



Streets and Walkways Sub (Planning and Transportation) Committee

Date: MONDAY, 17 JUNE 2013
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

5D) 20 FENCHURCH STREET - SECURITY PROJECT
Report of the Director of the Built Environment.

For Decision
(Pages 1 - 24)

John Barradell
Town Clerk and Chief Executive

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Committee(s):	Date(s):	
Streets & Walkways Projects Sub-Committee	17 June 2013	
	19 June 2013	
Subject: Options Appraisal – 20 Fenchurch Street Security		Public
Report of: The Director of the Built Environment		For Decision
Appendix 2 is exempt by virtue of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.		
<p style="text-align: center;"><u>Summary</u></p> <p><u>Dashboard</u> Project Status – Green Total Estimated Cost – £900k Spend to Date – £17k Overall project risk – Low</p> <p><u>Context</u> This is an options appraisal report relating to security infrastructure and public realm enhancements to the forecourt of the 20 Fenchurch Street development. The option presented in this report is the only feasible option which will deliver both the level of security required by the developer and the public realm benefits required by the City.</p> <p>The security and enhancement works to the public highway will be fully funded by the developer of 20 Fenchurch Street to an estimated maximum of £900,000 to be secured via a Section 278 Agreement.</p> <p><u>Brief description of project</u> The project proposes security measures and environmental enhancements to the forecourt area of 20 Fenchurch Street, providing the new building with increased protection, particularly from vehicle borne terrorist attack, via the introduction of security rated bollards and granite clad seating blocks. The public realm fronting the building will be enhanced through the introduction of trees, seating and paving.</p> <p>This forecourt area is anticipated to provide an appealing and practical public space that will improve the functioning of Fenchurch Street as a busy pedestrian environment. Currently the forecourt area is contained within the hoardings of the 20 Fenchurch Street construction site.</p> <p><u>Options</u> City officers have worked closely with the developer's design team throughout the design development process and only one design option will provide the requisite solution. Officers balanced the developer's requirements for security, with the needs of the City Corporation and community. The resulting option will provide the protection required for the new building and deliver improvements to the space based primarily on paving, seating and planting. See Table 1 below for an estimated cost overview.</p>		

Table 1 – Cost Summary

Description	Option 1 (£)
Works Costs	600,000
Fees	40,000
Staff Costs	70,000
Maintenance	80,000
Total	
Tolerance +/-	110,000
Funding Strategy	
Canary Wharf Contractors	900,000
Total Funding Requirement	900,000

Recommendations

It is recommended that:

- i) the project be approved at an estimated cost of £900,000 to deliver Option 1 as funded by the developer of 20 Fenchurch Street (Canary Wharf Contractors); &
- ii) approval is given for City officers to enter into a legal agreement pursuant to Section 278 of the Highways Act 1980 with the developer of 20 Fenchurch Street to secure the funding and implementation arrangements for the project as described in this report.

Next Steps

The developer anticipates completion and occupation of the new building by April 2014, it is therefore necessary to begin the implementation of security and forecourt enhancement works in October 2013 to coordinate with the building launch.

The next steps will be to complete the Section 278 agreement which is drafted and agreed with the developer, receive full funding from the developer, finalise the detailed design and approve the construction package, gear up the City's Highway term contractor to prepare for a start on site in October 2013.

Resource requirements to reach next Gateway and source of funding

A staff allocation budget of £35k was approved at Gateway 2 to cover the City's staff costs and enable progression of the project through options appraisal, detailed design, negotiation of a S278 agreement and preparation of Gateway 3/4 and 5 reports. Officers will utilise the remaining £18k of this funding to progress the project to Gateway 5 and completion of the Section 278 agreement.

Plans for consultation prior to the next Gateway report

Given the anticipated programme of works, progress reporting will be through monthly Project Vision updates.

Procurement strategy

The project will utilise the City's Term Contractor to implement the works as this represents best value.

Tolerances

The budget tolerance is £110k, which is the works contingency item.

