

Committees:	Dates:	Item no.
Streets and Walkways Sub-Committee	24 July '17	
Projects Sub-Committee	18 July '17	
Community and Children's Services Committee	14 July '17	
Subject: Aldgate Highway Changes and Public Realm Enhancement	Gateway 6 Progress Report	Public
Report of: Director of the Built Environment		For Information

Summary

Dashboard

- Overall Project status: Amber.
- Timeline: Construction Phase – current forecast completion date is March '18.
- Approved Spend: £23.3M includes £4.02M for the pavilion
- Spend to Date: £21.3M includes commitments of £3.8M
- Overall Project Risk: Amber.

In the Gateway 5 report for this project, Officers committed to produce regular update reports in order to update Members of progress on the project. Additional issues reports have also been brought to Members during construction. This report is the sixth update report on the project.

In September and October '16, Members agreed a split reporting structure where the City Surveyor reported on the specifics of the Pavilion and the Director of the Department of the Built Environment reported on the overall project. A separate report will be shared with Members that updates on the cost of the pavilion and provides detail explaining the reasons that the overall project completion has been delayed to the end of March '18.

This G6 report:

- Highlights programme delay (of 13 months) and a new overall project completion date of March '18;
- provides an update on communications, where officers are working hard to keep stakeholders engaged; and
- Updates the funding position, advising that the originally agreed £10M of On Street Parking Reserve (OSPR) agreed as an underwriting fund for the project has been reduced to £6.5M. Further S106's have been identified and are still being targeted for negotiation. It is thought that the position on the balance of the agreed funding sources [TfL, S278, S106 and CIL] will be known and can be reported in October 2017. At which point it is anticipated that the remaining £6.5M of OSPR funding can be released out of the project.

It is recommended that:

- ***Members note the contents of the report.***

Main Report

<p>1. Reporting period</p>	<p>1.1 September 2016 to June 2017 inclusive.</p>
<p>2. Progress to date</p>	<p>2.1 Since the last update report, the pavilion has been commissioned, foundations installed and work has begun on the pavilion basement.</p> <p>2.2 In January '17 the new public space at the junction of Middlesex Street and St Botolph Street was substantially completed and opened to public use. During January and February '17 street resurfacing work was completed.</p> <p>2.3 The accommodation work to the southern churchyard is underway and is taking shape above ground. Completion of the civil work is planned for September '17, followed by planting when the season begins in November '17.</p> <p>2.4 Progress is being made in Aldgate Square, including the fitting out of the water feature and irrigation plant room, as well as lighting duct and drainage work.</p> <p>Budget</p> <p>2.5 At Gateway 5 Members set a budget that required officers to target a saving of £1.15M from the cost submitted in the Gateway 5 report. Officers considered the initial drive for savings to include:</p> <ul style="list-style-type: none"> - Negotiating with BT in reference to a utility diversion, priced at £400k [actual cost £80k]; - Removal of the rill water feature [agreed during discussion with Members at Gateway 5]; and - Accelerating the delivery programme to reduce staff cost and to reduce inflation cost. <p>2.6 It was not possible to accelerate the overall project. However, savings have been made in the public realm and highway work. The project benefited from consistent staff throughout the construction of the public realm and highway elements, ensuring a consistent level of scrutiny, closely managed finances and a design change control recording system (where site issues prompted small scale design changes).</p> <p>2.7 Some larger savings have been made, which include:</p> <ul style="list-style-type: none"> - the carriageway resurfacing [strengthening grid priced for use in high traffic areas was not used as extensively as originally envisaged]; - by varying the Riney contract to introduce additional scheduled rate items within the electrical area, with savings made in the allowance for lighting elements; and

- the use of more mechanical break out in place of hand digging on the Minorities, above the London Underground. This was because City officers capitalised on noting that lesser restrictions had been placed on National Grid Gas, who were also working on Minorities at the time.

2.8 If the project had delivered sooner, there would have been greater staff cost savings.

2.9 Savings of £1.75M (target saving of £1.15M + an actual saving of £0.6M) have been realised on the highway and public realm. The savings are such that the unforeseen compensation events on the pavilion construction (reported by the City Surveyor separately), require no overall project budget increase from the current approved budget.

Programme completion

2.10 The Gateway 5 report forecast a project completion of June '17. However, following approval by the Policy and Resources Committee, which capped the budget requiring a target saving, the team endeavoured to accelerate the programme to complete in September '16.

2.11 This date pushed out to December '16 with construction of a third party Gas Governor hampering site access. The earliest date that the area that would be the Aldgate Square could be closed to traffic was 12 October '15. With a construction timescale to follow of nine months for the pavilion and of six months for the subsequent landscaping.

2.12 In September '16 in an Issues report, it was reported that the project completion would be in November '17.

2.13 In the last update report (September '16) the forecast project completion was November '17. The project is now forecast to be delivered by March '18. The reason for the delay in completion is connected with the pavilion (a separate report from the City Surveyor captures these details).

Issues

2.14 The City Surveyor will keep Members updated through a separate Issue report on pavilion issues. It is forecast that the overall project budget can cover the increase in pavilion cost due to savings made on the highway and public realm elements of the project. The City Surveyor advises that further compensation events on the pavilion are still being investigated, with any resolution to be reported separately by the City Surveyor.

2.15 The current negotiated café occupation of the pavilion building, by the operator Kahaila, is 10 working days after notification of practical completion of the pavilion. This will be earlier than the forecast project completion date of March '18. As such, if the café opens before the project completion date, access will be facilitated by a temporary footway as the finished surface surrounding the pavilion is constructed.

2.16 Community and Children's Services department, who have project managed the tender and procurement of the café operator in line with the overall project completion, are managing the contract negotiations Kahaila.

Risk

2.17 Risk to overspend is being managed within the budget, with consideration being given to reducing monitoring fees, reducing frequency of planned communication and streamlining the costs for the eventual project opening event and proposed project completion 'marketing' materials.

2.18 The critical path includes the pavilion and subsequent landscaping surrounding the building. Risk to delay would relate to any unforeseen events.

2.19 There is a risk that the S106 negotiations will not result in meeting the project's funding requirement. In this instance it may be necessary to call down on CIL or other (such as the OSPR).

Communications update

2.20 The Project team have recently delivered six successful presentations and tours of the Aldgate Project. The five bodies that requested this were: The Grosvenor Group, London Borough of Hammersmith and Fulham (including borough officer and resident association representatives), New London Architecture (NLA), Urban Design London (UDL), the Municipality of Trondheim, Norway and the Royal Town Planning Institute (RTPI).

2.21 Officers regularly communicate with the public and work hard to hold their interest and thus support. Despite the length of the project we still enjoy significant engagement with the (now) fortnightly e-bulletin, which has a 40-50% readership.

Funding and finance update

2.22 Since the previous update report, DBE and others have been reviewing S106 records, updating interest calculations and project allocations. A further £2M of the remaining £8.5M underwriting sum from the On Street Parking Reserve (OSPR) Fund can be returned.

	<p>The OSPR has enabled the cash flow on the project. Work is on-going to replace all the underwriting OSPR. It is expected that the full position will be known and reported in October '17.</p> <p>2.23 In the June '14 Gateway four report it was noted that the implementation of this project would impact on revenue costs. Open Spaces Committee, in particular, supported the project on the basis that increased revenue costs would be provided in a commuted sum. Officers are currently reassessing the revenue implications of the project.</p>
3. Next steps	The next Gateway Six report will be in October 2017.

Appendices

Appendix 1	None
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