

Full Business Case (Stage 2 Commit to Construct)

Project/Programme Name:	Eastern Arc Phase 1: Access to Headington
Total Capital Budget:	£11,164,000
Divisions Affected:	Headington, Headington Quarry, Churchill, Lye Valley & Wood Farm, Marston
Purpose of this report:	This report requests approval to contractually commit to construction of this project.

Sign-off & Approval

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

Responsible Owner	Name	Date
Service Manager/ Project Sponsor (Author)	Paul Fermer / Helen Powdrill	July 16
Delivery Team Representative / Project Lead (Contributor)	Annabel Precious	July 16
Service Finance Business Partner or Senior Financial Adviser (Contributor)	Rob Finlayson	July 16
The Capital Finance Team (Contributor)	Kathryn Goldsby-West	July 16
Other Contributors as applicable (e.g. developer funding, asset strategy)		

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	19 July 2016

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

The desired outcomes of the project are to reduce congestion and improve the overall accessibility of the area by enabling conditions for a more comprehensive bus service to operate and encourage greater uptake in walking and cycling. The specific project objectives are therefore to:

- Manage growth in car traffic – planning for more walking, cycling and use of public transport by providing new and improved amenity along the network.
- Support jobs growth in health, innovation and education by improving access to major sites such as hospitals and universities
- Improving access to the major employment sites using sustainable modes by improving accessibility and journey times.
- Promote health and wellbeing by reducing transport's environmental impact

Since the above, the County Council has adopted its LTP4 which includes the Oxford Transport Strategy. The strategy puts forward ambitious proposals for public transport – including greater orbital connections across East Oxford – and walking and cycling within and beyond the city, the first phase of which will be implemented as part of the Access to Headington project.

2 Updated Project/ Scope

Public consultation was undertaken in Summer 2015 which influenced the preliminary design of the scheme.

Statutory consultation was undertaken in February 2016 in relation to the Traffic Regulation Orders, the results of this and the strong opposition to the removal of parking on Headley Way and Windmill Road lead to amendments and further consultation which was approved in June 2016. The design now includes the retention of some parking on both these roads.

Through detailed design we have updated the cost estimates and have amended designs to value engineer the design, we have also engaged Skanska in a period of Early Contractor Involvement in advance of preparing the target cost for the scheme. Value Engineering and ECI through detailed design has led to the following changes from the proposal at preliminary design stage that was included within the Stage 1 Business Case.

The following schemes and interventions have been removed from the project:

- Osler Road widening.
- Cherwell Drive retail area improvement.
- London Road / Windmill Road junction alterations.
- Old Road / The Slade / Windmill Road junction.
- Side road entry treatments along the whole length of Windmill Road.
- Eastern Bypass/ Horspath Driftway junction alterations.
- Coloured surfacing with exception for high risk areas for cyclists.
- Full resurfacing throughout the scheme, instead we have targeted areas of concern with a contribution from the Asset Management team budget.

If costs escalate following receipt of the target cost further de-scoping of the project will be undertaken to remove schemes within the programme of works that have the

least detriment of the project objectives to ensure we remain within the overall project budget.

Costs will be closely monitored and proposed changes to the scope agreed by the Deputy Director for E&E. Any further significant changes to scope will be reported back to Cabinet for approval in line with the requirements of the Financial Procedure Rules.

3 Estimated Cost & Proposed Funding Plan

The overall project budget (as per the successful LGF bid) is £12.414m, which is funded as follows:

Central government (LGF) funding for infrastructure	£8.200m
Local s106 contributions for infrastructure	£2.964m (£1.319m held, £1.645m secured but not received)
Local s106 contributions for local bus services	£1.250m

The £1.250m local contribution has been secured for bus service improvements associated with the Barton Park development. These services are complimentary to Access to Headington, and will specifically make use of the schemes proposed.

Therefore, based on the above, the capital budget available for infrastructure on the Access to Headington project is £11.164m.

The majority of the £1.645m secured s106 funding is not expected to be received within the timeframe of the delivery of this project, therefore, forward funding will be required for an estimated 2 years. This can be accommodated with the forecast cashflow of the capital programme, however does pose a risk if receipt of funds is delayed.

Subject to agreement with the Asset Management team and approval of funding within the Highways Maintenance Programme, it is estimated that an additional £0.360m budget will be transferred to this project in order to carry out targeted resurfacing work. These costs are currently not included in the scheme budget.

Summary of capital budget requirement:

	Stage 1 £000	Stage 2 £000
A: Cost of feasibility and preliminary design (previously released at Stage 0b)	302	352
B: Cost of detailed design, procurement & enabling works (previously released at stage 1)	350	1,151

C: Estimated delivery / construction cost (requested to be committed at stage 2)	9,700	7,815
D: Contingency (<i>Project – 10% of design & construction, and Quantified Risk Register - Appendix E</i>)	2,250	£1,846 (Project - £903 / QRA - £943)
E: Estimate of construction savings to be identified (part of descoping exercise)	(1,335)	0
Total	11,165	11,164

The estimated annual expenditure profile for the project is as follows, the full cost forecast is included within Appendix D:

Year	Previous Years	2016/17	2017/18	2018/19	2019/20	Contingency
£000	517	3,635	4,760	324	82	1,846

Further details relating to element cost estimates are included in Appendix B.

