

Divisions Affected - Eynsham

CABINET - 15 DECEMBER 2020

LOCAL GROWTH FUND - SCIENCE TRANSIT 2 – FUNDING AND FULL BUSINESS CASE SUBMISSION

Report by Director of Growth and Economy

RECOMMENDATION

1. **The Cabinet is RECOMMENDED to;**
 - (a) **Note the current scheme cost, proposed funding package and agree to update the capital programme accordingly.**
 - (b) **Agree the preferred option to accelerate the delivery of the Park & Ride element of the project.**
 - (c) **Agree to the additional development costs up to £7.724m through to anticipated Department for Transport funding approval.**
 - (d) **Authorise the delegated approval to submit the Full Business Case to Department for Transport to the Director of Growth & Economy in consultation with the S151 Officer, Monitoring Officer to the Council and Cabinet Member for Environment**

Executive Summary

2. In July 2014 the Science Transit 2 (ST2) project was awarded a provisional allocation of £35 million from Governments Local Growth Fund, subject to:
 - i. the submission of an acceptable Full Business Case being submitted to the Department for Transport (hereafter referred to as DfT).
 - ii. a minimum of £5 million matching local contribution.
3. The A40 Science Transit scheme was entered into the capital programme through the Cabinet Paper 21st July 2015. This Cabinet paper outlined the scheme and the longer-term strategy for the A40.
4. The primary focus of ST2 alongside the other complementary investments along the A40 is the provision of additional highway space, connectivity and infrastructure to encourage/facilitate modal shift encouraging more sustainable forms of travel to meet our zero carbon transport network ambitions such as public transport, walking and cycling connectivity, and the delivery of wider health and place shaping benefits in line with the Council's key priorities.

5. To date progress has been made with the submission of a planning application for the preferred scheme, an outline business case submission to the DfT and successful completion of the preliminary design stage. More recently the project team have overseen the appointment of a design and build contractor and this procurement process has now commenced to satisfy the requirements of the Full Business Case. A considerable amount of stakeholder engagement and public consultation has also been undertaken in the interim period and to inform the preferred option development.
6. A series of key milestones for subsequent stages of delivery are set out within this report. These are based on recent review work undertaken by the project team to ensure they are accurate as far as reasonably practicable with the information available at the present time.
7. Due to a variety of reasons the costs of the scheme have increased however set out within this report is a revised funding package which will cover the full scheme forecast costs. Further to the same there is a need to secure further monies to allow the project to continue to progress until the point that the DfT give unconditional funding approval. All development costs are covered by other funding sources prior to DfT business case approval.
8. The securing of the Local Growth Fund (LGF) from the DfT and successful delivery of this project is integral to the conditionality associated with the Council's ability to draw down the HIF2 funding as set out in the report to Cabinet in July 2020.
9. There are several other risks associated with a scheme of this scale and value however they are being robustly managed by the Council's project team and key suppliers. An appropriate quantified risk value has been included in the cost build up to mitigate these were they do emerge.

Introduction and Background

10. The objective of the project is to provide a congestion free route into Oxford from the west for public transport. In turn this provision, and associated improvements in public transport service provision, will encourage a transfer of trips from private transport to bus thereby reducing overall congestion levels on the A40 for all vehicles.
11. The congestion issue on the A40 has long been accepted as one of the largest traffic issues in the county going back to the 1990s Trunk Road proposals for dualling the road between Oxford and Witney and beyond. The current proposal was included in the Oxfordshire Strategic Economic Plan (March 2014) and as a result of this was accepted into the Oxfordshire Growth Deal as a provisional scheme with a Local growth fund allocation of £35 million and a local contribution of £5 million.
12. In July 2014 the Science Transit 2 (ST2) project was awarded a provisional allocation of £35 million from Governments Local Growth Fund, subject to:

