

Committees: Corporate Projects Board - <i>for information</i> Streets and Walkways Committee - <i>for decision</i> Projects Sub Committee - <i>for decision</i>	Dates: 31/3/21 29/4/21 17/5/21
Subject: Consolidated Report – Shoe Lane Quarter Public Realm Enhancements – Phases 1 and 2 Unique Project Identifier: <i>Phase 1 – 11585, Phase 2 - 11346</i>	Gateway 6: Outcome Report Complex
Report of: Director of the Built Environment Report Author: Daniel Laybourn – City Transportation	For Decision
PUBLIC	

Summary

1. Status update	<p><u>Joint Project Description:</u> <i>To deliver high-quality public realm around 1 New Street Square (Landsec/ Deloitte) and the London Development Project (Goldman Sachs), to enhance the streetscape in the Shoe Lane Quarter.</i></p> <p><u>Phase 1 – 1 New Street Square (Landsec/ Deloitte)</u></p> <p>RAG Status: Green (Green at last report to Committee)</p> <p>Risk Status: Low (Low at last report to committee)</p> <p>Costed Risk Provision Utilised: N/A – Project predates the requirement for a costed risk provision.</p> <p>Final Outturn Cost: <i>S106 - £240,264. S278 - £309,718. Total - £549,982</i></p> <p><u>Phase 2 – The London Development Project (Goldman Sachs)</u></p> <p>RAG Status: Green (Green at last report to Committee)</p> <p>Risk Status: Low (Low at last report to committee)</p> <p>Costed Risk Provision Utilised: N/A – Project predates the requirement for a costed risk provision.</p> <p>Final Outturn Cost: <i>S106 - £2,113,761. S278 - £5,170,206. Total - £7,283,967</i></p>
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<p>2. Next steps and requested decisions</p>	<p>Requested Decisions:</p> <p>Members of Streets and Walkways and Project Sub-Committees are asked to:</p> <ul style="list-style-type: none"> • Note the content of this outcome report; • Authorise the Chamberlain’s department to return unspent section 106 and 278 funds to the developers as set out in the respective legal agreements, after any required maintenance sums are accounted for and subject to the verification of the final accounts; • Should it be request by the client, authorise the transfer of any unspent funds, following verification of the final accounts, to a separate project where the financial commitment resides with the same client; and • Agree to close the Shoe Lane Quarter Public Realm Enhancements – Phases 1 and 2 projects.
<p>3. Key conclusions</p>	<p>The Shoe Lane Quarter Public Realm Enhancements, that were delivered in two phases as shown in Appendix 1 and started in 2012 with the closure of Stonecutter Street, have now been completed. Although finishing later than planned, these projects combined have achieved a step-change in the quality of the public realm around two significant new developments. Each project also fully delivered on all the desired benefits and outcomes set out by the project Working Party, and no future additional financial responsibility has been placed on the City by either project.</p> <p>Both projects were funded using a combination of Section 106 and 278 contributions to deliver highways, greening and security improvements around the two development sites. At the start of each project working parties were set up including the developers and other local stakeholders including the Church and City Temple. This working group set out their needs and aspirations and helped to shape the overall streetscape vision. The successful delivery of what was a complex construction project would not have been possible without the on-going support and collaboration of the main clients and key local stakeholder – Landsec, Deloitte, Goldman Sachs, Transport for London, City Temple and St Andrew Holborn Church.</p> <p>With the scale and scope of the changes that were to be delivered in the area, some issues did arise during the construction phase. These are explored in this report, but each of these were able to be overcome by close partnership working with the clients, contractors and internal & external stakeholders.</p>

	<p>With high-quality materials and complex design, the finished schemes will now go on to act as an example of what can be achieved by delivering public realm improvements around several new developments holistically. The lessons learned, particularly with regards security infrastructure integrated into public realm features will inform future highway projects and schemes in the City.</p>
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Main Report

