

Committee	Date
Bridge House Estates Board	16 February 2022
Subject: BHE Contingency Fund Request - Investment Property Portfolio surveys to understand Climate Action needs	Public
Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?	2 & 3
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£150k
What is the source of Funding?	BHE Central Contingency Fund
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: The BHE & Charities Finance Director (representing The Chamberlain)	For decision
Report Author: Sachin Shah (BHE Transformation Project Accountant)	

Summary

This report requests the approval of a 2021/22 forecast expenditure increase of £150k to cover the expenditure required to undertake surveys across BHE's directly managed investment property portfolio. The surveys will assess the requirements to comply with the government's energy performance certificate (EPC) minimum ratings target of 'B' for non-domestic properties by 2030 in addition to contributing to meeting the Climate Action Strategy (CAS) carbon emissions targets, in particular achieving net zero by 2040. Funding for this activity has previously been identified as being from within the BHE Designated Sales Pool, in line with recommendations from the Property Investment Board. Allowing these costs to be met through the BHE Central Contingency Fund (unrestricted funds) would facilitate the Designated Sales Pool (permanent endowment fund) spend to focus on the direct improvements required across the BHE property investment portfolio.

Recommendation

It is recommended that the Bridge House Estates Board:

- i. Approve funding of £150k from the BHE Central Contingency Fund, to enable the cost of the surveys of the directly managed investment property portfolio required to assess the works required to achieve EPC 'B' by 2030 and net zero in carbon emissions by 2040, to be met from BHE revenue funds rather than from within the Designated Sales Pool.

Main Report

Background

1. The Climate Action Strategy (CAS) aims are to:
 - a. Support the achievement of net zero
 - b. Build climate resilience
 - c. Champion sustainable growth
2. In order to take stock of how the investment properties currently contribute towards carbon reduction and also to determine the extent of the measures required across

the investment property portfolio, detailed surveys have been approved to be undertaken.

3. The funds required to undertake these surveys are currently allocated from within the Designated Sales Pool, within the permanent endowment fund. However, as part of the overall CAS commitment in achieving net zero, it is requested that the cost of these property surveys be now met through revenue funds from the uncommitted balance of the BHE Central Contingency Fund. Funds held within the Designated Sales Pool are therefore retained for direct improvements to the investment properties held.

Corporate and Strategic Implications

4. Strategic implications: The activities of the CAS support the aims and objectives of BHE's overarching strategy, *Bridging London 2020 – 2045*. The surveys support identification of the improvements required across the property portfolio as part of the aim of achieving net zero carbon emissions.
5. Resource implications: Funding of £150k is requested from the BHE Contingency Funds 2021/22 allocation. The remaining uncommitted balance held within the Central Fund, prior to this request, at the end of January 2022 is £240k.
6. Legal implications: nil.
7. Equalities implications: BHE is committed to equal opportunities in service provision and for all its employees and promotes equity, diversity and inclusion in its employment practices.
8. Financial implications: A budget uplift for 2021/22 of £150k for surveys undertaken across the BHE investment property portfolio to be approved, funded from the BHE Central Contingency fund. As this amount has been granted solely for this specific purpose it will be held within the City Surveyor's central risk budget for BHE. Any underspend as a result of timing of the project can be requested under the carry forward process.
9. Climate implications: nil
10. Security implications: nil

Conclusion

11. The recommendation to approve an increase of £150k to the City Surveyor's 2021/22 revenue budget held on behalf of BHE, will enable the funding of the property survey costs relevant to the CAS to be met through the BHE unrestricted income funds, leaving the Designated Sales Pool (held within the permanent endowment fund) to be utilised for direct improvements to the BHE investment property portfolio.

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