

Committees: Streets & Walkways Sub (for decision) Projects & Procurement Sub (for information)	Dates: 4 February 2025 4 February 2025
Subject: Combined Section 278 Project Initiation Report <ul style="list-style-type: none"> • 5-10 Great Tower Street • 75 London Wall • 10-16 Bevis Marks Unique Project Identifiers: To be confirmed	Gateway 2: Project Proposal
Report of: Executive Director Environment Report Author: Tom Noble	For Decision
<h1 style="margin: 0;">PUBLIC</h1>	

Recommendations

1. Next steps and requested decisions	<p>Project Description: Planning permission has been approved and granted for developments at Great Tower Street, London Wall and Bevis Marks. The developers of the approved schemes are required by condition or obligation to enter into a Section 278 agreement with the City of London Corporation. The scope of each Section 278 agreement is broadly established through the associated Section 106 agreements.</p> <p>As is standard for the City Corporation, the Section 278 agreements will include clauses that obligate the relevant developer to meet the full cost of the works.</p> <p>Next Gateway: Various (refer to individual Project Briefings at Appendix 1)</p> <p>Next Steps: Specific next steps are set out in individual Project Briefings at Appendix 1, however some apply across all projects:</p> <ul style="list-style-type: none"> • Set up project budgets • Commence design work • Negotiate and enter into Section 278 agreements. <p>Requested Decisions:</p> <ol style="list-style-type: none"> 1. That budgets are approved for each project, subject to receipt of funds, as set out in the tables in Section 2; 2. Note the total estimated costs of the projects (excluding
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	<p>risk) as set out in the Project Briefings;</p> <p>3. That authority is given to negotiate and enter into the individual Section 278 (or equivalent) agreements;</p> <p>4. That authority is given to advertise Traffic Regulation Orders where required, noting that any objections will be dealt with in the usual way.</p>																																								
<p>2. Resource requirements to reach next Gateway</p>	<table border="1" data-bbox="528 465 1390 1400"> <thead> <tr> <th colspan="4" data-bbox="528 465 1390 533">Table 2.1: 5-10 Great Tower Street</th> </tr> <tr> <th data-bbox="528 533 762 678">Item</th> <th data-bbox="762 533 1007 678">Reason</th> <th data-bbox="1007 533 1198 678">Funds/ Source of Funding</th> <th data-bbox="1198 533 1390 678">Cost (£)</th> </tr> </thead> <tbody> <tr> <td data-bbox="528 678 762 898">Staff costs (Project Manager)</td> <td data-bbox="762 678 1007 898">Project management, stakeholder liaison, report writing</td> <td data-bbox="1007 678 1198 898">Section 106</td> <td data-bbox="1198 678 1390 898">20,000</td> </tr> <tr> <td data-bbox="528 898 762 1037">Staff costs (Engineer)</td> <td data-bbox="762 898 1007 1037">Design work, commissioning surveys</td> <td data-bbox="1007 898 1198 1037">Section 106</td> <td data-bbox="1198 898 1390 1037">20,000</td> </tr> <tr> <td data-bbox="528 1037 762 1328">Fees</td> <td data-bbox="762 1037 1007 1328">To cover (but not limited to) Technical assessments, including any surveys and utility enquiries</td> <td data-bbox="1007 1037 1198 1328">Section 106</td> <td data-bbox="1198 1037 1390 1328">10,000</td> </tr> <tr> <td data-bbox="528 1328 762 1400">Total</td> <td data-bbox="762 1328 1007 1400"></td> <td data-bbox="1007 1328 1198 1400"></td> <td data-bbox="1198 1328 1390 1400">50,000</td> </tr> </tbody> </table> <table border="1" data-bbox="528 1435 1390 2011"> <thead> <tr> <th colspan="4" data-bbox="528 1435 1390 1503">Table 2.2: 75 London Wall</th> </tr> <tr> <th data-bbox="528 1503 762 1648">Item</th> <th data-bbox="762 1503 1007 1648">Reason</th> <th data-bbox="1007 1503 1198 1648">Funds/ Source of Funding</th> <th data-bbox="1198 1503 1390 1648">Cost (£)</th> </tr> </thead> <tbody> <tr> <td data-bbox="528 1648 762 1868">Staff costs (Project Manager)</td> <td data-bbox="762 1648 1007 1868">Project management, stakeholder liaison, report writing</td> <td data-bbox="1007 1648 1198 1868">Section 106</td> <td data-bbox="1198 1648 1390 1868">20,000</td> </tr> <tr> <td data-bbox="528 1868 762 2011">Staff costs (Engineer)</td> <td data-bbox="762 1868 1007 2011">Design work, commissioning surveys</td> <td data-bbox="1007 1868 1198 2011">Section 106</td> <td data-bbox="1198 1868 1390 2011">15,000</td> </tr> </tbody> </table>	Table 2.1: 5-10 Great Tower Street				Item	Reason	Funds/ Source of Funding	Cost (£)	Staff costs (Project Manager)	Project management, stakeholder liaison, report writing	Section 106	20,000	Staff costs (Engineer)	Design work, commissioning surveys	Section 106	20,000	Fees	To cover (but not limited to) Technical assessments, including any surveys and utility enquiries	Section 106	10,000	Total			50,000	Table 2.2: 75 London Wall				Item	Reason	Funds/ Source of Funding	Cost (£)	Staff costs (Project Manager)	Project management, stakeholder liaison, report writing	Section 106	20,000	Staff costs (Engineer)	Design work, commissioning surveys	Section 106	15,000
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Table 2.3: 10-16 Bevis Marks

