

CORPORATE ASSET SUB (FINANCE) COMMITTEE
Thursday, 30 September 2021

Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held as Virtual Public Meeting and livestreamed <https://www.youtube.com/watch?v=yh9j5n1TWdU> at on Thursday, 30 September 2021 at 1.45 pm

N.B. This meeting was held as an informal one, with the views reached by the Sub-committee approved formally by the City Surveyor after the meeting, in accordance with the Court of Common Council's Covid Approval Procedure. This process reflects the current position in respect of the holding of formal Local Authority meetings and the Court's decision of 15 April 2021 to continue with virtual meetings, with formal confirmation of decisions provided through a delegation to the Town Clerk, or his nominated representative, after the informal meeting has taken place and the will of the Committee is known.

Present

Members:

James de Saumarez (Chairman)
Randall Anderson
Marianne Fredericks
Michael Hudson
Deputy Roger Chadwick
Susan Pearson

Officers:

Peter Young	- City Surveyor's Department
John Cater	- Town Clerk's Department
Peter Collinson	- City Surveyor's Department
Paul Friend	- City Surveyor's Department
John Galvin	- City Surveyor's Department
James Gibson	- Chamberlain's Department
John James	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
James Rooke	- City Surveyor's Department
Christopher Rumbles, Clerk	- Town Clerk's Department
Rhian Snook	- Remembrancer's Office
Amneet Nijor	- Chamberlain's Department
Dorian Price	- City Surveyor's Department
Edwin James Birch	- City Surveyor's Department
Graeme Low	- City Surveyor's Department

1. APOLOGIES

Apologies were received from Shravan Joshi, Jamie Ingham Clark, Jeremy Mayhew, Christopher Hayward, Edward Lord and Alison Gowman.

2. DECLARATIONS BY MEMBERS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

No declarations of interest were made.

3. MINUTES

RESOLVED: That the public minutes and non-public summary of the Corporate Asset Sub-committee meeting held on 19th July be approved as an accurate record.

4. OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS

The Sub-committee considered a report of the Town Clerk which provided information on outstanding actions from previous meetings.

RECEIVED

5. WORK PROGRAMME FOR FUTURE MEETINGS

The Sub-committee considered a joint report of the Town Clerk and City Surveyor which provided information of the Work Programme for future meetings.

RECEIVED

6. PUBLIC REPORT OF ACTION TAKEN

The Sub-committee received a report of the Town Clerk updating on action taken under delegated and urgency procedures since the last meeting.

RECEIVED

7. 2021 / 22 ENERGY PERFORMANCE Q1 UPDATE

The Sub-committee received a report presenting 2021/22 Quarter 1 energy performance for City Corporation operational sites.

It was highlighted to Members how the report presented energy performance seen over the last quarter, with a 16% reduction seen against the previous 12 months being a result of multiple factors. Members noted how the paper brought a recommendation that Corporate Property Group energy targets align to the City Corporation's Climate Action Strategy. It was confirmed that good progress was being made towards completion of the PSDS Projects.

It was further explained that the City Corporation had mobilised surveys at the City Corporation's top 15 sites, and these were underway and would look to deliver in Quarter 4. The Centre for Excellence bid for resources in support of the Climate Action Strategy went out last month, but this received a nil return of suitable bids in the first pass. There was an ongoing negotiation underway for a variation bid from two bidders. Members noted that a Sustainability Consultant had been brought in to provide an extra layer of assurance and support in managing delivery of Climate Action Strategy projects this autumn.

Members were offered an update on the current energy market and the City Corporation's solution in responding to this. Members noted how the City Corporation had moved to a purchasing in advance strategy, which had allowed for hedging of buying electricity and gas over the last six months and the City Corporation achieving a rate that compared favourably to the current market conditions. The City Corporation was able to mitigate against the large increases seen in energy prices over the last twelve months. The City Corporation's current contract would go through until September 2022, with consideration already underway through a Procurement Partner

to identify a good point in the market to start beginning procurement for the next twelve months after that.

A Member questioned the confidence officers had in contract partners surviving the current turmoil in the energy market. It was explained how the City Corporation's current power and gas supplier was relatively well protected from impacts on domestic supply, with it only supplying commercially and not being impacted by domestic price caps. The supplier was heavily involved in power generation to help with its margins and was also a worldwide organisation with over 130,000 employees, with mainly the smaller domestic suppliers being impacted by the current turmoil in the market.