Design & Delivery Review

<p>4. Design into delivery</p>	<p>The designs for both projects have successfully accommodated the associated new private developments. The City's Highways Team and the term contractor (J B Riney) worked together with the clients and their various agents and contractors to re-programme works where necessary and to ensure that the construction of both projects seamlessly integrated to deliver the two phases of work with the construction of the buildings. The design process for the Phase 2 project was particularly challenging, where the City accepted a preliminary highways design from the developer as part of the planning process that then in parts had to be redesigned. Please see section 18 for more details.</p>
<p>5. Options appraisal</p>	<p>The overall raised carriageway/ shared space approach approved by Committee and taken forward into construction has met the projects' and the clients' objectives. Thorough stakeholder engagement and consultation throughout the previous stages of the projects' development, such as the Shoe Lane Quarter Working Group and as documented in the previous gateway reports, has helped to inform this process and ensure that stakeholders' views and preferences were accounted for where possible.</p>
<p>6. Procurement route</p>	<p>The detailed designs were prepared in-house by the City's highways team, with the initial highways design for Phase 2 being provided by the Client. The City's term contractor, JB Riney, was then used to deliver the majority of both projects, with the City's Open Spaces team undertaking the greening elements.</p> <p>At times, smaller elements of the work were undertaken by external specialists such as Arcadis Structural Engineers for the design of a retaining wall and irrigation cabinet on Stonecutter Street, and SFH Maintenance for the design and installation of the man-safe anchor points installed in the planters on Farringdon Street and Shoe Lane.</p>

<p>7. Skills base</p>	<p>The Project Team had the skills, knowledge and experience to manage and deliver the project. At times within Phase 2 and following requests from the developer, their contractors and specialists were involved in the design process. Also, as mentioned in section 6, external specialists were contracted by the project team to provide specific expertise where needed</p>
<p>8. Stakeholders</p>	<p>Before construction began on either project, the Shoe Lane Quarter Working Group was established to engage the local stakeholders. This ensured that they were fully consulted on the detail on the proposals, kept up to date on project progress and provided a forum for each attendee to update the group with their own activities</p> <p>However, whilst the delivery of Phase 1 around New Street Square and Little New Street saw no stakeholder-related issues, the lack of any response or engagement from one property on Plumtree Court, did lead to some issues during the delivery of Phase 2. The tenant in Morley House, a charity, used Plumtree Court to access their facilities. It is thought that the tenant moved in just before construction began on Phase 2. The project team were not able to consider their access requirements during the planning phase for construction and so could only mitigate the disruption caused once they were approached by the tenant to make their requirements known. After this, the project team worked at accommodating the charity's daily activities wherever possible, although at times this was difficult to achieve whilst keeping to the joint programme.</p> <p>Another issue that became apparent during construction was that the disruption to the local area caused by the private construction activities was at times incorrectly attributed to the City's highway works.</p> <p>Subsequently, the time and work required by officers to manage and resolve the issues above was not fully accounted for in the original project planning. Overall, the feedback received from stakeholders, now that building work has completed, indicates that all are pleased with the transformation that has taken place in the area and the benefits it brings to those living, working and travelling through.</p>

Variation Review

<p>9. Assessment of project against key milestones</p>	<p>Phase 1 started on time in March 2016. Due to the private development's construction delays, areas of the public highway were not handed back to the City on time to enable the highway work to proceed to the original programme. Phase 1 was therefore substantially completed in August 2016 rather than April 2016 as originally planned.</p> <p>Phase 2 started on time in January 2018. Again, due to delays with the private development, areas of the public highway were not handed back to the City on time to enable the highway work to proceed to the original programme. Phase 2 was therefore substantially completed in August 2019 rather than April 2019 as originally planned. The closing out of a few final construction tasks of Phase 2 however has been delayed. These relate to minor changes identified by a road safety audit following the substantial completion of the work. The order for this work has been placed with the City's term contractor and the changes are to be made as soon as possible but have been delayed due to the Covid-19 lockdown and subsequent impacts with the procurement of specific materials.</p> <p>Overall though, none of these delays were a significant problem as the completion of the highway work was organised to keep pace with the delayed completion of the private developments and their occupation dates. Therefore, there were no negative impacts to the clients caused by the City in either case.</p>
<p>10. Assessment of project against Scope</p>	<p>There were no significant changes in either project's design to that approved for construction by the City's committees.</p>
<p>11. Risks and issues</p>	<p>Phase 1 did not encounter any risks that couldn't be handled within the BAU project management process. Regarding Phase 2, some of the risks were realised but again these were handled within the BAU and S278 project management process. These mainly related to the utility companies initially requiring more funds than originally estimated for the required utility diversions. However, they have since returned a portion of that funding back to the project as it wasn't needed. This is a fairly common practice of the utility companies to ensure they have low risks associated to them for the diversion work.</p> <p>Also, the City's highways contractor was delayed on Phase 2 of the works by the developer's contractor, and this resulted in increased costs in order to reduce the delay to the programme. To deal with the delay on the progress of the private development, the Client requested the City to accelerate its work to ensure the highway work completed in time for the planned occupation of the</p>

