

**Cabinet**

**3 March 2015**

Report of the Director of City and Environmental Services from the portfolio of the Cabinet Member for Transport, Planning and Economic Development

## **York Outer Ring Road Improvement Scheme**

### **Executive Summary**

1. Improvements to seven junctions on the A1237 York Outer Ring Road (YORR) is one of the York projects that make up the programme of schemes to be funded through the West Yorkshire plus Transport Fund (WY+TF). The formal establishment of the fund is to be finally approved. Subject to approval at the Full Council meeting in February an allocation is proposed to be provided within the base budget for 2015/16 to continue development of the WY+TF schemes.
2. The YORR has been identified as a quick-win project, i.e. for delivery by 2020/21 and as such work has commenced on the project. Prior to the formal establishment of the WY+TF progress on the project during 2014/15 has been funded internally via an Economic Infrastructure Fund (EIF) contribution. Until the WY+TF and local funding contribution has been formally agreed, Cabinet is asked to consider a number of options and associated risks for progressing the project.
3. This report has been written on the basis that Full Council approved an additional recurring £500k allocation in the base budget for the progression of the WY+TF.

### **Recommendations**

4. It is recommended that Cabinet

Instruct officers to progress Option 1 to continue the delivery of the Outer Ring Road Upgrade using funds allocated in 2015/16

Reason: To maintain progress on the project pending the formalisation of the West Yorkshire plus Transport Fund.

## **Background**

### **West Yorkshire + Transport Fund**

5. The government has changed the way in which local transport major scheme funding is organised from 2015/16 onwards. Local authorities were invited to become members of Local Transport Bodies (LTB). By devolving power and funding for transport major schemes from the Department for Transport (DfT) the LTB becomes the organisation through which scheme prioritisation and funding decisions are made.
6. The Cabinet approved (9 October 2012) the proposal for York to join a West Yorkshire and York LTB subject to detailed Governance arrangements being agreed. The funding allocation for the West Yorkshire and York LTB was confirmed in 2014 as approximately £1bn over 20 years. The first six years contribution from the government is confirmed; the remaining funding is dependant on progress against delivery.
7. The West Yorkshire Combined Authority (WYCA) has still to formally agree with the DfT the programme, processes and borrowing mechanisms to deliver the WY+TF in its entirety before the fund can be formally established.
8. Subject to approval at its meeting in February 2015, it is proposed that the Council will provide a £500k allocation that will form the 2015/16 contribution to the WY+TF if the setting up of the fund is confirmed later in 2015. It is anticipated that a report will be presented to Members in late summer 2015 considering the implications of fully joining the WY+TF.

### **Scheme Development**

9. Following initial approval from each individual district to set up the WY+TF, a number of schemes that could be brought forward in the early years of the fund were identified.
10. The York package of schemes shares the same objectives as the (core) West Yorkshire package, namely the delivery of the maximum net increases in Gross Value Added (GVA) – a measure of economic output - and improving access to employment.

11. Improving the A1237 Outer Ring Road (ORR) was included in the York package of schemes (alongside York Central Access, City Centre public transport improvements and Clifton Moor P&R) and was identified as a 'quick-win' project, i.e. to start delivery on the ground in 2015/16 with completion by 2020/21. The scheme consists of improvements to seven roundabout junctions (Wetherby, Great North Way, Clifton Moor, Wigginton, Haxby, Strensall and Monks Cross). The junction upgrades will be future proofed to enable dualling in the future but dualling of the ORR does not form part of the scheme. In principle the level of upgrade at each roundabout will be similar to the recently upgraded A59 roundabout. Improved walking and cycling facilities, such as subways, will be provided as part of the upgrades where the demand warrants.
12. The WYCA has established and put in place a project management procedure to manage the WY+TF schemes via a gateway approval process. As the project passes through the various gateways, so additional funding is released to proceed to the next gateway. Gateway 1 deals with outline design and feasibility, Gateway 2 relates to detailed design and Gateway 3 enables contractor procurement. All projects must pass through the respective gateways approvals.
13. The ORR project, for all seven roundabout junctions, received Gateway 1 approval in December 2014.
14. It was originally anticipated that planning permission would not be required for all of the roundabouts owing to the minimal requirement for land outside of the highway boundary. Discussions with the Council Planning Team, advice from consultants working on the project (Pell Frischmann) and legal advice secured through Pell Frischmann has identified that it is likely that the cumulative impacts of the project will need to be taken into account through the environmental assessment stage. Subject to the results of a screening opinion an Environmental Impact Assessment (EIA) may be required for the project as a whole. Planning applications would then be submitted on an individual roundabout or project wide basis if required.
15. The need to assess the full environmental impact of the scheme will mean that the completion of the design phase of the project will be delayed. However it is anticipated that the overall completion period will not be affected as the designs will need to be completed at an

earlier stage providing more flexibility to re-programme the construction phase of the project.

