

<b>Committee(s)</b>	<b>Dated:</b>
Policy & Resources	14 October 2021
<b>Subject:</b> Mid-Year update on 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>NA</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>NA</b>
<b>Report of:</b> Douglas Trainer, Deputy Town Clerk	<b>For Information</b>
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## Summary

In October 2020, the Court of Common Council approved an ambitious Climate Action Strategy, a transformative programme for the organisation to reach net-zero carbon emissions, build resilience and champion sustainable growth. This paper reports the results of the planned mid-year review of the inaugural year. It includes a description of progress made as well as potential risks for the programme.

## Recommendations

The Policy & Resources Committee is recommended to:

- i. Note the progress made during the first half of year 1 on Climate Action

## Main Report

### 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 (CAS). The strategy was adopted at Court of Common Council on the 8<sup>th</sup> October 2020.

2. The CAS marked the start of a new and transformative programme of action. It sets 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.
3. The Y1 programme of work and associated budget was approved by this committee on 8<sup>th</sup> April 2021 for the City Fund and City Cash funds. Expenditure related to BHE was approved by the BHE Board on 14<sup>th</sup> July 2021. The programme of work was based on detailed plans for each of the 13 workstreams delivering on the CAS, as approved by the relevant Service Committees. Across the funds, total Y1 budget of £10.48m was approved as the first allocation required under the original commitment of funds by Court on 8<sup>th</sup> October and confirmed in the MTFP by RASC on 10<sup>th</sup> December. It was agreed that each Service Committee and Policy and Resources receive a quarterly update on progress.
4. In July 2021, this committee approved delegated authority powers for the Senior Responsible Officer of CAS. This authority has brought desired momentum to mobilising the programme in its inaugural year.

### **Current position**

5. We are 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
6. Our progress against Y1 plans are also on target to achieve the interim targets adopted by this Committee against those goals across the life span of the 2027 and 2040 net zero dates.
7. On 14<sup>th</sup> and 15<sup>th</sup> September the Financial Investment Board and Bridge House Estate Board took independent decisions to agree a more ambitious minimum target for each of the funds in relation to Financial Investment held, which is 100% Paris Alignment by 2040, increased from the previous minimum of 60% by 2040. Remodelling of the interim targets is now underway to reflect that decision. A full description of this decision is set out elsewhere on your agenda.

### **Progress against targets**

8. In order to measure and report progress against our targets transparently, a Climate Action Dashboard is in development and should be live by 31 October 2021. The dashboard will allow tracking to take place across an initial 25 management KPIs as well as the main reporting KPI of our footprint as expressed in tonnes of CO<sub>2</sub>e

(Carbon Dioxide Equivalent). Our teams have identified and are evaluating an additional 25 management KPIs to augment this set to further improve ours and our stakeholder's ability to evaluate overall progress to CAS targets and commitments. From January 2022, this dashboard will be used as the basis for progress reporting.

9. Alongside the dashboard, a set of recommendations about data governance, quality and maturity of data processes has been produced to progress our journey to transparent and reliable information.
10. The key reporting KPI of tonnes of CO<sub>2</sub>e in the overall carbon footprint is scheduled to be reassessed next in April 2022. Until then the baseline taken in 2018 will be used.

### **Progress against delivery plans**

11. There were a number of items that were noted as delayed in the previous quarterly report. Updates on these items are as follows:
  - Recruitment of a Senior Sustainability Advisor to the City Surveyor to support the 4 buildings workstream is now in place.
  - Recruitment of external expertise and capacity in City Surveyors to support the 4 buildings workstreams – the 'Centre of Excellence' – is not yet in place. A nil response was received to the recent tender, presumed to be caused by a buoyant market. Alternative resourcing routes are being pursued and this will be monitored closely operationally for resolution no later than December 2021. Further delays may compromise delivery of actions required for the 2027 targets.
  - Resourcing in Purchased Goods and Services and the Square Mile workstreams has been partially resolved. Alternative resourcing routes are being pursued and this will be monitored closely operationally for resolution no later than December 2021.
12. The Open Spaces workstream is experiencing delays in mobilising new delivery resource and the planned sequestration study which is the critical path to quantifying additional carbon removal capacity beyond that needed to meet the 2027 target. It is a priority to expedite these actions in the next quarter.
13. There are a number of actions which will happen later in the year than anticipated however all other actions are on track to be completed by end of Year 1 plans. These movements are being closely monitored at the operational level to guard against any further delays. Service areas are being supported to increase momentum. At the present position, none of the in-year delays are anticipated to compromise the 2027 or 2040 targets.