Overview

1. Evidence of Need	<p>The project is being brought forward at this time because the developers of 20 Fenchurch Street are approaching completion of the building and are required to progress with the installation of security measures to protect the building.</p> <p>A condition of the planning permission for the site requires the development to provide security measures such to resist structural damage arising from vehicle borne attack.</p> <p>In addition, the approved scheme sees the forecourt of the building which fronts Fenchurch Street being dedicated to the City as public highway and utilised as a public space. As such the area needs to be constructed and enhanced prior to the new building being opened.</p>
2. Success Criteria	<p>Increased security for the new building.</p> <p>Improved appearance/amenity of the public space in front of 20 Fenchurch Street.</p>
3. Project Scope and Exclusions	<p>The project proposes security measures and environmental enhancements to the forecourt area of 20 Fenchurch Street, see Location Plan at Appendix 1. The project will provide the new building with increased protection, particularly from vehicle borne terrorist attack, via the introduction of security rated bollards and seating.</p> <p>The public realm in front of the building will be enhanced through the introduction of tree planting, seating and improved paving materials.</p> <p>The project is being delivered by the City in accordance with the principles set out in the <i>Security protection measures for City buildings and areas</i> report as approved by Members in September 2008.</p> <p>The notable exclusions are the planting and maintenance of the forecourt trees, sub-surface drainage from the forecourt channel and any works associated with the new building basement that might be necessary to accommodate the security bollards. All these fall to the developer.</p>
4. Link to Strategic Aims	<p>The project would help to deliver the City's Strategic Aims:</p> <ul style="list-style-type: none"> - <i>To provide modern, efficient and high quality local services within the Square Mile for workers, residents and visitors with a view to delivering</i>

	<p><i>sustainable outcomes</i>, through the provision of an improved public realm which would provide safer, more enjoyable and accessible spaces in the Fenchurch Street area. The project would utilise sustainable and durable materials in its construction.</p> <ul style="list-style-type: none"> - <i>To support and promote 'The City' as the world leader in international finance and business services</i>, through the introduction of security measures that would provide a level of confidence to the business community occupying the building.
5. Within which category does the project fit	<p>Fully reimbursable.</p> <p>Asset enhancement/improvement (capital).</p>
6. What is the priority of the project?	<p>Essential.</p>
7. Governance arrangements	<p>A project board was not recommended at project initiation given the scale of the project. The project is governed via regular Project Team Meetings with the developer, City officers and the Senior Responsible Officer.</p>
8. Resources Expended To Date	<p>£17,248 of staff costs have been expended to date, leaving £17,752 remaining from the staff costs budget of £35k as approved at Gateway 2 and fully funded by the developer. The remaining budget is considered sufficient to cover the staff costs that will be incurred to reach the next Gateway and complete the S278 agreement. Any unspent evaluation staff costs will be transferred to the implementation code.</p>
9. Results of stakeholder consultation to date	<p>Consultations have taken place with the relevant City departments as listed below (see Section 16) and the scheme has been revised accordingly following the various feedback.</p> <p>The Open Spaces department advised they would not accept on-going responsibility for the maintenance of the trees to be located in the forecourt area because these trees form part of the buildings wind mitigation measures. As such, the developer/building owner will be responsible for installation, watering, maintenance and replacement of the trees as necessary and in perpetuity. This requirement has been formalised in the draft S278 agreement with the developer and the City has been indemnified against any claims or damages arising from the trees.</p> <p>The Highways department have been closely involved in the design development and analysis of the existing</p>

	<p>ground conditions. The design has had to be revised several times due to the presence of significant amounts of underground utilities restricting where the security measures are able to be installed, thus resulting in the proposed layout. The Highways department advised they were reluctant to accept the forecourt drainage layout because the forecourt channel drain connects through the building basement before discharging to the public sewer. Given the depth and extent of services in the Fenchurch Street footway, it was impossible to connect the forecourt channel drain directly to the public sewer. Given this, the draft S278 agreement stipulates that all responsibility for maintaining the sub-surface drainage falls to the developer/building owner in perpetuity and indemnifies the City against any potential water ingress to the building from the forecourt drainage.</p> <p>The Cleansing team have advised they can agree a Service Level Agreement with the developer/building owner should they want the new forecourt area to be cleansed on an increased cleansing regime.</p> <p>The Access team have reviewed the proposed scheme and advised the layout presents no access issues. Similarly the layout does not impact any City structures and therefore poses no implications for the City Surveyor.</p> <p>The City of London Police have reviewed the scheme and agree the security measures are necessary and proportionate.</p> <p>Development Management officers have reviewed the scheme and offer no planning based objection to the proposed layout.</p> <p>Informal consultation with local occupiers and businesses has taken place with more formal consultation to follow prior to works beginning.</p>
10. Commentary on the options considered	<p>City officers have worked closely with the developer and his design team throughout the detailed design/evaluation process. Officers acknowledged the developer's desires and requirements for the security elements to provide maximum protection to the new building, and balanced these with the functional requirements of the City Corporation and the needs of the City community. To this end, the project team led by City officers have worked through numerous scenarios for delivering the security and public realm enhancements at 20 Fenchurch Street. There have been significant structural and highway limitations to reconcile and City officers have worked with the developer's designers to develop a scheme that</p>