RESOLVED: That Members: -

- Note new carbon and energy targets for the Corporate Property Group (CPG), derived from the Climate Action Strategy Targets.
- Note the progress of £9.4m from BEIS Grant, covering 100% of capital investment needed for the PSDS project.
- Note good progress towards the completion of PSDS projects.

8. **OPERATIONAL PROPERTY MANAGEMENT INTERNAL AUDIT - UPDATE REPORT**

The Sub-committee received a report of the Chamberlain offering an interim update on progress in implementing the recommendations made in the Internal Audit review of Operational Property Management.

The Chamberlain stressed the report was an interim update offering a pulse check, with a formal follow up report due to be issued in February 2022. Work has taken place with colleagues in City Surveyor's to get a sense check on how the actions agreed were being implemented and taken forward. It was highlighted that a number of the recommendations had strong interdependencies with the Target Operating Model and certain solutions were firmly within this programme and timetable.

The Chamberlain clarified that, where recommendations were made on complex areas as part of an Internal Audit review, there can be good reasons for actions not to be taken forward as suggested. A follow up report would focus on whether the issues identified initially had been resolved satisfactorily. Members noted that the actions being taken to date were considered proportionate, appropriate and appeared effective in addressing the issues raised.

It was confirmed that a formal follow up would take place in the new year when it would be hoped that actions would be mature enough to show these as having been completed or complete enough to give a direction of travel.

The Chairman questioned the speed in dealing with the recommendations and the Chamberlain confirmed he was comfortable with the speed of delivery and satisfied that actions would be completed by January 2021.

The City Surveyor concluded the discussion, adding that everything that needed to be was already in train, with a lot dependent on the Target Operating Model proposals that were currently going through officer and Member governance.

RESOLVED: That the report be received, and its content noted.

9. BUSINESS PLAN 2021-26 QUARTER 1 2021/22 UPDATE

The Sub-committee considered a report of the City Surveyor providing details in quarter 1 (April to June) 2021/22 against the 2021-26 Business Plan.

Members noted a key item being the Financial Statement and the current gap in department funding. Members were assured that work continued to identify opportunities to make up the gap by the end of the financial year.

The Chairman welcomed the update and encouraged the City Surveyor to look at closing the budget gap and to ensure savings would be delivered as indicated.

RESOLVED: That the report be received, and its content noted.

10. CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER - UPDATE

The Sub-committee received a report of the City Surveyor providing Members with a quarterly update on the management of risks within the City Surveyor's Department.

Members noted that going forward all Covid-19 related risks would be included within the regular departmental risk register with the situation having now normalised.

The Chairman referred to an issue previously raised by the Deputy Chairman concerning energy supply and cost as a long-term risk given the number of City Corporation owned properties. It was also questioned if there was any risk through inflation and increased costs of materials of putting projects under strain.

The City Surveyor confirmed construction and energy costs were both areas being reviewed at a department level. The Chairman confirmed the Sub-committee would welcome seeing risk reporting relating to Energy Costs and Increased Costs of Materials included as part of an update at the next meeting.

A Member referred to SMT014 Backlog maintenance currently scored at 8 with a target to bring this down to 4. It was suggested the score was already higher than 8 when considering what was likely to be a substantial CWP bid coming through this year, with the potential of fulfilling the entire CWP backlog and moving to a score of 4 thought to be very challenging. The City Surveyor confirmed the department were actively considering CWP and any potential risk and that an update would be presented at the next meeting covering all issues and considerations relating to maintenance.

A Member noted SMT 003 Fall in property performance currently being scored at 12 and with a target score of 12. It was suggested this risk may be underscored given the situation appearing to be getting worse not better through rent arrears and people not being able to pay rent. The Member noted the Covid-19 impacts currently scored 16 with a target score of 8, and the longer-term impacts on property scored at 12 (SMT 003) indicating the longer-term situation was expected to get worse. The City Surveyor agreed to review SMT 003 in discussion with the risk owner to consider how this should be presented moving forward.

Resolved, that the report be received, and its content noted.

11. PSDS PROJECT: RETROFIT ACCELERATOR - WORKPLACES PSDS PROJECT

The Sub-committee received a report of the City Surveyor providing Members with an options appraisal and authority to start work update.

