

Committees: Corporate Projects Board <i>[for information]</i> Streets & Walkways <i>[for decision]</i> Projects Sub <i>[for decision]</i>	Dates: 28 June 2019 22 July 2019 19 July 2019
Subject: Shoe Lane Quarter Phase 2 – Public Realm Enhancements (London Development s278)	Complex Issue Report
Unique Project Identifier: 11346	Next Gateway – 6, Outcome Report
Report of: Director of the Built Environment Report Author: Daniel Laybourn	For Decision
<h1>PUBLIC</h1>	

1. Status update	<p>Project Description: The project involves a wide range of measures on the highway around the London Development Project (Goldman Sachs) that enhances security and the public realm on Farringdon Street, Stonecutter Street, Shoe Lane and Plumtree Court.</p> <p>This will enable safe access to the new buildings for people walking and using vehicles, improving provisions for pedestrians by providing widened footways, trees and planters and raised carriageways. A secure line of building protection measures are located on the footway.</p> <p>RAG Status: Green (Green at last report to Committee)</p> <p>Risk Status: Low (Green at last report to committee)</p> <p>Total Estimated Cost of Project (excluding risk): approximately £7.78m (fully S106/278 Developer funded).</p> <p>Change in Total Estimated Cost of Project (excluding risk): Approximately £174k (fully S106/278 Developer funded).</p> <p>Spend to Date: £6,550,930 as of 3/6/19.</p> <p>Slippage: Increase in costs and reduction in programme time as outlined below</p>
2. Requested decisions	<p>Next Gateway: Gateway 6 Outcomes report</p> <p>It is recommended that Members of the Streets and Walkways and Projects Sub Committee approve:</p>

	<ol style="list-style-type: none"> 1. An increase in the project work budgets of £173,628 taking the total approved budget to £7.78m, due to an increase in construction costs, all to be fully funded by the Developer; and 2. That authority is delegated to the Chief Officer, in consultation with the Chamberlain, to further increase or amend the project budgets in the future (above the level of the existing delegated authority) should any increase be fully funded by the Developer.
<p>3. Budget</p>	<p>The project is currently ‘green’ in terms of finance, but the approved overall budget will need to increase from approximately £7.6m to £7.78m. The additional project funding will be provided by the Developer under the terms of the S106/278 legal agreement, with £88,496 being requested for the increased construction and utility costs and £85,132 for acceleration of the highway construction work. Details of the budget increases, including for the additional funding can be found in Appendix 2 – Finance Table.</p> <p>Although the programme is being shortened by four months to accelerate construction completion, the amount of staff time being spent of the programme remains the same overall given longer working hours and still needing to cover the same tasks as before.</p>
<p>4. Issue description</p>	<ol style="list-style-type: none"> 1. Members approved the implementation of the highway, security and public realm works around the London Development in October 2017, and highway construction work began in February 2018. 2. Whilst the works are proceeding well and the Developer is pleased with progress, it is necessary to increase the project budget by ~£174k due to several issues. 3. Firstly, the City’s highway works programme has been delayed at times due to delays in the Developer’s contractor programme and overrunning utility works. This has been coordinated collaboratively between respective project teams but has resulted in additional costs for the City’s highway contractor. 4. Secondly, utility diversions have been undertaken to facilitate the new security measures for the development. The utility diversions have cost more than was estimated at Gateway 5 due to these companies requiring more than is required to initiate their elements of work. A significant proportion of these amounts is then usually returned to the City after their works are complete, with the claimed amounts representing a true reflection of those costs. 5. Thirdly, the Developer is intending to bring forward their occupation of the development. The highways and public realm works were previously programmed to be substantially completed in November 2019. The Developer now intends to begin the occupation of the building from June 2019, with completion in October 2019. To ensure the highways and public realm surrounding the development site are completed

	<p>on time, the programme needs to be accelerated. Under the terms of our highways construction contract with JB Riney, there are additional costs associated with this to cover longer working hours and weekend works.</p> <ol style="list-style-type: none"> 6. Some of the acceleration funds will go towards S278 elements of the works, and some towards the areas of which were S106 funded. 7. The Developer wishes to pay the additional ~£174k immediately to ensure there are no delays to completing the highway works. The S106/278 agreement also requires the Developer to cover these costs. 8. Surrounding properties have been consulted regarding the longer working hours and these have been approved by the Environmental Health team. 9. Members are requested to note that at the same time as making this increase to the project budgets, a budget adjustment of £35,000 is to be made from the 'JB Rineys' work budget to the 'Env Servs Staff Cost' budget. This is required due to more highways staff time than was previously estimated being required to manage the complex site and its interactions with the development. Approval to make such budget adjustments has previously been delegated to the Chief Officer by the Committee process at the G5 stage.
5. Options	<ol style="list-style-type: none"> 1. This is a complex highways project requiring close programming with the Developer to fit in with their building construction programme. Any changes to their programme have a subsequent impact on the City's highways programme and is likely to result in an increase in construction costs. By delegating authority to the Chief Officer for any additional future funding changes as requested, it will enable the project team to proactively and flexibly react to any other changes which may be required to ensure timely completion of the works to meet the Developer's occupation date, and help mitigate against possible delays.

Appendices

Appendix 1	Project Coversheet
Appendix 2	Finance Table
Appendix 3	Risk Register

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