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- i. the submission of an acceptable Full Business Case being submitted to the DfT. This being based upon the 5-case Business Case model approved by HM Treasury and the WebTAG procedures for major transport scheme appraisal and;
 - ii. a minimum of £5 million matching local contribution.
13. The A40 Science Transit scheme was entered into the capital programme through the Cabinet Paper 21st July 2015. This Cabinet paper outlined the scheme and the longer-term strategy for the A40. It also explored the other alternative options looked at for the A40.
14. This followed a consultants' report to look at short and long term options for improvements along the A40 corridor. The report identified a westbound bus lane from Eynsham to west of the Duke's Cut as being achievable within the provisional allocation. Previous work as part of Connecting Oxfordshire had identified the potential for a park & ride site in the vicinity of Eynsham Roundabout.
15. Following this initial piece of feasibility and optioneering work the project scope was defined as 3 core parts:
 - An eastbound bus lane on the A40 from Eynsham Roundabout to a point immediately west of the bridge over the Duke's Cut canal.
 - A park and ride site to be located adjacent to the A40 in the Eynsham area.
 - Improvements to the junctions of A40 with Elm Place, Cuckoo Lane and Witney Road in Eynsham together with the accesses to the Eynsham service area and Evenlode public house;
16. General arrangement drawings of the preferred scheme option are contained in Annex A and in brief the project will deliver;
 - An 850-space park and ride site with associated bus interchange facilities, including a dedicated access junction
 - An eastbound bus lane extending from the park and ride site at Eynsham to just west of the Dukes Cut section of the A40.
 - Various sections of westbound bus lane on approaches to junctions
 - Upgrades to key junctions along this section of the A40
 - A variety of walking and cycling infrastructure interventions to promote these modes of travel.
17. The primary focus of ST2 alongside the other complementary investments along the A40 is the provision of additional highway space, connectivity and infrastructure to encourage/facilitate modal shift encouraging more sustainable forms of travel to meet our zero carbon transport network ambitions such as public transport, walking and cycling connectivity, and the delivery of wider health and place shaping benefits in line with the Council's key priorities.

The main focus of the DfT Local Growth Fund funding is around economic growth, journey time reliability, connectivity and supporting housing and commercial growth. The A40 has a key role in supporting both housing and commercial growth in West Oxfordshire. This includes the Oxfordshire Cotswold Garden Village along within developments in Eynsham, Witney and Carterton.

18. The project is linked to a number of other proposals within the A40 Programme and will play a major role in the acceptability and viability of those developments in the corridor. These complementary projects include, as shown on Figure 1:

- A40 Smart Corridor (Housing Infrastructure Fund (HIF2)) – public transport and sustainable mode priority improvements
- Access to Witney (Shore's Green) junction improvements
- A40 Oxford North – bus and sustainable mode priority improvements along the A40 corridor between Dukes Cut and Wolvercote roundabout

