

<b>Committee(s):</b> Policy & Resources	<b>Dated: 20 January 2022</b> [Meeting Date]
<b>Subject:</b> Quarter 3 update on Climate Action	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	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>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>Y</b>
<b>Report of:</b> Town Clerk	Public  <b>For Decision</b>
<b>Report author:</b> Simi Shah, Project Director, Climate Action Grace Rawnsley, Programme Director, Climate Action Stuart Wright, Climate Action Programme Manager Julia Makin, Climate Action Stakeholder Engagement Lead	

### 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 quarter 3 review of the inaugural year. It includes a description of progress made as well as potential risks for the programme.

### Recommendation

The Policy & Resources Committee is recommended to:

- i. Note the progress, risks and issues arising between October to December 2021 of year 1 of implementing the Climate Action strategy.
- ii. Approve delegated authority for approval of the initial Y2 plans and budget.

### Main Report

#### Background

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 Court approved an overall funding envelope of £68m to deliver the strategy up to 2027 and the Year 1 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 relevant Service Committee and Policy and Resources receive a quarterly update on progress.
  4. In July 2021, this committee approved delegated authority powers in relation to project delivery for the Senior Responsible Officer of CAS. This authority continues to bring 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.

### **Progress against targets**

7. In order to measure and report progress against our targets transparently, a Climate Action Dashboard is in final stages of development and will be live this quarter. 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 April 2022-23, this dashboard will be used as the basis for progress reporting to Committees.
8. 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 on climate action.

9. 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 2018-19 is used.

### Progress against delivery plans

10. The following chart summarises the delivery status of the 13 workstreams delivering Climate Action against the original Y1 plans:

Workstream	Status
Strategic Implementation Support	Amber
Buildings - Corporate Properties and Housing	Amber
Buildings - Investment Properties	Amber
Buildings - Capital Projects (Standards) + Resilience	Red
Purchased Goods and Services	Amber
Square Mile	Red
Cool Streets and Greening	Green
Mainstreaming Resilience	Green
Heart of the City and SME Engagement	Green
Financial Investments	Green
Carbon Removals and Land Management	Amber
Transport	Green

11. Green rated workstreams are all on track in terms of Y1 actions.
12. Those marked amber are those where there are one or more actions which will happen later in the year than anticipated. However, the majority are on track to be completed by end of Year 1 with a handful of exceptions that will need to be progressed within Y2.
13. Those marked red have actions that were meant to be initiated in Y1 and have not yet started.
14. While some delay is inevitable in the inaugural year of a new programme, these movements are being closely monitored with Member and officer governance. Workstreams that are marked as Amber or Red receive weekly monitoring at the operational level. Service areas are being supported to increase momentum with special emphasis on actions relating to 2027 targets.
15. At the present position, none of the delays are anticipated to compromise the 2027 or 2040 targets.
16. There were a number of items that were noted as delayed in the previous quarterly report. Updates on these items are as follows:
- Resourcing delays: at the time of writing recruitment is still underway for the Purchased Goods and Services, Buildings, and Carbon Removals workstreams. A verbal update on all will be given at Committee.

- Initiation of sequestration study in the open spaces workstream to quantify additional carbon removal capacity has now begun and is due to provide results in February 2022.

## **Change Control**

17. No changes in timing, scope, or budget are required for Member decision at this time.

## **Achievements**

18. Summary of key actions for this quarter include:

### **Buildings – Corporate Properties & Housing**

- Ten (10) out of 15 top emitting buildings have had initial surveys.
- £800k Social Housing Decarbonisation Fund bid for William Blake and Southwark Estates. Focusing on heating controls, loft insulation, windows and door replacements and high efficiency lighting, supporting an existing capital works programme. Result due January 22.

### **Buildings - Investment Properties**

- The specifications for the phase 1 and 2 asset level surveys of the Investment Portfolio have been agreed. Consultants to carry out surveys have initiated work with 22/51 buildings surveyed to date. The remainder will take place before 31<sup>st</sup> March 2022.

### **Carbon Removals and Land Management**

1. Patmore's field – the wild flower meadow has been sown and site soil samples taken for carbon baseline.
2. Carbon study tendered, consultant appointed and work started.
3. Consultant appointed and started work on tree planting plan for Copped Hall and its Environmental Impact Assessment.

