

Division(s):

CABINET – 15 APRIL 2014

CITY DEAL – OVERVIEW & DELIVERY OF TRANSPORT SCHEMES

Report by Director for Environment & Economy

Introduction

1. The Oxford and Oxfordshire City Deal was signed on 30th January 2014. The deal was agreed with the government and leaders from the county's business community alongside the county council and other local authorities, universities, colleges, and the science and technology facilities. Ultimately it is expected to be worth over £1.2 billion when private sector investment is taken into account.
2. Our City Deal submission is the first phase of achieving our long term ambition which will be fully set out in the forthcoming Strategic Economic Plan and further developed through the Local Growth Deal.
3. The City Deal is focused on the delivery of an ambitious Knowledge Economy centred on our major economic growth centres: Bicester, Oxford and Science Vale including the Enterprise Zone (Harwell, Oxford and Milton Park).
4. The City Deal represents an opportunity to ensure Oxford and Oxfordshire overcomes the historic barriers to innovation and enterprise through a transformational network of connected hubs, creating an ecosystem where research, innovation, investment and enterprise meet and flourish. This will be supported by an integrated transport network along the Knowledge Economy Spine which will directly support the innovation hubs.
5. The transport packages, which are a priority for both the county council and the Local Enterprise Partnership, submitted as detailed City Deal business cases are set out overleaf.

Oxford Northern Gateway	Cutteslowe Roundabout
	Wolvercote Roundabout
	A40-A44 Loop Farm Link Road
Oxford Science Transit Stage 1	Hinksey Hill Southbound
	Hinksey Hill Roundabout
	Kennington Roundabout
	Hinksey Hill Northbound bus lane
Access to EZ	Harwell Oxford Entrance
	Access to Harwell Link Road (phase 1)
	Featherbed Lane and Stevenson Lights
	Rowstock Roundabout

Oxford Northern Gateway

6. The regeneration of Oxford's Northern Gateway and the A40 approaches to Oxford will address a critical transport barrier to the efficient economic functioning of the area and to its potential for future growth. Delivering a programme of schemes to relieve existing congestion and create spare capacity in the network to enable growth to be delivered at the Northern Gateway Development site. The schemes will unlock congestion along the strategic A40 east-west corridor around the north of Oxford, and enhance connectivity to the north-south A34 corridor. As part of the Northern Gateway Package we will deliver a new link road between the strategic A40 east-west route to the A44 (at Loop Farm roundabout) making a new connection to the A34 at Peartree Interchange.
7. Work is underway to develop the schemes at the Northern Gateway. The package of options includes the reconfiguration of the Wolvercote Roundabout junction, including the addition of signalisation, and severing of Godstow Road and Five Mile Drive. Signalisation of Cutteslowe junction with banned right-turn scheme is also part of the package of options – any junction improvements taken forward will create the required extra capacity satisfying future growth demands. The improvements will result in less queuing in the area with resultant improvements in air quality.
8. The total scheme cost is £17.3 million. City Deal allocation for Northern Gateway is set at £7.3million. Oxfordshire LTB Local Major Transport Scheme funding allocation announced by DFT, on 23rd December 2013, confirmed an allocation of £3.8 million for A40/Northern Gateway Cutteslowe Junction. £1.6million of funding is available from S106 funding. A business case will need to be presented to the LEP to meet the remainder of funding for the Northern Gateway schemes from retained business rates, although there will be a need for the Council to borrow with the business rates meeting the borrowing costs.

