

Committees:	Dates:	Item no.
Streets and Walkways Sub-Committee Projects Sub-Committee Community and Children20s Services Committee	24 July 2017 18 July 2017 14 July 2017	
Subject: Aldgate Highway Changes and Public Realm Enhancement	Gateway 6 Progress Report	Public
Report of: Director of the Built Environment		For Information

Summary

Dashboard

- Overall Project status: Amber.
- Timeline: Construction Phase – current forecast completion date is March 2018.
- Approved Spend: £23.3M includes £4.02M for the pavilion
- Spend to Date: £21.3M includes commitments of £3.8M
- Overall Project Risk: Amber.

In the Gateway 5 report for this project, Officers committed to produce regular update reports in order to update Members of progress on the project. Additional issues reports have also been brought to Members during construction. This report is the sixth update report on the project.

In September and October 2016, Members agreed a split reporting structure where the City Surveyor reported on the specifics of the Pavilion and the Director of the Department of the Built Environment reported on the overall project. A separate report will be shared with Members that updates on the cost of the pavilion and provides detail explaining the reasons that the overall project completion has been delayed to the end of March 2018.

This G6 report:

- Highlights programme delay (of 13 months) and a new overall project completion date of March 2018;
- provides an update on communications, where officers are working hard to keep stakeholders engaged; and
- **Updates the funding position, advising that a shortfall of some £6.5m of funds remains to be confirmed, which is currently underwritten on an interim basis by the On Street Parking Reserve (OSPR). Further S106's have been identified and are still being targeted for re-negotiation and work is on-going to identify the balance, mainly from S106 and S278 deposits with CIL as a possible fall-back option. It is expected that the full position will be clarified and reported in October 2017. The issue of funding for the additional revenue costs arising from the project, in particular maintenance of the public square, will also be addressed in October.**

It is recommended that:

- ***Members note the contents of the report.***

Main Report

1. Reporting period	1.1 September 2016 to June 2017 inclusive.
2. Progress to date	<p>2.1 Since the last update report, the pavilion has been commissioned, foundations installed and work has begun on the pavilion basement.</p> <p>2.2 In January 2017 the new public space at the junction of Middlesex Street and St Botolph Street was substantially completed and opened to public use. During January and February 2017 street resurfacing work was completed.</p> <p>2.3 The accommodation work to the southern churchyard is underway and is taking shape above ground. Completion of the civil work is planned for September 2017, followed by planting when the season begins in November 2017.</p> <p>2.4 Progress is being made in Aldgate Square, including the fitting out of the water feature and irrigation plant room, as well as lighting duct and drainage work.</p> <p>Budget</p> <p>2.5 At Gateway 5 a construction budget of £18.35M was agreed for the project including a sum of £2M for the pavilion.</p> <p>2.6 The highway and public realm work will be delivered within the budget with the current forecast at £15.75M. Members will be aware that the pavilion costs have exceeded the original budget. Details in relation to the pavilion are the subject of a separate report from the City Surveyor.</p> <p>2.7 Some significant savings have been made in the delivery of highway work, which include:</p> <ul style="list-style-type: none">- the carriageway resurfacing [strengthening grid priced for use in high traffic areas was not used as extensively as originally envisaged];- by varying the Riney contract to introduce additional scheduled rate items within the electrical area, with savings made in the allowance for lighting elements; and- the use of more mechanical break out in place of hand digging on the Minories, above the London Underground. This was because City officers capitalised on noting that lesser restrictions had been placed on National Grid Gas, who were also working on Minories at the time.

2.8 In total savings of £0.6M have been realised on the highway and public realm. This £0.6M is now available to contribute to offsetting pavilion build costs.

2.9 Consequently the forecast outturn for the project is expected to be on budget at £23.3m.

Programme completion

2.10 The Gateway 5 report forecast a project completion of June 2017.

2.11 In the last update report (September 2016) the forecast project completion was November 2017. The project is now forecast to be delivered by March 2018. The reason for the delay in completion is connected with the pavilion (a separate report from the City Surveyor captures these details).

Issues

2.12 The City Surveyor will keep Members updated through a separate Issue report on pavilion issues. It is forecast that the overall project budget can contribute some £0.6M toward the pavilion build cost due to savings made on the highway and public realm elements of the project.

2.13 The current negotiated café occupation of the pavilion building, by the operator Kahaila, is 10 working days after notification of practical completion of the pavilion. This will be earlier than the forecast project completion date of March 2018. As such, if the café opens before the project completion date, access will be facilitated by a temporary footway as the finished surface surrounding the pavilion is constructed.

2.14 Community and Children's Services department, who have project managed the tender and procurement of the café operator in line with the overall project completion, are managing the contract negotiations Kahaila.

Risk

2.15 The cost risk to the pavilion is being reported separately. In terms of the public realm work the cost risk is now relatively low and will be managed by reducing monitoring of the cycle trial, reducing frequency of planned communication and streamlining the costs for the eventual project opening event and proposed project completion 'marketing' materials.

2.16 The critical path includes the pavilion and subsequent landscaping surrounding the building. Risk to delay would relate to

	<p>any unforeseen events.</p> <p>2.17 There is a risk that the S106 negotiations will not result in meeting the projects funding requirement. In this instance it may be necessary to call down on CIL or other (such as the OSPR).</p> <p>Communications update</p> <p>2.18 The Project team have recently delivered six successful presentations and tours of the Aldgate Project. The five bodies that requested this were: The Grosvenor Group, London Borough of Hammersmith and Fulham (including borough officer and resident association representatives), New London Architecture (NLA), Urban Design London (UDL), the Municipality of Trondheim, Norway and the Royal Town Planning Institute (RTPI).</p> <p>2.19 Officers regularly communicate with the public and work hard to hold their interest and thus support. Despite the length of the project we still enjoy significant engagement with the (now) fortnightly e-bulletin, which has a 40-50% readership.</p> <p>Funding and finance update</p> <p>2.20 Since the previous update report, DBE and others have been reviewing S106 records, updating interest calculations and project allocations. Of the £10m originally earmarked from the On Street Parking Reserve (OSPR) as interim finance, a potential requirement of £6.5m remains, which reflects the unconfirmed balance of funding. Work is on-going to identify this balance from S106 and S278 deposits, with CIL as a possible fall-back option. It is expected that the full position will be clarified and reported in October 2017.</p> <p>2.21 In the June 2014 Gateway four report it was noted that the implementation of this project would impact on revenue costs. Open Spaces Committee, in particular, supported the project on the basis that increased revenue costs would be provided in a commuted sum. Officers are currently reassessing the final revenue implications of the project.</p>
<p>3. Next steps</p>	<p>The next Gateway Six report will be in October 2017.</p>

Appendices

<p>Appendix 1</p>	<p>None</p>
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Contact

<p>Report Author</p>	<p>Sarah Whitehorn</p>
<p>Email Address</p>	<p>Sarah.whitehorn@cityoflondon.gov.uk</p>
<p>Telephone Number</p>	<p>020 7314 3564</p>