
Executive

13 April 2010

Report of the Director of City Strategy

ACCESS YORK PHASE 1 PARK & RIDE DEVELOPMENT – UPDATE REPORT FOLLOWING PROGRAMME ENTRY

Summary

1. The Major Scheme Business Case (MSB) for Access York Phase 1 has now been approved for Programme Entry by the Department for Transport (DfT). This long awaited decision now creates the opportunity for the majority of the funding for this project to become available from the government. The £25 million investment will increase the number of park and ride spaces from 3,750 to 5,350. However, to achieve this a considerable amount of further progress is required and this report seeks approval to continue.
2. An essential requirement for progress is the identification of the CYC funding element of the project and this is set out in the Financial Information section of the report.
3. The other essential requirement is the appointment of the Lead Design Consultant so that the detailed design, leading to the procurement of the construction contractor, can be carried out as quickly as possible. At the meeting of the Executive in January 2010, Members approved that Halcrow would be nominated as the preferred bidder, subject to the DfT decision on Programme Entry and approval is now sought to confirm the appointment of Halcrow.

Background

4. The Access York Phase 1 project has continued to make good progress, as summarised below:
 - Planning approval for the Askham Bar site was granted in September 2009.
 - Planning approval for the Poppleton Bar site was very recently granted in March 2010.
 - The planning application for the Clifton Moor site will be considered by the Planning Committee at the end of April 2010.
 - The agreements to purchase land at Askham Bar and Poppleton Bar have been completed and land negotiations elsewhere are progressing well.

- The procurement of the Lead Design Consultant is complete with Halcrow being the preferred bidder subject to the favourable decision on Programme Entry and then confirmation from Members of the funding arrangements and Halcrow's appointment. The Lead Design Consultant will manage and co-ordinate the majority of the project, within their multi-disciplinary team, from the planning stages to completion and handover of the 3 Park & Ride facilities.
- Confirmation on 22 March 2010 from the DfT and the Minister that the Access York Phase 1 project now has Programme Entry.

Financial Information

5. There are a number of financial implications to consider before progressing with the Access York Phase 1 project, including:
 - a. Approvals
 - b. Total Scheme Cost
 - c. Local Contribution
 - d. Preparatory Costs
 - e. Cost Increases
 - f. Revenue Implications

Approvals

6. Programme Entry approval by the DfT indicates the Department's present intention to provide funding towards the construction of the scheme, provided there are no significant changes to it, and subject to a satisfactory MSBC being provided at each subsequent approval stage.
7. Programme Entry is not a commitment that funding will be provided, nor to the timing of any agreed contribution, either of which may be subject to further consideration of affordability within Regional Funding Allocations. Funding commitment is confirmed at the receipt of Full Approval when the tenders for the scheme have been received.
8. Subject to detailed clarification the acceptance of the business case by the DfT confirms the maximum funding which could be received from Central Government for the scheme. This figure will remain fixed throughout the project. Further business cases will have to be presented to the DfT for approval at Conditional Approval (planning consent granted) and Final Approval (tenders received) stages to confirm that the value for money of the scheme and policy fit remains compliant.
9. Owing to the good progress made on the planning applications it is anticipated that a single combined Conditional/Full Approval business case will be submitted when the tenders have been received for the main element of the works. Members will be asked to approve the continued commitment of the Council to the project at that stage. The Council's section 151 officer has to sign off the business case at each stage of the bid to confirm the accuracy of the estimates and the availability of funding for the local contribution.

Total Scheme Cost

10. The current estimate included in the Major Scheme Business Case issued in June 2009 is a total cost (post programme entry) of £25.51m with a DfT allocation of £22.89m. The exact funding apportionments and profile will be subject to detailed discussion with the DfT.
11. Owing to the later than anticipated Programme Entry approval the spend profile for the scheme will need to be adjusted. The earliest projected date for Full Approval which enables construction to commence is May 2011. This means that the principal spend on the scheme will be in 2011/12 and 2012/13 with an anticipated opening date in the early summer of 2012. The projected spend and funding profile (Post-Programme Entry) is identified in the table below.

Access York Phase 1: Anticipated Spend/Funding Profile

	2010/11	2011/12	2012/13	Total
	£000s	£000s	£000s	£000s
CYC	667	1,415	537	£2,619
RFA	893	15,565	6,432	£22,890
Total	1,559	16,980	6,969	£25,509