Item	Reason	Funds/ Source of Funding	Cost (£)
Staff costs (Project Manager)	Project management, stakeholder liaison, report writing	Section 278	15,000
Staff costs (Engineer)	Design work, commissioning surveys	Section 278	15,000
Fees	To cover (but not limited to) Technical assessments, including any surveys and utility enquiries	Section 278	20,000
Total			50,000

Costed Risk Provision requested for this Gateway: Not requested at this stage.

Funds have already been received, or are expected to be received, from the relevant developers for the evaluation and design stage of the projects. Provision is also made in the related Section 106 agreements for any excess payments during the evaluation and design stage to be recouped from the developers.

Unless otherwise requested by the developer, any remaining monies at the end of the evaluation and design stage will be put towards the implementation stage of the highway works. The allocation of resources is subject to advance receipt of all

	<p>funds.</p> <p>The development at 10-16 Bevis Marks does not have a Section 106 agreement associated with the planning permission and therefore the developer is not obliged to pay an up-front Evaluation & Design fee for the Section 278 works. Officers are in discussions with the developer to secure a voluntary payment of costs towards evaluation & design of the Section 278 works prior to entering into a Section 278 agreement that will allow officers to proceed with the project. A full Section 278 agreement to deliver the works will be entered into in due course, securing the remaining costs.</p>
<p>3. Governance arrangements</p>	<ul style="list-style-type: none"> • Service Committee: Streets & Walkways Sub • Senior Responsible Officer: Bruce McVean (Assistant Director, Policy & Projects) • Under the existing governance procedures Project boards are not expected to be required for any of the projects. Working groups involving key stakeholders will be established where appropriate. Subject to the revised Corporate Project Governance procedures being agreed, these projects will follow the revised appropriate governance arrangements. • All of these projects form part of a legal requirement between the City and the individual developers to enter a Section 278 agreement following the granting of planning permission. At the initiation stage of these types of projects, the information available is very similar across all the projects and so a consolidated report has been used for this first stage. This approach has been used previously and works well. • The project at 5-10 Great Tower Street is anticipated to be under the value of the formal gateway process and will be undertaken through existing delegated procedures and governance procedures. This consolidated report seeks authority to enter a s278 agreement with the developer in due course. Should the total cost of the project increase to a level above the project procedure threshold the project will revert to the 'light' project route.