A40 Corridor Strategy and Programme

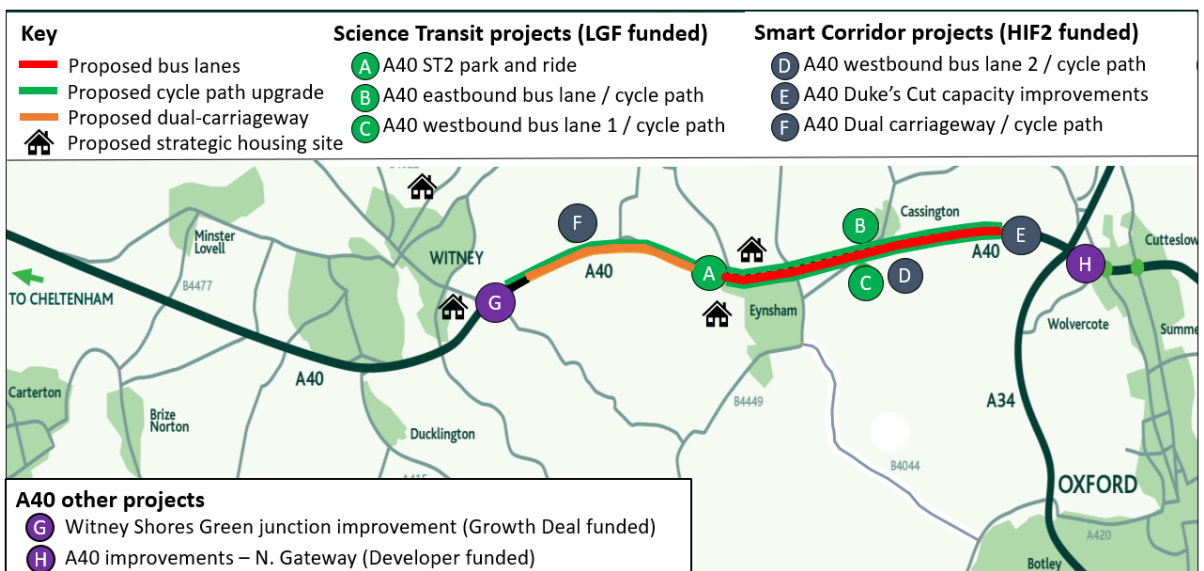


Figure 1: A40 Corridor Investment Programme

Together with other measures along the wider A40 corridor, notably;

- Green Road Roundabout bus priority measures (completed March 2015)
 - Northern Gateway Access Road and associated bus priority improvements along the A40 corridor between Wolvercote viaduct and Wolvercote roundabout.
 - Access to Headington improvements.
19. DfT have formally confirmed that Her Majesty's Treasury has extended the funding period for LGF retained schemes, which applies to the Science Transit scheme, to March 2022 – as contained in Annex B. This is subject to Ministers

announcing a positive funding decision on the final business case and, that OCC have entered into contracts to deliver the whole of the scheme.

Progress to Date

20. The work undertaken to date to develop the project since the last report to Cabinet has included:
- The development of the original concept and options for the scheme through to a complete preliminary design.
 - A detailed value engineering process to finalise the preferred design option to achieve the most cost effective solution.
 - Development of a robust scheme budget, risk management process and delivery programme, as set out within this report.
 - Consultation with the public and stakeholders at various stages of the scheme development to date.
 - A full planning application for the scheme submitted on 31 May 2019.
 - A subsequent request in August 2019 from the Local Planning Authority for additional information in support of the scheme's planning application under Regulation 25 of the Town and Country (Environmental Impact Assessment) Regulations 2017.
 - In response to the Regulation 25 request a further submission to the LPA dated 6 November 2020, which is currently being determined.
 - A successful Outline Business Case submission to the DfT in July 2019, confirming status of the scheme in the retained LGF funding programme and allowing progression to a Full Business Case.
 - The appointment of a number of technical specialists and contractors to deliver this and subsequent stages of the project, further details of which are set out within the Procurement section of this report.
21. More details on the project can be found at the webpage – <https://www.oxfordshire.gov.uk/residents/roads-and-transport/roadworks/future-transport-projects/a40-eynsham-park-and-ride>

Programme

22. Due to the need to continue to develop and deliver the scheme at pace to limit further delays and also with the related funding window set out in the criteria for the HIF2 funding, a defined programme and meeting the tight critical paths is paramount.
23. The delivery programme has undergone a full review and with the input of a number of key delivery partners to ensure that it is as robust as possible. A detailed version will be required to be submitted to the DfT as part of the Full Business Case.
24. Key milestones through to successful scheme delivery are set out within Table 1.

25. There has been a concerted effort by the A40 delivery team to explore opportunities to accelerate the project's programme. This combined with setting out a clear procurement and contracting strategy has allowed these proposals to come forward more quickly than they would have otherwise. The delivery team has also been reinforced to ensure it has the relevant resources, competencies and expertise to ensure successful delivery of this project, within what are challenging but achievable timescales.
26. Further to the above an opportunity has been identified to accelerate the delivery of the detailed design and hence latterly construction of the Park & Ride element of the scheme. This has a number of programme and practical benefits, notably;
- (a) Bringing forward the construction phase of the Park and Ride will lessen the construction phase traffic impacts on the A40 by circa 6 months.
 - (b) Allows risks around the diversion of high value statutory undertakers plant and ecological seasonal constraints to be more readily controlled and mitigated.
 - (c) Smooths both internal and external resource requirements across the wider A40 investment programme.
 - (d) Demonstrates the Council's commitment to external funders to the delivery of the wider A40 investment package.
27. There is a need for a delegation to the Director of Growth and Economy, as set out in the Recommendations of this report, to be actioned in advance of and to enable officers to submit the Full Business Case to DfT in a timely manner, ensuring that its content has been robustly reviewed in advance and any ongoing obligations to the Council fully understood.
28. There is currently work underway to consider the integration of the Science Transit scheme and elements of HIF2 which will not only provide time saving, reduce highway network disruption but also provide cost efficiencies. This work is to conclude in early 2021.

