

Committee(s)	Dated:
Corporate Asset Sub-Committee (CASC)	July 2021
Subject: CAS NZ1, NZ3 and RS3 Workstream update for the Operational Portfolio	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5,11 & 12
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£1.525m (first 12 months)
What is the source of Funding?	CAS Budget
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: The City Surveyor	For Decision
Report author: James Rooke	

Summary

This report presents an update on the key actions of the operational buildings workstreams as part of the climate action strategy (CAS).

Recommendation(s)

- Note the progress of the report
- Support the recommendation for accelerated recruitment of key resources

Main Report

Background

The CAS buildings strategy was presented at the April Sub Committee with a series of discrete actions which conjoin to deliver the CAS strategy NZ1, NZ3 and RS3 for the Corporate buildings portfolio – including housing. These actions can be summarised as follows:

NZ1 - Corporate Property and Housing Landlord Areas

1 - Commission building energy surveys – Corporate assets & Housing
2 - Develop building controls management strategy
3 - Enhance monitoring and targeting programme
4 - Decarbonisation of Heat
5 - Deep fabric retrofit pilot – Commercial asset
6 - Additional energy specialist resources
7 - Capital programme roll-out

Status

1 - Commission building energy surveys – Commercial assets	
Delivery Progress	Corporate: To accelerate progress the capital element of the surveys are being delivered through the Retrofit

	<p>accelerator framework in series with the Public Sector Decarbonisation Fund work funded by BEIS. This will address capital opportunities with supporting business case at the top 15 sites identified (appendix 1)</p> <p>Advantages:</p> <ul style="list-style-type: none"> • Immediate mobilisation through existing framework • Performance Guarantees • Direct procurement and construction route through OJEU approved framework • No cost <p>Further work on operational improvement will be required and this will be delivered in-house as resource is on-boarded as part of the approved outsource resource plan outlined in action 6 (appendix 2).</p> <p>Housing: Initial strategy paper completed identifying main focus areas and priorities with stakeholder engagement workshops have been concluded.</p>
Next step	<p>Resource requirement to be addressed through service procurement approach – Action 6</p> <p>Corporate: High Level Surveys will begin in early August for progression to Investment Grade surveys in December</p> <p>Housing: Commission detailed technical evaluations through survey work to identify cost/benefit analysis</p>
Outcome	Investment grade proposals with performance guarantees

2 - Develop building controls management strategy	
Delivery Progress	<p>Smart buildings pilot platform out to tender.</p> <p>BMS upgrade project in gateway</p> <p>Soft market testing begun for integrated battery/smart buildings offer</p>
Next step	Resource requirement to be addressed through service procurement approach – Action 6
Outcome	<p>A future ready BMS</p> <p>A pilot smart buildings pilot for proof of concept – March 2022</p>

3 - Enhance monitoring and targeting programme	
Delivery Progress	The TEAM Sigma software has been procured as is being rolled out for completion of Beta testing in September 2021
Next step	Resource requirement to be addressed through service procurement approach – Action 6
Outcome	Enhanced diagnostic data reporting to drive active reduction initiatives

4 - Decarbonisation of Heat	
Delivery Progress	<p>Citigen - 4MW of heat pumps due to be installed December 2021 – Eon estimate 25% carbon reduction</p> <p>Corporate estate – Capital works assessment being undertaken by PSDS partners – further consultancy work will be required to develop</p> <p>Housing – Additional consultancy work will need to be commissioned as part of the programme</p>

Next step	Resource requirement to be addressed through service procurement approach – Action 6 Identify additional funding streams for decarbonisation support Continue with Citigen decarbonisation studies prior to review period in 2024 Undertake review of housing opportunity
Outcome	A long-term outline costed plan for decarbonisation of heat with associated funding model

5 - Deep fabric retrofit pilot – Commercial asset

Delivery Progress	This project will be a proof of concept to inform our wider design and resilience standards. Scoping and delivery will be driven by the dedicated design resource
Next step	Resource requirement to be addressed through service procurement approach – Action 6
Outcome	A beacon project for the square mile which will inform design standards and policy

6 - Additional energy specialist resources

Delivery Progress	It has been identified and agreed that the current Energy and Sustainability Management Team require an additional 9 specialist resource to meet the demands of the City Surveyor's work streams. To meet these requirements a service partner tender has been produced and is currently at the market place. This resource is also to address the NZ3 and RS3 work streams plus the Investment portfolio (NZ4) approach. In addition, a request has recently been submitted to accelerate the appointment of two key Energy Engineering Project Managers as fixed term contracts for 2 years.
Next step	Resource requirement to be addressed through service procurement approach – Action 6
Outcome	A skilled team that provides continuity

