

|  |                 |                     |
|--|-----------------|---------------------|
| <b>Committee(s):</b>   | <b>Date(s):</b> |                     |
| Streets and Walkways Sub Committee   | 11 Feb 2013     |                     |
| Projects Sub Committee   | 12 Feb 2013     |                     |
| <b>Subject:</b><br>Outcome Report (Gateway 7) –<br>Heron Tower Highway Works (S.278(No.1)) |                 | <b>Public</b>       |
| <b>Report of:</b><br>Director of the Department of the Built Environment                   |                 | <b>For Decision</b> |

## Summary

### Dashboard

- Project Status: Green
- The project is 100% completed
- Original Total Estimated Cost: Up to £999,000
- Total Spend: £721,536
- Overall Project Risk: Green

### Brief description of project

The project solely related to reconfiguring the carriageway layout to facilitate the construction of the Heron Tower. The outcome of the Heron Tower Highways Works S278(No.1) is the subject of this report.

In February 2007, Members approved the highway modification scheme made necessary by the Heron Tower development at an estimated cost of £999,000 to be fully funded by the developer through an agreement under section 278 of the Highways Act 1980 (S278).

The main changes to the highway involved:

1. Realignment of kerbs around Heron Tower;
2. Relocation of the Camomile Street / Outwich Street pedestrian crossings;  
and
3. Modification of the Bishopsgate/Camomile Street junction to:
  - Accommodate an increase in capacity; and
  - Permit additional vehicle turning movements.

The original intention of these changes was to allow Houndsditch to be closed to motor vehicles, an important change required to mitigate the large Heron Tower development.

Appendix 1 (A and B) shows the original street layout and the design that was implemented through this project.

The project was delivered well within the budget largely due to the ability to re-use most of the granite kerbs instead of having to purchase new ones. The final cost of the project is £721,536.

## **Recommendations**

### Outcome Report recommendation

1. Authorise the closure of the project
2. Instruct the Chamberlain's Department to return unspent funds to the developer, including any interest accrued, as is required under the conditions of the S278(No.1) agreement.

## **Overview**

|  |   |
|--|---|
| <b>1. Evidence of Need</b>             | <p>The development of Heron Tower required changes to the public highway including kerb realignments, relocation of pedestrian crossings and changes to an important City junction (Bishopsgate/Wormwood Street/Camomile Street).</p> <p>The changes were an important step in redirecting vehicles away from Houndsditch which was to be enhanced in order to help mitigate the impact of the Heron Tower development.</p> <p>These changes were also necessary to allow the construction of the development.</p>  |
| <b>2. Project Scope and Exclusions</b> | <p>The project did not include the enhancement works around Heron Tower, which were agreed to be dealt with as part of a second S.278 agreement, referred to as S.278(No.2). Appendix 2 shows the relationship between the various Heron Tower Projects and the subsequent Heron Plaza projects.</p> <p>Transport for London (TfL) requested that the City make additional modifications to the junction of Bishopsgate and Wormwood Street at the same time as the agreed S.278(1) modifications were being implemented. The additional modifications were to remove the left slip lane for northbound traffic turning west into Wormwood Street. Removal of the slip lane allowed the footway to be built out, providing more space for pedestrians. It should be noted that the left turn is still permitted. These additional modifications, to the value of £103,280.62, were funded by TfL and are not considered to be within the scope of this project. The slip lane can be identified in the original layout drawing shown in Appendix 1.</p> |
| <b>3. Link to Strategic Aims</b>       | <p>The scheme has helped provide modern, efficient, and high quality local services and policing within the Square Mile for workers, residents and visitors with a view to delivering sustainable outcomes. This was achieved by</p>  |

|  |   |
|--|---|
|  | simplifying the traffic movements at the junction adjacent to the new development in such a way as to ensure the development can function as it needs to and the vehicle and pedestrian facilities in the area are safe and convenient. |
| <b>4. Within which category does the project fit</b> | 4. Substantially reimbursable (fully funded by the developer)   |
| <b>5. What is the priority of the project?</b>       | A. Essential  |
| <b>6. Resources Expended</b>                         | £721,536 is the expected final spend, including £125,267 of officer time. See paragraph 9 and appendix 4 for further financial details.   |

### Outturn Assessment

|  |  |
|--|--|
| <b>7. Assessment of project against Success Criteria</b> | <p>The success of this project was measured against the need for it to be largely delivered prior to the development of the Heron Tower. This was achieved.</p> <p>In addition, outcomes of the project included the following:</p> <ul style="list-style-type: none"> <li>• Safety statistics: there was significant drop in the number of collisions that occurred when comparing three years before to three year after the changes to the carriageways. There were 26 collisions before the changes (including 10 pedal cycles, nine pedestrian and four powered two wheelers.) and only 17 collisions after the changes (including seven pedal cycles, two pedestrians and five powered two wheelers).</li> <li>• Vehicle travel times: As previously reported the outcome of the changes was expected to result in longer travel times for vehicles. This did materialise, with between 27 and 50 seconds added to journey times.</li> </ul> |
| <b>8. Programme</b>                                      | <p>The majority of works were implemented as expected between February and July 2007 in order to allow the construction of Heron Tower to occur shortly after.</p> <p>The implementation of some carriageway surfacing occurred as planned after the construction of development to avoid being damaged during the construction period.</p> <p>This final section of asphalt surfacing was undertaken in March 2012. Other significant works in the local area</p>   |

prevented this final element of the project from being delivered in mid 2011; when the development started to be occupied. This was due to the necessity to keep this section of carriageway open while other local streets were closed.

