	24/25
	<i>Project specific consultancy</i>	£40	-	-	-
	<i>Staff resource (outsourced)</i>	-	-	-	-
	<b>Resource</b>	£40	-	-	-
	<b>Capital</b>	-	-	-	-
	<b>TOTAL</b>	£40	-	-	-
<b>Benefits</b>	Understanding and verification of Scope 3 emissions.				
	Address current data uncertainties.				
	Identify tenants to target for other Tasks (e.g. green leases).				
	Enabling action which will contribute towards future savings realised in Task 5a and 5b.				

<b>Assumptions</b>	
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<b>Task</b>	<b>3 – Undertake green lease Memorandum of Understanding (MOU) with pilot group of tenants to evolve a working template for portfolio roll-out</b>				
<b>Outcome</b>	Development of a template for green lease clauses				
<b>Responsible officer</b>	Investment Property Group Director				
<b>Description</b>	<p>The major purpose of a green lease is for landlords and tenants to agree specific responsibilities and obligations with regards to the sustainable operation and occupation of a building. This may also include action to overcome landlord/tenant split-incentives, in which improvements that produce energy savings often result in one party paying for improvements while the other party receives the benefits of reduced energy costs.</p> <p>This task will involve direct engagement with a pilot group of tenants to identify data sharing and carbon reduction opportunities. This will include an assessment of which tenants should be engaged including mapping of key considerations (e.g. lease breaks) to identify which assets are most suitable for inclusion in the pilot.</p> <p>The output will identify the potential for collaboratively delivered reduction initiatives recognised in a non-binding MOU. If successful this could be rolled out as an option for wider tenants as a lease option, either MOU or green lease. This may also identify new commercial models for benefit sharing which will be explored during the pilot.</p>				
<b>Timescales</b>	<p><b>Year 1-2 – Green lease MOU pilot</b></p> <p>For further breakdown see Gantt Chart (Project Schedule).</p> <p><u>Key dependencies</u></p> <p>Task 2 – sufficient metering may be required to ensure benefits can be measured.</p>				
<b>Costs</b>		<b>Year</b>			
	<b>Cost - £k</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	<i>Project specific consultancy</i>	£50	£50	-	-
	<i>Staff resource (outsourced)</i>	-	-	-	-
	<b>Resource</b>	<b>£50</b>	<b>£50</b>	-	-
	<b>Capital</b>	-	-	-	-
	<b>TOTAL</b>	<b>£50</b>	<b>£50</b>	-	-
<b>Benefits</b>	<p>Opportunity for tenant engagement.</p> <p>Opportunity to identify commercial models for benefit sharing.</p> <p>Enabling action which will contribute towards future savings realised in Task 5a and 5b.</p>				
<b>Assumptions</b>					

<b>Task</b>	<b>4 – Design an operating plan to identify a pathway to 60% emissions reductions by 2040, identifying major milestones and investment strategy</b>				
<b>Outcome</b>	Development of an operating plan to identify a pathway towards 60% emissions reductions by 2040.				
<b>Responsible officer</b>	Investment Property Group Director				
<b>Description</b>	To enable delivery, it is critical that identified interventions are implemented in such a way as to dovetail with existing asset strategy. This will maintain continuity of service, avoid tenant disruption and embed net zero considerations into the daily activities of Asset Managers. To support this an Operating				

<b>Timescales</b>	<p>Plan will be developed to identify a pathway to 60% emissions reductions potential by 2040, major milestones and how action will be integrated within investment strategy. 60% has been identified as the target reduction by the Climate Action Strategy Team in recognition that residual emissions will be sequestered by planned natural capital projects.</p> <p>The Operating Plan is expected to identify varying scales of intervention e.g. non-invasive upgrades, such as changing lighting fittings to LED's, opportunities where upgrades can occur during refurbishment of vacant floors where the business plan for the building is to hold for income, or during major refurbishment at a specific vacant possession date. It is also expected to address buildings on long leases, ensuring that any opportunities to reduce emissions up to 2040 are identified and taken where there is a lease expiry before 2040 and the business plan is to take back possession rather than extend the lease in return for a premium for reinvestment. It should be noted that where ground leases expire beyond 2040, the head leaseholder controls the property.</p> <p>This Task is reliant on the previous Tasks, which will be brought together to inform the Operating Plan.</p>				
	<p><b>Year 2</b> – Development of Operating Plan.</p> <p>For further breakdown see Gantt Chart (Project Schedule).</p> <p><u>Key dependencies</u></p> <p>Tasks 1-3.</p>				
<b>Costs</b>	<b>Year</b>				
	<b>Cost - £k</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	<i>Project specific consultancy</i>	£60	£60	£30	£30
	<i>Staff resource (outsourced)</i>	-	-	-	-
	<b>Resource</b>	<b>£60</b>	<b>£60</b>	<b>£30</b>	<b>£30</b>
	<b>Capital</b>	-	-	-	-
	<b>TOTAL</b>	<b>£60</b>	<b>£60</b>	<b>£30</b>	<b>£30</b>
<b>Benefits</b>	<p>Identification of route to net zero for IPG assets by 2040.</p> <p>Enabling action which will contribute towards future savings realised in Task 5a and 5b.</p>				
<b>Assumptions</b>	<p>Additional costs have been included in Years 3 and 4 to update the Operating Plan as new buildings and data become available.</p>				