### **Costs and Funding**

16. The ORR project allocation in the WY+TF is £36.7m, including design, supervision, construction and risk allowance. Optimism bias is an additional allowance added to a project to take account of tendency of project appraisers to be overly optimistic. The percentage added reduces as the project scope becomes more certain.
17. The cost of progressing the whole project through Gateway 1 and four junctions through to Gateway 2 was identified as £660k in 2014/15. A further £300k is estimated to be required to complete the design stage of all of the roundabouts.
18. As the ORR is identified as a quick-win project the Council secured an additional £208k from the WYCA to complete the Gateway 2 works. This allows the project development to be accelerated to allow an earlier commencement on site. The allocation for design work will need to be paid back to the combined authority if the project is not constructed.
19. It is anticipated that construction of the first roundabout will commence in 2016 with the last roundabout complete in 2020/21. Further work is being undertaken to confirm the programme detail but in principle the scheme will be split into evidence gathering (environmental, utility and topographical survey), concept design, consultation, approvals, detailed design, tender, construction. Early stages of the development of the scheme will be project-wide (i.e. all 7 roundabouts) with later consultation and detailed design focussed on to a smaller number of roundabouts. The project has been programmed to enable a start on site at the most straight forward locations (e.g. Monks Cross) as early as possible. The final order of works has not been decided.
20. The Outer Ring Road scheme is part of the overall WY+TF and budgeted through the fund. The fund consists of Department for Transport Major Scheme funding, contributions from the Local Growth Fund and locally raised contributions. Whilst the council has not formally agreed to the overall programme in the first years the council has agreed to include the following contributions into the fund as follows.

Table 2 - contributions

<b>Year</b>	<b>CYC contribution £000s</b>
2013/14	50
2014/15	452
2015/16	500

21. The funding for the councils contributions in 2013/14 and 2014/15 came from EIF contributions whilst the proposed contribution from for 2015/16 is included in the revenue budget proposals.

### **Consultation**

22. No specific consultation with the public has been undertaken to date pending the completion of the evidence gathering phase. Private landowner discussions will commence first, followed by structured public consultation. It is proposed to commence private landowner discussions as soon as possible with public consultation following the analysis of the environmental surveys – Summer 2015
23. It is proposed to tailor the public consultation process to specific junctions as the project progresses. A single consultation stage is proposed for the simplest junctions e.g. Monks Cross and Wetherby Road. For the more complex junctions a two stage public consultation process will be considered to enable a more collaborative design approach to be progressed. These junctions could be considered separately or packaged to secure time and resource efficiency benefits.

### **Options**

24. Subject to the approval of the £500k contribution within the 2015/16 base budget at Full Council, Cabinet is asked to consider the options for progressing the ORR project in advance of the formal establishment of the WY+TF. The options for Members to consider are:
25. Option 1: Continued progression of the design of the overall project
26. Options 2: Suspension of the project pending the establishment of the WY+TF.

## **Analysis**

### **Option 1 Continued progression of the ORR Upgrade Project**

27. Option 1 would enable momentum to be maintained on the delivery of the project to meet the original completion date of 2020/21. A decision to suspend the project, or focus delivery on one roundabout could be taken at a later date at a logical break point in the development stage such as completion of outline design.
28. The scheme is one of the WYCA quick-win projects and has secured its place in the WY+TF programme on the basis that it could be delivered (in its entirety) within the first six years of the fund. To delay the project, preventing start on site in 2016 and not completing the project by 2020/21 could result in the project slipping back in the WY+TF programme.
29. To date, the Council has progressed development of the project using its internal resources (funded via an EIF contribution) Until such time as the WY+TF and council contribution is formalised, continued progress on the project would be at risk as there is no guarantee that the future funding required to complete the project would be available.
30. If the WY+TF did not progress then alternative sources of funding would need to be obtained to continue the scheme. It is unlikely that the Council could obtain funding to construct the upgrades independently in the timescale required. However outline designs for the roundabouts would be completed and the Council would be in a much better position to bid for funding in the future.
31. The revenue contribution agreed through the budget process could be utilised to continue the project through contractor procurement, however it would not be possible to appoint a contractor and therefore start on site, without securing the construction funding via the WY+TF.
32. Progressing the development of the scheme through consultation without the funding for construction being confirmed may raise false expectations for public that the works will commence shortly.
33. There are a number of risks associated with not continuing to progress the project and these are set out below. The feasibility work undertaken to date to develop the outline designs and establish the outline commercial, financial and business cases all

have a 'shelf life'. Whilst the development work might expect to remain relevant for another two to three years, only requiring minor updates, beyond this time period it is possible that the work would have to be completely redone, making work to date and costs incurred abortive.