	<p>satisfies both parties' objectives for the space. It has eventuated that due to the significant technical restrictions, only one design option is capable of being delivered to provide the security and enhancement features that are required, see Appendices 2, 3 and 4.</p> <p>The project has been delivered by the City in accordance with the principles set out in the <i>Security protection measures for City buildings and areas</i> report as approved by Members in September 2008. Namely that security measures should not be intrusive nor clutter the streets and must complement the surrounding environment, at worst having a neutral impact on the surrounding public realm. It is the opinion of officers that the proposed scheme exceeds an impact neutral position and will improve the appearance of this section of Fenchurch Street.</p> <p>The proposed scheme consists of the following design elements:</p> <p>Security bollards: Crash-rated security bollards will be located across the forecourt area and will comply with the British Standards for design and installation of such infrastructure. The security bollards will pose no restriction to pedestrian movement along the Fenchurch Street footway, will follow the building line of the adjoining blocks on Fenchurch Street and will afford a wider footway than is currently available. By virtue of security rating requirements, the security bollards are spaced at 1.2m maximum gaps and are 300mm in size. The security bollards will be finished in a stainless steel sleeve which will better suit the context of the new building and forecourt area rather than the standard City of London style bollard. Also because the security bollards are set back away from the footway kerb they are better suited to the stainless steel finish.</p> <p>City of London bollards: Several City of London bollards are proposed along the footway kerb to discourage vehicles riding the kerb and stopping for loading purposes. City bollards will also be located on the corners of Philpot/Rood Lanes and Fenchurch Street as required to protect pedestrians from turning vehicles overrunning the kerb.</p> <p>Granite blockers/benches: In addition to the security bollards, security rated blockers are proposed for the forecourt area and will be clad in granite. These blockers will provide visual relief to the line of security bollards but will maintain the security cordon required by the developers security consultants and will also be</p>
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	<p>usable as benches for seating.</p> <p>Single timber benches: The scheme will provide for 6-8 individual oak timber benches which will be arranged underneath the forecourt trees. These benches will be located out of the busy pedestrian flow of Fenchurch Street and will be fully accessible with arm and back rests.</p> <p>Forecourt Trees: There are four mature trees proposed to the flanks of the forecourt area, two on either side. These trees will provide a softening and greening effect to Fenchurch Street and also provide wind mitigation to the building. These trees will be installed and maintained in perpetuity by the developer.</p> <p>Courtesy Crossings: The existing raised carriageway entrances to Philpot and Rood Lanes will be reinstated to promote pedestrian access across the lanes and along Fenchurch Street.</p> <p>Paving: All paving will be York stone and the existing paving will be renewed along the Fenchurch Street, Philpot and Rood Lane frontages of the site to coordinate with the paving for the new forecourt area of the building. The kerb line will be granite and will re-use all the existing stock that is suitable for re-use.</p> <p>The proposed design option is agreed by both City officers and the developer.</p>
11. Consequences if project not approved	<p>If no action were taken the building may be left more vulnerable to vehicle borne terrorist attack, the development would not satisfy the requirements of the planning permission and it would be a missed opportunity to enhance the forecourt in front of the new building for the benefit of the City community.</p> <p>The City will also miss the opportunity to demonstrate successful partnering with a private developer to deliver environmental enhancements for public and private benefit.</p>