<b>Task</b>	<b>5a – Capital Opportunity Budget - Developed by Fund</b>				
<b>Outcome</b>	<p>Fund to enable improvements to be applied to ongoing refurbishments and acquisitions.</p> <p>Delivery of tangible energy and carbon reduction interventions informed by previous workstreams.</p>				
<b>Responsible officer</b>	Investment Property Group Director				
<b>Description</b>	<p>Following on from delivery of the Tasks identified above, this Task will involve the deployment of carbon reduction interventions across the IPG estate by fund. This includes the implementation of quick win interventions as they are identified.</p>				
<b>Timescales</b>	<p><b>Year 1</b> – Employment of PM resource and implementation of projects identified in Tasks 1-4 (including quick wins).</p> <p><b>Year 2-6</b> – Rolling capital programme of interventions based on Tasks 1-4.</p>				
	<p><u>Key dependencies</u></p> <p>Findings and outputs from Tasks 1-4.</p>				
<b>Costs</b>	<b>Year</b>				
	<b>Cost - £k</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	<i>Project specific consultancy</i>	-	-	-	-
	<i>Staff resource (outsourced)</i>	-	-	-	-

<b>Benefits</b>	<b>Resource</b>	-	-	-	-
	<b>Capital</b>	£1,000	£1,850	£4,250	£4,250
	<b>TOTAL</b>	£1,000	£1,850	£4,250	£4,250
	Carbon savings Cost savings Visibility on progress to net zero by 2027 and 2040.				
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>£1 million k in Year 1 (capital) is likely to be spent at the end of the year following / dependant on the identification of quick wins (subject to completion of Tasks 1a, 1b, 1c and 2).</li> </ul>				

<b>Task</b>	<b>5b – Sustainable Property Specialist - 1 FTE (outsourced)</b>				
<b>Outcome</b>	Recruitment of 1 FTE Energy Project Specialists				
<b>Responsible officer</b>	Investment Property Group Director				
<b>Description</b>	Recruitment of additional expertise will form the core of the extended team to lead Tasks identified above, co-ordinate consultancy activity and support departments in the delivery of carbon reduction interventions. See: APPENDIX 2: Job role – Sustainable Property Specialist				
<b>Timescales</b>	<b>Year 1</b> – Employment of 1 x FTE Sustainable Property Specialist <u>Key dependencies</u> None.				
		<b>Year</b>			
	<b>Cost - £k</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
<b>Costs</b>	<i>Project specific consultancy</i>	-	-	-	-
	<i>Staff resource (outsourced)</i>	£110	£110	£110	£110
	<b>Resource</b>	<b>£110</b>	<b>£110</b>	<b>£110</b>	<b>£110</b>
	<b>Capital</b>	-	-	-	-
	<b>TOTAL</b>	<b>£110</b>	<b>£110</b>	<b>£110</b>	<b>£110</b>
<b>Benefits</b>	Enabling action for identifying and managing future capital and operational projects. Enabling action for savings realised in Task 5a and 5b.				
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Assumed average cost of £110k/annum/FTE for this resource level.</li> </ul>				

<b>Task</b>	<b>5c – Capital PM Resource (flexible)</b>				
<b>Outcome</b>	PM Resource to support deliver projects as per Tasks 5a and 5b				
<b>Responsible officer</b>	Investment Property Group Director				
<b>Description</b>	Procurement of flexible PM resource to produce and manage a Project Gateway Dashboard, displaying key performance indicators pertaining to specific Tasks and projects as well as overall performance, milestone and resource tracking and risks and issues.				
<b>Timescales</b>	<b>Year 1</b> – Employment of PM resource (flexible) <u>Key dependencies</u> All previous Tasks. Related to capital expenditure as per Tasks 5a and 5b.				

