

<p><b>Committees:</b></p> <p>Streets and Walkways Sub Committee – (For Decision)</p> <p>Projects and Procurement Sub Committee (For Information)</p>	<p><b>Dates:</b></p> <p>30 January 2024</p> <p>12 February 2024</p>
<p><b>Subject:</b></p> <p>Salisbury Square development highway and public realm works</p> <p><b>Unique Project Identifier:</b></p> <p>12389</p>	<p><b>Gateway 2 Issue Report Regular</b></p>
<p><b>Report of:</b></p> <p><b>Interim Executive Director of Environment</b></p> <p><b>Report Author:</b></p> <p>Maria Curro &amp; Maria Herrera – Transport and Public Realm Projects.</p>	<p><b>For Decision</b></p>
<p><b>PUBLIC</b></p>	

<p><b>1. Status update</b></p>	<p><b>Project Description:</b> The Salisbury Square Development will deliver a new, purpose-built legal court facility and the City of London Police headquarters, along with a commercial building, including offices. The highway and public realm works will facilitate and complement the Salisbury Square Development by providing an enhanced street environment with integrated security measures and a new public square. This is essentially a Section 278 project but undertaken via a commitment given in a Unilateral Undertaking and by the discharge of a condition which requires the approval of a scheme highway works which are considered necessary to make the development acceptable in planning terms. This is because the City Corporation is bringing forward the development, and as one legal entity it cannot contract with itself.</p> <p><b>RAG Status:</b> Amber (Green at last report to Committee)</p> <p><b>Risk Status:</b> Low (Low at last report to committee)</p> <p><b>Total Estimated Cost of Project (excluding risk):</b> £5m - £6m (as outlined within this report)</p>
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	<p><b>Change in Total Estimated Cost of Project (excluding risk):</b> £2m (£3m - £4m, as reported at Gateway 1/2, September 2022)</p> <p><b>Spend to Date:</b> £82,568 (Staff costs and fees)</p> <p><b>Costed Risk Provision Utilised:</b> None utilised to date.</p> <p><b>Funding Source:</b> Salisbury Square development budget.</p> <p><b>Slippage:</b> A Gateway 1/2 report approved in September 2022 included an outline programme which estimated the submission of a Gateway 3/4 in Summer 2023 and a Gateway 5 in Summer 2024.</p> <p>However, a revised programme included in this report, reflects the current projected timescales for the development which have informed the estimated programme for the implementation of the highway and public realm works. It is estimated that the construction of these works would commence in Q2 2026, at the earliest. This reflects the development's timescales and is subject to a detailed construction phasing plan being agreed.</p>
<p><b>2. Requested decisions</b></p>	<p><b>Next Gateway:</b> Gateway 3/4 - Options Appraisal (Regular)</p> <p><b>Requested Decisions:</b></p> <p>Members of the Streets and Walkways Sub-Committee are asked to:</p> <ol style="list-style-type: none"> <li>1. Approve Option 2*; and allow for the additional budget of £154,000 (staff costs and fees) to be included in the budget to reach the next Gateway subject to the receipt of funds from the City Corporation in its capacity as developer.</li> <li>2. Note the updated increased cost of the highways and public realm works, currently estimated at £5m - £6m (excluding costed risk provision and commuted sums).</li> <li>3. Note the revised timescales for delivery outlined in this report.</li> </ol> <p>*Refer to Section 5: Option 2 (Recommended): Additional budget Staff costs and fees are approved to complete the work and ensure the street environment is fit for purpose and in line with the requirements of the Unilateral Undertaking.</p>
<p><b>3. Budget</b></p>	<p>In September 2022, a Gateway 1/2 report was approved to release £100,000, which was received under the requirements of the Unilateral Undertaking Pursuant to the Section 106<sup>1</sup> unilateral undertaking, for the design and evaluation of the public realm and highways project.</p>

<sup>1</sup> Planning Reference 21/00538/FULEIA (120 Fleet Street, London, EC4A 2BE).

The funding has been utilised towards staff time dedicated to review and progress the detailed design stage and assess the information produced to date by the consultant team, appointed by City Surveyors (acting as development agent). In addition, City officers have been working closely with internal departments to ensure the project is progressed in accordance with the City's highway standards.

