

<b>Committees:</b>	<b>Dates:</b>	
Streets and Walkways Sub-Committee	19 January 2015	
Projects Sub-Committee	21 January 2015	
<b>Subject:</b> Aldgate Highway Changes and Public Realm Enhancement	<b>Gateway 6 Progress Report</b>	<b>Public</b>
<b>Report of:</b> Director of the Built Environment		<b>For Information</b>

### Summary

#### Dashboard

- Project Status: Green
- Timeline: Gateway 6, first progress report for construction phase
- On programme
- Total Project Cost: £21.4m, of which £18.35m is the target construction cost
- Spend and commitments to date £7.8m\*
- Target spend for 2014/15: £6m
- 2014/15 spend to date (construction stage only): £4.5m\*

\* Includes commitments of £3.1m

Since Gateway 5 approval was received, detailed design and construction have proceeded in parallel.

Scheme delivery is going well, although difficulties have occurred in coordinating activities with National Grid, who are attempting to complete their renewal programme in the Aldgate area at the same time as our works. In order to accommodate their works we have revised various phases within our construction programme, whilst ensuring that our scheduled completion date remains unchanged.

### **Main Report**

<b>1. Reporting period</b>	June '14 to November '14 inclusive
<b>2. Progress to date</b>	The Aldgate project is by far the largest project that the DBE has undertaken in terms of its complexity, its cost, and the sheer number of stakeholders that are involved. In spite of these challenges, the project is still on-programme.  Owing to the size of the project, it is being constructed in a

phased manner as set out in the Gateway 4/5 Report. Because of this approach, it is possible to complete the detailed design of future phases in parallel with the construction.

A summary of the position with regards to each of the current streams of work is given below, with an overall summary of progress and risks at the conclusion.

### **Programming**

It was always recognised that it is extremely challenging to progress so many work packages in parallel.

In addition, there are numerous external factors that impact upon our works programme. Primarily these involve works being undertaken by third parties, such as developers or utilities companies. Our works programme can also be affected by day to day activities as we seek to meet operational needs of businesses in the area.

In recognition of the complexity of the programming of the works, a specialist programmer was appointed. The programmer initially captured the existing detailed baseline programme, and produced a detailed programme covering a three month construction period. This three month forecast is updated on a fortnightly basis.

The programmer provides a monthly progress report summarising actual progress against the baseline programme. In addition to the above, the programmer's commission has been extended to include production of a graphical representation of forecasted activity, which shows the exact location of road/footway closures.

In doing the above, the programmer is using programming tools that enable third parties to appreciate the complexity and interdependencies between the various works taking place in the Aldgate area. By mapping out the activities of third parties in the Aldgate area and identifying possible clashes between our works and the third party works we are better able to enter discussions with the third parties to find methods by which the works programmes for the various schemes can be coordinated.

We have also been communicating this information to TfL, which has allowed them to plan and manage traffic signal timings in the area to mitigate the impact of the works.

### **Construction Package Design**

As the project is being constructed in a phased manner, production of the construction package is being phased such that the relevant sections of the construction package are prepared in time for delivery of each respective construction phase.

Having identified that the structural engineering consultant, WSP, was not performing to the standard required by the project, that consultant has been replaced. This has led to some delay in the design of the structural engineering elements of the scheme; however, the new consultant is making good progress on bringing this element of the design back on-programme.

It has also been necessary to review utilities locations in the Western and Eastern spaces, as it has become evident that these were not adequately accounted for within the cost estimates provided at Gateway 4/5. The designs of these spaces are currently being reviewed and amended where possible to manage the overall cost of the project. Additional staff cost and design fee allocations have been required to cover this additional design work, the costs of which have been offset by reduced utility costs.

Subject to the final design, there remains a risk that the costs of these spaces will increase as the designs are finalised. In the event that the costs associated with these spaces do increase above budget, Members will be presented with a report setting out a series of options to mitigate these increases in order to stay within the construction cost ceiling of £18.35m.

### **Highway Construction**

In accordance with the high level programme set out at Gateway 4/5, construction is underway on Minorities between Goodman's Yard and India Street. Whilst this element of construction has progressed well, the construction team had much difficulty working in parallel with the National Grid gas main replacement works in the area. National Grid require extensive excavations to locate their underground apparatus, which is delaying our construction.

It had originally been hoped that by coordinating our works with National Grid, disruptions to local businesses and occupiers could have been minimised. However, National Grid had underestimated the complexity of the works that they would require, and so did not communicate to the City just how disruptive their activities would turn out to be.

In order to minimise the disruption caused by the National Grid on future works phases, we have re-programmed our works to ensure that we do not work in the same areas that National Grid plan to work. This has been achieved without undue disruption to our overall works programme.

