

Cabinet Member Report



City of Westminster

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| Meeting: | Cabinet Member for City Management |
| Date: | May 2021 |
| Classification: | Not for publication |
| Title: | Marble Arch Mound – Update on Design, commission and construction of the showcase event. |
| Ward Affected: | Knightsbridge & Belgravia. |
| City for All: | An inclusive, green space showcase event to encourage visitors back to Westminster and demonstrate that the borough is welcoming and open for business. |
| Key Decision: | No |
| Financial Summary: | The current indicative construction costs for the mound are approximately £1.998m. These will be met from the £150m investment in Oxford Street District approved by Full Council in March 2019. Capital expenditure of c£522k will ensure a number of permanent legacy improvements are delivered across the district and this will be met from the approved Highways capital budgets. The potential for significant income generation has been further developed. This will be offset against operational and construction costs to reduce the overall net cost. |
| Report of: | Elad Eisenstein, Programme Director, Oxford Street District Kevin Goad, Director City Highways |

1. Executive Summary

- 1.1. Marble Arch Mound received Planning Approval on 30 March 2021. The decision was unanimous.
- 1.2. This report provides an update on the sourcing and financial approach for delivering the showcase event of the Marble Arch Mound (“the Mound”), a temporary 24m-high hill structure located at Marble Arch, with a viewing platform at the summit. The Mound will have a green aesthetic incorporating a foliage overlay, encompassing grass, trees and associated greenery.

- 1.3. This report provides an update on Cabinet Member Report issued on 22 March and provides an update on the changing parameters since previous report was issued as well as key design considerations undertaken since.
- 1.4. The target for opening the Mound to public is still late June or early July 2021.
- 1.5. The delivery of the Mound comprises two main packages, including but not limited to:
 - a) Design and construction – delivered by FM Conway with responsibility for all the design & build elements.
 - b) Event management service provider – procured via tender. The closing date for the tender is 28 April 2021 and decision on preferred bidder is expected by Mid-May and will be subject to a further Cabinet Member Report.
- 1.6. The design works are currently undertaken by FM Conway, further developing concept designs submitted as part of Planning Application in early February into construction drawings. The contractor is also working alongside NRP to provide revised cost estimates for the project, developing the high-level estimates provided by the architects pre-planning.
- 1.7. The ambitious programme for the opening of the showcase event requires a rapid response to changing parameters. Since Design & Build contractor has been appointed, several technical parameters required further design iteration of the mound so it can be delivered on time.
- 1.8. Changing site parameters included the need to provide full access to Thames Water mains pipe running through the site, road closures to facilitate laydown construction area to the west of the mound and the incorporation of Horse's Head sculpture into the structure. These, as well as other technical requirements, resulted in cost increases. FM Conway and the project team are still working to refine cost estimates.
- 1.9. In order to reduce the impact of project costs, the team identified infrastructure investment in the site that can be re-used in the future. This includes provision of power supply to the site, delivering cleaner infrastructure to the site to enable its long-term use. It also includes the installation of a landscape system that lends itself better to re-use and can be easier and more cost-effective to maintain.
- 1.10. As part of the legacy planning for the project, it is intended that the landscaping will be used as green roofs across the district, as well as in pocket parks and local schools. All trees will be re-used for the further greening of the Oxford Street District.
- 1.11. In order to reduce the overall net costs of the project, potential for significant income generation has been further developed. It is anticipated that this will partly offset operational and construction costs and reduce the overall net cost.
- 1.12. The overall experience of the installation has been enhanced, incorporating an interactive AR experience to appeal to wider audiences, attract more visitors and maximise income generating potential.

2. Recommendations

- 2.1. That the appendices to this report be exempt from disclosure by virtue of s100A and Schedule 12A of the Local Government Act 1972 (as amended), in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 2.2. That the Cabinet Member for City Management:
 - a) Approves the Mound to progress to site construction to enable its delivery according to the required timeframes.
 - b) Approves the overall design development approach and means to reduce overall net costs through legacy planning and income generation activities.
 - c) Approves expenditure of £1.99m for the construction works on the understanding that the project team will work to refine and reduce this figure where possible through design development, legacy planning and income generation. In the event it transpires that the project budget is at risk of being exceeded, a further report will be submitted setting out the risks and quantum of exceeding the project budget and seeking further approval.

