

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 06/12/2021

Subject: Hammersmith Bridge – Stabilisation Project Approval

Report of: Councillor Wesley Harcourt, Cabinet Member for the Environment

Report Author: Bram Kainth, Chief Officer for Public Realm

Responsible Director: Sharon Lea, Strategic Director of Environment

SUMMARY

Hammersmith Bridge is one of the oldest suspension bridges in the world and is a unique part of our national engineering heritage. The Grade II* listed bridge was closed to motor vehicles in April 2019 and to all users in August 2020 on public safety grounds. Following an 11-month closure and extensive investigations by LBHF engineers and the introduction of a pioneering temperature control scheme, it re-opened to pedestrians, cyclists and river traffic on 17 July 2021.

The re-opening, with strict conditions, was recommended by the Board for the Continued Case for the Safe Operation (CCSO) of Hammersmith Bridge. One condition was that for the bridge to remain open, it must be properly and permanently stabilised as soon as possible.

At the time of its full closure in August 2020, it was estimated by Transport for London (TfL) that the cost of stabilisation was £46m and would be £141m for stabilisation, strengthening and restoration. The cost of repairing other Thames bridges, in comparison, is far smaller. For instance, Chiswick Bridge cost £9m to repair and Albert Bridge £9.7m. In these cases, the responsibility for funding the repairs lay largely with TfL, which as the strategic transport authority, and according to precedent, would fund 85% to 100% of local authority expenditure on bridge repairs.

Following the establishment of the Government Taskforce in September 2021, TfL proposed that one-third of costs should be borne by LBHF. This is an exceptional proposal that seeks to place unprecedented cost onto a Borough Council.

In order to protect and minimise the impact, LBHF has been seeking alternative design solutions for the stabilisation of Hammersmith Bridge. These were developed and independently evaluated by engineers working for LBHF, and the preferred option was approved by the Leader of the Council on 16 August 2021. That report also detailed the potential procurement strategy and approved the capital expenditure (these matters are not replicated in this report).

This report sets out a proposal and rationale for the award of the stabilisation construction project for Hammersmith Bridge following detailed cost analysis (estimated value of £8.9m including indirect costs, preliminaries and contingencies).

This investment compares favourably with the alternative business case estimate of £30m and results in a saving of £21m that will provide significantly better value for local and national taxpayers. This work is to be completed expeditiously (anticipated by September 2022) so that users can continue to use the Bridge safely.

The Council is continuing to work on alternative options for the full strengthening and restoration programme which will see the bridge re-opened to motor vehicles and that provide best value for taxpayers and the least inconvenience to local residents.

RECOMMENDATIONS

1. To note that Appendices 1 and 2 are not for publication on the basis that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) and/or information in respect of which a claim to legal professional privilege could be maintained in legal proceedings as set out in paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve an additional capital budget of £2.9m to reflect the revised cost, to be funded by Council borrowing (increase to the Capital Financing Requirement).
3. To approve the procurement of the stabilisation works by means of a task order to the preferred contractors (as set out in paragraph 5).

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The commencement of the stabilisation work will promote the confidence of businesses that are based in the Borough and support economic growth
Being ruthlessly financially efficient	The task order is significantly less costly than previous alternatives under consideration
Taking pride in H&F	It will restore a historic asset that is much valued and appreciated by residents
Rising to the challenge of the climate and ecological emergency	The current diversion of traffic (with greater consequential carbon emissions will be reduced) as will long term levels of traffic through a potential future road charge

Financial Impact

The total estimated costs of the stabilisation project are set out in Exempt Appendix 1 (including preliminaries and estimated provisions for risk/cost inflation and contingencies). Of this sum, the actual construction works are estimated at £6.7m. An initial capital budget of £6m was approved in the Leader's Urgency Report on 16 August and a further £2.9m is required following a further review of total project costs. The initial £6m was an estimate based on the design and the updated estimate is based on a contractor submission. The change is due to a combination of factors including material and labour price volatility, site facilities, security services and contingencies.

The work on this stabilisation project is stand alone and does not commit the Council to the funding of the full restoration at this stage.

