

Committees: Streets and Walkways Sub-Committee Policy & Resources Committee Projects Sub Committee	Dates: 20 June 2017 6 July 2017 18 July 2017
Subject: Issue Report: Crossrail Works Approval	Public
Report of: Director of the Built Environment	For Decision

Summary

- Dashboard:
 - Project Status: Green
 - Timeline: Gateway 5 reports for the individual projects will be submitted in mid / late 2017
 - Total Estimated Cost: £4.5m to £6m
 - Spend to date: £431k
 - Current approved budget: £787k
 - Overall project risk: Amber

- Last Gateway approved:
 - Gateway 4 (Stage 1) – Moorgate
 - Gateway 4 (Stage 1) – Liverpool St
 - Gateway 2 – Farringdon East

- Progress to date including resources expended:

The City has been working closely with Crossrail Ltd to develop proposals for the areas outside the respective stations to be reinstated following construction. Designs have been developed by Crossrail Ltd for three locations, namely Farringdon East, Moorgate/Moorfields and Liverpool Street, and in addition, outline designs have been developed by City for wider-area schemes at Moorgate/Moorfields and Liverpool Street (reported at Gateway 4 in December 2016).

Whilst the design of the reinstatement schemes surrounding the Crossrail station entrances has been paid for by Crossrail Ltd, the City has incurred costs associated with the wider schemes, and from advising on the design of the interfaces between the reinstatement proposals and the public highway. The City's expenditure to date on each of the three sites has been £15k on Farringdon East, £148k on Moorgate/Moorfields and £268k on Liverpool Street.

- Summary of issue:

The Crossrail stations at Farringdon and Liverpool St will be opened to the public

in December 2018.

Crossrail have the statutory authority to deliver the urban realm works around these stations (to a concept design already agreed with the City), but they accept the City is better placed in terms of resources, expertise and cost control to deliver these works than their own contractors. Crossrail will also cease to exist after the stations are opened at the end of 2018, but some of the urban realm works cannot be delivered until 2019 or 2020 due to the respective station over-site developments or adjacent third party building sites.

As a result, Crossrail have asked the City to take on the detailed design for Farringdon East, as well as the urban realm construction at Farringdon East (Lindsey St / Long Lane), Moorfields / Moorgate and Liverpool St / Blomfield St. This would be subject to a formal bespoke legal agreement setting out the governance of such an agreement.

The key benefit to the City is that we would be able to ensure the urban realm is delivered to the City's high quality standard, delivery should dovetail with the City's wider area ambitions around each station, and crucially it would resolve the issue that some of Crossrail's works cannot be delivered until at least 2020 due to adjacent or connected over site development. This agreement would allow the City to secure the necessary funding now, but deliver these elements as / when they become possible, irrespective of whether Crossrail as an organisation still exists.

The key risks are that certain elements must be completed in time for the station openings, and that the works will be to a fixed price. This value is still to be finalised, but is likely to be in the region of £4.5m-£6m in total. However, these factors can be mitigated by close co-operation between the Crossrail and City teams in developing the detailed design, uplifting costs to account for delivery in future years, and by accepting Crossrail's offer of an appropriate contingency factor.

Finally, Farringdon East, Moorgate / Moorfields and Liverpool St already exist as City Projects, albeit to different Gateways, with the City's wider urban realm ambitions at Moorgate & Liverpool St meaning they have progressed further (to Gateway 4) compared to Farringdon East (Gateway 2). Assuming Members agree to the general approach of the City undertaking these works for Crossrail, all three will now need to be advanced to Gateway 5.

- Proposed way forward :

It is proposed that the City agree to deliver these works for Crossrail, starting with the Farringdon East element, followed by Moorgate / Moorfields and Liverpool St in due course.

As the construction of the urban realm work at Farringdon East is expected to start in January 2018, a Gateway 3-5 report will be required under delegated authority (during recess) in time for placing orders by September 2017. Further Gateway 5 reports will be submitted in due course in relation to works at Liverpool St and Moorgate / Moorfields, where urban realm construction is not expected to start

until April 2018.

Recommendations

It is recommended that Members:

- Agree in principle that the City deliver the urban realm works at Farringdon and Liverpool St stations on behalf of Crossrail;
- Delegate Gateway 3-5 approval to commence works in relation to Farringdon East to the Director of the Built Environment, in conjunction with the Chairman & Deputy Chairman of your respective Committees;
- Authorise the Comptroller & City Solicitor to conclude the legal agreement between the City and Crossrail;
- Agree to receive subsequent Gateway 5 reports in relation to Liverpool St station in due course.

