

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cllr Sharon Holder, Cabinet Member for Public Realm

Date: 04/01/2024

Subject: Hammersmith Bridge Stabilisation and Restoration – Specialist Advice Services

Report of: Bram Kainth, Strategic Director of Environment

Report author: Mark Raisbeck, Director of Public Realm

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.

In order to maintain expeditious progress with the stabilisation and the full strengthening and restoration of the bridge (which will see the bridge re-open to motor vehicles whilst ensuring best value for taxpayers and the least inconvenience to local residents), the Council commissioned KPMG to provide independent expert financial and commercial advice. KPMG have and continue to advise on the technical financial elements of both the stabilisation and the full strengthening and restoration projects. The existing contract with KPMG was awarded via the Crown Commercial Services Framework Agreement. This report requests to extend the existing contract to enable KPMG to continue to provide the necessary financial expertise across a range of Hammersmith Bridge activities up until the contract award for the full strengthening and restoration of the bridge.

The financial impact of this extension is contained in exempt Appendix A.

Recommendations

1. To extend the existing contract with KPMG for the provision of independent expert financial and commercial advice relating to the Hammersmith Bridge projects, until the end of the procurement process for the full strengthening and restoration of the bridge, up to the total cost detailed in exempt Appendix 1.
2. To note that Appendices 1 and 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any

particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

Wards Affected: All

| Our Values | Summary of how this report aligns to the H&F Values |
|--|--|
| Building shared prosperity | The commencement of this preparatory work will continue to promote the confidence of residents and businesses that are based in the Borough and will support continued future economic growth |
| Doing things with local residents, not to them | All works projects are being undertaken with extensive public engagement and media |
| Being ruthlessly financially efficient | The completion of this preparatory work will minimise future financial risks by providing greater certainty of the technical financial matters to stabilise and fully restore the Bridge. In line with government announcements, this is expected to be two thirds funded by DfT and TfL |
| Taking pride in H&F | The work will eventually lead to the full restoration of a national engineering landmark that is much valued and appreciated by residents. |

Financial Impact

The financial impact of the requested extension is contained within exempt Appendix 1.

It should be noted that in line with government announcements, central government (DfT) and TfL are expected to fund two-thirds of the total stabilisation and strengthening project costs (including this KPMG contract), with the LBHF portion of costs being ultimately funded from bridge users through charges.

Kellie Gooch, Head of Finance (Environment), 8 December 2023
Sukvinder Kalsi, Director of Finance, 12 December 2023

Legal Implications

This report recommends that the Council contracts with KPMG to carry out independent expert and commercial advice up to the appointment of a contractor to carry out full strengthening and restoration works for Hammersmith Bridge. The potential value of the contract is in Appendix 1. KPMG were originally appointed under a CCS Framework Management Consultancy Lot 2 contract dated 13th April 2021 for expert financial advice relating to the stabilisation of the bridge for a 12 month period extendable by a further 12 months. The contract was extended and therefore expired in April 2023. The remaining legal implications are in confidential Appendix 2.

The decision is a Key Decision.

The appropriate decision maker is the Cabinet Member.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 13th December 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

1. KPMG are the Council's independent expert financial and commercial advisors for the Hammersmith Bridge stabilisation and full strengthening and restoration projects. Their current contract started on 13 April 2021 and expired on 12 April 2023.
2. All the technical experts appointed to work on the Hammersmith Bridge projects, including KPMG, were previously selected based on the following key requirements:
 - nationally recognised experts with substantial experience of providing strategic advice for complex transport projects (including technical engineering expertise)
 - significant recent experience in the delivery of similar highways and transport related projects within the country and internationally
 - provision of competitive rates for services that would ensure value for money (and based on previous comparable work undertaken for the Council)
 - to secure the services in an expeditious manner given the links of this work to the existing stabilisation project that is in progress (and due to be completed in 2024)
 - to reduce any additional costs (both financial and from time delays) that could be incurred so that the continuing impact on residents, businesses and visitors to the Borough is minimised.
3. The officers of the Council considered a range of options to secure these services including the use of national government procurement frameworks and a specific competitive procurement process. After consideration, KPMG were appointed via a call off contract in accordance with the provisions of the Crown Commercial Service's Framework Agreement for the provision of RM6008 Management Consultancy Lot 2 (the Management Consultancy Framework Two (MCF2)).
4. KPMGs current and ongoing scope of work includes:
 - developing the financial and commercial elements of the Stage 1 and Stage 2 Outline Business Cases for submission to DfT
 - validating the results from the Interim Traffic and Revenue Model by interfacing with DfT's TUBA (transport users benefit appraisal) software
 - leading the financial and commercial elements of the procurement process for the full strengthening and restoration of the bridge:
 - advising on the allocation of contract risk
 - drafting the Payment Mechanism schedule
 - advising on economic benefit appraisal

