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| <b>Committee</b><br>Resource Allocations Sub committee  | <b>Dated:</b><br>17 December 2021 |
| <b>Subject:</b><br>Walbrook Wharf Feasibility Study - 2027 & beyond                                       | <b>Public</b>                     |
| <b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b> | <b>4, 8, 10, 11 and 12</b>        |
| <b>Does this proposal require extra revenue and/or capital spending?</b>                                  | <b>Yes</b>                        |
| <b>If so, how much?</b>   | <b>£150,000</b>                   |
| <b>What is the source of Funding?</b>   | <b>Central</b>                    |
| <b>Has this Funding Source been agreed with the Chamberlain's Department?</b>                             | <b>N/A</b>                        |
| <b>Report of:</b><br>City Surveyor and Director of Environment  | <b>For Decision</b>               |
| <b>Report author:</b><br>Fiona McKeith  |                                   |

### Summary

Following Resource Allocations Sub committee on 19 November 2021, at which the bid to secure funding for consultancy support in respect to Walbrook Wharf feasibility was discussed, officers were asked to submit more information and a reduced funding request to commence the research into the future options for this property.

This report provides overviews of the current service delivery at Walbrook Wharf as well as the condition and challenges of this 1960's constructed property. It also outlines the interdependencies of the current cleansing and waste service offer together with the potential to introduce river freight operations.

The report provides the context to the programme timeline in order to clarify why and what consultancy support is required now in order to agree the strategy for the property and achieve vacant possession of the site in 2027 for the purposes of major renewal works.

### Recommendations

That Resource Allocations Sub committee:

1. Approve the fund request of £150,000 to support the initial stage of the Walbrook Wharf feasibility project and allocate to the green list of recommended projects.

### Main Report

#### Background

1. The Walbrook Wharf depot was constructed in the early 1960s and provides c. 13,720 square metres of operational space over four floors. This is in addition to an office building fronting Upper Thames Street which was refurbished in 2006.

2. The wet dock was converted to a dry dock in 1995 following investment from Cory. The depot currently operates as a waste transfer station whereby Veolia delivers waste arising from street cleansing, commercial and residential waste operations, and Cory manage the waste freight disposal process via the Thames. The site also accommodates the salt store and Veolia vehicle parking /maintenance.
3. Cory's and Veolia's use of the Wharf extends well beyond the Square Mile both in terms of services for other Local Authorities (LA) as well as Cory's 50 private commercial waste contracts, which generates circa £450,000 income for the Environment Department.
4. The wharf is safeguarded under planning policy as an operational wharf.
5. Any changes or new waste contracts are subject to approval by the GLA. Another interdependency includes CoL's arrangement with the London Borough of Bexley, to utilise their waste management (not disposal) capacity, to ensure that the CoL meets the Mayor's apportionment target for 100% net waste management self-sufficiency.
6. Members have agreed an asset management strategy to align all service contracts and leases for the depot and office building to a co- terminus end date of 2027. These include the current waste collection service with Veolia and the waste extraction with Cory.
7. The depot is nearing the end of its physical life. Short term investment has been unavoidable to both ensure the property is compliant as well as accommodating Veolia's electric fleet. This has resulted in forecast expenditure of £0.9m for roof repairs and £4.5m for the M&E upgrades.

## **The Proposal**

8. The Wharf is a key piece of infrastructure for London more broadly and already serves a number of other London boroughs. Redevelopment/repurposing would look to improve existing service offer/facilities as well as introduce a new river freight function, and possibly 'last mile' or other complementary uses. This aligns with the CoL's transport strategy to reduce motor vehicle use in the Square Mile and increase use of the river for freight; this will support efforts to transition to zero-emission transport to reduce carbon emissions and improve air quality. It also aligns with the emerging Port of London Authority strategy to develop a freight operation on the Thames and similarly contribute to reduced vehicle use more broadly.
9. In addition, the renewal of Walbrook Wharf provides the opportunity to address its poor environmental performance and contribute to the CoL's net zero emissions target.
10. The enhancement of the wharf is expected to be delivered through the whole or part redevelopment of the site and associated commercial/office opportunities. The CoL project expenditure is therefore primarily for CoL multi-disciplinary consultancy support from the point of the Environment Department's service brief development and City Surveyor's Department property brief, through to the successful delivery of the new/renewed facilities.