The information produced to date (RIBA stage 4A) has informed the updated cost estimate for the project. The current estimated project cost is between £5m and £6m (excluding costed risk provision and commuted sums). This includes considerations for integrated security measures along the perimeter of the building, a high quality new public square (Salisbury Square), with multiple bespoke design details, street furniture, planters and other unique heritage features, as agreed at the planning stage.

To reach the next Gateway, it is requested that a further £154k (refer to Table 1 and 2 below) be included in the budget to undertake the necessary detailed design stage, liaison with external consultant's team and commissioning of traffic, drainage and utility surveys as required. This stage of work will inform a detailed cost estimate to be submitted to committees in the next report.

The request of funding to reach the next Gateway also includes the existing overspend on staff costs to date.

**Table 1: Spend to date - 16800474: Salisbury Square Highway Works**

Description	Approved Budget (£)	Expenditure (£)	Balance (£)
Env Servs Staff Costs	25,000	22,626	2,374
P&T Staff Costs	33,000	57,022	(24,022)
Open Spaces Staff Costs	2,000	-	2,000
P&T Fees	40,000	2,920	37,080
<b>TOTAL</b>	<b>100,000</b>	<b>82,568</b>	<b>17,432</b>

**Table 2: Resources Required to reach the next Gateway**

Description	Approved Budget (£)	Resources Required (£)	Revised Budget (£)
Env Servs Staff Costs	25,000	35,000	60,000
P&T Staff Costs	33,000	74,000 *	107,000
Open Spaces Staff Costs	2,000	10,000	12,000

	P&T Fees	40,000	35,000	75,000
	<b>TOTAL</b>	<b>100,000</b>	<b>154,000</b>	<b>254,000</b>
	<b>Table 3: Revised Funding Allocation</b>			
	<b>Funding Source</b>	<b>Current Funding Allocation (£)</b>	<b>Funding Adjustments (£)</b>	<b>Revised Funding Allocation (£)</b>
	Salsbury Square Development budget	100,000	154,000	254,000
	<b>Total Funding Drawdown</b>	<b>100,000</b>	<b>154,000</b>	<b>254,000</b>
	<p>*Figure is inclusive of current overspend on P&amp;T staff costs of £24,0022.</p> <p><b>Costed Risk Provision requested for this Gateway:</b> Not requested at this stage of the project, although an uncosted risk register is included with this report in Appendix 2.</p> <p>The above increased budget will include project management, engineer design time, City Gardens design time and input regarding the planting scheme, and fees to cover relevant surveys (utilities, etc.) required to take the project forward.</p>			
<b>4. Issue description</b>	<p>4.1 The Salisbury Square Development will deliver a new legal court facility, an industry leading City of London Police headquarters and a commercial building including offices. The development site is bounded by Fleet Street, Salisbury Court, Salisbury Square and Whitefriars Street (refer to location plan attached in Appendix 3).</p> <p>4.2 The highways and public realm works will facilitate the Salisbury Square Development, providing a fit for purpose street environment, with integrated security measures, an enhanced public square (Salisbury Square) and provision of green infrastructure, seating and cycle parking. The highways and public realm works will also make changes to the existing traffic management arrangements and parking provision in order to accommodate the requirements for vehicular access to the Court's facilities.</p> <p>4.3 Under the Unilateral Undertaking given by the City pursuant to Section 106 and conditions attached to the planning permission, the City as the developer is obligated to fund works on the public highway that are considered necessary to make the development acceptable in planning</p>			

terms. This process is equivalent to a Section 278 agreement, which is required to be entered into with a developer to ensure the street environment is fit for purpose.

4.4 Since the Gateway 1/2 report was approved in autumn 2022, officers have established an internal core project team to review and produce an outline cost estimate of the highways and public realm scheme, as approved with the planning permission.

4.5 In addition to work on the designs, City officers have progressed securing the approvals with TfL Buses and TfL Assets regarding the removal of the Fleet Street bus stop, determining appropriate parking requirements for the site, and determining site-specific security measures. The complexities of many of these project elements, required to ensure project progression, has resulted in staff time and costs exceeding the stated budget in the Gateway 1/2.

4.6 City officers have worked closely with the external design team, led by Avison Young (on behalf of City Surveyors), to produce a cost estimate which reflects the information provided to date by Avison Young (pre-construction design pack, RIBA Stage 4A).

4.7 Current indicative figures estimate that the highways and public realms works are likely to be in the range of £5m-£6m (excluding costed risk provision and commuted sums). This is an increase in the figures presented in the Gateway 1/2 report from 2022, which included a cost range of between £3-£4m. This early-stage estimate included in the Gateway 1/2 report was based on the limited information available at the time of writing.