3. Reasons for Decision

- 3.1. The Mound is intended to be a showcase attraction, expected to bring 280,000 ticketed visitors with millions passing by. It is expected to create a renewed excitement about the area, attract more people to it, support local businesses through increasing dwell time and help resurrect the West End's economic recovery.

4. Key Risks

- 4.1. Lockdown restrictions - The showcase event will only be able to proceed if the government's Covid19 lockdown restrictions have been sufficiently eased to allow people to attend such events, in enough numbers to make the event viable. At time of issuing this report, that date is understood to be 21 June 2021. However, that date could be subject to change based on the government's own monitoring systems.
- 4.2. Parallel working - The Design & Build contractor is progressing with the designs and will commence construction prior to appointment of an operator. It is assumed that the appointment of the operator will proceed to plan. Overall programme allows for interfaces to occur, but this will require further integration once operator has been appointed.
- 4.3. Programme – The programme is ambitious and includes several unusual elements to the showcase, including the bespoke structure, green foliage overlay and the lift requirement. These elements can impact the programme timeline and will need to be robustly monitored as even slight delays will likely impact the showcase commencement date.
- 4.4. Cost – The budget provided is the most up-to-date estimate provided by the contractor but is still being refined as mentioned above and will require further refinement as the project progresses.

5. Financial Implications

- 5.1. The construction costs of the structure are estimated at £1.99m. These will be funded from the £150m investment in Oxford Street District approved by Full Council in March 2019.
- 5.2. As part of the construction several permanent improvements and assets will be delivered for use across the wider Oxford Street programme. These include permanent power supplies, hostile vehicle measures, trees and landscaping and the permanent relocation of the Horses Head statue. These improvements are estimated at c£522k and will be funded from within the existing Highways capital programme.
- 5.3. There is the potential for significant income generation from the installation from various sources including entry fees, merchandise, sponsorship and tours which will be used to mitigate costs. The Council has retained control over the generation and receipt of such revenue opportunities. The estimates for income are set out below:

Total income from event (estimated figures, excluding dedications)

| | Total |
|--------------|----------------|
| Ticketing | £1.525m* |
| Sponsorship | £450k** |
| Catering | £40k |
| Merchandise | £40k |
| Private hire | £20k |
| Total | £2.075m |

*target figure based on 280,000 visitors, over 6 months

**target figure. £130k of sponsorship are already confirmed. We continue to engage with potential sponsors.

- 5.4. The income estimates from visitor sales could be significantly higher should social distancing guidelines be further relaxed over the summer. The income from sponsorship is also considered conservative at this stage and could be substantially higher than the estimates in the report. Officers are proactively pursuing further sponsorship opportunities and will provide regular reports on progress.
- 5.5. The costs presented for approval in this report do not include the costs of the operator contract which has been subject to a separate procurement. The results of this will be presented for approval in a further Cabinet Member Report.
- 5.6. The detailed breakdown of estimated costs and income projections are set out in appendix 1.

6. Legal Implications

- 6.1. We understand that FM Conway has been appointed under the terms of its existing contract with the council and that officers are satisfied that the works for the mound fall within the scope of the contract.
- 6.2. A procurement process is underway for the appointment of the event management provider and that process is being conducted in accordance with Public Contracts Regulations 2015.
- 6.3. I do not consider that there are any legal implications arising from the change in budget provided that any changes in the assumed costs for the design and construction of the Mound are calculated in accordance with the provisions of the FM Conway contract, and the costs for the Event Management Contract are set by the tenders received in accordance with normal practice.

Legal Implications provided by Keith Simkins: Senior Major Projects Lawyer
email ksimkins@westminster.gov.uk

7. Consultation

- 7.1. All members have been fully briefed on the scheme at their respective group meetings. They were given the chance to ask any questions at those meetings and that dialogue has continued with specific exchanges of emails from members on any detailed questions about the scheme.
- 7.2. The scheme has also been discussed at the relevant policy and scrutiny committee where the cabinet member responded to questions from committee members.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Neil Van Den Bergh, Category Manager, Place Based Services

Background Papers

Briefing Note: Hyde Park Hill - costs

For completion by the **Cabinet Member for City Management**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report.

Signed: _____ Date: _____

NAME: _____

State nature of interest if any

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(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendations in the report entitled **Marble Arch Mound - Design, commission, construction and operation of the showcase event** - and reject any alternative options which are referred to but not recommended.

Signed

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

Appendices provided in separate document.