

Executive

3 February 2009

Report of the Director of City Strategy

ACCESS YORK PHASE 1 PARK & RIDE DEVELOPMENT – MAJOR SCHEME BID SUBMISSION

Summary

1. This report updates members on the progress of phase 1 of the Access York Project since the last report to the Executive in July 2008. The report recommends that Members authorise the submission of the Major Scheme Business Case to the Department for Transport (DfT), authorise the preparation of conditional contracts with the owners of the sites and agree in principle to the proposed funding sources for the Council's local contribution to the scheme.

Background

2. The Access York project was identified in the second Local Transport Plan as a project that would be submitted to the region and DfT for major scheme funding to deliver improvements to the Park & Ride service, bus priority measures and capacity of the Outer Ring Road. The project has been split into two main phases to match regional funding streams. Phase 1 of the project includes the provision of two new Park & Ride sites on the A59 and Wigginton Road corridors and the relocation and expansion of the Askham Bar site on Tadcaster Road. In addition bus priorities will be provided on the A59 and Wigginton Road and the capacity of the A59/A1237 roundabout will be enhanced and improved pedestrian/cycling facilities provided. Phase 2 includes improvements to the Outer Ring Road and measures to provide priorities for cyclists/pedestrians and public transport in the city centre.
3. In February 2008 the Executive approved the submission of the Access York Phase 1 (Park & Ride) bid to the Regional Transport Board (RTB). In April 2008 the Council was informed that its submission had been successful, allowing the project to progress to the next stage. The RTB have been undertaking a review of all schemes included in the regional programme up to 2018/19 and are due to confirm the status of the Access York Phase 1 bid at their meeting on 23rd January. Regional Assembly Officers have recommended the re-endorsement of the Park & Ride scheme to the RTB. A verbal update will be provided to the Executive on 3 February.
4. The status of the Access York Phase 2 (City Wide Transport Improvements) bid which includes improvements to the Outer Ring Road will also be determined at

the 23 January RTB meeting. A verbal update will be provided to the Executive on 3 February.

Major Scheme Bid Update

5. In principle the scope and anticipated completion date of the Access York Phase 1 scheme remains as set out in the 29th July Executive Report. The project team are working towards the delivery of 3 new Park & Ride sites (Askham Bar, A59 and Wigginton Road), an upgraded A59/A1237 roundabout and bus priorities along the routes into the city centre with a completion date of December 2011.
6. The Major Scheme Business Case for Programme Entry to the DfT is principally to set down the economic case and environmental impact of the scheme. The location and layout of the detail of the scheme is subject to local consultation and approval through the planning process as appropriate. Variations to the layout and scope can be made later in the DfT approval process to accommodate changes to the design to meet technical or planning requirements however for the scheme to continue it must remain good value for money and be affordable within the Regional Funding Allocation.
7. There are a number of variations to the content of the bid following detailed design and assessment work undertaken since the last report including the following principal items.
 1. Site sizes have been adjusted to match land availability, car park usage projections and value for money/affordability requirements. The bid now includes for a 1100 space site at Askham Bar, 600 space site at the A59 and 500 space site on Wigginton Road. Space would be available for future expansion at all of the sites.
 2. The location of the Askham Bar site has been adjusted slightly (moved approx. 50m further south) to accommodate ecological concerns. No change has been made to the A59 site location although the site area has been reduced to meet planning requirements and minimise costs. There remain four options for the Clifton Moor site which will be the subject of an option appraisal and local consultation before a report is brought back to the Executive in the Spring.
 3. The overall project Outturn Cost Estimate (including preparatory costs and risk but excluding Optimism Bias) has increased from £24.435m to £27.727m. The cost estimates have increased to take account of increased land purchase estimates, the value of CYC land used, additional bus priority costs, changes to the scheme programme and additional items revealed during the outline design stage. The cost estimates are currently being verified by an independent checker in accordance with the Department for Transport requirements.
 4. Further preliminary design including consultation with the bus operators has been undertaken to establish the most effective locations for bus priorities along the routes. The original costs for the A59 priorities

based upon a 2002 Atkins study have been updated. Additional design and consultation will be undertaken to confirm the exact locations of the proposed bus priorities.