Information Common to All Options

12. Key benefits	<p>The key benefit will be an improved environment for the City community and the key benefits are set out against the Success Criteria above. Fenchurch Street is a key transport route within the City and additional space to accommodate pedestrian capacity is necessary.</p>
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13. Programme and key dates	<p>Finalise detailed design – June to August 2013</p> <p>Complete S278 agreement – June 2013</p> <p>Submit Gateway 5 report – September 2013</p> <p>Implementation – October 2013 to February 2014 (in line with building construction programme)</p>
14. Constraints and assumptions	<p>The developer funding this project requires the security infrastructure and environmental enhancements to coincide with the construction programme and completion of the building, which is anticipated for February 2014, ahead of building occupation in April 2014. Primary access to the new building will be across the new forecourt area and therefore it is essential the City is able to meet this critical time constraint.</p>
15. Risk implications	<p>This project is considered to be Low Risk. The main risks relate to programme, cost overrun and indemnities. Officers have taken the following specific risk mitigation actions:</p> <ul style="list-style-type: none"> - The programme risk relates to the need to implement the scheme and utilise the developer's funds late 2013/early 2014 to coordinate with the developer's building launch: <ul style="list-style-type: none"> • City officers have worked with the developer throughout the design evaluation process to ensure the security and enhancement project is positioned to be implemented in a coordinated manner with the completion of the building construction. To ensure this, the implementation works are primed to begin in October 2013, this timing will be formalised with the City's Term Contractor following approval of this report and the construction package. - The cost of works risk relates to the project exceeding the budget due to unforeseen conditions: <ul style="list-style-type: none"> • To minimise uncertainties regarding unforeseen conditions, namely underground features and/or services, City officers have utilised the developer's radar and topographic surveys of the works area and will undertake trial trenches if considered necessary prior to implementation works. • City officers have also negotiated with the developer for the inclusion of a contingency budget, in addition to the works budget to reduce the financial exposure of the project. The developer has agreed to provide this

	<p>contingency. Any unspent contingency will be returned to the developer at the completion of the works.</p> <ul style="list-style-type: none"> • The project manager will monitor costs closely to ensure the budget is not exceeded; however in the unlikely event that costs exceed the works cost estimate, including the contingency element, the S278 agreement with the developer allows for a works cost excess payment which requires the developer to cover any such cost excess and ensures no financial risk to the City. <p>- The indemnity risks relate to the fact that the developer is required to position wind mitigation trees on the public highway and that the forecourt channel drain has to drain into the new building basement before discharging into the public sewer. As such, all liabilities in relation to these points have been passed to the developer under the provisions of the draft S278 agreement:</p> <ul style="list-style-type: none"> • the proposed trees will be implemented, maintained and replaced as necessary for the life of the development by the developer/building owner. This is formalised in the draft S278 agreement and the developer indemnifies the City against any claims relating to the trees on public highway. • the proposed forecourt channel drain cannot drain directly into the public sewer because of the depth and extent of underground services in the Fenchurch Street footway. Therefore in the terms of the draft S278 agreement, the developer indemnifies the City against any water ingress into the new building from the forecourt drain.
16. Stakeholders and consultees	<p>Anticipated external stakeholders:</p> <ul style="list-style-type: none"> - Developer of 20 Fenchurch Street - Local occupiers and businesses - Utilities companies <p>Anticipated internal stakeholders:</p> <ul style="list-style-type: none"> - City of London Police - City Surveyors - Open Spaces - Cleansing Team - Finance - Highways

	<ul style="list-style-type: none"> - Development Management - Access Team
17. Legal implications	<p>The City has negotiated a S278 agreement with the developer (Canary Wharf Contractors) to formalise the funding, access, delivery and maintenance of the works for the project.</p> <p>Section 278 of the Highways Act 1980 provides the ability for the City, as highway authority, to enter into an agreement to secure funding for works (and maintenance) relating to highway.</p>
18. HR implications	N/A
19. Benchmarks or comparative data	N/A
20. Funding strategy	<p>The developer of 20 Fenchurch Street will fully fund the project via a Section 278 agreement. The use of this mechanism to secure the funding for this project was approved at Gateway 2 in April 2012. The agreement will also ensure that on-going maintenance of the security measures, lighting and trees will be funded by the developer/occupiers of the building in perpetuity. Because the developer is fully funding the project, it presents no financial risk to the City.</p> <p>Works will not commence until the funds have been received in full.</p>
21. Affordability	<p>The works are to be completed within the available budget of £900,000. The Project Officer will monitor expenditure via the City of London CBIS system and provide adequate reporting via Project Vision on a monthly basis.</p>
22. Procurement approach	<p>The developer has used their own consultants for initial design work and have covered all City involvement in the design development to date. The most efficient way to complete the design the scheme is for the City to finalise the detailed design. The project will utilise the City's Term Contractor to implement the works and this represents the best value, as demonstrated with the recent exercise comparing rates with other Transport for London contracts.</p>

Options Appraisal Matrix

See attached document.