### **Change Control**

14. No changes in timing, scope, or budget are required at this time.

## Y1 Achievements (Q1 and Q2)

15. Summary of key highlights for Y1 include:

- Delivered a suite of Member training on Financial Investments, Whole Life Carbon and Climate Scrutiny in Decision-Making with associated presentations and learning materials hosted on updated intranet page.
- Updated and re-branded the Climate Action pages of the website to include a suite of materials to support climate literacy including a Year One Action Plan; Climate Action Glossary and Guide and 'What you can do' guides to support action by residents and businesses.
- Delivered 'in-person' engagement with community stakeholders at the Virtual City-Wide Resident meeting and at a special event on 14 July showcasing a range of community-led action.
- Engaged resident stakeholders from the Barbican and HRA housing estates at a series of workshops where they have been able to access, provide information and shape the approach to decarbonizing residential housing.
- Businesses, via the London & Partners Sustainability Stakeholder Network and the London First Net Zero Working Group, are informed of our plans for net zero and resilience and challenged to report scope 3 emissions.
- Supported position for COP26. Engagement via London Councils Climate Roundtables, the Carbon Accounting Task and Finish Group and the UK Core Cities Investment Commission has provided the opportunity to share the City Corporation's approach to strategy development and governance tools. These include a financing facility; a consistent approach to Scope 3 reporting; and the development of a low carbon investment prospectus.
- Commissioned energy surveys for the City's top 15 operational property assets will begin in September. Completed consultant's specification for Minimum Energy Efficiency Standards for Investment Property Group portfolio and consultants on-boarded to begin site level energy surveys.
- Tendered land management for carbon removal works and began baselining the biodiversity and ecosystem services of the Patmore's site (Epping Forest).
- Accelerated supplier engagement action by holding a 'Meet the Cities' event on 30 September in conjunction with Westminster event to explore circular economy innovations in COLC construction supply chain.
- Identified and approved locations for pedestrian priority across the Square Mile which will reducing motor vehicle volume by increasing comfort and safety of non-motorized modes of transport. Conducted business and resident surveys to hear views on how the current Temporary Traffic Orders are being experienced.
- Engaged 21 Square Mile SMEs on the Heart of the City climate course pilot representing financial services and accounting, legal services, professional services and consulting, property architecture and consulting, recruitment, and tech, media and comms.
- Identified and approved 9 pilot sites for climate resilience measures, including Sustainable Drainage Systems (SUDs) and cooling and shading across the Square Mile.

- Integrated climate action into a public consultation on draft Riverside Strategy, with aim for adoption by Planning and Transportation in November 2021.
16. Over the summer months further planned analysis into the Corporation and BHE's climate related financial risk and opportunity was performed. This has resulted in a comprehensive engagement and implementation plan and new commitments to bring all investment portfolios to net zero by 2040.
  17. Progress with Vital Energi, the City's appointed contractor introducing energy saving measures across the corporate estate through the Public Sector Decarbonisation Scheme (PSDS) project, is gathering pace and are anticipated to save an additional 1100 tonnes of CO<sub>2</sub>e per annum. Verification of these savings and any associated financial savings are expected at gateway 6 in 2022.
  18. Between May and July 2021, an action plan was developed to provide some additional detail on the approach that should be taken for reaching net zero within the housing portfolio. The completed plan (HAP) will be presented to Committees in September and October for decision and the FAQ document has been prepared to aid resident's understanding.
  19. The plan confirms the potential for the Housing portfolio to reach net zero, though indicates that there may be a higher cost than envisioned which will need to be met from external funding and the Cyclical Works Programme (CWP). The next steps in Y1 are to:
    - Carry out feasibility studies on priority sites to bring indicative costs to precision
    - Focus on developing the financial business case for individual projects.
    - Present future projects via the gateway process for approval
    - Identify external funding resources to accelerate the programme

