

<b>Committee:</b> Bridge House Estates Board	<b>Date:</b> 6 July 2022
<b>Subject:</b> Year 1 Quarter 4 Update on Climate Action and Year 2 plans	<b>Public</b>
<b>Which outcomes in the BHE Bridging London 2020 – 2045 Strategy does this proposal aim to support?</b>	2
<b>Does this proposal require extra revenue and/or capital spending?</b>	Yes
<b>If so, how much?</b>	£123k
<b>What is the source of Funding?</b>	CAS contingency fund (funded from the BHE designated fund for CAS)
<b>Report of:</b> Damian Nussbaum, Executive Director Innovation and Growth	<b>For Decision</b>
<b>Report author:</b> Grace Rawnsley, Project Director, Climate Action, Innovation and Growth	

### Summary

In October 2020, the Court of Common Council approved an ambitious Climate Action Strategy (CAS), both as Trustee of Bridge House Estates (BHE) and in delivering its wider functions and activities. The CAS is a transformative programme for the City Corporation (in all its capacities) to reach net-zero carbon emissions, build resilience and champion sustainable growth. In July 2021, the BHE Board approved the year 1 plan for the areas relating to BHE in the CAS programme. This paper reports the progress of CAS actions at quarter 4 of year 1 in relation to BHE activities. It also summarises the plans for the upcoming year and requests confirmation on the funds needed for implementation.

### Recommendations

It is recommended that the Bridge House Estates Board, in discharge of functions for the City Corporation as Trustee of Bridge House Estates (Charity no. 10345628) and solely in the charity's best interests:

- i) Note the progress made in year 1 of the CAS programme as of Q4 results;
- ii) Note the overall achievement of the targets remains on track;
- iii) Note a total budget of £442k is required for the year 2 revenue expenditure requirements in the 22/23 financial year. £319k has been included in the 22/23 BHE budget, including £153k carried forward from 2021/22; and,
- iv) Approve the additional £123k of revenue funding for 22/23 from CAS contingency funds (funded by the CAS designated fund) to ensure adequate resources for planned work in BHE areas.

## **Background and context**

1. The Climate Action Strategy (CAS) was adopted by the Court of Common Council for the City Corporation, both as Trustee of BHE and in delivering its wider functions and activities, on the 8<sup>th</sup> of October 2020. This marked the start of a new and transformative programme of action. It set out three interlinked primary objectives for the City Corporation (including BHE) and the Square Mile:
  - a. to support the achievement of net-zero emissions,
  - b. to build resilience, and
  - c. to champion sustainable growth.
2. The strategy was adopted with action plans across thirteen delivery areas to collectively achieve overall targets of:
  - a. Net Zero in our own operations by 2027
  - b. Net Zero in our value chain by 2040
  - c. Net Zero in the Square Mile by 2040
  - d. Climate resilient in our buildings, public spaces and infrastructure
3. Six of the thirteen areas relate to BHE interests (Design standards (capital projects), Buildings – resilience, Buildings – Investment properties, Financial Investments, Purchased Goods and Services, Strategy implementation). In July 2021, the BHE Board approved the YR1 plan and associated budget for BHE related elements of the programme.
4. Progress updates are due to the BHE Board on a regular basis.

## **Progress against targets**

5. To report progress against our targets transparently, a Climate Action Dashboard is in final stages of development. The dashboard will allow tracking to take place across an initial 25 management KPIs. It will also track the main reporting KPI of our footprint as expressed in tonnes of CO<sub>2</sub>e (Carbon Dioxide Equivalent). CAS teams have identified and are evaluating an additional 25 management KPIs. These additional KPIs will further improve the ability to evaluate overall progress. From July 2022, this dashboard will be used as the basis for progress reporting to Committees.