Local Contribution

12. The DfT requires a Local Contribution of at least 10% of the costs following the receipt of Programme Entry to ensure Local Authorities allocate appropriate management and commitment. The current proposed local contribution is 10.4% post Programme Entry to tie in with the allocation approved by the RTB. Following Programme Entry the DfT will fund 50% of the costs to develop the scheme through to delivery as part of the 90% total DfT commitment.
13. Funding for the local contribution needs to be confirmed at this stage so that the detailed design and contractor procurement can proceed. The final funding package does not have to be confirmed until the submission of the Full Approval Business Case. The total requirement from City Council resources is anticipated to be approximately £3.7m over the duration of the project providing the overall cost is equal to the Quantified Cost Estimate. This figure includes the pre 2010/11 development costs of the scheme that have been funded from the LTP and Council contingencies.
14. To progress the scheme through to completion the funding streams identified in previous scheme update reports to the Executive need to be confirmed. There are already in place a number existing developer contributions, as well as the value of the land owned by the Council, to be used for the new Askham Bar site, which can form part of the local contribution. At this stage the use of any increased license fee which may be received from the site operator to fund prudential borrowing is not considered to be appropriate as the procurement of

the new operator has not yet commenced. It is therefore proposed to fund the remaining requirement from the following sources.

- sale of the existing Askham Bar site
- developer contributions from sites in the areas close to the bus priority corridors,
- the Local Transport Plan settlement.

Access York Phase 1: Potential Funding Sources for Local Contribution

Post Programme Entry Funding Requirement				
Potential Funding Source	Programme Entry (PE) to Final Approval (FA)	Post FA	Total	Comments
	£000s	£000s	£000s	
Sale of Existing Askham Bar site		500+	500+	Identified in 2010/11 CRAM process. Value dependent on planning designation.
Developer Contributions (Existing)		300	300	Funding already received
New Askham Bar site (CYC Owned)		350	350	Land independently valued
Developer Contributions (New)		100	100	Contribution anticipated from developments in area e.g. Terry's
LTP	646	723	1,369	Dependent on value of existing Askham Bar site
Total	646	1,973	2,619	Required in 10/11, 11/12 and 12/13

15. It is possible that the scheme could be fully funded from the Local Transport Plan but the allocations for 2011/12 onwards have not yet been confirmed and are likely to be lower than the current levels of approximately £3m per year. Use of the LTP funding to fully fund the local contribution would also cause severe restrictions on the allocations for walking, road safety, public transport and other transport blocks across the city over the next two/three years.
16. To minimise the impact of the scheme on the delivery of other local transport priorities it is proposed to base the funding of the scheme on the sources identified in the table above with the LTP used to fund any remaining

requirement. Further development of the funding opportunities will be undertaken and reported to Members as the project progresses.

17. An allocation of £550k is currently included in the 2010/11 City Strategy Capital Programme for the Access York Project. It is proposed to increase this allocation to £700k by increasing the level of over-programming and the use of developer contributions.

Preparatory Costs

18. Programme Entry approval indicates that the DfT will fund 50% of the preparatory costs for the scheme, up to the maximum indicated in the Major Scheme Business Case, to take the scheme through to the next approval stage. The 50% contribution from the DfT will be paid on the submission of a compliant Conditional or Full Approval business case. There are strict rules on the eligibility of items to be part funded by the DfT. Land purchase and planning application costs cannot be funded from this source.

Cost Overruns

19. The new Major Scheme Process includes a mechanism to limit the liability of the DfT for cost overruns on projects. There is a complex formula applied to the funding which allocates increased liability to the promoting Local Authority as costs increase. The Additional Risk Layer approved by the DfT for cost overruns is substantially higher (£6.366m compared to £2.5m) than originally anticipated meaning that the DfT will support cost overruns to a higher level with a 50% contribution. The anticipated CYC and DfT liabilities post Programme Entry, are shown for increasing actual scheme costs in the following table :

Access York Phase 1: Funding of Cost Overruns

	Actual Scheme Cost	Maximum DfT Contribution		Maximum CYC Contribution	
		%	£	%	£
Quantified Cost Estimate (Prep. Cost + Base Cost + QRA)	Up to £25.5m	90%	£22.9m	10%	£2.6m
Additional Risk Layer (50% of Optimism Bias)	Up to £31.9m	50%	£3.2m	50%	£3.2m
Cost Overruns	Over £31.9m	0%	Nil	100%	All
Total (Post Programme Entry)	Over £31.9m		Max £26.1m		Over £5.8m

Revenue Implications

20. The exact revenue implications of the new sites will be determined when the operator is procured. The existing sites operate on the basis of a payment of a licence fee to the Council with all operating costs (rates, utility costs, routine

maintenance, supervision etc.) being borne by the service provider. It is anticipated that the new sites will operate on the same basis but the level of income per space may be lower due to early years patronage level uncertainty and other commercial considerations. Members should be aware that there is a risk that additional Council revenue resources may be required if it is not possible to procure the service provision contract with a licence fee payment to the Council. Members will have an opportunity at each stage of the scheme development process to take account of this risk. Operating arrangements will need to be finalised at an early stage to confirm the full resource implications before final commitment to the scheme.

Consultation

21. Whilst the Access York Phase 1 project has been the subject of consultation at various stages to date, the recommendations in this report are not considered appropriate for consultation and therefore none has been carried out.

