

Committees: Corporate Projects Board - <i>for information</i> Streets and Walkways Sub Committee - <i>for decision</i> Projects and Procurement Sub Committee – <i>for information</i>	Dates: 9 April 2025 14 May 2025 19 May 2025
Subject: 40 Leadenhall Street Section 278 highway works (<i>including deferred works from the 52-54 Lime Street S278 Phase 1 and 10 Fenchurch Avenue S278 projects</i>) Unique Project Identifiers: 40 Leadenhall Street: 12293 52-54 Lime Street Phase 1: 11551 10 Fenchurch Avenue: 11552	Gateway 6: Outcome Report Regular
Report of: Executive Director, Environment Report Author: Daniel Laybourn, Transportation and Public Realm projects	For Decision
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Summary

1. Status update	Project Description: Undertake the required Section 278 highways works in the vicinity of the development at 40 Leadenhall Street and complete the deferred works from 52-54 Lime Street S278 Phase 1 and 10 Fenchurch Avenue S278. RAG Status: Green Risk Status: Low - this project is fully reimbursable (deemed low at previous report) Costed Risk Provision (CRP) Utilised: None Final Outturn Costs: 40 Leadenhall Street S278: £1,002,054 (Inclusive of estimated future carriageway resurfacing costs but excluding Commuted Maintenance) 52-54 Lime Street Phase 1 S278: £323,595 (excluding Commuted Maintenance)
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	10 Fenchurch Avenue S278: £602,455 (excluding Commuted Maintenance)
2. Next steps and requested decisions	Requested Decisions: Members of Streets and Walkways Sub Committee are asked to: 1. Note and approve the content of this outcome report; 2. Authorise Officers to finalise the account for the 40 Leadenhall Street S278 project, following the completion of the approved carriageway resurfacing on Leadenhall Street, Billiter Street and Fenchurch Avenue; 3. Authorise Officers to finalise the accounts for the 52-54 Lime Street Phase 1 and 10 Fenchurch Street S278 projects; 4. Upon verification of the final accounts, authorise the Chamberlain's department to return any unspent section 278 funds to the Developers as stipulated in their respective legal agreements; and 5. Agree to close these three projects.
3. Key conclusions	The Section 278 (S278) works at 40 Leadenhall Street, along with deferred S278 works at 52-54 Lime Street and 10 Fenchurch Avenue, are now substantially complete as per their legal agreements and approved scope of work. These works covered highway areas on Leadenhall Street, Billiter Street (including the new public space there), Fenchurch Street, and Fenchurch Buildings around 40 Leadenhall Street. However, it has not been possible to complete the required carriageway resurfacing on Leadenhall Street, Billiter Street and Fenchurch Street yet, and it is now planned to undertake this in the future. This is further detailed in section 10 of this report. Construction was delayed from September 2023 to January 2024 due to delays at the 40 Leadenhall Street development, but work was eventually completed with no significant impact on stakeholders. Substantial completion was achieved in September 2024, in line with the revised occupation date. The trees on Billiter Street, the final part of the three projects, were planted in December 2024.

Main Report

Design & Delivery Review

4. Design into delivery	As listed in Appendix 2, the proposed designs have successfully met the objectives and benefits established for their respective projects, except for two objectives detailed in section 10 of this report that pertain to greening and carriageway resurfacing. Generally, all three projects have focused on improving pedestrian comfort around their associated areas. This was done not only to accommodate the increase in people walking in the area arising from the new developments but also to enhance the street environment for existing users of the affected streets. The 10 Fenchurch Avenue S278 and 52-54 Lime Street S278 projects received their Gateway 5 approvals in July 2017 and January 2018, respectively. With the 40 Leadenhall development commencing around the same time, a decision was made to defer sections of those projects on Billiter Street that would be impacted by 40 Leadenhall's construction area to avoid extensive abortive works and disruption. Whilst the designs remained largely consistent throughout the lifespan of the projects, efficiencies achieved during the construction phase resulted in financial savings (further details are provided in section 17). As shown in Appendix 3, the scope of each project included the following: • 10 Fenchurch Avenue S278: The southern end of Billiter Street where a new public space has been created. • 52-54 Lime Street Phase 1 S278: The northern end of Billiter Street at the junction with Leadenhall Street. • 40 Leadenhall Street S278: The public highways on Leadenhall Street, Fenchurch Street, Billiter Street, and adjacent areas not covered by the other two projects. Finally, the effective collaboration between the City's Project Management and Highways teams and FM Conway, the City's term contractor, was instrumental in achieving this successful outcome. During construction, several stakeholder issues were encountered and skilfully addressed by accommodating their needs as much as possible.
5. Options appraisal	The projects were limited in their opportunities to explore different designs due to both the standardised nature of the work and the tangible restrictions around them, such as building lines and the road network. Therefore, alternative options were not explored.

