

Full Business Case (Stage 2 Commit to Construct)

Project/Programme Name:	Science Vale UK, A34 Chilton Interchange Improvements
Total Capital Budget:	£10,883
Divisions Affected:	Chilton, Didcot, Harwell, Milton
Purpose of this report:	This report requests approval to contractually commit to construction of this project.
Approval No:	H310

Sign-off & Approval

In preparing this report input must be obtained from the following:

Responsible Owner	Name	Date
Service Manager/ Client / Project Sponsor (Contributor)	Patrick Mulvihill Melissa Goodacre	30/09/14
Delivery Team Representative / Project Lead (Author)	Nigel Day	30/09/14
Service Finance Business Partner or Senior Financial Adviser (Contributor)	Rob Finlayson Matt Barlow	
The Capital Finance Team (Contributor)	Bill Evershed	08/10/2014
Other Contributors as applicable (e.g. developer funding, asset strategy)	N/A	

Final approval as per the Financial Procedure Rules must be obtained from:

Approval Level Required	Name	Date
Over £5m – Cabinet / On behalf of Cabinet (Leader of the Council)	Cabinet	

* In the case of Highways & Transport or Property projects the relevant Service Manager and Deputy Director are those responsible for delivery.

1 Description & Objectives of the Proposal / Desired Outcomes & Business Benefits

The Science Vale Chilton Interchange Improvements scheme comprises the provision of north facing slip roads onto the A34 at its junction with the A4185 to create an all-movements junction.

The proposal arose from assessments of the evidence base compiled in 2012 to support the Vale of White Horses' Local Plan and the County Local Transport Plan. It recognises the designation given to parts of the Harwell and Milton Park employment areas as an Enterprise Zone and has been included in the Vale of White Horse Draft Local Plan, which covers the period up to 2031.

Subsequent initiatives, including the Strategic Housing Market Assessment (SHMA) and the Strategic Economic Plan submitted by the Oxford Local Enterprise Partnership (LEP), emphasised the importance of planning for further growth in the Science Vale area.

Economic assessments undertaken have demonstrated that the impacts of this scheme, when compared with a 'Without Intervention' case, yield the following monetised benefits over a 60 year appraisal period:

Business users and transport providers:

- Highway travel time savings £35.4m
- Highway vehicle operating costs -£0.2m

Commuting and Other users:

- Highway travel time savings £32.8m
- Highway vehicle operating costs £4.2m

Indirect taxation -£1.1m

Reduced Carbon Emissions £0.7m

The PV of the benefits totals £71.8m in 2010 prices and values.

As set out above the Present Value of Cost (PVC) of the scheme is £9.645m

The forecast BCR of the package is 7.44:1 which represents 'very high value for money' according to the DfT's rankings.

2 Updated Project/Programme Scope

The outline scope of work to provide the additional slip roads has remained as previously described in the Stage 1 Business Case (November 2013) however detail design has incorporated additional features to mitigate concerns expressed by stakeholders following public consultation in February 2014, see *Appendix A for a General Arrangement drawing*. These include minor revisions to the proposed highway alignment to reduce the detrimental impact on the adjacent land parcels, additional land access arrangements, provision of additional pedestrian crossings and a proposal to reduce the speed restriction.

The impact of these changes has increased the scheme costs but they remain within budget and provide a significant economic benefit as shown in Section 1.

The draft detail design has been submitted to the Midlands Highways Alliance for direct allocation to a contractor for Early Contractor Involvement, and development of a Target Price.

Alternative design options have been appraised which include the utilisation of the existing junction at West Ilsley. This has been proposed as an alternative scheme by Chilton Parish Council in response to the publication of the draft Orders. Investigation into this option has identified significant infrastructure improvement will be required which, even if viable, would reduce the benefit to a level substantially below that afforded by the Chilton Interchange Improvements.

3 Estimated Cost & Proposed Funding Plan

The Stage 1 Business Case identified the following funding:

- LEP – Borrowing repaid from EZ retained business rates, £5.683m
- LEP – Growing Places Fund Grant, £200k
- DfT – Local Pinch Point Funding (LPPF) Grant, £5.0m

The terms of the LPPF funding stated that substantial progress must be made by March 2015.

Summary of capital budget requirement:

	Stage 1 £000	Stage 2 £000
A: Cost of feasibility and preliminary design (previously released at Stage 0b)	176	175
B: Estimated cost of detailed design, procurement & enabling works (previously released at stage 1)	403	548
C: Estimated delivery / construction cost (requested to be committed at stage 2)	7,895	7,475
D: Contingency	2,409	2,685
Total	10,883	10,883

Costs have increased in the detail design and procurement from the additional work arising from the public consultation and protracted land negotiation. There have been further cost increases deriving from the work involved in formulating responses to the Statutory Objections made following publication of the draft Orders.