Due to tight delivery timeframe and the fact there is a route improvement project with a programme of schemes, target costs are not yet available preliminary cost estimates are included.

To mitigate against the risk of exceeding the budget, a quantified risk register of £943,084 and contingency of £903,370 have been included (see Section 4 and Appendix E for further details). In addition to costs, potential programme delays have been included which provides a time period in which construction will be completed.

Revenue Implications:

A summary of revenue implications is included below. Further information is included in Appendix F.

Work type	Capital element (annualised)	Revenue implication (annualised)
Carriageway	£(6,905) net	
Footways	£(14,187) net	
Retaining wall	£3,750	£400
Signals	£28,000 net	£8,000
Signage etc		£600
Street Lighting		£(200)

Drainage	£2,000	£550
Average annual cost	£12,658	£9350

4 Project Delivery Timetable & Procurement Plan

The Stage 1 Business Case suggested that construction would start June 2016 and finish March 2018. Due to the reconsultation on the Traffic Regulation Orders with regard to parking the start date has been delayed.

Activity	Start Date	Finish Date	Milestone/decision point & scheduled technical gateways
Feasibility & Preliminary Design	Sept 2016	Feb 2016	Approval of Stage 1 BC
Detailed Design	Feb 2016	July 2016	
TRO Consultation	Feb 2016	May 2016	
Procurement	July 2016	Aug 2016	Approval of Stage 2 BC
Construction	Aug 2016	Sept 2018	

5 Risks, Constraints, Dependencies and Exclusions

The project risk register is included in Appendix E, the key risks are shown below.

The project is a programme of works at discrete points along Oxford's inner ring road. The route is a residential area with significant traffic flows which is well used and heavily congested during peak hours.

Management and co-ordination of the programme of works, and specific traffic management needed to implement each scheme, will be complex and heavily constrained by environmental and physical factors.

Close co-ordination with the hospital trust heatpipe project, utility works, events, and other council programmes will also be essential which is likely to require the flexing of scheme programmes as necessary to minimise disruption.

Communication internally and with key stakeholders externally will be vital to support successful delivery of the project.

Due to the nature of the project it is likely that programme changes may need to be made at short notice along with the potential for small design refinements during the construction to be needed.

The potential for schemes cost increases that exceed the overall budget allowance will be managed by reduce the project scope by not delivering lower priority schemes as part of this project.

The table below groups and summaries the main risks, from the Risk Register, which are particular to this project.

Description of areas or sources of risk and impact on project	Mitigation	Owner
Drainage. Issues with flooding or existing network not being able to cope with additional runoff area.	Amec undertaking meetings with OCC and Thames Water, design including storage culvert.	Amec
TRO delays completion date for detailed design. Delays and reconsultation on TROs reduce detailed design stage significantly impacting on site start date.	Prioritisation of design work to issue works information for areas due to start in first earlier, overlap design for later phases with earlier construction. Early engagement of Skanska.	OCC
Utility diversions – unexpected, non-attendance for diversions – impacts on the construction programme delaying our works.	Short design timescale are also impacting the length of time for discussions with utility companies. Amec to issue C4s.	OCC
Earthworks/ ground conditions - retaining wall	Undertake trial holes, and GI as appropriate. Review the design for alternative options.	OCC
Late changes to design affect the price and programme.	Ensure design is robust and avoid making unnecessary changes. Project Sponsor and Skanska involved in review at ECI stage.	OCC

6 Communication & Consultation

Following the consultation undertaken in Summer 2015 design changes have been implemented as set out previously in Stage 1 Business Case.

Further consultation and engagement with stakeholders through consultation on the TROs was undertaken in March 2016. There was strong objection to the removal of parking, particularly on Headley Way and Windmill Road, which lead to the redrafting of the TROs and a further round of consultation. The consultation period ended on 23 May 2016 and the member decision regarding the TROs was made on 9 June 2016.

Throughout each construction phase, advance information drop-ins will be held as work is started in a new area along with regular stakeholder engagement through appropriate forums will be established.

A Communication Plan has been further developed from the one submitted with Business Case 1, this will involve public exhibitions for prior to and during the construction phase, as well as regular key stakeholder meetings during the construction of the project.

7 Project Governance

This project will be managed in accordance with the corporate governance and decision making processes of Oxfordshire County Council. The scheme will be managed through the Major Projects Board reporting progress and escalating issues or decisions as appropriate to the County Council's Capital and Asset Management Board (CAPB).

The management and quality control of the scheme comes through a system of 6 Gateway checks on the continued design of the scheme (project initiation, feasibility, preliminary design, final design, procurement and construction) and a 4-stage approval process for the developing business case for the scheme (Concept Development/Commit to Investigate, Project Development/Commit to Invest, Project Delivery/Commit to Spend, and Project Closure/Client Acceptance).

Details on the delivery structure are included in Appendix G.

8 Supporting Documents

Appendix A - Feasibility Report



A2H Final Report.pdf

Appendix B - Detailed scheme list



App B A2H Scheme
List.pdf

Appendix C - Service & Equalities Impact Assessment



A2H - Equalities
Assessment.docx

Appendix D - Cost Forecast



App D Cost
Forecaster ACCESS T

Appendix E - Project Risk Register



AppE Headington
QRA.pdf

Appendix F – Revenue Implications



App F A2H revenue
implications.pdf

Appendix G - Project Governance Framework



Project Governance
APP_F.docx