

<b>Committees:</b>	<b>Dates:</b>	<b>Item no.</b>
<b>Streets and Walkways Sub-Committee</b>	<b>24 July 2017</b>	
<b>Project Sub Committee</b>	<b>18 July 2017</b>	
<b>Community and Children's Service Committee (for information only)</b>	<b>14 July 2017</b>	
<b>Subject:</b> <b>Aldgate (Portsoken) Pavilion</b>	<b>Gateway 5 Issue Report</b> <b>July 2017</b>	<b>Public</b>
<b>Report of:</b> City Surveyor <b>CS 300-17</b>		<b>For Decision</b>

### Summary

#### Dashboard

Pavilion Project Status: Red

#### Timeline:

- Completion date of Pavilion - December 2017
- Completion date of Aldgate Square - March 2018

#### Budget:

- Gateway 5 Total Approved pavilion budget at:£4,018,262
- Budget transfer to Pavilion sought at this gateway £461,711
- New total pavilion budget £4,479,973
- Spent / committed to date: £3,915,349 (£2,130,220 spent + £1,785,129 committed)

Overall Aldgate Highway Changes & Public Realm Enhancement Project Risk: Amber

Last Gateway Approved: Gateway 5

#### Summary of Issue:

- Additional construction costs related to ground works problems.
- Delays to completion of the Pavilion due to ground works problems and knock on delays to completion of the Aldgate Square for the Aldgate Highway Changes & Public Realm Enhancement Project (AHCPRE)
- 2 No Risks identified in the Risk Register have come to fruition
- Additional consultant fees and staff costs to new completion of project.
- Additional storage cost of Cor-Ten steel pavilion roof structure
- Scope of works change to mitigate delays: 2 no. elements of work (Exit 6 and Christmas Tree base) to be carried out by Kier, the Pavilion Contractor, in lieu of Riney, the AHCPRE contractor, as a variation to the Pavilion contract
- Budget adjustment is required to realign the budget, transferring from

works to fees, which will capture project costs accurately. This will enable payment outstanding fees.

**Proposed Way Forward**

- Utilise funds from the Aldgate Highway Changes and Public Realm Enhancement Project (AHCPRE) savings to cover additional construction costs for the Pavilion. No additional external funding needed.
- Transfer funds from the (AHCPRE) savings from Riney’s contract to Kiers’ for works of the Christmas Tree base and Exit 6 work. No additional external funding needed.
- Proceed with measures agreed by (AHCPRE) and Pavilion Project Board to recover time on the construction programme for Aldgate Square completion at an additional cost of £6950.

**Recommendations**

Members are asked to:

1. Approve an increase in the Keir contract works in the total sum of £410,206 for construction issues and mitigation measures paid for using funds identified from the Savings Target from the AHCPRE project.
2. Approve an increase in consultants fees, staff cost and statutory fees to the total sum of £51,224 using funds identified from the savings from the AHCPRE project.
3. Note the new key programme milestones; Pavilion opening in Christmas 2017 with the remaining Aldgate Square (part of the AHCPRE project) completing in March 2018.
4. Note the alignment of budget from works to fees to capture project costs accurately.

**Main Report**

<p><b>1. Issue description</b></p>	<p><b>Pavilion construction issues:</b></p> <ol style="list-style-type: none"> <li>1. A large reinforced concrete and steel beam basement from a previously demolished building was uncovered during the excavation and piling works. Due to scale of the obstruction and restrictions on constructing near an adjacent Victorian sewer, only part of the concrete basement could be excavated and removed without causing damage to the sewer. As a consequence the pile foundations had to be redesigned and the piling operations re- sequenced.</li> </ol> <p>The additional cost of works, excluding fees was £255,733.</p>
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The delay to the programme was 28 days.

2. A second smaller reinforced concrete obstruction was encountered further into the basement construction. This was excavated and removed.

The additional cost of works was £7,407. The delay to the contract was a further 3 days.

3. In the absence of accurate information, Thames Water have quoted £5,936 to excavate and locate the point of connection into the sewer. The cost of this work will be covered by £5,000 identified in the approved Risk Register allocated to *Location of Services for Thames Water*.

The Pavilion budget will need to be increased to cover the £936 shortfall.

4. The delays have pushed back the delivery date for Cor-Ten pavilion shell which has increased storage costs to Little Hampton Welding. The cost of additional storage is £3,626 and therefore the Pavilion budget will need to be increased by this amount.
5. The extended pavilion programme and extensive re-design works will require additional staff costs, statutory fees and consultant fees.

The respective Project Sub Committee Chairmen and Deputy Chairmen have been kept advised of events listed above.

#### **Pavilion Programme:**

The excavation, removal of ground obstructions and redesign period has added a further 31 days.

The above items have pushed the Pavilion completion date back to early December 2017. The Project Board have set a new milestone for Pavilion opening in December 2017. The table below captures delays since the commencement of the contract with Kier.

Prior to this, the Pavilion was reported to start in October 2016 and complete in July 2017. The contract was subsequently signed in December 2016, due to amending the contract to capture changes due to the agreed value engineering elements.

#### **Aldgate Square Programme:**

The Pavilion and Aldgate Square public realm team have worked together and devised a series of measures which will enable both project teams to claw back time on the Aldgate Square programme;

#### **Phased construction site logistics:**

1. By adapting and phasing the site boundary between the

Pavilion and Aldgate Square sites, Riney can complete time-consuming elements of the Aldgate Square drainage within the vicinity of Kier's Pavilion site. This is anticipated to reduce the Aldgate Square programme by **28 days\***. The costs involved for logistics have been quoted at £6,950.