In line with government announcements, central government and TfL are expected to fund two-thirds of the total project costs and this is expected to be formalised in a proposed Memorandum of Understanding (MoU). There is a risk that the Council will need to fund the total stabilisation project costs if the MoU and subsequent grant agreements are not agreed.

The Council will fund its share of the stabilisation project costs through borrowing (an increase in the Council's Capital Financing Requirement). The revenue costs of this increased borrowing (of £1m - one third of £2.9m) based on expected Public Works Loan Board rates and Minimum Revenue Provision are estimated at £40,000 per annum but could be up to £120,000 if the central government contributions are not received (£120,000 and £360,000 respectively in relation to the revised total project costs of £8.9m).

The Council is developing the Outline Business Case for submission to the DfT and TfL for the full stabilisation, strengthening and restoration of the Bridge. This seeks to justify the expenditure of public funds and the development of a toll or road charging scheme to finance the Council's entire contribution to the project. In the event such a scheme is implemented, the additional revenue costs set out above may be funded by a future toll or road charging arrangement. In the absence of a toll or charge, these costs will need to be met through general fund and incorporated into the Council's Medium-Term Financial Planning process.

The project team will need to monitor and control project costs to manage financial risks within this budget envelope (including any construction sector supply pressures). These will be substantially mitigated by the proposed award to the preferred contractors.

Legal Implications

The actual construction element for the stabilisation works is above the threshold of £4.733m for the purposes of the Public Contracts Regulations 2015 (PCR) and is therefore a "public works contract" for the purposes of these regulations. The Council is therefore required to comply with the advertising and competition requirements set out in these regulations.

The proposal is to award the contract as a task order under an existing contract (the Term Service Contract) with FM Conway which is used to carry out highway works. This contract is derived from a framework agreement which was let by the Royal Borough of Kensington and Chelsea and could be used by other parties including LBHF.

Further legal implications are contained in Exempt Appendix 2.

Contact Officers

Name: Bram Kainth
Position: Chief Officer for Public Realm
Telephone: 020 8753 1145
Email: bram.kainth@lbhf.gov.uk

Name: Emily Hill
Position: Director of Finance
Telephone: 020 8753 3145
mail: emily.hill@lbhf.gov.uk, Director of Finance

Name: John Sharland
Position: Senior Solicitor (Contracts and Procurement)
Email: john.sharland@lbhf.gov.uk

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

1. The Leader's Decision Report of 16th August set out the context and outcomes of the independent external evaluation of the options that had been developed for the stabilisation. The options have also been reviewed by the Technical Approval Authority for Hammersmith Bridge and the Approval in Principle (AIP) Document for the Mott Macdonald solution has been accepted.
2. It is important that the stabilisation work, elements subject to Listed Building Consent (and consultation with Historic England), proceeds as expeditiously as possible to minimise the potential risks for the Council and specifically to ensure:
 - compliance with the CCSO requirement that stabilisation works are completed as swiftly as possible to enable the Bridge to remain open
 - the safety of users (as the Bridge is now open to non-motorised traffic) is not compromised (this may be affected the longer it takes to commence and complete the work)
 - that the stabilisation works are completed during cooler parts of the year (as the Bridge is susceptible to adverse temperature variations) and ideally, the work

should be substantially undertaken before next summer to reduce the risks of further temporary closures