34. If the project is significantly delayed so as to not be considered as a quick-win (by government or the WYCA) then the WYCA may require the funding agreed to progress the project to be returned.
35. Additional project management staff will need to be recruited to enable the project to continue through the consultation and detailed design phase. Securing these staff through the WYCA will minimise HR risks and enable redeployment if the project is suspended at a later date.

### **Option 2: Suspend further work on the ORR**

36. Cabinet may decide that no further work should be undertaken on upgrading the A1237 YORR. This option removes the risk of committing further internal resources to the project without the guarantee that external funding will be available later in 2015/16.
37. The design work currently being undertaken by consultants will need to be drawn to a logical point of conclusion so that there are items which can be used for future progression of the scheme.
38. The work undertaken to date has a 'shelf life' of approximate two to three years before updating and repetition of work already completed may be necessary. After which it is likely that there would have been changes to traffic and environmental conditions. There could, therefore be some delay without the current outlay being abortive.

Suspending work may suggest to the WYCA that the Council is not committed to the project which may have an impact on its priority within the overall WY+TF programme and result in the project being reprioritised for delivery, and funding, later within the programme.

### **Overview**

39. A table setting out the advantages and disadvantages of the two options is included below.

Option	Advantages	Disadvantages
<b>Option 1 Continued progression of the ORR Upgrade Project</b>	The project remains on programme	Further expenditure is at risk with no guarantee of scheme delivery if WY+TF is not confirmed
	CYC demonstrates commitment to delivering its WY+TF schemes	
	Maximises value of funding already spent	
	Provides designs for future funding bids if required	
<b>Option 2: Suspend further work on the ORR Upgrade Project</b>	The Council removes risk of continued expenditure without guarantee of future funding through the WY+TF	Project falls behind programme
		WYCA may reprioritise the project within the WY+TF programme, impacting on delivery and access to funding
		Current work has a 'shelf-life' and some work may be abortive
		Additional costs may be incurred at a later date to update existing work
		CYC Staff resources and project knowledge would be lost



## **Council Plan**

40. The recommendation supports the Get York Moving and Create Jobs and Grow the Economy objectives in the Council Plan.

## **Implications**

41. **Financial:** On the basis that the Council approved a recurring £500k towards the WY+TF. This revenue budget is used to contribute to the WY+TF allowing the fund to borrow the sums required to deliver the overall programme along with other contributions from the Local Growth Fund and Devolved Major scheme funding. If Members wish to fully join the WY+TF additional revenue contributions will be required in future years. If the council does not progress with the fund it will need to agree with the WYCA as to the liabilities regarding the initial investment. Given the relatively small levels of spend it is not anticipated that this would be significant.
42. **Human Resources (HR):** Existing staff resource will continue to support the scheme. Additional staff for project management will be obtained through the West Yorkshire Combined Authority.
43. **Equalities:** The project seeks to improve facilities for all modes and impact on equalities will be considered on an individual junction basis as the design progresses. Improved pedestrian and cycling crossing points will be provided at key junctions where the A1237 severs communities.
44. **Legal:** no implications
45. **Crime and Disorder:** no implications.
46. **Information Technology (IT):** no implications.
47. **Property:** Some additional land beyond the highway boundary will be required to deliver the upgrades. The Council will hold private discussions with the relevant parties.

## **Risk Management**

48. If the Council joins the WY+TF then costs of the scheme will be reimbursed and the councils will continue their contributions. The key risk is that the WY+TF does not progress as anticipated or the Council decides not to fully join the fund resulting in abortive

preparatory work having been undertaken. This will leave the Council with development costs of the project to finance. The costs could be mitigated on the basis that the £500k (subject to council) would still be in the council's budget and could, subject to approval, be used to fund such costs.

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**Report  
Approved**



**Date** 20 February  
2015

**Wards Affected:** *List wards or tick box to indicate all*

**All**

**For further information please contact the author of the report**

## Background papers

Annexes - None

Glossary of abbreviations used in the report:

DfT -Department for Transport

EIA – Equality Impact Assessment

EIF - Economic Infrastructure Fund

GVA – Gross Value Added

LTB - Local Transport Bodies

ORR - Outer Ring Road

WYCA - West Yorkshire Combined Authority

WY+TF West Yorkshire plus Transport Fund

YORR - York Outer Ring Road