Table 1 –Proposed Key Milestones

Activity	Date
Planning application determined	February 2021
DfT Assurance Gateway Review	February 2021
Detailed Design start (Park & Ride)	April 2021
Full Business Case Submission to DfT	May 2021
DfT unconditional funding approval	August 2021
Detailed design commences (A40 bus lanes)	September 2021
ALL Detailed design complete	May 2022
Enabling works commence	late 2021
Construction start – Park & Ride	early 2022
Construction start - A40 bus lanes	mid-2022

29. COVID-19 programme effects moving forward have been included as far as reasonably practicable within the timescales quoted above. The ongoing effect is discussed further within the Risk Management section of this report.

Corporate Policies and Priorities

30. The delivery of the ST2 project will actively support the following key themes within Oxfordshire County Council's Corporate Plan 2020-24;
- (a) **Providing services that enhance the quality of life and protect the local environment** – the ST2 project will promote the modal shift away from private cars and into the more sustainable modes of travel of public transport, cycling and walking. This will be for both existing traffic as well as supporting future development in the area, enabling a culture change from the outset driven by the provision of quality infrastructure, rather than attempting to 'retrofit' afterwards.
 - (b) **Supporting a thriving local economy by improving transport links to create jobs and homes for the future** – the ST2 project is integral part of the wider A40 investment programme which will directly provide enhanced highway capacity, improved journey times for all and connectivity and reliability of public transport provision in West Oxfordshire.
 - (c) **Taking action against Climate Change** – by reducing congestion and promoting modal shift in how people travel along the A40 there are clear benefits in terms of reducing carbon emissions, promoting 'zero carbon travel' and improving air quality in the area.

Financial Implications

Project Costs

31. An initial business case approved in October 2015 to undertake the feasibility study for the project and the related subsequent Financial Monitoring Report in February 2017, supported by an updated outline business case, identified a funding package amounting to £36.50m for the ST2 scheme.
32. In the development and detailed design stage that has followed that approval the cost and risks associated with the scheme have been reviewed and refined at regular intervals and have now been finalised as deliverable within a worst-case budget of **£51.25m**, broken down as follows:
- Detailed Design and Construction- £ 37.30m

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- Site surveys and investigations, business case, statutory processes and preliminary design- £ 5.64m
- Statutory Undertakers diversions - £ 3.02m
- Client fees to completion - £ 0.73m

The appointed design and build contractor has submitted a total budget cost for the design and build of the project as £ 37.30m which is included in the costs forecast. All costs have been scrutinised by the project team with the appropriate commercial support where necessary.

33. The remaining risks associated with scheme construction and which the Authority are the owners of are underwritten by a **£4.57m** quantified risk and contingency fund which are accounted for separately within the overall forecast budget.
34. As per the report to Cabinet in July 2020 relating to Housing Infrastructure Fund – A40 (HIF2) the project has increased in value by circa £ 14.75m. the reasons for this are numerous and can be summarised as follows;
- further clarifications on the assumptions made in the original costs underpinning the LGF bid.
 - Changes of scheme scope to ensure that the scheme continues to deliver the relevant benefits and also the detailed interface with other A40 and developer led investments.
 - The extension to the planning determination period, as a result of the Regulation 25 request from the LPA.
 - Increased scrutiny and changes to national guidance related to the production of the full business case.
 - Increased costs associated with dealing with the diversion and/or protection of statutory undertakers plant.