Science Transit Stage 1

9. The Oxford Science Transit is an integrated transport system that forms the infrastructure backbone to the Science Vale –Oxford – Bicester Knowledge Economy 'spine'. The Oxford Science Transit System will link the network of science and research hubs across our region as well as key areas of growth, tourism, housing and retail.
10. These improvements include rail upgrades (infrastructure and services) and enhancement of strategic bus network operating as a single high quality public transport system. Phase 1 of the Oxford Science Transit as identified in the City Deal provides a strong platform to deliver the wider ambition. The bid focuses on one of the major pinch points in the Science Transit network Hinksey Hill Interchange: the A34 between Abingdon and south Oxford and the access into Oxford from the A34 along the Oxford Southern Bypass. The scheme comprises an additional lane constructed into the verge of the section of A34 to the south of Hinksey Hill interchange – the section most frequently subject to congestion delays – together with bus priority lanes on the slip road approach to the signal controlled circulatory roundabout together with a capacity enhancement around the junction for all traffic and on the southern bypass linking the junction to Old Abingdon Road.
11. Infrastructure improvements at this interchange combined with committed investment on Hinksey Hill roundabout and Kennington will provide a key to unlocking the link between innovation centres in Science Vale Oxfordshire and Oxford. Providing enhanced high quality bus connections, direct services between hubs and key centres of growth, linking seamlessly into the rail network.
12. Science Transit package of Phase 1 infrastructure improvements is £13.017 million. The City Deal allocation for Oxford Science Transit Phase 1 is £8.7 million. With £4.317 million which is already allocated in the Capital Programme as part of the Kennington Roundabout improvements.

Access to Enterprise Zone

13. The package of schemes proposed as part of the Access to Enterprise Zone collectively provide enhanced connectivity of the Science Vale Enterprise Zone to the national and local road network by increasing the capacity and improving the operation at a number of pinch points within the area. This will provide confidence and reliability in the transport network to attract and secure business investment in the Enterprise Zone and provide the good accessibility required to attract high-end employees for high-spec jobs. These schemes compliment the Milton Interchange and Chilton Slips schemes on the A34.
14. All schemes within the Science Vale City Deal bid are within the priority one package that the Local Enterprise Partnership (LEP) has identified for the Science Vale area. The City Deal Access to EZ schemes total £28.8 million. The City Deal allocation for the identified schemes is £6.1 million. Enterprise Zone Business Rate returns for the priority one schemes (which City Deal EZ include)

will contribute to the short fall in funding for Access to EZ schemes. The intention is to use EZ Local Infrastructure Funding (LIF) to finance these schemes until the EZ business Rate retention income is received. This bid application was made by the Vale of White Horse District Council and is currently going through due diligence. The LIF loan covers Harwell Oxford Entrance, Access to Harwell phase 1 (Hagbourne Hill and Link Rd between B4493 & A417) and Featherbed Lane/Steventon Lights. If this doesn't come to fruition then other mechanisms to forward fund these schemes will need to be explored.

Business Case Summary

15. Annexes 1-5 contain location plans for each package of schemes.
16. A high level cost benefit analysis of each package of schemes has been undertaken using the Central Oxfordshire Transport Model. The assessment identified a good Benefit Cost Ratio for all City Deal schemes:
 - Northern Gateway: 3.64 BCR
 - Science Transit: 2.9 BCR
 - Access to Enterprise Zone: 8.6 BCR
17. The preferred procurement option is to use the Skanska framework for the design of the schemes, project management and site supervision with the construction element being tendered through OJEU due to the value of the scheme. As the value of the works is over the EU threshold, a competitive tendering exercise will be necessary for the construction stage.

Milestones

18. The key milestones for completion of each package are detailed below – please note that the timescales relate to completion of the package of works, schemes within the package will be delivered before the final completion dates.

Northern Gateway

	Activity	Date
Design	Select preferred scheme	Spring 2014
	Planning Permission	Autumn 2014
	Orders Publication	Summer 2015
	Public inquiry	Summer 2016
	Decision	Autumn 2016
Procurement & Construction	Procurement process starts	Spring 14/15
	Mobilisation	Autumn 2015
	Start of works	Autumn 2015
	Completion	Spring 2019

Science Transit

	Activity	Date
Design	Finalise Preliminary Design	Spring 2014
	Highways Agency Approval & Signoff	Summer 2014
	Commence procurement	Autumn 2014
Procurement & Construction	Start of works	Spring 2015
	Completion	Spring 2016

Access to Enterprise Zone

	Activity	Date
Design	Prelim design (including site surveys and investigations)	November 2013 – June 2014
Procurement & Construction	Prelim design (including site surveys and investigations)	November 2013 – June 2014
	Land Acquisitions	October 2014 – June 2014
	Planning (through process to determination)	December 2013 – October 2014
	Detailed Design	July 2014 – November 2014
	Procurement	November 2014 – February 2015
	Start of works	March 2015
	Completion	March 2017