### **Planning Application**

Planning permission is required in order for us to make various changes required by the scheme. Primarily, the planning application deals with the design of the Western Space and the

Pavilion building.

As part of this process, English Heritage has been consulted regarding the section of the London Wall that runs under the scheme. Whilst the scheme does not physically change the London Wall in any way, English Heritage must be consulted regarding how the setting around the London Wall will change. English Heritage have advised that a scheduled monument consent will be required.

All of the planning issues are to be dealt with within a single planning application. The planning application has been submitted, and was validated on 24 November '14. It is anticipated that the application will be determined (under delegation to the Director of the Department of the Built Environment) on 3 February '14.

### **The Pavilion**

A contractor (Kier) has been appointed via the SCAPE framework. Kier has submitted a feasibility report, and is currently undertaking a cost review.

It was originally intended that Kier would commence on-site in February 2015. However their commencement date has been delayed in order to accommodate key National Grid gas works. It is currently anticipated that they will commence in July '15. In order for this element of the project to stay on programme, consideration is being given to early procurement of certain key components.

### **Communications**

Following on from the successful communications strategy employed on the Holborn Circus scheme, the communications strategy for Aldgate has adopted a similar approach.

Communication across the wider Aldgate area has been achieved through the use of a weekly e-bulletin. This gives all stakeholders a regular update on progress of the scheme, and provides advance notice of which streets may be subject to disruption. The e-bulletin is distributed using the Mailchimp software, which allows us to monitor how many people are reading the e-bulletin and is therefore a useful indicator of how useful the public find this form of communication. To date, 401 people have signed up to receive the e-bulletin.

In areas where construction is about to begin, letter-drops are carried out to give affected stakeholders detailed information about the specifics of the works phase that is about to begin. These letters contain contact details of the construction team, so if a stakeholder has specific concerns, we are able to arrange to meet with them to find ways to mitigate the impacts of construction upon that stakeholder.

In addition to the above, a representative of JB Riney regularly

visits stakeholders affected by the construction, allowing us to address any day-to-day issues that may arise.

The Launch Event for the scheme was held on 9 September '14. This gave the project team the opportunity to express our gratitude to the many supporters of the project, and to engender goodwill during the construction phase.

A small event is also planned for 15 December '14. This event will mark the successful completion of one of the major project milestones, the opening of the Minories / Goodmans Yard junction. This will offer an opportunity to thank the public for their patience during this phase of the works.

In addition to our communications with the public regarding the works, there are numerous regular liaison meetings with various other key stakeholders. Of particular importance are the various departments under the wider TfL umbrella. We are currently liaising with various parts of TfL regarding:

- The on-going Cycle Superhighway 2 (Whitechapel to Stratford) upgrade;
- The new East-West Cycle Superhighway route;
- Bus operations/diversions during the works period; and
- London Underground's major Aldgate Station upgrade works.

Other regular liaison meetings are held with:

- National Grid;
- Crossrail; and
- Property developers/owners that lie within the scheme's zone of influence.

#### **Finance**

- Spend/Commitments to Gateway 5: £3.3m
- Spend/Commitments since Gateway 5: £4.5m (this includes £3.1m commitments, most of which will be expended within the 2014-15 financial year)

Since the Gateway 4/5 report was approved, TfL have committed an additional £2.6m to the project, £1.2m to be spent in this financial year, and £1.4m to be spent in the 2015-16 financial year.

In total, TfL have provided £6m for this financial year, of which £4.5m is currently either spent or committed. The project is currently on target to spend £5.5m, meaning that there is a possibility of an underspend in the region of £0.5m. Officers are mindful of the importance of expending the entire £6m allocation this year, and have a number of contingency plans to ensure that the entire allocation is expended.

The first contingency plan is to use the funds for the advance purchase of materials. This is already underway and has been

approved by TfL.

Any underspend that cannot be utilised for advanced purchase of materials will be committed on a scheme which is currently S106 funded, with a view to the Aldgate scheme drawing down an equivalent sum from the appropriate S106 in the 2015-16 financial year. It has been identified that the Riverside Walk Enhancement Strategy has projects which are currently S106 funded, on which the underspend could be utilised.

Officers are actively monitoring and managing the programme to ensure that the amount of underspend is identified as early as possible.

A breakdown of project budgets and expenditure is given in Appendix A.

### **Funding**

The funding strategy for the scheme proposed a combination of funding sources. A significant proportion of the funding would come from TfL, with the City seeking to match the TfL funds with S106 funds. It may be necessary to draw upon the Parking Reserve – but this is only envisaged in instances where there are temporary shortfalls in S106 funding.