- leading the financial and commercial elements of the market consultation exercise
 - developing plans to introduce a road user charge/tolling strategy to fund the Council's one third share of the full strengthening and restoration contract costs (currently estimated at up to £83m)
 - providing advice to H&F's Insurance Advisor
5. All the costs incurred by the Council relating to ensuring the continued safe operation of the Bridge and developing the future restoration (including the KPMG contract costs) will be included in the overall project and are expected to be funded equally by DfT, TfL and LBHF.

Proposals and Analysis of Options

6. **Option 1 (Recommended) – extend the existing KPMG contract** for the provision of independent expert financial and commercial advice across a range of Hammersmith Bridge activities, up until the contract award for the full strengthening and restoration of the bridge. KPMG have been the Council's sole independent expert financial advisors on Hammersmith Bridge stabilisation and full strengthening and restoration matters since April 2021 (the bridge re-opened to pedestrians, cyclists and river traffic in July 2021). As such, they have undertaken a considerable amount of work on these projects and therefore possess a considerable amount of knowledge and expertise specific to the bridge and the borough that an alternative provider would not possess. Additionally, KPMG, and specifically their officers engaged in this project, are experienced in delivering other similar projects. They advised on the Silvertown Tunnel and the Mersey Gateway, the only two such Public Private Partnership projects in the transport sector to reach financial close in the last decade, and therefore the two most relevant precedents. It is recommended to extend the existing contract to enable KPMG to conclude the detailed and comprehensive pieces of work that are required to ensure the conclusion of the procurement process to appoint a contractor to undertake the full strengthening and restoration of the bridge, in the most cost effective way and with the least amount of disruption for residents.
7. **Option 2 (Not Recommended) – do not extend the existing KPMG contract.** The procurement process to appoint a contractor to undertake the full strengthening and restoration of the bridge cannot conclude without the completion of a specific set of documents and processes. KPMG are key contributors to these, and have already completed much of the required work. It is not expected that an alternative financial advisor could build the required knowledge and recreate the required documents and processes more quickly or cost effectively than KPMG. A change in financial advisor at this stage in the process will very likely delay the procurement process, and therefore delay the reopening of the bridge to motor vehicles.

Reasons for Decision

8. KPMG have been the Council's sole independent expert financial and commercial advisors on Hammersmith Bridge since April 2021. They possess a considerable amount of knowledge and expertise specific to the bridge and the borough that an alternative provider would not possess. They also have experience of advising on similar and recent transport public private partnership projects. Extension of their current contract will expedite the procurement process for the full strengthening and

restoration of the bridge, allowing it to reopen to motor vehicles at the earliest opportunity.

Equality Implications

9. The bridge is currently opened to pedestrians and cyclists only, and the stabilisation works are now well underway. The financial advice provided by KPMG will support the completion of the full restoration works in due course, so that the bridge can be utilised 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

10. The independent expert financial and commercial advice provided by KPMG as part of the recommended contract extension will improve the long-term prospects for the safe and expeditious completion of the full strengthening and restoration work. It will also assist in de-risking aspects of the construction and delivery of the project. Appropriate project oversight and governance will need to be exercised to ensure that risks and mitigations are reviewed on a regular basis.
11. There is a risk that the approval for continuing the engagement with KPMG is not similarly agreed by central government (DfT) and TfL and that the engagement will cease with negative impact to the programme. These notes are further explained in exempt Appendix 1.

Agreed by Jules Binney, Risk and Assurance Manager, 9 December 2023

Climate and Ecological Emergency Implications

12. There are no direct implications for the climate or ecology as a result of extending the contract for independent expert financial advice on the Hammersmith Bridge projects. This contract includes the development of a road user charging scheme or tolling strategy, which may indirectly reduce carbon emissions if a charge results in a reduction in traffic over the longer term.

Approved by Hinesh Mehta, Assistant Director Climate Change, 12 December 2023

Consultation

13. More broadly, the proposals relating to the bridge continue to be the subject of Planning Consultations and Consents. There continues to be ongoing consultation on the proposals with DfT, TfL and engagement with local residents.

LIST OF APPENDICES

Exempt Appendix 1 – Financial Implications

Exempt Appendix 2 – Legal Implications