

<b>Committees:</b>	<b>Dates:</b>	<b>Item no.</b>
<b>Streets and Walkways Sub-Committee</b>	<b>24 July 2017</b>	
<b>Project Sub Committee</b>	<b>18 July 2017</b>	
<b>Community and Children's Service Committee (for information only)</b>	<b>14 July 2017</b>	
<b>Subject: Aldgate (Portsoken) Pavilion</b>	<b>Gateway 5 Issue Report July 2017</b>	<b>Public</b>
<b>Report of: City Surveyor CS 300-17</b>		<b>For Decision</b>

### **Summary**

#### **Dashboard**

Pavilion Project Status: Red

#### **Timeline:**

- Completion date of Pavilion - December 2017
- Completion date of Aldgate Square - March 2018

#### **Budget:**

- Gateway 5 Total approved Pavilion budget at:£4,018,262
- Budget transfer to Pavilion sought at this gateway £318,926
- New total Pavilion budget £4,337,973
- Spent / committed to date: £3,915,349 (£2,130,220 spent + £1,785,129 committed)

Overall Aldgate Highway Changes & Public Realm Enhancement Project Risk: Amber

**Last Gateway Approved:** Gateway 5

#### **Summary of Issue:**

- Additional construction costs related to ground works problems.
- Delays to completion of the Pavilion due to ground works problems and knock on delays to completion of the Aldgate Square for the Aldgate Highway Changes & Public Realm Enhancement Project (AHCPRE)
- 2 Risks identified in the Risk Register have come to fruition
- Additional consultant fees and staff costs arising from the new revised completion date of project.
- Additional storage cost of Cor-Ten steel Pavilion roof structure
- Reallocation of works supplier to mitigate delays: 2 elements of work (Exit 6 and Christmas Tree base) to be carried out by Kier, the Pavilion Contractor, in lieu of Riney, the AHCPRE contractor, as a variation to the Kier works contract.

- Budget adjustment is required to realign transferring from works to fees, which will capture project costs accurately. This will enable payment outstanding fees.

Proposed Way Forward

- Utilise funds from the Aldgate Highway Changes and Public Realm Enhancement Project (AHCPRE) savings to cover additional construction costs, fees and staff costs for the Pavilion. No additional external funding needed.
- Reallocation of tasks from Riney’s to Kier’s contract for works of the Christmas Tree base and Exit 6 work. No change in the overall project.
- Proceed with measures recommended by AHCPRE delivery team and Pavilion Project Board to recover time on the construction programme for Aldgate Square completion at an additional cost of £6950 using funds from AHCPRE savings. No additional external funding needed.

**Recommendations**

Members are asked to:

1. Approve an increase of £318,926 in the Aldgate Pavilion project sum, comprising £267,702 for the Kier contract and £51,224 in fees and staff costs, making a revised total of £4,337,188. The additional cost to be met by savings in the Aldgate Highway Changes and Public Realm Enhancement Project.
2. Approve an increase in the Kier contract sum of £410,487 for construction issues and mitigation measures, of which £267,702 is included within the above increase to the Pavilion budget and the remaining £142,785 being contained within the existing budget for the main AHCPRE project.
3. Note the new key programme milestones; Pavilion opening in December 2017 with the remaining Aldgate Square (part of the AHCPRE project) completing in March 2018.
4. Note realignment of works and fees budget to capture project costs accurately.

Main Report

<p><b>1. Issue description</b></p>	<p><b>Pavilion construction issues:</b></p> <ol style="list-style-type: none"> <li>1. A large reinforced concrete and steel beam basement from a previously demolished building was uncovered during the excavation and piling works. Due to scale of the obstruction and restrictions on constructing near an adjacent Victorian</li> </ol>
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sewer, only part of the concrete basement could be excavated and removed without causing damage to the sewer. As a consequence the pile foundations had to be redesigned and the piling operations re-sequenced.

The additional cost of works, excluding fees was £255,733. The delay to the programme was 28 days.

2. A second smaller reinforced concrete obstruction was encountered further into the basement construction. This was excavated and removed.

The additional cost of works was £7,407. The delay to the contract was a further 3 days.

3. In the absence of accurate information, Thames Water have quoted £5,936 to excavate and locate the point of connection into the sewer. The cost of this work will be covered by £5,000 identified in the approved Risk Register allocated to *Location of Services for Thames Water*.

The Pavilion budget will need to be increased to cover the £936 shortfall.

4. The delays have pushed back the delivery date for Cor-Ten Pavilion shell which has increased storage costs to Little Hampton Welding (within the Kier contract). The cost of additional storage is £3,626 and therefore the Pavilion budget will need to be increased by this amount.

5. The extended Pavilion programme and extensive re-design works will require additional staff costs, statutory fees and consultant fees.

The respective Project Sub Committee Chairmen and Deputy Chairmen have been kept advised of events listed above.

#### **Pavilion Programme:**

The excavation, removal of ground obstructions and redesign period has added a further 31 days.