	<p>new building. Therefore, the Client was asked to recontribute the increased costs, and pay additional funds for acceleration as per the S278 agreement and the increased utility costs. However, to make the client's delivery date, the acceleration had to commence immediately prior to approval but this cost-only change was detailed and approved retrospectively in an Issue Report to committee in July 2019.</p> <p>As both projects' approvals date back before the requirement for Costed Risk Provisions, it's not possible to include these with this report.</p>
12. Transition to BAU	<p>With both projects now being complete, BAU maintenance responsibilities have now been passed over to the Highways Maintenance and Open Spaces teams. Regarding the London Development (Goldman Sachs), an annual maintenance plan as required by the S278 agreement has been established due to the high number of non-standard items installed such as the planters on Shoe Lane and the hostile vehicle integration around the building. The City's maintenance costs are fully reimbursed by the building's occupier on an annual basis.</p>

Value Review

13. Budget	<p><i>Phase 1 Estimated Outturn Cost (G2)</i></p>		<p>Estimated cost: N/A (scheme was first estimated separately at its G5 stage in late 2015 for £575,760)</p>																				
	<p><i>Phase 2 Estimated Outturn Cost (G2)</i></p>		<p>Estimated cost: approx. £7,000,000</p>																				
	<p>Spend to Date: 1 New Street Square S106 & S278 (Landsec/ Deloitte – Phase 1)</p> <table border="1"> <thead> <tr> <th>Description</th> <th>G5 Approved Budget (£)</th> <th>Expenditure (£)</th> <th>Balance (£)</th> </tr> </thead> <tbody> <tr> <td>Staff Costs</td> <td>95,000</td> <td>130,666</td> <td>(35,666)</td> </tr> <tr> <td>Fees</td> <td>20,000</td> <td>2,500</td> <td>17,500</td> </tr> <tr> <td>Works</td> <td>460,760</td> <td>416,816</td> <td>43,944</td> </tr> <tr> <td>TOTAL</td> <td>575,760</td> <td>549,982</td> <td>25,778</td> </tr> </tbody> </table>				Description	G5 Approved Budget (£)	Expenditure (£)	Balance (£)	Staff Costs	95,000	130,666	(35,666)	Fees	20,000	2,500	17,500	Works	460,760	416,816	43,944	TOTAL	575,760	549,982
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14. Investment	Not Applicable																																
15. Assessment of project against SMART objectives	<p>Phase 1 predated the requirement for SMART objectives. The Phase 2 project did however achieve its SMART objectives of:</p> <ul style="list-style-type: none"> • Creation of secure 'Stand-off' and security infrastructure to the appropriate British Standard; • Reduce road danger; • Creating usable additional public space from excess carriageway; • Tree planting as climate change mitigation; • Improved street appearance; and • Securing Goldman Sachs' commitment to this City location. 																																
16. Key benefits realised	<p>The Phase 1 and 2 projects have together delivered the following key benefits in the Shoe Lane Quarter. These can be defined as:</p> <ul style="list-style-type: none"> • Enabling safe access to the new developments for people walking and cycling; 																																

	<ul style="list-style-type: none"> • Enabling and enhancing provisions for pedestrians by widening footways; • A raised carriageway that facilitates easier pedestrian crossing • Provision of extra seating, greening and lighting enhancements to create a sense of 'place'; • Aesthetic improvements to the area by the implementation of high-quality materials and design; and • Security enhancements requested and funded by Phase 2's client.
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Lessons Learned and Recommendations