Financial and Staff Implications

19. The total estimated cost of these work packages are £59.6 million which includes an allowance for contingency, optimism bias and risk.
20. The City Deal grant funding total for the transport schemes is £22.1 million with £1 million in financial year 2013/14 and £21.1 million in 2014/15. The Department for Transport have stated that they will not be able to provide any funding in 2015/16. This presents a risk of a funding deficit if there is slippage in the programme.
21. As the work will be tendered the final costs may differ from the ones that are in this forecast. It is also possible that as detailed design progresses the scope of the scheme may need to be altered due to unforeseen constraints or local consultation. Any changes and their implications will be set out in the Stage 2 Business Case prior to the award of any contract.

22. It should be noted that the LEP's contribution from business rates income of £26.8 million will be required to be forward funded through borrowing with the cost of this borrowing met from business rates income over time. The total cost of this level of borrowing over 25 years would be approximately £43.1 million. The Vale of White Horse District Council will meet the majority of this through a LIF loan, however the County Council will be required to take prudential borrowing to meet the remainder in advance of receiving business rates income.

23. The proposed capital financial profile is below:

Northern Gateway Package	£000s	2013-14	2014-15	2015-16	2016-17	Total
	DfT – City Deal	0	7,300	0	0	7,300
	Local Transport Board	0	0	3,800	0	3,800
	Local Authority borrowing met from business rates income	0	0	0	5,100	5,100
	Private/CIL/S106/other	0	0	0	1,600	1,600
	TOTAL	0	7,300	3,800	6,700	17,800
Science Transit Hinskey Hill (phase 1)	DfT – City Deal	325	8,375	0	0	8,700
	Local Authority	500	500	3,317	0	4,317
	Total	825	8,875	3,317	0	13,017
Access to EZ	DfT: City Deal	675	5,425	0	0	6,100
	Local Authority borrowing met from business rates income	0	3,000	0	18,700	21,700
	Private/CIL/S106/other	0	1,000	0	0	1,000
	Total	675	9,425	0	18,700	28,800
Total Programme	DfT: City Deal	1,000	21,100	0	0	22,100
	Local Transport Board	0	0	3,800	0	3,800
	Local Authority Borrowing met from BR income	0	3,000	0	23,800	26,800
	County Council	500	500	3,317	0	4,317
	Private/CIL/S106/other	0	1,000	0	1,600	2,600
	Total	1,500	25,600	7,117	25,400	59,617

Scheme Progress

24. All scheme packages are undertaking design between January and March 2014, some of which is funded from the revenue budget.
25. Liaison with Highways Agency for Science Transit Phase 1 regarding potential A34 off-slip arrangements and roundabout signal phasing has taken place in February 2014. Further work on the strength of the roundabout over bridges and/or need to upgrade any infrastructure to accommodate additional general traffic is being undertaken.
26. We are ensuring there is coordination from a network management perspective between these schemes and the planned works across the County.
27. Skanska are setting up their own design capability and we have briefed them on the initial work programme which they have ensured we will get priority.
28. We are producing a new delivery structure that will be dedicated to the delivery of major projects and will look after managing, monitoring and reporting against the delivery of the schemes once they are handed over at the early stage of the gateway process. We are joining the Midlands Highway Alliance to enable faster procurement of schemes that cannot be delivered through our current contract vehicle and to give us further access to professional support.

Governance

29. The Oxfordshire Growth Board, a statutory committee, will provide the City Deal governance. The delivery of the transport schemes will be governed through the transport Programme Delivery group and the Capital & Asset Programme Board. The financial position will be reported through the Capital Programme as part of the 2014/15 Business Strategy & Financial Monitoring reports to Cabinet bi-monthly.

RECOMMENDATION

30. **The Cabinet is RECOMMENDED to**
 - (a) **approve the proposed schemes for inclusion into the Capital Programme, to note the progress of the business case for each scheme and to note that the detailed business cases will be submitted for approval, in accordance with the financial procedure rules; and**
 - (b) **approve the release of £1.5m project development budget for the Access to Enterprise Zone project under stage 0b of the capital governance procedures.**

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