Proposals

22. It is proposed that the City of York Council contributions, as set out in the anticipated spend/funding profile in paragraph 11 and the potential funding sources in paragraph 14, be approved. This will enable the Access York Phase 1 project to continue, with the expectation that it will attract a large amount of government funding into the city to assist in providing an effective alternative to car travel that will help to reduce traffic congestion and improve overall air quality across the city.
23. It is also proposed that Halcrow should be confirmed as the Lead Design Consultant.

Next stages

24. To enable the project to progress the following is key elements of work are required:

In the period up to Spring 2011:

- Finalise the procurement of the Lead Design Consultant.
- Completion of the Clifton Moor planning application process.
- Complete all detailed design works, including the consultation on and seeking approvals to, the works being carried out on the public highway and not forming part of the planning approvals.
- Procurement of the construction contractor.
- Detailed design, including the consultation on and seeking approvals to, the works being carried out on the A59 Boroughbridge Road to create bus lanes, in advance of the main Park & Ride construction phase.
- Work with the DfT to ensure that the required funding continues to be available.
- Bus operator procurement.

From Spring 2011 to early Summer 2012:

- Construction of the Park & Ride sites, including the substantial improvement to the A59/A1237 roundabout as well as the main bus corridor works on Wigginton Road.

Corporate Priorities

25. This project assists in meeting the following Corporate Priorities:

Thriving City – the scheme will improve the sustainable transport network along the bus corridors and will assist the economy by reducing the impact of congestion.

Sustainable City - this scheme will reduce the number of vehicles travelling into and out of the city centre with the consequent overall improvement in air quality

Healthy City – the scheme will encourage walking and cycling through the provision of additional footways, cycleways and crossing facilities.

Inclusive City – the scheme helps people to access services and facilities

Implications

Financial

26. These are set out in the Financial Information section of the report.

Human Resources (HR)

27. There are no HR implications identified in this report. As much work as possible in the delivery of the project will be accommodated through the existing Project Team using the resources currently in place, although there is a need for the Council to fulfil the role of the NEC Contract Project Manager. This will be sourced from within existing CYC staff resources if feasible or alternatively by external recruitment on a temporary basis.

Legal

28. The consultant appointment requires the standard form of the NEC Professional Services Contract to be entered into. This Contract will be limited to this project only together with its stated programme and fixed fee. There are standard default and termination clauses contained within this Contract to protect both the Council and Consultant in case of dispute or early termination.

Crime and Disorder

29. There are no crime and disorder issues.

Information Technology (IT)

30. There are no IT implications other than clarifying linkages with consultant and CYC systems.

Property

31. The construction of the new Park & Ride sites will increase the Council's properties assets. These issues have been dealt with and discussed in previous reports submitted to the Executive.

Other

32. There are no other implications.

Risk Management

33. There is a regular review of the risk register and the mitigation measures within the current project team. Any severe risks have been identified and in some cases escalated to the Project Board. There is no further change in the risk profile of the project and risks are being mitigated as the project progresses.
34. In compliance with the Council's risk management strategy the main risks that have been identified in earlier reports are those which could lead to financial loss, non-compliance with legislation, damage to the Council's image and reputation and failure to meet stakeholders' expectations. Significant risks remain for the scheme in relation to planning consent and land acquisition for the Clifton Moor site however it is anticipated that the risks will be removed if the outstanding approvals are received in the near future. Measured in terms of impact and likelihood, the score for the remaining risks after mitigation measures have been implemented has been assessed at less than 16. This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.

Recommendation

35. (i) The Executive is recommended to approve the CYC contributions for the Access York Phase 1 project, as set out in the anticipated spend/funding profile in paragraph 11 and the potential funding sources in paragraph 14.

(ii) The Executive is also recommended to approve the procurement of Halcrow as the Lead Design Consultant.

Reason: To enable the Access York Phase 1 project to proceed as planned by providing the required funding and approving the procurement of Lead Design Consultant.

Contact Details

Author:

Paul Thackray
Project Manager (Access York)
Tel (01904) 551574

Tony Clarke
Capital Programme Manager
Tel (01904) 551641

Chief Officer Responsible for the report:

Richard Wood
Assistant Director
(City Development & Transport)

Report Approved | Date 31/3/10

Specialist Implications Officer

There are no specialist implications.

Wards Affected:

All

For further information please contact the author of the report.

Background Papers:

- (1) Result of Regional Transport Board Capital Bids and Application for Use of Contingency Funds – to the Executive on 22 April 2008
- (2) Access York Phase 1: Park & Ride Development - to the Executive on 12 February 2008
- (3) Access York Phase 1: Programme and Consultation Plan – to the Executive on 29 July 2008
- (4) Access York Phase 1: Park & Ride Development – Update and Outcome from the Clifton Moor Site Options Consultation – to the Executive on 28 April 2009
- (5) Access York Phase 1: Park & Ride Development – Procurement of a Lead Design Consultant – to the Executive on 19 January 2010

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