The above items have pushed the Pavilion completion date back to December 2017. The Project Board have set a new milestone for Pavilion opening in December 2017. The table below captures delays since the commencement of the contract with Kier.

Prior to this Issues Report, the Pavilion was reported to start in October 2016 and complete in July 2017. The contract was subsequently signed in December 2016, due to amending the contract to capture changes due to the agreed value engineering elements.

**Aldgate Square Programme:**

The Pavilion and Aldgate Square public realm team have worked together and devised a series of measures which will enable both project teams to claw back time on the Aldgate Square programme;

**Phased construction site logistics:**

1. By adapting and phasing the site boundary between the Pavilion and Aldgate Square sites, Riney can complete time-consuming elements of the Aldgate Square drainage within the vicinity of Kier’s Pavilion site. This is anticipated to reduce the Aldgate Square programme by 28 days\* to complete in March 2018. The costs involved for logistics have been quoted at £6,950 which can be contained within the existing AHCPRE project budget.

**Christmas Tree base:**

2. The Christmas tree base forms part of Riney’s work for the Aldgate Square originally scheduled for construction on completion of the Pavilion. As its location lies within the Pavilion site demise, there is the opportunity for Kier to construct the base without impacting on the Pavilion programme and simultaneously reduce the amount of work and time needed to complete the Aldgate Square. Kier have quoted a sum of £32,330 pending receipt of construction information and will save a further 15 days\*.

**Exit 6 works:**

1. The Exit 6 interface currently sits within the JB Riney contract. However, due to complexities around Building Control sign off and warranty issues relating to the Pavilion services this has been transferred to the Kier contract. Kier are better equipped to construct Exit 6 and have given a quotation of £103,505 pending receipt of construction information. This work does not save time on the programme.

**Funding and budget breakdown:**

All costs arising from the delays and additional works for the Pavilion construction can be sourced from AHCPRE savings. The construction of the ‘Christmas tree base’ and ‘Exit 6’ tasks will be undertaken by Kier instead of Riney via a variation to the Pavilion contract, together with the ‘Construction of Site Logistics’.

	Item		Time delay in relation to Pavilion works	Increase in Pavilion Budget
Pav ilio	1	Removal of first obstruction excluding re-design fees	+ 28 days	£ 255,733.00

	2	Removal of second obstruction	+ 3 days	£7,407,00
	3	Additional storage costs to Little Hampton Welding due to delays in delivering CorTen roof structure to site.	0	£3,626.00
	4	Remaining sum for Thames Water sewer connection in addition to sum identified in Risk Register	0	£936.00
<b>Total</b>			<b>+31 days</b>	<b>£267,702.00</b>

	Item	Time delay in relation to Pavilion works	Increase in Pavilion Budget	
<b>Pavilion Fees</b>	5	Additional Consultant Fees	0	£ 35,224
	6	Additional CoL Staff Fees	0	£8,500
	7	Statuary Fees (CoL Building Control /Planning Recharge)	0	£7,500
<b>Total</b>			<b>0</b>	<b>£51,224.00</b>

<b>Additional Pavilion Works and Fees Total</b>	<b>+31 days</b>	<b>£318,926</b>
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	Item	Time saving in relation to Aldgate Square project	Contract Transfer
<b>Aldgate Square</b>	<b>Christmas Tree base</b>	- 15 days*	£32,330,00
	Phased construction site logistics	-28 days*	£6,950.00
	Exit 6 works	0 *	£103,505.00
	<b>Tasks re-allocated from Riney to Kier Total</b>		<b>- 43 days*</b>

\* subject to Riney's programme confirmation

### **Budget Alignment**

The current budget breakdown report does not accurately capture all the costs and details of payments incurred to date for the construction of the Pavilion. Therefore a realignment of the works

	<p>and fees budget will be made to rectify this.</p> <p>The adjustments will not change the contract sum approved at the last Gateway 5 Issues Report.</p>
<b>1. Last approved limit</b>	<b>£4,018,262</b>
<b>2. Options</b>	<p>1. Increase the Pavilion project budget and Kier contract to encapsulate all costs arising from additional construction issues and delays (Obstructions, additional fees, risks).</p> <p>Remove the 'Exit 6' works and the 'Christmas tree base' from Riney's contract and transfer to Kier via a variation to the Pavilion contract.</p> <p>Approve the coordinated phasing of Riney's works within the Pavilion site demise in order to bring completion of the Aldgate Square forward 28 days.</p> <p>This option is <b>recommended</b>.</p> <p>2. Increase the Pavilion budget and Kier contract to encapsulate all costs arising from additional construction issues and delays (Obstructions, additional fees, risks,).</p> <p>Do not appoint Kier to undertake 'Exit 6' works and the 'Christmas tree base' from the Riney's contract.</p> <p>Do not approve the coordinated phasing of Riney's works within the Pavilion site demise in order to bring completion of the Aldgate Square forward 28 days.</p> <p>This option is <b>not recommended</b>.</p>

### Contact

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