Project Coversheet

[1] Ownership & Status

UPI: 12454

Core Project Name: Climate Action Strategy Capital Delivery Programme – Heat Decarbonisation

Programme Affiliation (if applicable): Climate Action Strategy (CAS) – Capital Delivery Programme for Operational Buildings
Project Manager: Mark Donaldson
Definition of need: this project is part of the 'Climate Action Strategy (CAS) – Capital Delivery Programme for Operational Buildings' which aims to deliver reductions in the carbon emissions of our operational buildings in support of the City Corporation's net zero 2027 goal as set out in our Climate Action Strategy.
Key measures of success:

- Achieve a reduction of at least 175 tCO_2e carbon emissions per year by 2027.
- An overall cost of carbon reduction of under £20,000/tCO_2e by 2027.
- Operation of new heating plant by end of March 2026 in order to provide a full year benefit to our 2027 target.
- Good continuity and performance of the new heat generation plant.

Expected timeframe for the project delivery: Completion by Q2 2026.

Key Milestones:

- Q3 2024/25: GW3/4 for each sub-project (Dec-24)
- Q4 2024/25: GW5 for each sub-project (Mar-25)
- Q1 2025/26: Works start on-site (Jun-25)
- Q4 2025/26: Works complete on-site (Mar-26)
- Q1 2025/26: Practical completion (Jun-26)
- Q4 2026/27: GW6 (Mar-27)

Are we on track for completing the project against the expected timeframe for project delivery? Y

Has this project generated public or media impact and response which the City of London has needed to manage or is managing?
No.

[2] Finance and Costed Risk

Headline Financial, Scope and Design Changes:

'Project Briefing' GW1 report (approved by City Surveyor on 26/06/2024):

A GW1 paper titled 'Climate Action Strategy Capital Delivery Programme – Heat Decarbonisation' set out a project to commence the decarbonisation of the heat supplies to our larger corporate buildings in support of the 2027 net zero carbon target within our Climate Action Strategy. This project will prioritise opportunities

for supplementing, or replacing, gas boilers primarily with electrically driven heat pumps to generate on-site low carbon space heating and hot water.
The project benefits:
Reduction in carbon emissions from our corporate properties by March 2026.
Good continuity and performance of the new heat generation plant.
An overall cost of carbon reduction of under £20,000/tCO2e by 2027.

Delivery cost:
Lower Range estimate: £3,163,749
Upper Range estimate: £3,638,311

Delivery timeframe:
Lower Range estimate: June 2024 – December 2025
Upper Range estimate: June 2024– June 2026

'Project Proposal' GW2 report (subject to approval):

A GW2 paper titled 'Climate Action Strategy Capital Delivery Programme – Heat Decarbonisation' is being presented to RASC for decision on 11th July 2024.

The paper sets out the commencement of the decarbonisation of the heat supplies to our larger corporate buildings in support of the 2027 net zero carbon target within our Climate Action Strategy. This project will prioritise opportunities for supplementing, or replacing, gas boilers primarily with electrically driven heat pumps to generate on-site low carbon space heating and hot water. The project will encompass multiple corporate sites, and each will be developed separately as a sub-project progressed through separate subsequent gateway papers.

The following summarises the figures presented in the GW2 paper:

- Total Estimated Cost (excluding risk): £3,163,749
- Resources to reach next Gateway (excluding risk): £40,881
- Spend to date: £0
- Costed Risk Against the Project: £26,241
- CRP Requested: £9,491
- CRP Drawn Down: £0
- Estimated Programme Dates:

  Q3 2024/25: GW3/4 for each sub-project (Dec-24)

  Q4 2024/25: GW5 for each sub-project (Mar-25)

  Q1 2025/26: Works start on-site (Jun-25)

  Q4 2025/26: Works complete on-site (Mar-26)

  Q1 2025/26: Practical completion (Jun-26)

  Q4 2026/27: GW6 (Mar-27)

Total anticipated on-going commitment post-delivery [£]: £34,378 per year related to higher energy costs is currently estimated based on the proposed sub-projects and current energy prices. There will also be higher maintenance costs associated with the new heating plant and solar panels, whose cost will be confirmed at the next gateway. Note, the GW2 paper states "The sites will also be included in

the wider CAS programme to improve the efficiency and control of energy with the overall aim to achieve net-neutral site-level energy cost to meet net zero for the site".