### **Cool Streets & Greening**

- Riverside Strategy Adoption in November 2021.
- Secured partnership funding with British Geological Survey for below ground mapping of opportunities for installation of resilience measures.

### **Financial Investments**

- Production, adoption and dissemination of the Taskforce for Climate Disclosure (TCFD) report in October 2021

### **Purchased Goods & Services**

- 84 connections were made between SMEs and contractors during the Meet the Cities event in October 2021 co-hosted with Westminster Council at the Guildhall.
- Top 25 suppliers engagement programme launched.

### **Mainstreaming Climate Resilience**

- Commissioning of markets resilience work underway.

### **Square Mile**

- Planning Advice Note drafted on expectations for Applicants for Whole Life Carbon - as preliminary step to the scheduled Supplementary Planning Document.

### **Strategic Implementation Support**

- Created and design Climate Action Performance Dashboard in Microsoft Power BI for public launch in Q4.
- Developed new financial, risk and progress monitoring system.

### **Transport**

- Initiated Consolidation Feasibility Study
- Phase 1 Pedestrian Priority Programme Gateway 3-5 report was approved

### **Heart of the City & Small/Medium Sized Enterprise Engagement**

- Supported climate-focussed Business Leader Breakfast for 60 SMEs at Mansion House organised by Heart of the City on 23rd October to encourage take-up of the Course 'Climate: 4 Steps to Action'. Further positive links being explored with IPG workstream, where commercial tenants can be signposted to Heart of the City's Climate Course.

19. Summary of engagements by key audience this quarter include:

### **Political and Global**

- Chair of Policy and Resources appeared on UK Cities Climate Investment Commission (UKCCIC) panel on the City Investment Imperative for Net Zero on 3rd November.
- Vice Chair of Policy and Resources led a panel for the launch of the CCIC report on October 21st and at subsequent Advisory Board meetings this quarter. We continue to contribute to UKCCIC through our relationship with London Councils and its political Advisory and officer-level Steering and Reference groups.
- Sherriff level participation in a COP26 Cities Day Carbon Trust panel in Glasgow on how to translate climate plans to action on 11th November.
- Shared approaches to climate action through biodiversity, greening and climate resilience at a Green Cities Briefing hosted by the Association of Horticultural Producers and the Worshipful Company of Gardeners on 7th December.
- Shared approach to engaging suppliers to deliver circular and net zero solutions at a Borough Climate Conference organised by London Councils on 15th October.
- Shared approach to Scope 3 accounting measures across London with sustained attendance at working group convened by London Councils.
- Met with residents of Collinson Court on 12th October set out ways that we could improve approach to engaging residents beyond City estates. Prompted development in partnership with CCS of a list of community contacts, and channels through which to feed climate communications.

- Attended event hosted by Golden Lane residents to 'Imagine a Net Zero Golden Lane' on 24th October. Shared a verbal update for housing and next steps, Housing FAQs and wider plans under CAS and climate web resources of interest to residents.

### **Business**

- Tightened criteria for the Air Quality and Climate Action category of the Clean City Awards Scheme (CCAS) and incorporated a special focus on reducing excess lighting from tall buildings in the City. Winners announced in March 2022.
- Presentation at a Department for Business Energy & Industrial Strategy (BEIS) online event for SMEs.

### **Young People**

- Engaged approximately 50 students from the City of London family of Schools at the Eco-schools conference in partnership with Mock-Cop26 on 8<sup>th</sup> November and delivered a climate workshop to the City Youth Forum, on October 27<sup>th</sup> with 12 forum members, to develop a social media campaign for the new year to engage more young people involved in climate issues.

### **Public and Media**

- Promoted progress for the natural environment under CAS with media releases on 20<sup>th</sup> October and 18<sup>th</sup> November respectively about 42-acre wildflower meadow planted on Epping Forest Buffer Lands in support of Carbon Removals workstream and the adoption of a new Riverside Strategy in support of our Resilience workstreams.

### **Financial update**

20. The chart below summarises the financial position of the revenue element of the programme at the time of report publication. The difference between the budget envelope and the amount needed to draw for spend is from several reasons. These are: 1) combination of operational efficiencies discovered in the inaugural year and 2) unrealised or delayed actions including delays in recruitment.