As the first year of construction was to be entirely funded by TfL, this afforded Officers time to review the precise status of the various potential S106 funds identified for use at Aldgate in parallel with scheme construction. It should be noted that subsequent to the Gateway 4/5 report, TfL has committed a further £1.2M to the project for the 2014-15 financial year, and a further £1.4m for the 2015-16 financial year, bringing the total additional funding since Gateway 5 to £2.6m.

Officers have just completed a review of the S.106 contributions, generated by completed developments, identified as potential funding sources for the Aldgate project. Advice has been received as to where possible planning grounds exist to potentially justify reallocation of S.106 contributions towards Aldgate. The advice includes covenants on the City restricting how and where each contribution may be applied, and any time limits for expenditure. This advice will inform negotiations (where required) with various developers and TfL to reallocate S.106 contributions to the Aldgate project. Work will now begin to establish a strategy for approaching developers to discuss reallocation of funds. These negotiations will begin in early 2015. If reallocation is agreed by developers and TfL, in some cases (depending on the terms of each S.106 agreement) the reallocation will be subject to a deed of variation to vary the terms of the original S.106 agreement. Where this step is necessary Comptroller and City Solicitors will negotiate and complete deeds with developers through their solicitors.

A number of S106 contributions that have been identified as

part of the above process are currently allocated to other TfL projects, however, we believe they would be more appropriately allocated to the Aldgate scheme. Officers are meeting with TfL in December '14 to discuss the reallocation of these S106 funds.

Members will be advised in due course which funds will be allocated to the project.

### **Key Risks**

The key risks are set out below:

#### ***Design delays***

Certain construction phases have had to be re-profiled as the detailed design of that phase was incomplete. However, it has been possible to accommodate these within the overall programme in such a way that the completion date for the overall scheme is unchanged. However, any further delay in the design stage is likely to impact upon the construction programme.

The following risk factors were discussed earlier in this report:

- Underperformance of the structural engineering consultant;
- Problems with Levels design; and
- Inadequate utilities information.

The following actions have been taken to mitigate the risk of design delays resulting from these factors:

- The structural engineering consultant has been replaced. Roughly half of the structures design elements are now complete, and the remaining structures design will be completed without impacting on the construction programme;
- A dedicated resource was appointed to revise the levels design. This redesign is now complete; and
- Initial design and budget estimates enquiries (C3) have been sent out to utility companies with apparatus in the Eastern and Western Spaces. Whilst waiting for responses, detailed discussions took place with each impacted utility to inform the design process ahead of receiving the detailed design cost estimates (C4).

#### ***National Grid Gas Works***

Our attempts to minimise disruption to road users and local occupiers by coordinating our works with National Grid's gas works in the area have been hampered by National Grid's lack of knowledge of where their equipment is located. It has become apparent that the only way for National Grid to locate their equipment is by digging numerous trial holes. Once located, National Grid inserts a camera into the main to

	<p>investigate its condition. However, this camera cannot pass through bends or valve connections, so when these are encountered further excavations are required. This makes it virtually impossible for them to properly programme their works, and very difficult for us to coordinate our works with them.</p> <p>To mitigate this risk, we have revised our forward works programme to avoid working in areas where National Grid may need to do works. This has been achieved without serious disruption to our overall works programme. However, it should be noted that a residual risk remains in the event that National Grid's works overrun.</p> <p><b><i>Pavilion Procurement</i></b></p> <p>It has been identified that there may be difficulties getting an appropriate contractor to fabricate the exterior steel shell of the Pavilion within the required timescale. This problem arises from a current high market demand for works of this nature – the relevant suppliers can afford to be extremely selective about the types of project they undertake. This could introduce delay to the Pavilion construction programme.</p> <p>To mitigate this, it is proposed to bring forward the procurement of this contractor such that this appointment is committed from this financial year's funding. A first stage appointment will allow early contractor involvement in both informing the design and programme.</p>
<p><b>3. Next steps</b></p>	<p>Detailed design and works are on-going. In addition, the following will have taken place in time for the next update report in six months' time:</p> <ul style="list-style-type: none"> <li>• Design and build of the Eastern Space, the walkway between Aldgate House and the Underground Station, and the subway ramp infill either side of Middlesex Street;</li> <li>• Design of the Western Space, the Church Gardens, the Pavilion and all of the highway elements; and</li> <li>• The S106 negotiations will be well underway.</li> </ul> <p>Whilst another update report will be submitted to Members in six months, an interim report will be submitted if any significant new issues arise.</p>

**Appendices**

<b>Appendix 1</b>	Finance Summary Table
<b>Appendix 2</b>	
<b>Appendix 3</b>	

**Contact**



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