7 – Capital programme roll-out

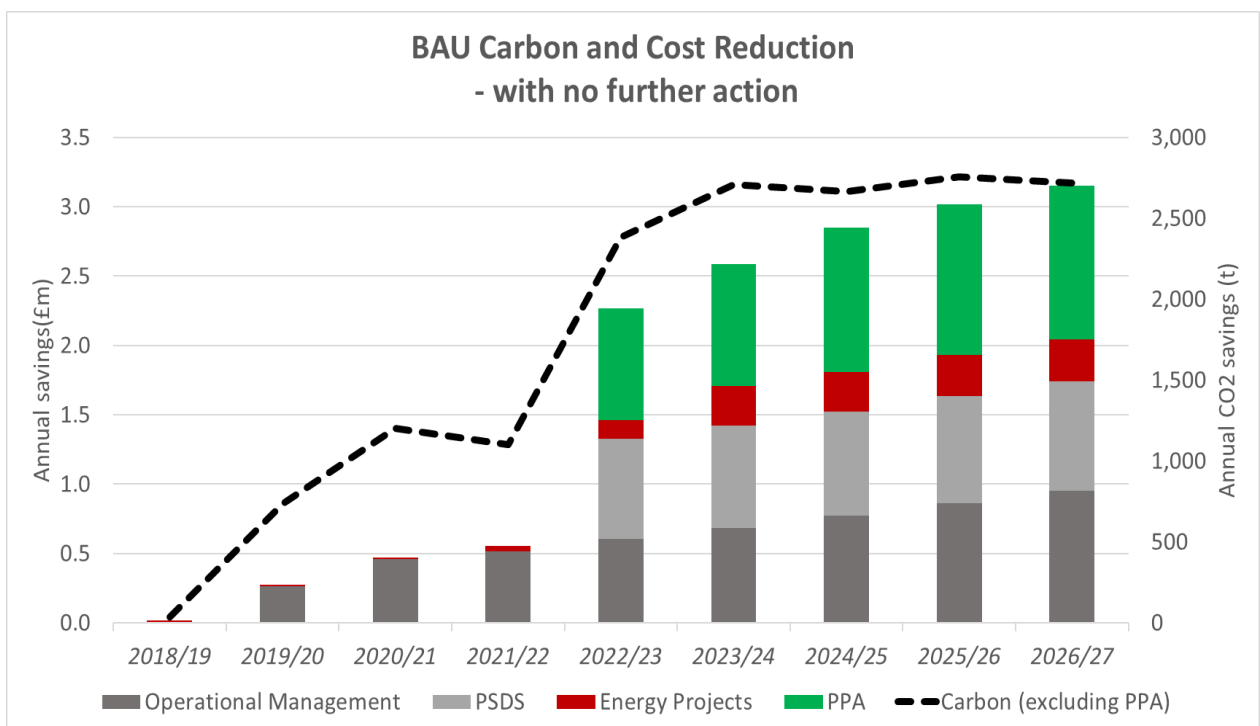
Delivery Progress	The main capital programme roll-out will flow from opportunities identified in action 1 energy surveys, however it should be noted that the energy team has already originated £15m of capital works which are now in gateway or procurement phases this FY In addition, the specialist design and engineering resource, once in place, will maximise opportunity on existing minor and major works and refurbishments
Next step	Resource requirement to be addressed through service procurement approach – Action 6
Outcome	New capital projects and enhanced existing works that provide tangible carbon and cost savings

NZ3 Capital Projects Design Standards and RS3 Resilient Buildings

The Energy and Sustainability Team are working closely with the Capital Projects team and liaising with DBE to identify synergies and opportunity for shared working. The resource expertise for these two workstreams is part of the procurement package outlined in section 6. However, the major projects currently in train have consultants on board who are working towards our CAS targets e.g. Police Accommodation Programme, Markets Consolidation Programme, Museum of London. Going forward the feasibility study for the master planning of the Guildhall Complex and the Barbican Arts Complex will also be subject to these work streams.

Business as usual

It should be further noted that there is already a highly impactful carbon reduction programme in place which is delivering significant results. These activities with measured and projected impacts are summarised below. *(Note that due to grid decarbonisation the carbon impact of projects diminishes with time)*



Corporate & Strategic Implications

Strategic implications:

1. This suite of actions drives the objectives of the Climate action strategy, buildings stream and will provide linkage and co-ordination with ongoing property management, capital schemes and cyclical works

Financial implications:

2. The overall programme capital and resource costs are estimated at £21m for the 6 year term. Year 7 retained annual cost avoidance is estimated at £3m

Climate implications:

3. This action stream will deliver the Net zero carbon goals of the Corporation and support the climate residence goals of the broader programme

Conclusion

4. The City Surveyor has commenced the mobilisation of the 4 workstreams, 3 being relevant to this Sub Committee. The recruitment and engagement market for climate action and sustainability expertise is extremely buoyant which must be noted as a programme risk due to a potential of lack of appropriate skills being available. This has been escalated to the CAS Programme Team and reported to P&R and ARM Committees.

Report author

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Appendix

List of top 15 Corporate sites for assessment

Site	tCO2 2019	tCO2 2020	GIA (M ²)
Guildhall Complex	3,008	2,588	65,952
Barbican Arts Centre	3,002	2,375	83,027
London Central Market (Smithfield)	3,094	2,223	75,035
Central Criminal Court	1,716	1,435	38,553
New Spitalfields Market (Landlords)	1,560	1,409	36,217
City of London Freeman's School	909	832	23,352
Billingsgate Market	816	726	16,795
City of London School	609	595	19,745
City of London School For Girls	524	520	10,829
Walbrook Wharf Cleansing Depot	354	401	18,230
Tower Bridge	489	397	4,253
GSMD - Milton Court	537	389	13,103
Mansion House	431	349	8,235
GSMD	420	317	10,795
London Metropolitan Archives	259	263	14,467