**Christmas Tree base:**

2. The Christmas tree base forms part of Riney's work for the Aldgate Square originally scheduled for construction on completion of the Pavilion. As its location lies within the Pavilion site demise, there is the opportunity for Kier to construct the base without impacting on the Pavilion programme and simultaneously reduce the amount of work and time needed to complete the Aldgate Square. Kier have quoted a sum of £32,330 pending receipt of construction information and will save a further **15 days\***.

**Exit 6 works:**

1. The Exit 6 interface currently sits within the JB Riney contract. However, due to complexities around Building Control sign off and warranty issues relating to the Pavilion services this has been transferred to the Kier contract. Kier are better equipped to construct Exit 6 and have given a quotation of £103,505 pending receipt of construction information. This work does not save **time on the programme**.

**Funding and budget breakdown:**

All costs arising from the delays and additional works for the Pavilion construction can be sourced from the Aldgate Square savings.

The funding allocated for the construction of the 'Christmas tree base' and 'Exit 6' from the Aldgate Square will be used to pay Kier for these work scopes via a variation to the Pavilion contract.

	Item	Time delay in relation to Pavilion works	Funding Transfer from savings
<b>Pavilion Works</b>	1	Removal of first obstruction excluding re-design fees	+ 28 days £ 255,733.00
	2	Removal of second obstruction	+ 3 days £7,407,00
	3	Additional storage costs to Little Hampton Welding due to delays in delivering CorTen roof structure to site.	0 £3,626.00
	4	Remaining sum for Thames Water main connection in	0 £936.00

		addition to sum identified in Risk Register (quoted at £5,936.32)		
		Total	+31 days	<b>£267,702.00</b>
	<b>Item</b>	<b>Time delay in relation to Pavilion works</b>	<b>Funding Transfer from savings</b>	
<b>Pavilion Fees</b>	5	Additional Consultant Fees	0	£ 35,224
	6	Additional CoL Staff Fees	0	£8,500
	7	Statuary Fees (CoL Building Control /Planning Recharge)	0	£7,500
		Total	0	<b>£51,224.00</b>
		Additional Pavilion Works and Fees Total	+31 days	<b>£318,926</b>
<b>Aldgate Square</b>	<b>Item</b>	<b>Time saving in relation to Aldgate Square project</b>	<b>Contract Transfer</b>	
		<b>Christmas Tree base</b>	<b>- 15 days*</b>	£32,330,00
		Phased construction site logistics	<b>-28 days*</b>	£6,950.00
		Exit 6 works	<b>0 *</b>	£103,505.00
		Total	<b>- 43 days*</b>	<b>£142,785.00</b>
		<b>Grand Total</b>	<b>12 days</b>	<b>£461,711</b>
<i>* subject to Riney's programme confirmation</i>				
<b>1. Last approved limit</b>	<b>£4,018,289</b>			
<b>2. Options</b>	<p>1. Increase the Pavilion project budget and Kier contract to encapsulate all costs arising from additional construction issues and delays (Obstructions, additional fees, risks). Remove the 'Exit 6' works and the 'Christmas tree base' from Riney's contract and transfer to Kier via a variation to the Pavilion contract.</p> <p>Approve the coordinated phasing of Riney's works within the</p>			

	<p>Pavilion site demise in order to bring completion of the Aldgate Square forward 28 days.</p> <p>This option is <b>recommended</b>.</p> <p>2. Increase the Pavilion budget and Kier contract to encapsulate all costs arising from additional construction issues and delays (Obstructions, additional fees, risks,).</p> <p>Do not appoint Kier to undertake 'Exit 6' works and the 'Christmas tree base' from the Riney's contract.</p> <p>Do not approve the coordinated phasing of Riney's works within the Pavilion site demise in order to bring completion of the Aldgate Square forward 28 days.</p> <p>This option is <b>not recommended</b>.</p>
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**Contact**

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## Appendices

The current CBIS report does not accurately capture all the costs and details of payments incurred to date for the construction of the Pavilion. Kier's PO value is higher than the contract sum and has left us unable to pay outstanding consultant fees. The adjustments outlined in the table below

This will not change the contract sum or approved spend at the last GW5 Issues Report (£4,018,474.00). These are set out in Appendix 1.

### Appendix 1: Proposed revised budget

	Current		Revised
Kier Contract	£3,474,442	+£262,586.00 (Pavilion Works)	£3,874,427.02
		+£137,399.02 (Aldgate Square)	
Kier PO Value		-£342,386.42 (Kier PO)	-£342,386.42 (Kier PO)
<b>Total</b>	<b>£3,474,442</b>	<b>£399,985.02</b>	<b>£3,874,427.02</b>
Risk	£24,493	- £19,896	<b>£4,597</b>
Kitchen Fit Out (works)	£71,444	0	£71,444
Consultant Fees	£359,225	+ £35,224	<b>£401,949</b>
		+ £342,386.42 (Kier PO)	
Statuary Fees		+ £7,500	
Staff Costs	£88,658	+ £8,500	<b>£97,158</b>
<b>Total</b>	<b>£4,018,289</b>		<b>£4,479,999</b>