Project Summary

<p>4. Context</p>	<p>4.1 Planning applications for developments at Great Tower Street, London Wall and Bevis Marks have been approved by Delegated Authority and planning permissions have been issued. All of these approvals require the applicant to enter into a Section 278 agreement with the City of London, to deliver changes to the highway in the vicinity of</p>
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	<p>the site. An Evaluation & Design (E&D) payment, to progress initial design options, is required through the Section 106 agreement; the value of the E&D is determined by the scale and complexity of the relevant application.</p> <p>4.2 The development at 10-16 Bevis Marks does not have a Section 106 agreement associated with the planning permission. Officers are in discussions with the developer to secure a voluntary payment for evaluation & design of the Section 278 works to be made prior to entering into a Section 278 agreement that will allow officers to proceed with the project and determine the scope of works. A full Section 278 agreement to deliver the works will be entered into in due course.</p> <p>4.3 The projects proposed for initiation in this report relate to the following planning permissions:</p> <ul style="list-style-type: none"> • 23/01254/FULMAJ – 5-10 Great Tower Street, EC3R 5AA • 23/01270/FULMAJ – Winchester House, 75 London Wall, EC2M 5ND • 24/00061/FULL – 10-16 Bevis Marks, EC3A 7LH
<p>5. Brief description of project</p>	<p>5.1 Each project involves changes to the public highway in the vicinity of each site. All are fully funded via Section 278 agreements, as stipulated in the relevant Section 106 agreements, with the exception of 10-16 Bevis Marks as noted in Section 4 of this report.</p> <p>5.2 Descriptions of each individual project are contained in the Project Briefs appended to this report.</p>
<p>6. Consequences if project not approved</p>	<p>6.1 The applicants would be in breach of their obligations under the Section 106 agreements or conditions of their planning permission should approval not be granted to progress these projects.</p>
<p>7. SMART project objectives</p>	<p>Objectives for each project are set out in the Project Briefings at Appendix 1.</p>
<p>8. Key benefits</p>	<p>The anticipated benefits arising from each project are set out in the Project Briefings at Appendix 1.</p>
<p>9. Project category</p>	<p>7a. Asset enhancement/improvement (capital)</p>
<p>10. Project priority</p>	<p>A. Essential</p>
<p>11. Notable exclusions</p>	<p>None.</p>

Options Appraisal

12. Overview of options	12.1 The scope of each project is broadly outlined in the relevant Section 106 agreement and are summarised in the individual Project Briefings appended to this report. Further detail on options development will be reported through separate Gateway reports for each project.
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Project Planning

13. Delivery period and key dates	Overall: The overall project durations vary and are largely dependent on the respective development programmes. Key dates: Refer to Project Briefings. Other works dates to coordinate: Coordination with other works will be assessed and reported in at future Gateways for each individual project.
14. Risk implications	Overall project risk: Low 14.1 The scope of each project is set out in the related Section 106 agreement; these agreements also obligate the developers to pay the full reasonable costs of the Section 278 works. The scope for 10-16 Bevis Marks will be confirmed following completion of the evaluation and design stage. 14.2 The City Operations division has delivered many Section 278 projects and is experienced in managing the risks involved with such works. 14.3 Individual risk registers will be produced and reported at future Gateways. Early-stage risks identified are as follows: <ul style="list-style-type: none">• Developments are delayed impacting on project programme and budget.• Inaccurate or incomplete budget estimates, including inflationary issues, lead to budget increases.• Utility and utility survey issues lead to increased costs and / or scope of work.• Issues with external engagement and buy-in lead to project delays and / or increased costs.• Third party delays may impact negatively on project delivery (programme and / or budget). 14.4 Risks related to the 10-16 Bevis Marks project only, are that the developer:

	<p>a) does not agree to pay the Evaluation & Design fee prior to entering into the Section 278 Agreement. This would cause delay to the project as payment would need to be secured via the Section 278 Agreement. A second Section 278 agreement would possibly be required to secure the remaining costs of the works and confirming the scope of works;</p> <p>b) does not agree with the scope of works and / or the costs of works following completion of the Evaluation and Design. Officers are actively and positively engaging with the developer to secure a commitment to pay the evaluation and design costs up front to avoid delay.</p>
15. Stakeholders and consultees	<ul style="list-style-type: none"> • Developers • Local businesses, including BIDS where relevant • Local residents • City divisions and departments, including Planning & Development, Natural Environment, Chamberlains and Comptroller & City Solicitors.