- the completion of the work will reduce the Council's exposure to unnecessary expenditure in the monitoring of the safety of the Bridge and potential temporary remedial repairs
 - that macro-economic supply pressures and consequential financial impacts are minimised (there are significant labour and materials volatility in the current market and securing a fixed price in the near future would provide commercial and economic benefits)
3. The initial estimated costs of the works of the preferred option have been subject to intense evaluation and re-assessment and have been revised to £6.7m. This is considered entirely appropriate given the project uncertainties and complexity and it is important that this iconic project is completed safely and avoids any cost overruns. The key elements of the project expenditure are set out in Exempt Appendix 1. A detailed evaluation of the estimates submitted has been undertaken with the proposed contractor in consultation with external sector experts (including scrutiny of the key work components, labour and materials expenditure, preliminaries spend, supervision and project management). An independent engineering expert was also commissioned to review the proposal, and if appropriate benchmark any costs to demonstrate value for money. This will be supplemented by additional 'open book accounting' measures to ensure rigorous oversight and control of costs.
 4. In this regard, value for money has been substantially established and any further competitive process is unlikely to secure any major financial benefits. It may indeed expose the Council to a greater delivery and financial risk.
 5. The proposed works are of a very specific and technical nature with a limited range of potential contractors that are suitably experienced or have the technical capability to complete the works. It is proposed that the project is awarded (through the framework and via a Task Order) to FM Conway.
 6. The proposed contractor has been undertaking highway works for LBHF since 2017 and has been delivering a range of major structural maintenance works on London's bridges for the past 30 years. They have a dedicated Structures Division responsible for the inspection, maintenance and improvement of more than 850 bridges and highway structures across London including key Thames River crossings such as Waterloo Bridge, the Golden Jubilee Footbridges, Chelsea Bridge and Albert Bridge. In addition, the proposed contractor is currently responsible for the Temperature Control System, Traffic Marshalling and Security and uses experienced subcontractors that have worked on the bridge over the last two years undertaking similar work. This was a significant factor when assessing the quality of the proposal.

Reasons for Decision

7. The rationale for the recommendation for the task order for the completion of the work has been set out in part in paragraph 2 above and these are further supplemented by the following considerations:

- the construction costs of the option are estimated at £6.7m (excluding risk/contingencies) and this compares to the alternative proposal of £30m (as set out in the Leader's Report of 16 August). This provides considerable value for money for the Council and central government without compromising the technical aspects of project (the costs have been evaluated independently and should provide further re-assurance on the value for money of the estimates)
- the continued safe operation of the Bridge will avert other potential unnecessary public expenditure for example temporary river crossing projects
- it will also promote confidence of private sector companies that use the river for significant commercial purposes and potentially avert significant costs
- the continued operation of the re-opened bridge will provide economic benefits to users that were previously having to make alternative arrangements to cross the river

Equality Implications

8. The Bridge has only been initially opened to pedestrians and cyclists. The completion of the stabilisation project will ensure continued use by all residents/businesses/visitors of the Borough as well as wider usage from across London and nationally. Additional details on the positive/negative and neutral impacts will be set out in future reports on the full restoration of the Bridge for motorised traffic.

Risk Management Implications

9. The completion of this work will improve the safety of all users and will provide economic benefits to users that were previously having to make alternative arrangements to cross the river. There are a number of potential risks relating to construction and delivery of the project. The report also identifies financial and procurement risks which the Council should ensure are covered by appropriate mitigations. As the project is established, a Risk Register will be maintained, and risks evaluated including any necessary mitigation/recovery plans that may be required. Appropriate project oversight and governance will need to be exercised to ensure that risks and mitigations are reviewed on a regular basis, along with the delivery of the works.
10. Early consultation on insurance for the proposed works should take place with the insurance team as insurance of the existing structure needs to be in sole name of LBHF and not in joint names with contractor. Additionally, placing insurance coverage for the proposed works will be complex and take time and financial provision will need to be made by the Council when this is established.

Implications verified by: David Hughes, Director of Audit, Fraud, Risk & Insurance

Climate and Ecological Emergency Implications

11. It is likely that re-opening the Bridge (albeit to non-motorised traffic) will potentially reduce the overall impact on the environment as it should reduce the mileage and emissions from previous users that are having to use longer and alternative diversion routes to cross the Thames River.

Implications verified by: Hinesh Mehta (Strategic Lead – Climate Emergency)

Local Economy and Social Value

12. The stabilisation of the Bridge will have a major strategic and economic benefits for residents and businesses. These details will be set out more clearly in the Outline Business Case that is being compiled for the DfT.

Consultation

13. The proposals relating to the Bridge have been the subject of a Planning Consultation (with regard to the ferry crossing) and the outcomes will be separately reported in the future. There is ongoing consultation on the proposals with DfT, TfL and engagement with local residents.

LIST OF APPENDICES

Exempt Appendix 1 - Detailed Project Estimates

Exempt Appendix 2 - Commentary on Legal and Procurement Risks