Project Funding

35. Following submission of a business case to the Oxfordshire LEP a conditional offer letter has been received awarding £3.0m (Local Growth Fund) towards the scheme.
36. In addition, Council officers submitted a bid to the Growth Board in September 2020 for a maximum sum of £12m. The decision to extend the funding on A40 was endorsed by the Board as the scheme is critical to the growth in West Oxfordshire and Oxford City.
37. Taking in consideration of the above points Table 2 highlights the proposed funding package for this scheme:

Table 2: Proposed Funding Package

Source	£m	% Contribution
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DfT retained Local Growth Fund	35.000	68
S106	1.500	3
OxLEP - LGF grant	3.000	6
Growth Deal	11.752	23
Total of budget (£m)	51.252	100%

*All % figures rounded

38. Whilst the overall budget for the project has increased it should be noted that the revised scheme funding has been secured subject to full business case approval. This increased budget requirement has been identified via a thorough and detailed review of the scheme and includes an appropriate allowance for mitigation of project risks should they arise, as set out within Risk Management section of this report. The delivery of ST2 remains an integral part of the A40 investment package and without it the HIF funding cannot be unlocked.
39. Subject to approval of the recommendations set out in this report the funding is in place to cover the whole scheme costs hence it is proposed that the Council moves forward with the submission of the Full Business Case to DfT and subsequent award of the contract to design and construct the scheme.

Funding Current Stage

40. The current ST2 approved capital programme budget is £ 4.600m (with £886k LGF grant advance by DfT and remainder forward funded by OCC). Due to the extended timescale to gain a full and unconditional funding approval from DfT, as set out in Table 2 of this report, a total of £ 7.724m is required, an increase of £3.124m. This includes the acceleration of the detailed design of the park and ride element of the scheme.

Table 3: Funding for Current Stage

Activity	Spend to Date (£m)	Forecast to August 2021 (£m)
Optioneering, Feasibility, Planning and Outline Design	£ 3.325	£ 3.925
Site Access and ECI Advice	£ 0.526	£ 0.526
Business Case and Modelling	£ 0.351	£ 0.660
Statutory Undertakers	£ 0.030	£ 0.100
Design and Build procurement	£ 0.000	£ 0.402
Detailed Design (Park & Ride)	£ 0.000	1.811
Client costs	£ 0.299	£ 0.300
TOTAL	£ 4.531	£ 7.724

41. The development costs noted in Table 3 are fully covered by the other funding sources, prior to DfT approving the scheme.
42. There is a residual risk that the DfT take longer to review and approve the full business case than the 12 weeks currently allowed in the programme and

hence the costs of funding the current stage may extend. A nominal allowance has been included in the figures above to cater for this.

Legal Implications

43. Throughout the contract negotiations with supply chain partners, the Legal Team has been involved and advised officers on the various contracts, terms and conditions. These contracts are now agreed and ready for execution, subject to full funding confirmation.
44. There are no unforeseen legal issues in successful delivery of the ST2 project. Those issues which the project team are aware of are relative to a project of this nature and are being proactively monitored and managed in conjunction with the Council's legal team.
45. Members should note the ST2 projects relationship in respect to delivery and conditionality to the successful draw down of the HIF2 funding as set out in the report to Cabinet in July 2020.

Staff Implications

46. The resource requirements to successfully deliver ST2 will come from existing project and technical management functions, primarily within the Growth and Economy Directorate. This will be supported by other disciplines from across the Council organisation as the need arises.
47. The forecast Council staffing costs of project and technical management to completion are contained within the total budget quoted within this report.

Equality & Inclusion Implications

48. The new park and ride and highway infrastructure has been designed and will be constructed to be fully accessible for all from the outset in accordance with all current national and local standards.
49. Equalities implications has already and will also be assessed via the statutory consultation associated with the ongoing development control process.
50. All built asset facilities to be provided as part of the project will be fully compliant with the provisions contained in the Equality Act 2010.

Sustainability Implications

51. The ST2 project is designed to promote sustainable modes of travel for access into Oxford by commuting traffic by modal shift away from the private

vehicle and on to public transport or by walking and cycling. In reducing traffic congestion levels this has positive impacts on air quality and carbon emissions.

52. Similar to the above the successful delivery of the project, alongside other planned transport investment on the A40 corridor, will form a core part of the promotion and early enabling the use of more sustainable forms of travel for the new developments planned for the West Oxfordshire area. This will be teamed with promotional activities to achieve the cultural shift required.
53. The project has been developed to be as sustainable as possible in terms of its impact on the environment by using the likes of sustainable urban drainage systems as a core part of its design.
54. The scheme design has also been developed through the statutory development control process to offset any bio-diversity net loss and provision of improved environment and habitat for wildlife.
55. During the next stages of scheme delivery there will be specific sustainability targets imposed on the design and build contractor with the likes of re-use of site won materials as an example of how additional temporary environmental impacts during construction will be reduced.