6. Procurement route	The designs were prepared in-house by the City's highways team and the City's term contractor was used to deliver the projects.
7. Skills base	The Project Team had the skills, knowledge, and experience to manage and deliver these projects.
8. Stakeholders	Local stakeholders, such as neighbouring buildings, were engaged throughout the processes and the projects was able to deliver the highways changes to the Stakeholder's satisfaction.

Variation Review

9. Assessment of project against key milestones	Construction was delayed from September 2023 to January 2024 due to setbacks at the 40 Leadenhall Street development. However, the highway works were completed on schedule with the new development's delayed occupancy and did not affect other stakeholders.																								
10. Assessment of project against Scope	The projects met all their objectives listed in Appendix 2 except for two: Trees on Leadenhall Street and Fenchurch Street could not be added due to utility infrastructure found during construction. As these areas of the highway were behind site hoardings when the S278 project started work, it was not possible to survey these areas and find these utilities. As shown below in table 1, this reduced the Healthy Streets scores for these streets by four points each. However, the new scores are still a good improvement over the previous street scores included in the Gateway 5 report. The City's 'Leadenhall Street Improvements – City Cluster Vision' transformational project is now re-evaluating the feasibility of planting trees in this area of Leadenhall Street. This is using the learning from the 40 Leadenhall S278 project, as the utility apparatus present are now well-documented for City Engineers to work around. <u>Table 1: Healthy Streets Scores per Street</u> <table><tr><th>Street</th><th>Previous Healthy Streets Score</th><th>G5 Proposed Healthy Streets Score</th><th>Actual/ Current Healthy Streets Score</th></tr><tr><td>Leadenhall St</td><td>54</td><td>66</td><td>62</td></tr><tr><td>Fenchurch St</td><td>60</td><td>72</td><td>68</td></tr><tr><td>Billiter St</td><td>65</td><td>80</td><td>80</td></tr><tr><td>Fen. Buildings</td><td>58</td><td>67</td><td>67</td></tr><tr><td>Average</td><td>59</td><td>71</td><td>69</td></tr></table>	Street	Previous Healthy Streets Score	G5 Proposed Healthy Streets Score	Actual/ Current Healthy Streets Score	Leadenhall St	54	66	62	Fenchurch St	60	72	68	Billiter St	65	80	80	Fen. Buildings	58	67	67	Average	59	71	69
Street	Previous Healthy Streets Score	G5 Proposed Healthy Streets Score	Actual/ Current Healthy Streets Score																						
Leadenhall St	54	66	62																						
Fenchurch St	60	72	68																						
Billiter St	65	80	80																						
Fen. Buildings	58	67	67																						
Average	59	71	69																						

	Officers propose deferring the 40 Leadenhall Street S278 project's approved carriageway resurfacing on Leadenhall Street until a later date. This is due to road network availability, the upcoming carriageway resurfacing required for the separate 1 Leadenhall Street S278 project and the City's upcoming transformation project on Leadenhall Street. At the time of writing, proposed dates for this work are still to be confirmed but it will allow for larger sections of the street to be resurfaced at once. This will provide a more coordinated approach, pooling funding alongside other projects with similar commitments to gain greater efficiencies. Resurfacing on Billiter Street and Fenchurch Avenue is due to take place in late September/ early October 2025 as part of the City's Major Resurfacing Programme.
11. Risks and issues	There were no significant issues during the works, so no costed risk drawdowns were needed.
12. Transition to BAU	The project is complete and now managed by the Highways Maintenance and City Gardens teams. The City will claim the necessary maintenance sums during final account verification processes.