4.8 The significant rise in materials' costs and inflation, alongside a number of high-specification and bespoke elements of the current design are reflected in the updated cost estimate. The public realm scheme, which was agreed through the planning application, includes complex security barriers, high specification paving materials, planters and street furniture, all of which are bespoke elements. City officers have worked within these design parameters agreed through the planning permission to produce the updated estimated cost range.

4.9 There are substantial requirements for security infrastructure around the perimeter of the building and along Salisbury Court itself, which could potentially require extensive work on utility diversions. At this stage, an indicative cost has been assumed for these works, and will be subject to further investigation on site as the area becomes available.

4.10 The design and scope of the works in Salisbury Square was considered at the planning stage to be a fundamental

benefit for the general public as a result of the Courts development. Any substantial changes in the design, material specification and scope of the scheme would give rise to planning considerations.

4.11 City officers will continue working closely with Avison Young and the design team in order to complete the detailed design information. This will then inform a detailed cost estimate which will be presented to Members for review at the next Gateway. Further detail on future funding sources is to be confirmed by Developer (City Surveyor) at the next stage.

4.12 The next phase of work will also include the development of a Design Responsibility Matrix (RIBA Plan of Work Toolbox 2020), to ensure all parties are engaged and roles and responsibilities agreed. An updated costed risk register will also be prepared and submitted at the next Gateway 3/4.

4.13 In order to undertake the next stage of work and complete the detailed and pre-construction information, additional funding for staff costs and fees is required. This will enable the City core project team to continue the close liaison with Avison Young and internal departments to ensure the project meets the objectives agreed within the planning permission.

4.14 These cost estimates and the need for further design and evaluation funding has been discussed with Avison Young. In terms of the increased Design and Evaluation payment, this is agreed. The project cost estimate is still being discussed and will become firmer as more detailed work is undertaken.

#### **Legal implications**

4.15 A condition attached to the planning permission for the Salisbury Square Development requires the highway authority to agree/approve a scheme of highway improvement works which are considered necessary to make the development acceptable in planning terms. The condition includes a list of highway works which were considered necessary at the planning stage, although the list was not exhaustive.

4.16 The unilateral undertaking that was given by the City Corporation as landowner, which sits alongside the planning permission, requires the City Corporation as landowner to meet the cost of delivering the necessary scheme of highway works.

4.17 Approval of the recommended budget will allow for the highway works set out in the planning condition to be delivered, for the discharge of the relevant condition and for compliance with the unilateral undertaking.

	<p><b>Programme Considerations</b></p> <p>4.18 At Gateway 1-2, the programme estimated for the highway and public realm works to be completed in 2026. However, a revised programme included in this report (Table 3) reflects the current projected timescales for the implementation of the highway and public realm works.</p> <p>It is estimated that the construction of these works would commence in Q2 2026, at the earliest. This reflects the development’s timescales and is subject to a detailed construction phasing plan to be produced in due course. The highway and public realm works will be coordinated with the development’s programme to reduce disruption to nearby occupiers.</p> <p>Table 3: Salisbury Square Highway and Public Realm Works Outline Project Programme</p> <table border="1" data-bbox="528 853 1431 1077"> <thead> <tr> <th>Project Element</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Issue Report</td> <td>January 2024</td> </tr> <tr> <td>Complete detailed design stage and pre- construction information.</td> <td>February – May 2024</td> </tr> <tr> <td>Gateway 3/4 report</td> <td>Summer 2024</td> </tr> </tbody> </table>	Project Element	Date	Issue Report	January 2024	Complete detailed design stage and pre- construction information.	February – May 2024	Gateway 3/4 report	Summer 2024
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<p><b>5. Options</b></p>	<p>Option 1: Additional budget for Staff costs and fees is not approved, and project cannot progress. This option would impede the completion of the detail design of the Highways and public realm scheme which is required to facilitate the development.</p> <p>Option 2 (<b>Recommended</b>): Additional budget Staff costs and fees are approved to complete the work and ensure the street environment is fit for purpose and in line with the requirements of the Unilateral Undertaking.</p>								

## Appendices

<b>Appendix 1</b>	Project Coversheet
<b>Appendix 2</b>	Risk Register
<b>Appendix 3</b>	General arrangement plan; Salisbury Square

## Contact

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