

PROJECTS SUB (POLICY AND RESOURCES) COMMITTEE

Thursday, 25 June 2020

**Minutes of the meeting of the Projects Sub (Policy and Resources) Committee
held online at 11.30 am**

Present

Members:

Deputy Keith Bottomley (Chairman)	Deputy Edward Lord
Deputy Jamie Ingham Clark (Deputy Chairman)	Andrew McMurtrie
Rehana Ameer	Deputy Catherine McGuinness
Randall Anderson	Benjamin Murphy
Karina Dostalova	James de Sausmarez
Sheriff Christopher Hayward	Deputy Philip Woodhouse

Officers:

Alistair MacLellan	- Town Clerk's Department
Rohit Paul	- Town Clerk's Department
Sarah Baker	- Town Clerk's Department
Antoinette Duhaney	- Town Clerk's Department
John Cater	- Town Clerk's Department
Dianne Merrifield	- Chamberlain's Department
Neil Hocking	- Chamberlain's Department
Danielle Maalouf	- Chamberlain's Department
Bukola Soyombo	- Chamberlain's Department
Nicholas Richmond-Smith	- Chamberlain's Department
Sam Collins	- Chamberlain's Department
Sean Austin	- Comptroller & City Solicitor's Department
Ola Obadara	- City Surveyor's Department
Peter Oscher	- City Surveyor's Department
Paul Murtagh	- Community & Children's Services Department
Ian Hughes	- Department of the Built Environment
Leah Coburn	- Department of the Built Environment
Clarisse Tavin	- Department of the Built Environment
Gillian Howard	- Department of the Built Environment
Paul Monaghan	- Department of the Built Environment
Emmanuel Ojugo	- Department of the Built Environment
Cecilie Booth	- City of London Police
Pete Digby	- City of London Police
Sarah Williams	- City of London Police
James Morgan	- City of London Police
Maria Woodall	- City of London Police
Tracy Alexander	- City of London Police

1. **APOLOGIES**

There were no apologies.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations.

3. **GATEWAY APPROVAL PROCESS**

RESOLVED, that the Gateway Approval Process be received.

4. **MINUTES**

RESOLVED, that the public minutes and non-public summary of the meeting held on 27 May 2020 be approved.

5. **PUBLIC ACTIONS**

Members considered a report of the Town Clerk regarding public actions and the following points were made.

41/2019/P – Housing Revenue Account (HRA) Commitments

- The Chamberlain noted that a report would be submitted to the July 2020 meeting, as more time was required to evaluate HRA commitments in light of COVID-19.

43/2019/P – Transport Strategy Note

- The Director of the Built Environment noted that this action would be the subject of a report to the July 2020 meeting.

2/2020/P – Central Criminal Courts Programme

- The Town Clerk noted that this action would be the subject of a report to the July 2020 meeting.

7/2020/P and 8/2020/P – Delegated Authorities

- The Town Clerk noted that the delegated authorities regarding Beech Street Clean Air and Gateway 6 Golden Lane Playground had not been required and had therefore expired. It was anticipated that both projects would be reported to the July 2020 meeting.

10/2020/P and 11/2020/P – COVID-19 Impact on Projects

- The Town Clerk noted that the actions regarding the value of COVID-19 affected projects and financial analysis of COVID-19 affected projects were covered elsewhere on the agenda.

RESOLVED, that this report be received.

6. **PERFORMANCE BONDS AND PARENT COMPANY GUARANTEES**

Members discussed the issue of performance bonds and parent company guarantees and the following points were made.

- The Property Projects Group Director noted that she had been in contact with the Sheriff to clarify the City's approach to performance bonds and parent company guarantees. The standard requirement of a performance bond was an on-demand bond of 10% of the contract and served to protect the employer should the contracted entity fail to meet its obligations. There were typically two types of bond: on-demand or conditional with the latter type of bond requiring evidence of contractor's default and loss to be provided by the client.
- The Chamberlain noted that performance bonds were not used by COL as a tool to check the financial standing of a contractor. The City had recently adopted a new process whereby potential contractors were both required to have a minimum turnover, and to undergo assessment by the City, as such, using requirement of a bond as an additional measure, could be disproportionate. The current assessment process establishes the 'risk appetite' on a contract, and then assesses the financial position of a bidder against that risk. Those with a high level of risk would be disqualified, and those graded 'amber' would be required to provide a bond or Parent Company Guarantee. This process notwithstanding, the City was mindful to be proportionate in applying the obligation to provide bonds. The question of how this would work in practice going forward would be considered by the Procurement Sub (Finance) Committee.
- The Chamberlain noted that there were protections in contract e.g. payment in stages, liquidated damages and a 'reserve' held back at end of contract.
- The Comptroller and City Solicitor added that Cabinet Office guidance stated that on-demand bonds should only be applied to high-value high-risk projects. This meant that conditional bonds were often the recommended approach which as noted previously did place a burden to provide evidence on the City. It was also common for contractors to include costs of bonds within overheads and profits – the City should request that bonds be reported as separate budget lines going forward.
- A Member queried whether this would make the costs of projects prohibitive for many contractors and whether a risk assessed balance could be struck when applying requirements for bonds. His preference would be for on-demand bonds as these would be a good indicator of the credit worthiness of potential contractors. (note earlier comment on being proportionate, where we already do checks)