Value Review

13. Budget

	Approved Budget	Approved CRP at G5	Final Cost	CRP Used	Amount Unspent
40 Leadenhall St	£1,094,739	£190,000	£1,002,054*	£0	£282,685
52-54 Lime St Phase 1	£395,847	N/A	£323,595	N/A	£72,252
10 Fenchurch Ave.	£621,308	N/A	£602,445	N/A	£18,863

** Inclusive of envisaged costs for the required carriageway resurfacing.*

If applicable, commuted maintenance sums are to be charged to these projects at the point of final account verification. For a more detailed finance breakdown, please see **Appendix 4**.

Please confirm whether the Final Account for this project has been verified – The accounts for these projects have not been verified as of 12 March 2025.

14. Investment	Not applicable.
15. Assessment of project against SMART objectives	The 40 Leadenhall Street S278 project achieved its smart objectives of: • To create additional space for people to walk safely. • To increase the extent of pedestrian-priority streets, in line with the aims of the Transport Strategy. In the G3/4/5 report, the possibility of introducing greening was included but in the end, it was not possible to increase the amount of greenery on Leadenhall Street and Fenchurch Street. Both the 52-54 Lime Street and 10 Fenchurch Avenue S278 projects predate the requirement for SMART objectives but they did achieve their objectives as detailed in section 10 of this report, including the trees and new public space at the southern end of Billiter Street.
16. Key benefits realised	All projects have implemented measures that both improve the environment for people walking and that enhance the public realm. They have also delivered highway changes that accommodates the developments and met the needs of the associated developers.

Lessons Learned and Recommendations

17. Positive reflections	Throughout the project, the project team collaborated effectively with the Developers and their contractors, who were the primary stakeholders. Several overlaps between the City's and Developer's construction schedules were successfully addressed through regular communications among the relevant parties. The three-month construction delay led the developer to requesting that the City started the S278 work on smaller site areas. City Officers, drawing from past S278 projects, maintained the agreed size of work areas but rephased them to align better with the developer's schedule. This avoided cost increases from working on smaller areas and having to regularly 'move off site' until the next small section is ready. Additionally, City Engineers effectively managed the programme and proactively addressed many utility conflicts within the designs during construction, leading to financial savings. They also scrutinised the costs proposed by statutory undertakers at various stages to ensure they accurately reflected their true cost. These savings will be returned to the respective developers in due course. The new public space at the southern end of Billiter Street already appears to be well liked and used by nearby workers and passers-
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	by. The tree planting in this space did present several challenges which were successfully overcome to the benefit of the local area.
18.Improvement reflections	The key lesson identified is the importance for developers to maintain at least two entrances to a building during the fit-out phase of their construction programme, which typically coincides with the City's Section 278 works around the development. In this instance, the loading bays on Fenchurch Buildings were utilised for fitting out the new building. However, access became very restricted for them once the City commenced its work. While localised solutions were implemented on site, City Officers should inform developers as early as possible about the necessity of keeping multiple entrances accessible during the latter stages of construction to minimise potential disruptions caused by the City's highway works surrounding their site.
19.Sharing best practice	Dissemination of information through team and project staff briefings has taken place.
20.AOB	The 52-54 Lime Street and 10 Fenchurch Avenue S278 projects predate the requirement for project coversheets. Therefore, none are included in the appendices of this report. It should be noted, in respect of 40 Leadenhall Street, that under the relevant Section 278 Agreement of 24 January 2023, there is a period of 5 years to commence the Highway Works. Noting that the works have commenced (albeit part are being deferred) this requirement is considered met. The S.278 Agreement also requires the City Corporation to “commence and diligently proceed with and complete” the Highway Works, and to provide regular updates regarding progress and costs in relation to completion of the Highway Works. As such, officers will provide updates to the Owners of the 40 Leadenhall Street site as required and will seek acknowledgement from them that due to the circumstances leading to deferral of the remaining Highway Works the proposed timetable still meets the requirement for works to be completed diligently.

Appendices

Appendix 1a	40 Leadenhall Street S278 Coversheet
Appendix 1b	52/54 Lime Street S278 Coversheet

Appendix 1c	10 Fenchurch Avenue S278 Coversheet
Appendix 2	Project Objectives
Appendix 3	'All Project' Plan
Appendix 4	Final Project Costs
Appendix 5	Before & After Photos

Contact

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