<p>17. Positive reflections</p>	<p>As mentioned previously, the Shoe Lane Quarter Working Group ensured that all the key stakeholders were fully consulted, kept up to date on progress and provided a forum for all to discuss their activities. This therefore helped to inform the City's highways design to ensure it met with stakeholder expectations. The City also benefited greatly from three clients who were very supportive in implementing the Shoe Lane Quarter transformation</p> <p>The project team, including the clients' agents and Transport for London in relation to the construction of the cycle superhighway on Farringdon Street, worked well together throughout the project. This is especially noteworthy given the small size of the team and the scale of the private and public developments involved. Also, the small size of the team enabled quick and effective communication as generally each person acted as single point of contact for the parties involved. As an example, at the peak of the project this involved the City's highways project, the construction of the London Development Project building and the construction of Transport for London's Cycle Superhighway on Farringdon Street to all co-exist and progress in the same spaces whilst maintaining safe pedestrian access through the area.</p> <p>Due to the bespoke nature of both projects, a significant amount of the scope involved complex design work that required close collaboration between all stakeholders and their design teams. Prime examples of this were the revisions of the road and footpath levels on Shoe Lane to suit the London Development Project whilst maintaining the protected views of St Pauls, and intricate design of the hostile vehicle mitigation measures around the site. The learning and design knowledge gained from these experiences can now be taken forward into future projects.</p> <p>The Phase 2 project has also made an overall saving. Whilst the project team all helped to deliver this saving, the City's engineers</p>
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	<p>were primarily responsible as a result of their diligent construction management and close working with the principal contractor. Also, the City engineers' and the contractor's ability and willingness to re-programme works as required to meet the developer's evolving plans was key in minimising any delivery delays.</p>
<p>18.Improvement reflections</p>	<p>As a result of a decision made at the planning stages, the scope for the project team to negotiate during Phase 2 was limited, and greater design control was passed to the developer than is usual for such projects. For example, the design novation process where the City accepted a preliminary highways design for Phase 2 from the client was, in hindsight, not adequate. To be effective and to avoid the later issues the project incurred, the process should have included a requirement for the client to ensure that the preliminary design had gone through (as a minimum) an independent road safety audit and a construction design management (CDM) review, with evidence for both being provided at the time of acceptance as there is the obligation on the City, as the eventual principal designer, to ensure processes like these are undertaken. Doing this on future projects would help to avoid situations where a design is perceived by a client to have been fully approved but as the project progresses, unforeseen changes are required. These also nearly always result in extra costs to accommodate at the later stages.</p> <p>Regarding the required utility diversions, the Phase 2 G5 project estimate and therefore the S106/278 agreement included a provisional sum for the estimated amount of utility work needed. This amount was informed by previous projects of similar scale and allowed the project team to proceed to signing the legal agreement with the Client. The Client had pushed for the agreement to be made on this basis, rather than wait for all the utility owners to submit estimates which can take some time to arrive. On reflection, these early provisional estimates, if used in future S278 agreements, may need to increase better reflect to the developer the likely utility costs request. As usual if these estimated costs are then not realised, the money will be returned once the Utility company has completed their work. Also, C3 utility surveys could be undertaken earlier in the design process to help mitigate against low estimates and increased delays.</p> <p>Although not an issue for these schemes, during Phase 2's construction in September 2018, the Department for Transport issued a guidance note asking that the majority of shared space/ level surface schemes in design development be paused to allow for the related guidance to be reviewed due to concerns raised about the design concept. At the time of writing, no revised guidance has</p>

	<p>been published so it would be difficult for the City to proceed with a similar scheme at this time.</p> <p>Finally, in Phase 2, the client requested that the final stages of construction be accelerated to help ensure the work was completed by the time occupation of their new building began. This was a simple request containing no scope changes that involved the client contributing additional funds to the project to cover the increased costs. However, in order to accept the funds into the project, the City's project processes required that an issue report be submitted to committee to increase the overall budgets. This process took approximately two months to complete due to the City's reporting processes but at that stage in the construction process, it wasn't possible to halt work and so the acceleration had to take place before the issue report was considered or approved. In future, default delegation of authority to the chief officers, in conjunction with the Chamberlains, to increase overall project budgets should the increase be fully funded by developer could be implemented in the standing orders. This would then help to improve the efficiency of the project management process, enable working practice changes to be made swiftly and avoid presenting relatively minor changes to Committee for their consideration.</p>
19. Sharing best practice	Dissemination of lessons learnt and project improvements has taken place via team and project staff briefings.
20. AOB	The phase 1 G5 project predated the requirement for a project coversheet.

Appendices

Appendix 1	Phase 1 and 2 Scope
Appendix 2	Phase 2 Project Coversheet
Appendix 3	Finance Tables
Appendix 4	Before and After Photos

Contact

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