	Year				
	21/22	22/23	23/24	24/25	
<b>Costs</b>	<b>Cost - £k</b>				
	<i>Project specific consultancy</i>	-	-	-	-
	<i>Staff resource (outsourced)</i>	£100	£185	£425	£425
	<b>Resource</b>	£100	£185	£425	£425
	<b>Capital</b>	-	-	-	-
	<b>TOTAL</b>	£100	£185	£425	£425
<b>Benefits</b>	Delivery of carbon savings.				
	Delivery of cost savings. Visibility on progress to net zero by 2027 and 2040.				
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>PM resource at 10% of total capital cost.</li> </ul>				

## **APPENDIX 2: Job role – Sustainable Property Specialist**

The role of the Sustainable Property Specialist will be to lead on, and support, activities to deliver carbon reduction. They will provide technical expertise to inform work programmes, co-ordinate consultancy activity and work closely with management and officers within The Corporation's directorates, providing specialist expertise in the operational application of energy/carbon reduction interventions and engagement with tenants (where required).

### **Main duties and responsibilities**

- Support delivery of the Climate Action Strategy.
- Initiate, develop, manage and support design and delivery of projects which enable decarbonisation of The Corporation's energy and buildings.
- Provide climate change and sustainability technical support on buildings and energy projects to other officers across The Corporation's directorates.
- Project manage the development and implementation of specific project work packages, adopting project management practices and engaging with internal and external partners and stakeholders as required.
- Set up and maintain systems for controlling and updating project and programme documentation, ensuring information is up to date and can be readily retrieved.
- Ensure project and programme management information is produced in a clear, concise and timely fashion for internal and external bodies.
- Monitor and control expenditure, employing financial systems to monitor spend for projects leading on.
- Work with the Energy Team, partners and internal stakeholders to share data and insight that enables others to act on the Climate Action Strategy.
- Build relationships, awareness and support for energy and buildings decarbonisation initiatives, projects, and campaigns within The Corporation and with key external stakeholders (particularly tenants).

### **Qualifications**

1. A degree level qualification in a relevant discipline and evidence of continuing professional development, or experience and evidence of professional development where no degree is held.
2. A deep understanding of sustainability issues relevant to real estate.
3. Member of appropriate professional body e.g. IMEA, Energy Institute (desirable).

### **Experience**

1. Experience of producing and implementing technical solutions to decarbonise buildings, improve energy efficiency and install renewables.
2. An excellent understanding of the commercial property sector and the key sustainability issues.
3. A strong understanding of the role of managing agents in the property cycle.
4. Confidence with data analysis & interpretation in order to inform strategic decision-making and market interventions.
5. Experience of working within a project team to implement defined projects to agreed outputs and agreed deadlines.
6. Experience of managing external consultant teams to deliver projects.
7. Excellent interpersonal skills, with experience of occupier engagement across large portfolios of assets.

**APPENDIX 3: IPG Assets – Scope 1 and 2 emissions**

Building ID	Floor area GIA (m <sup>2</sup> )	Property use	Asset in Arup baseline	Assets identified by IPG as Scope 1 and 2 in March 2021
Eldon Street (15 - 17) [New Liverpool House]	2,860	Business	✓	✓
Worship Street (31/41)	2,356	Business	✓	
New Bridge Street (35-38)	3,281	Business	✓	✓
Cannon Street (116-126) [Candlewick House]	2,595	Business	✓	✓
Alfred Place (1-2) /Tottenham Court Road (220-226)	6,447	Shops/ Financial and prof. services	✓	
Eastcheap (6 - 8)	4,143	Business	✓	
Finsbury Circus (23) [Finsbury House]	2,619	Business	✓	✓
Garlick Hill (21-26)	2,160	Business	✓	
London Wall (65)	2,865	Business	✓	
Temple Avenue (3/7) [Temple Chambers]	4,697	Business	✓	
Bonhill Street (9)	1,554	Business	✓	
Worship Street(43)	0	Business	✓	
Alfred Place (8-10)/Tottenham Court Road (216-219)	4,050	Shops/ Financial and prof. services	✓	✓
Whitefriars (21)	1,185	Business	✓	
Worship Street (15)	2,869	Business	✓	
Moorgate (74)	3,200	Business		✓
Moorgate (84)	8,200	Business		✓
Glen House/Tottenham Court Road (200-208)	4,630	Shops/ Financial and prof. services		✓
New Bridge Street (30-34)	3,136	Business		✓

## APPENDIX 3 – Building Scoring Criteria



20210409\_BuildingScoringCriteria.xlsx