	Budget Envelope	Total Projected Spend
Revenue	3.427m	2.695m
Supplementary Revenue	1.670m	1.095m

21. Funding will be drawn down at the end of the financial year to meet the costs incurred on each fund from the funding sources agreed. A new allocation for CAS will be requested for Y2 for approval from this Committee, following review by Service Committees and the BHE Board.

22. In light of the elections, it is proposed this be dealt with under delegated authority. Detailed Y2 planning will be completed in late February and there is

not sufficient time to present at March Committee. Y2 plans will be circulated to members of this Committee and the relevant service committees prior to 1<sup>st</sup> April 2022.

23. The projected capital slippage of £1.895m<sup>1</sup> is solely from the Corporate and Investment Property workstreams in Y1 is due to 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. Receipt of public or other grant funding allows the CAS programme to better secure the 2027 target and possibly go farther and faster against our targets.
- A portion of the capital budget was to pick up early new opportunities coming from site 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 early 2022 rather than late 2021.

24. The revolving mechanism to capture financial savings from the corporate energy bill has been developed. It is set to capture the savings from the Public Sector Decarbonisation Scheme projects with immediately effect. It will capture the savings from the capital interventions under CAS when they come online from 2022-23. This means any revenue savings made through the CAS and other grant initiatives will be transferred to the Build-Back-Better fund for new policy initiatives, principally relating to the CAS. A profile of savings will be reported to this Resource Allocation Sub-Committee (RASC) and the Corporate Asset Sub Committee (CASC) with regular frequency.

## **Risk**

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 13<sup>th</sup> July 2021.

26. At the October RASC Away Day Members requested a programme delivery risk log to be included in future P&R updates. This is now included in Appendix 1.

27. A summary of the most pressing delivery risks include:

- As noted above, delays in resourcing for full capacity to deliver the programme is a continued trend across workstreams. A buoyant market for sustainability and internal foci on the TOM are understood to be the main causes. Resolving these gaps is a weekly operational focus.
- Decisions outstanding on major projects such as the Guildhall Master Plan, Barbican Arts Centre and Markets Co-location continue to create uncertainty in the Corporate Properties Group workstream for CAS. As

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<sup>1</sup> Against an original allocation of £5.35m in Y1

these buildings are amongst the highest emitters for the operational estate, understanding their future is essential in planning for the 2027 CAS target.

- Further delays in capital interventions could lead to a delay in recouping the savings needed to fund the future stages of the programme.
- Construction inflation, labour and material shortages are contributing to additional costs and delays. This is a corporate wide issue not limited to CAS interventions. Options to mitigate the impact are under review, such as early purchase of equipment and contract amendments.

## **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. As the programme has gone from inception to full implementation, it has and will continue to be in a constant state of learning to inform the further success of the CAS.

## **Appendices**

### **Appendix 1 CAS Programme Risk Register**

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## Appendix 1 CAS Programme Risk Register

Project	Description summary	Summarised risk rating	Target affected	Risk response
Carbon Removals and Land Management	Negotiations with respective tenants for land considered to be of benefit for the Carbon Removals Project as part of the Climate Action Strategy are yet to be concluded	High	2027 Corporation	Additional consultancy has been retained to support fair and efficient process to negotiations.
Buildings – Resilience	Delay in resourcing planned posts impacting delivery targets	High	Resilience Corporation	A climate resilience/sustainable design expert will be sourced as part of the Centre of Excellence capacity-building work for FY21/22.
Square Mile	Delivery of Local Energy Plan delay due to project complexity	High	2040 Square Mile	A working group at officer level has been identified from Environment, Strategic Implementation and Surveyors to identify refreshed approach. A new Square Mile project manager is due Jan 22. This individual has expertise in developing local energy plans and will allow for a higher prioritisation.
Buildings – Capital Projects (Standards)	Failure to secure specific technical capacity to inform key building design and planning application decisions relating to the whole life carbon of major developments.	High	2027 Corporation 2040 Corporation 2040 Square Mile	A consulting project has been commissioned to evaluate a representative sample of capital projects and their whole life carbon impact. In negotiations with a provider to deliver wrap around support to this workstream as part of the Centre of Excellence, which should accelerate action.
Strategy Implementation Support	Capture of financial savings to energy bill	High	2027 Corporation	Mechanism is in place and awaiting capital interventions to come online to recoup savings.
Strategy Implementation Support	Buoyant talent market for sustainability	High	2027 Corporation 2040 Corporation 2040 Square Mile Resilience Corporation Resilience Square Mile	Introduce nimble recruitment procedures for select CAS positions. Weekly monitoring of open positions.
Strategy Implementation Support	Y1 inertia bleeds into Y2	High	2027 Corporation	Regular communication of delays to Chief Officers and weekly monitoring of progress for projects at higher risk of delays.