- A Member commented that officers in City Procurement should be given the flexibility to decide whether bonds were appropriate on a case by case basis given it was a commercial decision.
- A Member agreed that a risk assessed approach was required and queried whether bonds were incorporated into existing City frameworks. In response, the Chamberlain noted that they could be built into the tender process but this could prove to be a disincentive for potential contractors. The Comptroller and City Solicitor noted that the JCT template contracts used under the City's Works Frameworks did include an option for performance bonds; and that potential bond requirements could be market tested with the Framework contractors in advance of a tender.
- A Member commented that the issue of bonds looked to be one for larger more high-risk contracts and cautioned against overcomplicating the project process. Members felt that it was important that the City's approach to bonds/performance guarantees was not out of step with the wider market.
- Given the issues raised related to business within the remit of the Procurement Sub (Finance) Committee and the Capital Buildings Committee, Members agreed that the minute of their discussions should be shared for information.

RESOLVED, that the minute of the Projects Sub-Committee's discussion regarding Performance Bonds and Company Guarantees be submitted to the Procurement Sub (Finance) Committee and Capital Buildings Committee for their consideration.

7. GATEWAY 2/3/4 - CITY STREETS: TRANSPORTATION RESPONSE TO SUPPORT COVID-19 RECOVERY (PHASE 3)

Members considered a Gateway 2/3/4 report of the Director of the Built Environment regarding City Streets: Transportation response to support COVID-19 recovery (Phase 3) and the following points were made.

- In response to a question, the Director of the Built Environment noted that phase 3 was a more localised phase compared to phases 1 and 2, in terms of its focus on areas within the City. Lessons learned from phases 1 and 2 included the need to be alert to changing government guidance, and the rate of return of the working population into the City.
- A Member queried whether the City could consider issuing a consolidated impact assessment to City businesses that drew together various strands of information that the City was privy to e.g. information received from Transport for London.

RESOLVED, that Members,

- Approve in principle the budget for Phase 3 to be a maximum of £650,500 subject to the confirmation of funding at Gateway 5.
- Note the overall forecast project budget for all three phases is now £1,699,244 (excluding risk).
- Note the proposal for a review report on all measures be submitted to committee after six months of the first measures being implemented (December 2020) (paragraphs 18-19).
- Approve the principle of up to 1,900 new cycle parking locations, at a maximum cost of £82,000, split by:
 - a maximum of 50 car parking spaces within the City's five car parks being reallocated to provide up to 500 cycle parking spaces (paragraphs 48-49).
 - a maximum of 81 on street parking bays/motorcycle bays to be reallocated to temporary cycle parking and/or seating as part of Phase 3 (paragraphs 50-55). This equates to a maximum 13% reduction in on-street parking bays to provide up to 650 cycle spaces.
 - and reallocation of other carriageway and possibly footway space to provide up to a further 650 spaces and potentially up to 100 spaces on private but publicly accessible land subject to necessary legal agreements and consents being obtained.
- Approve the 12 seating/greening locations listed in table 2 in section 12 and the proposed interventions; and note the indicative total cost of £480,500 to deliver all of the interventions; and note that if full funding is not available to deliver all locations, they will be prioritised in the order shown.
- Agree that the implications of approving recommendations 4 and 5 may be the possible reduction of up to £336K of parking income being transferred to the Parking Reserve Account (if the temporary measures are in place for six months)
- Approve the procurement route to purchase of infrastructure to enable seating, greening and activation via the City Corporation's Highways term contract, accepting an additional mark-up 8-10% on the total cost (paragraph 86).
- Approve the proposal to introduce a "school street" which involves closing the street outside Charterhouse Square School during the school starting and finishing times using an Experimental Traffic Order, and if successful would be made permanent.

- Agree to delegate approval for design, for making of Orders and Notices and related procedures and for implementation and operation for Phase 3 to the Director of the Built Environment in consultation with the Chair and Deputy Chairman of Planning & Transportation Committee and the Chairman and Deputy Chairman of the Streets & Walkways Sub Committee, subject to the receipt of funding.

8. GATEWAY 1/2/3/4 - TENANTS ELECTRICAL SERVICES TESTING AND SMOKE DETECTOR INSTALLATION - PHASE 5

Members considered a Gateway 1/2/3/4 report of the Director of Community and Children's Services regarding Tenants Electrical Services Testing and Smoke Detector Installation – Phase 5. In response to a question, the Director of Community and Children's Services confirmed that the combined gateway approach had worked well on similar projects in the past. The City was also liaising with the contractor to establish when they would be back on site.

RESOLVED, that Members,

- Approve Option 1 (Appoint contractor following competitive tender);
- Approve a budget of £27,000 for staff costs to reach the next Gateway.