Risk Management

56. The technical complexity of the project has necessitated a comprehensive quantified risk assessment (QRA) to be maintained throughout the development of the project up to this point. A QRA is a full developed list of project risks against which costs and probability of realisation of risk is applied to each to give a total financial value. This has looked at key areas of risk, notably health and safety, cost, programme, design, environmental and reputational. This risk register has been regularly reviewed and updated throughout the previous phases of scheme development.
57. Considering the development works carried out to date and the parties engaged to deliver the project the overall level of risk of project failure is considered to be low. The current quantified risk value for the detailed design and construction phases of the scheme is **£ 4.57m**.
58. Due to the technical nature of the scheme and its complex interfaces with both existing and proposed infrastructure and developments it is necessary to retain this capital funding as a separate risk fund pot. Some, none or all of this may be expended during the course of the construction phase dependant on the degree of change encountered.
59. There remains a risk that DfT do not approve the business case or take longer to do so.
60. There is a residual risk that the DfT retained LGF funding conditions require the remaining stages of delivery of the project to be contracted before 31st

March 2022. Based on the current delivery programme logic, including the preferred option of accelerating a key part of the project in the Park & Ride site, and the fact that the procurement and contracting strategies for all stages are now in place the risk of non-achievement is considered to be very low. Following draw down of the LGF grant in full pre March 2022 there are no further funding deadlines that the scheme must adhere to.

61. By accelerating the delivery of the Park & Ride element of the project there is a risk that the full scheme does not come into use until all of the infrastructure is in place.
62. There remains a risk of interdependency between this project and the HIF2 investment which are being developed to be complementary, as will be the benefits delivered. These risks are set out in detail in the July 2020 report to Cabinet.
63. The report to Cabinet in July 2020 sets out the potential to combine the ST2 project with one or more elements of the HIF2 proposals to generate cost and time efficiencies in the wider programme. There remains a risk that this cannot be achieved. Officers within the project team continue to develop the delivery programme to review when the decision to combine or otherwise needs to be made.
64. Emerging risks will be escalated through the capital governance process to ensure that issues and risks arising and impact on the Council are considered and managed.
65. COVID-19 currently poses an unquantifiable risk to the project's future delivery programme, as well as the associated knock on impact to the HIF2 funding agreement. COVID-19 impacts will be closely monitored and implications on programme reported.

Communication and Consultations

66. There is a detailed communications and engagement plan in place for the project. This is now driven by the A40 programme communications and engagement strategy which is scheduled to be approved on 20 November 2020. The purpose of this is to ensure consistency of approach across the programme, ensuring that this is seen as a joined up complementary investment programme.
67. The communication and engagement plan has also been informed by a series of public consultations over the course of the scheme development notably but not restricted to;
 - (a) Connecting Oxfordshire – A40 Investment Consultation, November 2018
 - (b) Eynsham Park and Ride & A40 Bus Lane Consultation – December 2016

This has been supported by a number of engagements via the following forums;

- (c)** Member, District and Parish Council briefings, most recently August 2020
 - (d)** Statutory consultation via the planning determination process
 - (e)** Key user group meetings to explain scheme design and gain buy in to proposals.
 - (f)** Proactive engagement with statutory bodies such as the Environment Agency and Natural England to ensure that any scheme impacts are carefully and comprehensively mitigated.
 - (g)** Engagement with developers of adjacent sites to ensure works are co-ordinated from a technical and practical perspective.
68. Most recently the projects webpage was updated to a new format to make this more user friendly and in preparation for more detailed updates to be provided to the public during the subsequent stages of delivery, in particular the construction phase.
69. It will be extremely important to continue to develop this communications and engagement plan, strengthening relationships with all stakeholders and in readiness for the construction phase.
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Owen Jenkins
Director of Growth and Economy

Annexes:

Annex A – General Arrangement Plans

Annex B – Department for Transport – LGF Funding Extension Letter

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