Buildings – Corporate Properties & Housing (landlord areas)	Uncertainty over future of Major Projects	High	2027 Corporation	Officers to prepare scenarios for decision making on interventions highlighting Guildhall following the receipt of the surveys of top emitters in Corporate Estate. Implications for CAS to be integrated into decision making on other Major Projects i.e. Markets.
Strategy Implementation Support	Construction inflation, labour and material shortages are contributing to additional costs and delays. This is a corporate wide issue not limited to CAS interventions but will of course impact several CAS workstreams.	High	2027 Corporation 2040 Corporation	Options to mitigate the impact are under review, such as early purchase of equipment and contract amendments.
Strategy Implementation Support	Potential for delivery delays due to resident groups not being sufficiently engaged and/or supportive of climate action measures	High	2027 Corporation 2040 Corporation	A dedicated engagement plan for each residential community to be in place for Mar 22 alongside implementation of the Housing Action Plan to replace all resident plan.
Strategy Implementation Support	Delivery delay due to programme complexity	Medium	2027 Corporation 2040 Corporation 2040 Square Mile Resilience Corporation Resilience Square Mile	Ongoing development of programmatic controls on risk, financial management and stakeholder engagement are being made. A CAS team coordinator joining team to support Programme Manager and new provider identified for CAS public dashboard.
Carbon Removals and Land Management	Delay in resourcing planned posts impacting delivery targets	Medium	2027 Corporation	New post required regrading following no full responses being received. Interviews for regraded post scheduled for January 2022.
Buildings – Investment Properties	Delay in resourcing planned posts impacting delivery targets	Medium	2040 Corporation	A Sustainable Property Specialist will be sourced to support the Investment Property Group as part of the Centre of Excellence capacity-building work for FY21/22.

Buildings – Corporate Properties & Housing (landlord areas)	Delay in resourcing planned posts impacting delivery targets	Medium	2027 Corporation	New Energy Project Managers will be sourced to support the CAS operational property work as part of the Centre of Excellence capacity-building work for FY21/22.
Financial Investments	Uncertainty of the timing of strategic asset allocation for financial investments	Medium	2040 Corporation	Highlight dependencies to Member and officer decision making channels
Purchased Goods and Services	Dependency of workstream on Top 25 supplier engagement and delay in resourcing planned posts impacting delivery targets	Medium	2040 Corporation	Accelerate recruitment efforts for consultancy support of this element and data and monitoring officer
Mainstreaming Climate Resilience	Delay in resourcing planned posts impacting delivery targets	Low	Resilience Square Mile	A new Environmental Resilience Officer has now been appointed, as part of planned structure of the Environmental Resilience team, part of the Environment service area. This should accelerate action.
Financial Investments	Delay in resourcing planned posts impacting delivery targets	Low	2040 Corporation	Mitigation in Place: Momentum towards recruitment in Q4 with post included in TOM and in place by 31 Mar.
Carbon Removals and Land Management	Consulting study on additional sequestration beyond 2027 target levels delay due to soft market testing and project complexity	Low	2040 Corporation	This study has now commenced, with a completion date of end of February 2022.
Heart of the City & Small/Medium Sized Enterprise Engagement	Lack of full coverage to internal City Corporation and external audiences in relation to resources available to SMEs.	Low	2040 Square Mile	The Square Mile project board has made connections to other COLC workstreams, including those focused on green skills, to aide increasing the awareness of the climate courses and training materials that are now available through HOTC.