**9. Budget**

The agreed budget at evaluation approval stage in 2007 was £999,000 and included a provision of £98,000 as a deposit for resurfacing the footways around the development site in the event that the construction of the new building was delayed or did not take place. These footway works were subsequently incorporated into the S278(No.2) agreement.

The budget and estimated final spend is summarised as:

|                             |                 |
|-----------------------------|-----------------|
| Originally Agreed Budget    | £999,000        |
| Footway resurfacing deposit | - £ 98,000      |
| <b>Revised Budget</b>       | <b>£901,000</b> |
| <b>Expected Final Spend</b> | <b>£721,536</b> |
| <b>Underspend</b>           | <b>£179,464</b> |

The underspend is principally due to:

- £87,099 cost savings largely due to the careful reuse of existing kerbing;
- £22,832 savings of monitoring fees which were not required because TfL took on responsibility for monitoring this junction; and
- £77,900 contingency savings which remained unspent.

Appendix 3 shows the financial information for this project in greater detail including all areas of expected and actual spends.

The project was delivered well within the budget largely due to the ability to re-use most of the granite kerbs instead of having to purchase new ones.

Under the terms of the S278(1) agreement, unspent funds are to be returned to the developer including any interest that has accrued. This will occur after the Chamberlain has calculated the values.

**10. Risk**

The City's reputation was the biggest risk. The cost implications of a delay to the construction of the development were likely to be in the millions of pounds

|   |   |
|---|---|
|   | <p>for the developer.</p> <p>The City expedited the project as quickly as possible including agreeing with the then term contractor to programme the project for delivery in anticipation of approvals being granted by Members. This was a good example of the benefit of having a term contractor.</p>                            |
| <b>11. Communications</b>                                 | <p>Regular communication with TfL and the developer were an important component in delivering this project efficiently. Approval from TfL and legal agreements with them and the developer were part of the formal communications to allow the project to proceed.</p> <p>Statutory traffic order consultation also took place.</p> |
| <b>12. Benefits achieved to date</b>                      | <p>The changes enabled the construction of Heron Tower to fit within the highway and take place in line with the programme to construct the development.</p>  |
| <b>13. Strategy for continued achievement of benefits</b> | <p>TfL are the highway authority for Bishopsgate and will manage and maintain the junction with Wormwood Street.</p> <p>The City will continue to maintain the other streets around the site which we are the highway authority for.</p>  |
| <b>14. Outstanding actions</b>                            | <p>None.</p>  |

### **Review of Team Performance**

|                                    |  |
|------------------------------------|--|
| <b>15. Governance arrangements</b> | <p>A senior responsible officer was given overall responsibility for this project.</p>   |
| <b>16. Key strengths</b>           | <p>The efficacy of using the term contractor.</p> <p>The close working relationship with TfL.</p>  |
| <b>17. Areas for improvement</b>   | <ol style="list-style-type: none"> <li>1. Project management during the time of staff turnover. The use of Project Vision will largely resolve this in the future.</li> <li>2. TfL decided to make further optional changes to their highway to the value of £103,280. This made for an efficient delivery, but cost attribution was not readily identifiable later. Although the overall values between the work implemented for TfL and that done for Heron Tower were correct, the invoices were mixed up and only the overall value correctly reflected the agreed work packages.</li> </ol> |

|                                       |  |
|---------------------------------------|--|
| <p><b>18. Special recognition</b></p> | <p>The project was delivered on time under a lot of pressure from the developer for it to be expedited as a matter of urgency.</p> <p>Officers that deserve special recognition under the circumstances are:</p> <ul style="list-style-type: none"> <li>• Wayne Price</li> <li>• Richard Harvey</li> </ul> <p>Both of the above officers have since retired.</p> |
|---------------------------------------|--|

**Lessons Learnt**

|   |  |
|---|--|
| <p><b>19. Key lessons and how they will be used and applied</b></p> | <ol style="list-style-type: none"> <li>1. Staff turnover can significantly impact on a project. Ensuring that the documentation strikes a balance between being thorough and being able to efficiently find information is very important. Some ways to improve are: <ul style="list-style-type: none"> <li>• Regularly “cull” emails and duplicate documentation that unnecessarily adds to clutter</li> <li>• Highlighting important information, so that it is easy to locate.</li> <li>• The use of Project Vision will significantly improve the project management.</li> </ul> </li> <li>2. The budgets should be set up to reflect the works packages i.e. normally by contractor. This process is now being used as standard.</li> <li>3. Copies the supporting documentation of all invoices was not kept in full. This made it hard to determine the accuracy of the various work packages of the project. It is now standard practice that this information is kept. In addition, the process to find such information is already considerably easier than the system that was in place in 2007.</li> </ol> |
|---|--|

**Appendices**

|                          |  |
|--------------------------|--|
| <p><b>Appendix 1</b></p> | <p>Highway layout prior to (1A) and after implementation (1B).</p> |
| <p><b>Appendix 2</b></p> | <p>Relationship between various Heron Tower projects</p>           |
| <p><b>Appendix 3</b></p> | <p>Financial Spend</p>   |

**Contact**

|                                |   |
|--------------------------------|---|
| <p><b>Report Author</b></p>    | <p>Jereme McKaskill</p>                     |
| <p><b>Email Address</b></p>    | <p>jereme.mckaskill@cityoflondon.gov.uk</p> |
| <p><b>Telephone Number</b></p> | <p>020 7332 3580</p>                        |