The Chairman confirmed the recommendations had been approved by PSDS Project Board. A Member welcomed the excellent result and commented on what they considered to be very good work in what had been achieved.

RESOLVED: That the report be received, and its content noted.

12. HOUSING NET ZERO CARBON ACTION PLAN

The Sub-committee received a report setting out key points and recommendations from the City of London Corporation's Housing Net Zero Carbon Action Plan.

The City Surveyor confirmed the report presented an action plan that had been developed in line with the Climate Action Strategy and London Action Plan. The aim being to identify and develop priority projects that could then be taken forward through the City Corporation's Project Gateway process. Members noted that Community and Children's Services Committee had deferred its decision to allow relevant surveys to be completed to understand where the additional 5% of Housing CO₂ emissions could be reduced elsewhere within the City Corporation's operational emissions.

A Member questioned whether the City Corporation would meet the 15th October deadline for submission of a bid to the Social Housing Decarbonisation Fund. Members noted the City Corporation would be submitting a quality bid that would be focussed on capital projects of door and window replacements. It was further clarified that there would be further opportunities to bid in future years.

A Member welcomed any potential opportunity to access sources of outside funding given the existing window replacement programme costs were higher than the money currently available. The Member asked that the most up to date data be provided to those working on the programme, which the City Surveyor agreed to do.

RESOLVED: That the report be received, and its content noted.

13. SECURITY UPDATE

Members received an oral update on key areas relating to security as follows:

- Recent protest by Extinction Rebellion resulting in 40 arrests and two people being charged with causing £15k of damage. Both cases were progressing through the courts.
- Appropriate costs were being sought for damage to North Wing Entrance and staining of the building.
- Defendants were likely to go through Crown Court given the value of damage involved.
- City Corporation's insurers have been informed and they would advise on whether to make a claim. The Chairman asked that he and the Deputy Chairman be kept up to date and briefed as the situation progresses.

- A Member added that any court has the power to order compensation as part of an order on a defendant and suggested the City Corporation continued to liaise with the police in seeking compensation from anyone convicted.
14. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no questions.
15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There were no urgent items of business.
16. **EXCLUSION OF THE PUBLIC**
RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.
17. **NON-PUBLIC MINUTES**
The non-public minutes of the previous meeting held on 19th July 2021 were approved as an accurate record.
18. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
The Sub- noted a report of the Town Clerk which provided information of outstanding committee actions from previous meetings.
19. **NON-PUBLIC REPORT OF ACTION TAKEN**
The Sub-committee considered a report of the Town Clerk updating on non-public decisions taken under delegated or urgency procedures since the last meeting.
20. **PROPOSAL TO ASSIST CITY OF LONDON OPERATIONAL TENANT - WALBROOK WHARF OFFICES**
The Sub-committee considered a report of the City Surveyor updating on proposals to assist City of London Operational Tenant – Walbrook Wharf Offices.
21. **SMITHFIELD COMMERCIAL OFFICES - ARREARS AND MARKETING ACTIVITY**
The Sub-committee considered a report of the City Surveyor relating to arrears and marketing activity for Smithfield Commercial Offices.
22. **GUILDHALL COOLING PLANT REPLACEMENT**
The Sub-committee considered a Gateway 3 report relating to the Guildhall Cooling Plant Replacement Project.
23. **HIGHWAY LAND DISPOSAL: MILLENNIUM BRIDGE HOUSE EC4V**
The Sub-committee considered a report of the City Surveyor relating to Highway Disposal: Millennium Bridge House EC4V.
24. **WEST HAM PARK NURSERY DISPOSAL - DELEGATED AUTHORITY REQUEST**
The Sub-committee considered a report of the City Surveyor relating to West Ham Park Nursery Disposal.

25. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

The Sub-committee considered the following questions during non-public session.

A Member referred to an issue with the automatic doors leading to the Members' Reading Room becoming an urgent issue owing to accessibility for any Member in a wheelchair.

A Member suggested an improvement could be made to baby changing facilities at the City Corporation by increasing the availability of these facilities to parents. The Member commented on how it was important to have a building that made everyone feel welcome. The City Surveyor responded confirming the City Corporation had the correct amount of baby changing facilities, whilst acknowledging there was potentially more space that could be looked at given people were now working flexibly.

26. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

The Chairman updated Members on a report relating to the Guildhall Masterplan.

The meeting ended at 3.07pm

Chairman

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