Resource Implications

16. Total estimated cost	<p>Likely cost range (excluding risk): £1,700,000 - £3,050,000</p> <p>Likely cost range (including risk): £1,700,000 - £3,050,000</p> <p>Note that this is the total cost range across the three projects. Cost ranges for each individual project are contained in the Project Briefings.</p>	
17. Funding strategy	<p>Choose 1:</p> <p>All funding fully guaranteed</p>	<p>Choose 1:</p> <p>External - Funded wholly by contributions from external third parties</p>
	<p>17.1 All of the projects will be fully funded through Section 278 agreements, as required as part of the Section 106 agreements for each development (with the exception of 10-16 Bevis Marks).</p> <p>17.2 Consideration will be given to expanding the scope of some projects where opportunities arise (such as on streets where there are several developments and there may be a benefit in widening the remit to cover a wider area). In these cases, funding bids will be submitted as part of the capital bidding process for On Street Parking Reserve or Community Infrastructure Levy funding to cover the sections of highway not impacted by the developments. Approval would be sought through the Gateway procedure to expand the scope of the project(s). If funding bids were unsuccessful then the scope</p>	

	<p>would not be expanded and the opportunity to combine works would be lost.</p> <p>17.3 Indicative cost ranges are shown in the Project Briefings at Appendix 1.</p>
18. Investment appraisal	Not applicable.
19. Procurement strategy/route to market	It is anticipated that all works including design and construction will be undertaken in-house. Should specialist input be required this will be sourced through a competitive tender process in line with City Procurement regulations.
20. Legal implications	<p>Section 278 of the Highways Act 1980 allows the City Corporation (as highway authority) to enter into an agreement with any person for the execution of any works which the authority are authorised to execute, on the terms that that person pays the whole or such part of the cost of the works as may be specified in the agreement, if they are satisfied it will be of benefit to the public.</p> <p>All of the Section 106 agreements linked to these developments require the developers to enter into Section 278 agreements with the City Corporation to deliver the highway works which are considered necessary to make the relevant development acceptable in planning terms.</p> <p>The agreements also include obligations on the City to carry out the Evaluation and Design.</p> <p>The planning permission for 10-16 Bevis Marks includes a condition requiring the Developer to enter into a s278 agreement with the City.</p> <p>If the City do not progress these projects then the City and the developers will be in breach of their obligations under the section 106 agreements, the Developer for 10-16 Bevis Marks will be in breach of its condition of planning permission.</p>
21. Corporate property implications	None.
22. Traffic implications	Implications for traffic are expected to be minimal across all of the projects. However, where there are changes required to highway functions affecting traffic, these will be reported through the appropriate Gateway for the relevant project.
23. Sustainability and energy implications	<p>There are relevant sustainability impacts associated with these projects which will be considered during the design process.</p> <p>It is anticipated that all materials will be sustainably sourced</p>

	<p>where possible and be suitably durable for the design life of the asset.</p> <p>Any greening and planting in the public space will help to improve the scheme's climate resilience. Further information will be provided at future Gateways.</p>
23 IS implications	None.
24 Equality Impact Assessment	A Test of Relevance will be undertaken for each project and where indicated, an equality impact assessment will be undertaken. The City of London Street Accessibility Tool (CoLSAT), Equalities Analysis and the Healthy Streets Design Check processes will form a key part of the design of each project to ensure the deliverables maximise accessibility and inclusivity opportunities and improvements for as many users as possible.
25 Data Protection Impact Assessment	The risk to personal data is less than high or non-applicable and a data protection impact assessment will not be undertaken.

Appendices

Appendix 1	Project Briefings
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Contact

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