## **Progress against delivery plans**

6. The following chart summarises the delivery status of the 6 workstreams, relevant to BHE, delivering Climate Action against the original Y1 plans at the end of Q4:

Workstream	Status (Q3)	Status (Q4)
Strategic Implementation Support	Amber	Amber
Buildings - Investment Properties	Amber	Amber
Buildings - Capital Projects (Standards)	Red	Red
Buildings - Resilience	Amber	Amber
Purchased Goods and Services	Amber	Amber
Financial Investments	Green	Green

7. Green rated workstreams are all on track in terms of actions originally planned for Y1.
8. Those marked amber are those where there are one or more actions which will happen later in the programme than anticipated.
9. Those marked red have actions that were meant to be initiated in Y1 and have not yet started. The work on capital projects was delayed due to difficulties securing resources. It is now being supported by a Centre of Excellence embedded within the City Surveyors team. This workstream will be back on track in year 2.
10. While some delay is inevitable in the inaugural year of a new programme, these movements are being closely monitored between Member and officer governance. Workstreams that are marked as Amber or Red receive heightened monitoring at the operational level. Service areas are being supported to increase momentum with special emphasis on actions relating to 2027 targets.
11. At the present position, none of the delays are anticipated to compromise the 2027 or 2040 targets.

## Year 2 plans

12. Six areas in the year 2 programme relate to BHE interests. The project plans for these areas are available to Members upon request. These outline the specifics of the work that BHE would be contributing to. Key highlights for year 2:
  - a. **Design standards:** Consultancy work on developing the design standards which include whole life carbon analysis and technology standards is underway.
  - b. **Resilience in Buildings:** Climate change impact modelling is underway to identify assets with a heightened risk and need for enhanced resilience measures. This will inform a Resilience Action Plan that will be organised by fund and several pilot projects will be identified.

- c. **Net Zero in Investment Properties:** Energy assessments of 22 BHE properties are underway with an additional 19 scheduled. These will include details on costs to upgrade major refurbishment works to EPC grade B. This will form the basis of a portfolio level operating plan to reach our emission reduction targets by 2040.
  - d. **Financial Investments:** Y2 sees the arrival of a full-time Responsible Investment Engagement Manager. This post will work to implement a full engagement plan to ensure fund managers are adhering to expectations laid out in the Taskforce for Climate-Related Financial Disclosures (TCFD) report.
  - e. **Purchased goods and services:** Year 2 will focus on working with the Corporation's top 25 suppliers by emissions to set targets and reduction plans. The project will adapt contracts and procedures to ensure that a wide range of climate considerations are included.
  - f. **Strategic Implementation:** Year 2 will focus on delivering the first performance report for CAS as well as publishing the live dashboard. Continuous improvement and support across the programme will also be a focus of year 2.
13. The financial budgets for the Year 2 activities have now been finalised, with a request now being made for an additional £123k for this year, being amounts brought forward within the overall plan for this project. These costs are requested to be funded from the BHE Designated Fund for Climate Action and will supplement the original budget approved for 2022/23 and those costs already approved under the carry forward process for projects that were not completed in 2021/22 as originally expected.

### **Corporate and strategic implications**

14. Strategic implications: The activities of the CAS support the aims and objectives of BHE's overarching strategy, Bridging London 2020 – 2045. The activities will support the charity in becoming a world-class bridge owner, charitable funder and responsible leader.
15. The wider CAS also supports delivery against the following outcomes in the Corporate Plan, 2018-23: outcome 1, 5, 7, 10, 11 and 12. The wider CAS strategy builds upon existing City Corporation 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 Carbon Descent Plan, 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.
16. Resource Implications – The resourcing implications are listed in detail in the recommendations.
17. Finance Implications – an additional £123k is requested for Year 2 revenue expenditure, to be funded from the BHE designated fund for Climate Action.

18. Risk Implications – To manage risk effectively in the programme, all delivery areas have a risk register and the overall risks are controlled through a corporation level risk CR30 – Climate Action Strategy.

19. 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. No negative impacts were identified. Potential equalities impacts will be investigated and assessed on an ongoing basis.

20. No new legal or security implications arise from the recommendations in this report.

## **Conclusion**

21. Significant progress has been made on CAS within year 1 in areas relevant to BHE. Some workstreams have experienced delays but these delays are unlikely to compromise the 2027 or 2040 targets. However, continued work is required across all the projects and this paper notes the key milestones for year 2 of the programme.

### **Grace Rawnsley**

Project Director, Climate Action

Innovation and Growth

E: [grace.rawnsley@cityoflondon.gov.uk](mailto:grace.rawnsley@cityoflondon.gov.uk)

M: 07807525494