Appendices

Appendix 1	Location Plan
Appendix 2	Layout Plan Option 1 (NON-PUBLIC)

Appendix 3	Scheme Montage 1
Appendix 4	Scheme Montage 2

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Appendix 1 – Location Plan



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Appendix 3 – Scheme Montage 1



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Appendix 4 – Scheme Montage 2



Options Appraisal Matrix

	<i>Option 1</i>
23. Brief description	Delivery of security and enhancement features to the forecourt of the 20 Fenchurch Street building including security rated bollards and granite covered benches, York stone paving, single timber benches and trees.
24. Scope and Exclusions (where different to section 3)	As Section 3.
25. Benefits and strategy for achievement (where different to section 10)	As Section 12.
26. Programme (where different to section 11)	As Section 13.
27. Constraints and assumptions (where different to section 12)	As Section 14.
28. Risk implications (where different to section 13)	As Section 15.
29. Stakeholders and consultees (where different to section 14)	As Section 16.
30. Legal implications (where different to section 15)	As Section 17.
31. HR implications (where different to section 16)	As Section 18.

	<i>Option 1</i>
32. Benchmarks or comparative data (where different to section 17)	As Section 19.

<u>Financial Implications</u>	<i>Option 1</i>
33. Total Estimated Cost (£)	£900,000
34. Anticipated source(s) of project funding (where different to section 18)	As Section 20.
35. Anticipated phasing of capital expenditure	<ul style="list-style-type: none"> - £300k Q3 2013/14 - £450k Q4 2013/14 - £150k* Q1 2014/15 <p>* - this figure includes contingency which may not be required</p>
36. Estimated capital value/return (£)	N/A.
37. Fund/budget to be credited with capital return	N/A.
38. Estimated ongoing revenue implications (£)	<p>It is anticipated that the project will be largely revenue neutral with the developer providing a 5 year maintenance contribution for the hard landscaping works, after the 5 years the maintenance costs would revert to the City programmes/budgets as existing.</p> <p>The cost of maintaining/repairing/replacing any security elements of the project remain the responsibility of the developer in perpetuity, as do any costs related to the trees in the forecourt as these act as wind mitigation measures for the</p>

	<p>development. Both these provisions are formalised in the draft S278 agreement with the developer.</p> <p>The forecourt channel drain connects through the building basement before discharging to the public sewer. Because of this, the responsibility for all sub-surface maintenance and cleaning falls to the developer/building owner in perpetuity.</p> <p>In addition the developer will be maintaining the two City of London lights that will be attached to the front of the building, thus providing positive revenue implications for the City's Lighting budgets.</p>
39. Source of ongoing revenue funding	A commuted 5 year sum for paving/hard landscaping maintenance will be obtained from the developer under the Section 278 agreement.
40. Fund/budget to be credited with income/savings	The Highways budget is expected to benefit from reduced costs for lighting the space.
41. Anticipated life	20+ years with regular maintenance.
42. Investment Appraisal	N/A
43. Affordability (where different to section 19)	As Section 21.
44. Proposed procurement approach (where different to section 20)	As Section 22.

45. <u>Recommendation</u>	<p>It is recommended that:</p> <p>i) the project be approved at an estimated cost of £900,000 to deliver Option 1 as funded by the developer of 20 Fenchurch Street (Canary Wharf Contractors Ltd); and</p> <p>ii) approval is given for City officers to enter into a legal agreement pursuant to Section 278 of the Highways Act 1980 with the developer of 20 Fenchurch Street to secure the funding and implementation arrangements for the project as described in this report.</p>
46. Reasons	<p>Option 1 is the recommended option.</p> <p>The proposal will deliver the maximum public realm benefit for the City community whilst providing the new building with the requisite security measures.</p>

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