## Programme

11. As this is a City Fund asset, any services and respective development will need to be secured through public procurement. While 2027 may look a long way off, this is a very complex project requiring brief development across a number of CoL services together with external partners and potentially the introduction of a new river freight service, which is outside of CoL's current usual expertise. Design development together with securing planning consent, need to also be factored into the timeframe
12. Drawing from the experience of the Power Purchase Agreement which was similarly complex, it is assumed that the procurement process through to contracting will be between 15-18 months.

| 2022  | 2023  | 2024                            | 2025                                      | 2026 | 2027                 |
|---|---|---------------------------------|---|------|----------------------|
| Procure consultancy support.<br>Service and procurement design. | Public Procurement of services including lead development partner | Contract and Design development | Planning Submission and works contracting |      | VP and start on site |

13. Failure to keep to this timeframe will create added complexity as any extension of the current contract requires at least two years lead in, given the interdependencies. Therefore, officers may have to run two parallel processes.
14. In addition, given the age of the property in respect to maintenance, and decisions regarding climate action interventions, extending this timeframe could result in abortive expenditure.

## Project Cost

15. The CoL project cost from inception to delivery of the renewed Wharf is estimated to be between £700,000 - £1,000,000, subject to the option appraisals and preferred option chosen by members. The project's objective is to secure significant external investment in order to fund the renewal of the wharf.
16. The initial £150,000 funding request will enable consultancy services to be procured to support with the following work areas ahead of the services/capital public procurement in 2023.
  - I. Utilisation survey review of service area and design of revise layouts
  - II. Review of current Legal Agreements
  - III. Specialist supply chain advise to review marine freight pricing and volume assumptions
  - IV. Commercial business model options, including capital investment
  - V. Service brief development across waste, cleansing, potentially freight and wharf operations
  - VI. Procurement Strategy and design of process
17. A cost which will be deferred to a subsequent RASC bid for 2023/24 will include the full condition survey estimated at £150,000. This will be required to fully understand the scope for intervention.

## **Corporate & Strategic Implications**

### **18. Environment Department**

Supports delivery of the department's business plan aims and objectives:

- Advancing a flexible infrastructure that adapts to increasing capacity and changing demands
- Improving the quality and safety of the environment for businesses, workers, residents and visitors

Supports delivery of Transport Strategy outcomes:

- Street space is used more efficiently and effectively
- The Square Mile's air and streets are cleaner and quieter
- Delivery and servicing are more efficient, and impacts are minimised
- The Square Mile benefits from better transport connections

Supports the aim of the Current Waste Strategy:

- Sending Zero waste to landfill

Supports the aims of the City's Current Reduction and Recycling Plan:

- Maximising local waste sites - Maintain use of Walbrook Wharf Waste Transfer Station for refuse disposal

Supports the aims of the developing Circular Economy Strategy:

- Work collaboratively with Government, Pan London organisations, neighbouring boroughs and businesses to accelerate London's transition to a Circular Economy
- Put in place measures which maximise resource efficiency and circularity within the Square Mile

### **19. CSD**

Climate Action Strategy (CAS)

- Support net zero emissions through project delivery (Operational estate by 2027 and 2040 across the full value chain).
- Positioning investment portfolio to meet targets.
- Review and assess the impact of the City's Climate Resilience Measures on our Capital Build Projects.

Corporate Property Asset Management Strategy

- Efficient –rationalising and improving utilisation.
- Effective – meeting the needs of asset occupiers.
- Sustainable –delivering CAS objectives, building resilience and championing sustainable growth.

## **Conclusions**

20. Renewal of this asset may contribute to CoL's transport strategy and air pollution targets for the Square Mile, as well as contributing to CoL net zero emissions targets.

21. Alongside this, renewal and enhancement of this unique wharf serving the square mile may provide an opportunity to develop a key piece of infrastructure more broadly for London as a whole. However, the timeline is critical given the complexity of the current service provision, future waste management requirements and the ambition to introduce new river freight into this wharf. The sooner this project is initiated, the sooner strategic decisions can be reached around its future, and allow informed decisions regarding interim maintenance activity to avoid abortive expenditure and climate action interventions towards net zero.

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