A budget construction estimate of £6.5m has been provided by the Contractor following an initial period of Early Contractor Involvement. This is within allowances for the Stage 1 Business Case and includes the additional features incorporated into the design.

Costs associated with this have not been separated and are included in Row 'D' – Contingency which also includes £402k Commuted Sum for the Highways Agency and £507k for Part 1 Claims.

The estimated annual expenditure profile for the project is as follows:

Year	Previous Years	2014/15	2015/16	Contingency
£000	170	3,849	4,179	2,685

Contingency has been profiled in 2016/17.

4 Project Delivery Timetable & Procurement Plan

Activity	Start Date	Finish Date	Milestone/decision point & scheduled technical gateways
Procurement	04/08/14	24/10/14	Approval of stage 2 BC GW4
Construction	17/11/14	25/03/16	GW5

5 Risks, Constraints, Dependencies and Exclusions

See Appendix D for the detailed risk register.

Constraints

The following factors may affect the successful delivery of the project or achievement of the business benefits/desired outcomes.

- Statutory Objection to the draft Orders – Chilton Parish Council submitted an Objection to the draft Orders for which a Local Public Inquiry has been called in January 2015. It was thought that this would introduce additional costs and programme delay; however a letter from the Parish agreeing to withdraw their objection has now been received. Officers are discussing the next steps with the Highways Agency but the HA/OCC will compile a letter explaining that there is no requirement for an Inquiry; this will be issued as soon as possible. This will also be communicated to others, including non-statutory objectors.
- Programme/financial constraint – the DfT funding indicated that there should be substantial progress made before the end of March 2015.
- Communications – there has been dialogue with the Parish Council and although much of the work will be able to be constructed off-line, there will inevitably be some disruption caused by the construction. With the separate works taking place at the Milton Interchange junction to the north it will be important to present consistent, relevant and timely communications to all stakeholders.

Dependencies

The following factors have the ability to influence the delivery of this project:

- The Statutory Objection made by the Chilton Parish Council had prompted a Local Public Inquiry but the objection has now been withdrawn.
- The Chilton Interchange improvements will provide the most benefit when implemented in conjunction with the Milton Interchange improvements, for which construction work is expected to start in late October 2014.

Description of areas or sources of risk and impact on project	Mitigation	Owner
Delay to programme caused by need for Public Inquiry	Dialogue with CPC has led to the withdrawal of the objection	OCC
Failure to spend allocated DfT funds by stated deadline	Design has been undertaken within a constrained programme to enable start of construction works to be made as soon as possible	OCC
Ecological mitigation work and associated licencing is delayed by uncertainty of PI	Plans are continuing to enable the work to be undertaken on the understanding that mitigation work can be cancelled/suspended at any time should it not be withdrawn.	OCC/Skanska
Adverse publicity arises from traffic disruption during work	Appointment of dedicated communications officer included in tender document to manage outgoing information and provide updates to stake holders	OCC

6 Communication & Consultation

The communications plan is in Appendix E of this document.

The Highways Agency (HA) is the authority responsible for the A34 and designers have liaised closely with them throughout. Necessary approvals in principle, design checks and approval of departures from standard where applicable have been sought. The HA have provided input on the various elements of the design to ensure continuity with their network and together with Thames Valley Police provided input on the A34 traffic management proposals. Local input has similarly been sought from OCC as the Local Highways Authority.

The stakeholders are identified in the communications plan in Appendix E of this document. It is anticipated that information released about the works will accord with information provided from the Milton Interchange scheme which will have already commenced when the Chilton work starts. The communications officer appointed to support the Milton scheme will become a stakeholder and will assist OCC in managing information provided externally.

7 Programme/ Project Governance

Subject to the approval of this Business Case and corresponding local gateways, the contract will be awarded as detailed in Annex 2. The construction programme originally demonstrated that construction work will commence in mid-November 2014 and will last for 13 months. However a detailed programme is in preparation as part of the ECI process undertaken. This will be assessed by the Project Sponsor to ensure suitability and compliance with any network constraints.

The Project Manager will be supported by the Project Sponsor and a delivery team.

8 Supporting Documents

Appendix A - Feasibility Report



Chilton Junction
Feasibility Study FINA

Appendix B - Resource Appraisal



Chilton
S2BC_Resource Appr

Appendix C - External Funding Confirmations



140120 LPPF
Agreement.pdf

Appendix D - Project Risk Register



Chilton_Interchange
_Risks_Mitigation_v8&

Appendix E - Communication Plan



Chilton Slips
Communications Plan.