## **Financial update**

20. Financial governance and officer delegations are now in place and there are no internal barriers to deploying resources.
21. The Y1 programme is currently forecasting a potential underspend of £106k due to delayed recruitment activity in three areas. Up to an additional £470k may not be used in Y1 if the Buildings Centre of Excellence is not fully in place by the new target date of December 2021. And the budget of £250k earmarked for the operational estate surveys is not fully needed due to an 'at risk' procurement arrangement with the same provider of the PSDS scheme.
22. Any unspent revenue monies from the Y1 allocation will remain in central reserves for City Cash and City Fund and the BHE contribution will be reprofiled. A new allocation for CAS will be requested for Y2 for approval from this Committee,

relevant Service Committees and the BHE Board rather than revert to automatic rollover.

23. All capital projects and spend are proceeding to plan in Y1 with one exception. Capital spend of £2.32m in Y1 will now not be deployed in Y1 for two reasons. The majority of this money was earmarked for existing pipeline which has now fortunately been covered by the Public Decarbonisation Scheme (PSDS) monies. The other portion was to pick up early new opportunities coming off surveys in the operational and investment property estates. Surveys have now commenced but returns are not expected until January 2022 at the earliest and resulting capital works are now projected to start in 2022 rather than late 2021. A review is underway to determine other opportunities to bring forward interventions which advance CAS targets and KPIs for deployment of capital works in Y1.
24. The design of the revolving mechanism to capture financial savings from the corporate energy bill is now underway. Its design to capture savings will follow the same format as has been established for capital works funded under the PSDS. This means any revenue savings made through the CAS will be transferred to the Build-Back-Better fund new policy initiatives, principally the CAS.

### **Risk update**

25. The Corporate Climate Action Risk Register describes our organisational response to climate change and focuses on areas within our control and their mitigations. These risks were last reviewed by the Executive Leadership Board on 15<sup>th</sup> September 2021. And by Members of the Audit and Risk Committee in July 2021.
26. At a programmatic level, key risks include:
- Delays in resourcing for full capacity to deliver the programme is a trend across workstreams, despite budget and delegated authority in place. This is for a variety of reasons. A buoyant market for sustainability and internal inertia are understood to be the main causes. This has primarily affected the Buildings, Square Mile, Purchased Goods and Services and Open Spaces workstreams. Resolving these gaps will be a key operational focus in the upcoming quarter.
  - Decisions outstanding on major projects such as the Guildhall Master Plan), Barbican Arts Centre and Markets Colocation are creating uncertainty in the Buildings workstream for CAS. As these buildings are amongst the highest emitters for the operational estate, understanding their future and the option members wish to progress is essential in planning for the 2027 CAS target. There are a number of decision points on Guildhall (30 Sept at RASC Awayday) and the Markets (October) and Barbican Arts (November) that will potentially resolve this.
  - Delays in key decisions or capital interventions could lead to delay in recouping the savings needed to fund the programme.

27. At the recent Resource Allocation Sub-Committee (RASC) Away Day a request was made to represent the programmatic risks in this section in a rating format for future reports to RASC and P&R. This will be included in the next reporting cycle.

## **Corporate and strategic implications**

28. 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.

29. The 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 Local Flood Risk Management Strategy 2021-27, 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.

30. Resource Implications – No new resourcing implications have arisen.

31. 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. No new corporate level risks have been added since the last Policy and Resources CAS update.

32. 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. These include a reduction in air pollution, physical public realm improvements and increased indoor comfort levels and a reduction of fuel poverty. No negative impacts were identified. A review of the findings from the initial Test of Relevance was conducted at half year and they remain the same. Impacts will be investigated and assessed on an ongoing basis in conjunction with the delivery of the CAS programme of work.

33. No new legal, security, climate implications arise from the recommendations in this report.

## **Conclusion**

34. In conclusion, the Climate Action Strategy and implementation programme continues to be an exemplar of cross-cutting working towards shared corporate outcomes. We are in a constant state of learning to inform the further success of the CAS and other cross Corporation priorities.