Main Report

1. Issue description	<p><u>Background</u></p> <p>Crossrail's station entrances at Liverpool St, Moorgate and Lindsey St (Farringdon East) all involve reinstating the highway and urban realm to a design agreed between Crossrail and the City.</p> <p>Initial estimates suggest the total value of these works to be between £4.5m and £6m, depending on finalising the detailed design, utility costs and contract uplifts.</p> <p>Crossrail have the authority to unilaterally deliver these works under their Crossrail Act powers, and they must complete certain key elements by December 2018 that are necessary to allow the stations to open.</p> <p>However, the presence of over-site development & adjacent building works will prevent large elements of these works being completed by December 2018 (including Moorgate and Blomfield St), after which Crossrail will cease to exist as a delivery arm of TfL. In addition, Crossrail agree with the City that most aspects of the work would be better delivered by the City's experienced highway construction team & term contractor, JB Riney.</p> <p>As a result, Crossrail & the City have discussed through a number of working groups how the City could undertake the majority of these works on Crossrail's behalf, excluding certain deep drainage and security measures more appropriately delivered by Crossrail's existing contractors.</p> <p>For Crossrail, there are several advantages to handing these works to the City, particularly:</p> <ul style="list-style-type: none">• Their focus is on delivering the railway rather than the urban realm;• Given Riney's term contract rates, the cost is likely to be significantly cheaper than the same works delivered under
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the Crossrail package;

- They appreciate the difficulties of undertaking such works in the City's uniquely complex urban environment;
- Crossrail are not confident they can be completed without the risk of significant claims from their own contractor;
- There is no existing mechanism to allow Crossrail (or TfL) to complete whatever urban realm works are not completed by December 2018.

For the City, the key advantages are:

- We will be able to ensure the urban realm is delivered to the City's high quality standard;
- Delivery should dovetail with the City's wider area ambitions around each station
- The City will be in charge of the works and therefore be better placed to work with local stakeholders to minimise the impact;
- Funding would be secured now to deliver those elements that have to be wait until 2020 due to adjacent or connected over site development.

As further background, Crossrail have already concluded a similar agreement with Westminster City Council for WCC to deliver the urban realm works around Bond St station.

Finally, it is worth noting that the option for Crossrail to employ Riney direct was also discussed, but the risk to Riney of working under Crossrail's contractual terms & conditions would have been significantly higher than working for the City. This would have been reflected in significantly higher rates from Riney for effectively the same works, which would not have represented best value to Crossrail.

It was been agreed between the City & Crossrail teams that any decision to offer these works to the City would have to be mutually beneficial and agreed by both parties, albeit an agreement on urban realm works beyond December 2018 would probably be needed regardless.

Crossrail gave their 'in principle' approval to proceed on this basis in April, and this Issues Report requests the same 'in principle' approval from Members.

Timeline

The programme to complete this process is:

Date	Action
April 2017	Crossrail gave 'in principle' agreement to this approach, subject to a finalised legal agreement to include key deliverables, scope of works, final designs, agreed

		costs and the interface between Crossrail & City works packages
	June / July 2017	City Corporation 'in principle' agreement to this approach
	Apr to Aug 2017	Detailed design & costing
	Aug 2017	Gateway 3-5 Approval for Farringdon East
	Sept 2017	Legal agreement finalised
	Sept to Dec 2017	Mobilisation, material procurement
	Oct to Dec 2017	Gateway 5 Approval for Moorfields & Liverpool St
	Jan 2018	Urban realm construction starts at Farringdon East
	April 2018	Urban realm construction starts at Moorfields & Liverpool St
	Nov / Dec 2018	Core area urban realm construction complete
	Dec 2018	Station opening
	Dec 2018	Crossrail closed as a delivery arm of TfL
	2019 to 2021	Final Crossrail-related urban realm works, plus wider City-led area enhancement works
2. Last approved limit	As it had previously been assumed that Crossrail Ltd would deliver the reinstatement schemes, it had not been necessary to agree any cost limits for delivery of the reinstatement works.	
3. Options	<p><u>Option 1: Crossrail deliver the urban realm works using their contractor & powers</u></p> <p><i>Benefits for the City:</i></p> <ul style="list-style-type: none"> • <u>Risk</u>: The City would be insulated from any financial or programme delivery risk; • <u>Complaints</u>: All public complaints & issues arising from the works would be attributable to Crossrail; • <u>Resources</u>: There would be no draw on the resources of JB Riney, ensuring gangs are available for other City 	

projects in that window;

- Powers: Crossrail will enjoy the full powers of the Crossrail Act to deliver all aspects of the works.