9. GATEWAY 5 - MARK LANE PUBLIC REALM AND TRANSPORTATION ENHANCEMENTS - PHASES 2 AND 3

Members considered a Gateway 5 report of the Director of the Built Environment regarding Mark Lane Public Realm and Transportation Enhancements – Phases 2 and 3. The Chairman commented that the main area of risk, at present, appeared to be around securing the required Traffic Order on time.

RESOLVED, that Members,

- Agree authorisation to increase the current approved budget of £69,261 by £2,869 to cover the overspend as per Appendix 3, Table 3 in the report.
- Agree to utilise the underspend of £15,651 from the previous works phase towards the completion of public realm works (Phases 2A and 2B)
- Agree authorisation to initiate public realm works on New London Street and Mark Lane to be fully funded from the Local Community Facilities and Environmental Improvement Contributions from 64-74 Mark Lane Section 106 agreement (£633,168) and Mariner House Section 106 agreement (£82,923), at a total cost of £716,091. (Phases 2A and 2B)
- Agree authorisation to carry out a design appraisal in the Mark Lane (Phase 3) area to establish the impacts of proposals at Fenchurch Place and the redevelopment of 50 Fenchurch Street on the local street network; at a cost of £25,000, funded by the Public Transport

Contribution of £189,655 from the 64-74 Mark Lane Section 106 agreement.

- Approve the revised total project budget increase from £509,914 to £905,746 which combines the public realm (£716,091) and transportation improvements (£189,655) programmes.
- Grant delegated authority to the Director of the Built Environment for implementing transportation improvements (Phase 3), provided costs are not exceeded in a subsequent Gateway 3/4/5 Report.

10. **GATEWAY 3/4 - TOWER BRIDGE SERVICE TRENCHES REFURBISHMENT**

Members considered a Gateway 3/4 report of the Director of the Built Environment regarding Tower Bridge Service Trenches Refurbishment. The Director of the Built Environment noted that asbestos was likely given the level of redundant pipework in the areas affected by the project.

RESOLVED, that Members,

- Approve an additional budget of **£40,000** for staff costs, fees, investigations and trial installations, to reach the next Gateway.
- Note the revised project budget of **£50,000** (excluding risk).
- Note the total estimated cost of the project at **£425,000** (excluding risk).
- Note that no Costed Risk Provision is requested at this stage, although £120,000 of costed risks against asbestos and contamination are identified in the Project Risk Register. These will be reviewed at the next gateway following completion of investigations.
- Approve Option 3 (Replace covers with bespoke lightweight ductile iron alternative, within existing seating frames).

11. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

13. **EXCLUSION OF THE PUBLIC**

RESOLVED, that under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

14. **NON-PUBLIC MINUTES**

RESOLVED, that the non-public minutes of the meeting held on 27 May 2020 be approved as a correct record.

15. **NON-PUBLIC ACTIONS**

Members considered a report of the Town Clerk regarding non-public actions.

16. **COVID-19 CAPITAL PROJECTS CONTINGENCY FUND**

Members considered a report of the City Surveyor regarding the COVID-19 Capital Projects Contingency Fund.

17. **GATEWAY 4C - SECURE CITY**

Members considered a joint Gateway 4c report of the Director of the Built Environment and the Commissioner regarding Secure City.

18. **GATEWAY 5 ISSUE - HR INTEGRATED TIME MANAGEMENT AND E-EXPENSES**

Members considered a Gateway 5 Issue report of the Commissioner regarding HR Integrated Time Management and e-Expenses.

19. **GATEWAY 6 - AVONDALE SQUARE WINDOW OVERHAUL**

Members considered a Gateway 6 report of the Director of Community and Children's Services regarding the Avondale Square Windows Overhaul.

20. **GATEWAY 1/2/3/4 - EDISCOVERY PROJECT**

Members considered a Gateway 1/2/3/4 report of the Commissioner regarding the e-Discovery Project.

21. **GATEWAY 2 - BODY WORN VIDEO REFRESH**

Members considered a Gateway 2 report of the Commissioner regarding Body Worn Video Refresh.

22. **GATEWAY 1/2/3/4 - COMMITTEE ROOMS AUDIO VISUAL EQUIPMENT**

Members considered a Gateway 1/2/3/4 report of the Chamberlain regarding Committee Rooms Audio-Visual Equipment.

23. **PORTFOLIO OVERVIEW**

Members considered a report of the Town Clerk that provided a Portfolio Overview.

At this point of the meeting, two hours having elapsed, Members agreed to extend the meeting until all items of business had been considered, in line with Standing Order 40 of the Court of Common Council.

24. **MODERN METHODS OF CONSTRUCTION AND THE CITY - A REPORT ON MODERN METHODS OF CONSTRUCTION FOR CITY OF LONDON CORPORATION PROJECTS**

Members considered a report of the City Surveyor regarding Modern Methods of Construction for City of London Corporation Projects.

25. **REPORT ON ACTION TAKEN**

Members considered a report of the Town Clerk regarding action taken outside of the meeting.

26. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

27. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There was no other business.

The meeting closed at 1.32pm

Chairman

Contact Officer: Alistair MacLellan / alistair.maclellan@cityoflondon.gov.uk