Disbenefits:

- Delivery mechanism: Some of the urban realm work will have to be delivered beyond 2018 (after Crossrail ceases to exist) due to adjacent over site development. No clear mechanism currently exists to do that if the City do not agree to take on this role;
- Lack of involvement: The City will have little influence on the quality of work, the impact on local stakeholders and the traffic & pedestrian disruption;
- Confidence & reputational risk: Crossrail's contractor is unused to working in the City's constrained and highly complex urban environment, and past Crossrail highway contractors have misjudged what is required. As a result, City officers are not confident the works would be delivered to the necessary standard, nor with the minimum of impact the City's stakeholders would expect;
- Maintenance legacy: Poor quality delivery would leave the City with future maintenance obligations unfunded by Crossrail;
- Precedent: Developers may see the City conceding this approach and press officers to deliver their own urban works in future, risking the City's current control mechanism for urban realm design, consent & construction. This is important because the current mechanism has delivered high quality, highly effective and cost efficient outcomes for the City, developers and the public. Any other approach puts this combination of outcomes in doubt.

Option 2: The City delivers the urban realm works using the City's term contractor to a fixed price, funded by Crossrail

Benefits for the City:

- Timing beyond 2018: This process creates a mechanism to deliver the works in 2019 or beyond;
- Control: Using Riney would ensure the City has full control on the quality of work, phasing and local impact, ensuring a seamless transfer from construction into maintenance responsibilities;
- Confidence: Riney have a proven record of delivering safe, high quality work, on budget (ie with no claims) and with the minimum of impact. This was recognised by the recent decision to extend Riney's current term contract by

a further five years, and despite the recent purchase of Riney's family shares by the Tarmac Group, using Riney would still ensure much greater confidence in the successful delivery of these key works;

- Communications: Riney have proven their ability to manage their works & communications to effectively resolve complaints before they escalate;
- Economies of scale: With the City expecting to deliver wider area enhancements beyond the extent of Crossrail's urban realm, combining works under one programme & contractor will likely deliver programme, cost and quality benefits, and ensure a safer works site;
- Scope of works: Delivery of the full agreed scope of works will be locked in as Crossrail or their contractor will not be able to unilaterally change the scope or design during construction.

Disbenefits:

- Programme: Crossrail require enough of the urban realm to be completed to allow the stations to open on time regardless of any construction difficulties, so an agreement beyond the City's usual 'best endeavours' commitment will be needed;
- Funding: Crossrail are offering a fixed lump sum for the works with a contingency amount. The City would have to underwrite any cost overrun, albeit using officers' experience to agree a buildable design, fixing the scope of works by the start of construction, and undertaking due diligence checks beforehand (such as trial holes for utilities) will considerably reduce this risk;
- Indexation: Cost increases beyond Riney's current base rates will need to be included in the lump sum estimate as works will extend beyond 2018;
- Mechanism: Without a s106 or s278 mechanism in place, a bespoke legal agreement will be needed between Crossrail & the City to govern this arrangement;
- Riney resources: Although Riney have given a commitment to meet both the City's and Crossrail's needs, this will obviously take significant precedent in terms of the wider works programme in 2018 and beyond.

Recommendation:

A key point of discussion has been Crossrail's need to deliver these works at a fixed price, as this locks in the benefits to them listed above. By implication, this would mean the City would have to underwrite any cost overrun of those works.

	<p>However, this risk can be managed through close co-operation between the Crossrail and City teams in developing the detailed design, uplifting costs to account for delivery in future years, and by accepting Crossrail's offer of an appropriate contingency factor. In addition, high risk items such as rising security bollards will still be delivered by Crossrail, and prior engagement with utilities will look to manage the risk that their requirements will inflate future costs.</p> <p>As a result, the approach outlined in this report appears to have significant mutual benefits for both the City and Crossrail, and with the outstanding risks appearing to be manageable, this approach is recommended for Members to agree.</p>
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Appendices

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