5. Considerable additional Transport Modelling and Economic Appraisal has been undertaken to update the initial work for the RTB bid and to ensure the business case is in accordance with the DfT guidelines. This has led to variations in the Benefit to Cost Ratio values but they are all still above the 'good' criteria set by the DfT.
6. To confirm the cost estimates and enable pre-application consultation to progress the Council's Architectural team have prepared draft drawings for the site terminal buildings. The original bid included cost estimates based upon the Monks Cross design but the buildings for the new sites will meet all of the latest sustainable design standards. Ground source heating will be used and on site power generation possibly using a wind turbine at one/all of the sites is being investigated.
7. A full Quantified Risk Assessment (QRA) of the project has been undertaken to ensure that an appropriate allowance for uncertainty is included in the estimates. The mean QRA value is £2.795m which has been included in the total cost estimate for the scheme.

Programme

8. The project is to be delivered in accordance with a very tight programme with all three sites planned to be opened in 2011/12. The original programme was proposed to match funding availability within the region. The preparation of the Major Scheme Bid has taken longer than anticipated owing to additional design and modelling work being undertaken and to allow the investigation of additional procurement options but completion within 2011/12 is still anticipated.
9. It has been agreed with the DfT that a single bid for the entire three site package will be submitted at the Programme Entry Stage but separate bids will be submitted for each site for the Conditional and Final Approval stages, as this will give greater delivery flexibility. Conditional Approval can only be obtained once the sites have received planning consent therefore separate applications will enable the sites to be delivered more quickly. Final Approval is obtained once the construction prices have been received and if there has been no change in the value for money assessment for the scheme and if the scheme is still within budget. Obtaining Programme Entry stage as early as possible will minimise the cost of the scheme to the Council.
10. The key programme milestones and variations to the 29th July report are identified in the following table

Access York Phase 1: Programme

Activity				Proposed Revised Programme
Develop	MSB	for	DfT	April 2008 to Jan 2009

Programme Entry submission	
Seek CYC Executive approval to submit	February 2009
Submit MSB for Programme Entry	February 2009
Programme Entry assessment by DfT	February 2009 to August 2009
Planning Applications Submitted (3 separate applications)	May 2009 to September 2009
Programme Entry expected to be confirmed	August 2009
Separate Bids progressed for each site after Programme Entry (Dates for First Site – Last Site identified)	
Planning Consent Granted	November 2009 – March 2010
Submit Conditional Approval Bid to DfT	December 2009 -- April 2010
Procurement of works on a site by site basis or as a complete package	Tenders received by April 2010. Procurement process complete by June 2010.
Submit Final Approval Bid to DfT	June 2010 – September 2010
Commence Construction	July 2010 – October 2010
Complete Construction	June 2011 – December 2011

Key Risks

11. The accurate evaluation and pro-active mitigation of risk is critical to the success of the project. To ensure that all risks were captured at an early stage Halcrow were appointed to prepare a Quantified Risk Assessment for the scheme. Relevant owners have been allocated for each risk and progress on the management of the key risks is discussed at Steering Group meetings.
12. The principal risks relate to land purchase, utility diversions, ground conditions, planning consent, A59 roundabout design & construction, funding, cost estimation etc. A summary of the principal risks out of the 62 identified at a risk workshop in October for the project at this stage is indicated in Annex A.
13. The mean Quantified Risk Assessment (QRA) value of the risk including opportunity items for the project has been estimated at £2.795m in 2008 prices. There are opportunities to reduce the preparatory costs for the scheme if the full benefit of using standard designs across the sites is achieved particularly for the buildings. The packaging of the project into one large scheme is anticipated to present the greatest opportunity to make savings. Procurement options are being investigated to ensure that these opportunities are maximised.

Project Delivery

14. The Project Governance using PRINCE2 principles and a performance measurement regime, described in the July Executive report has started to be

implemented. The Project Board has met twice to provide guidance at key stages of the project and the Steering Group continues to meet on a weekly basis pending the creation of the project teams for each site.

15. The Assistant Director (City Development and Transport) has been designated as the Senior Responsible Office for the project.
16. The Project Manager post has now been filled, on a secondment basis. The Capital Programme Manager continues to lead on the submission of the Major Scheme Bid (MSB) to the DfT.
17. Work has started on the recruitment of two key members of staff to assist with the project:
 - Assistant Project Manager
 - Project Support Officer

Procurement

18. The successful procurement and management of the contractor for the delivery of the scheme will help to ensure that the project is delivered to time and within budget. There are also opportunities to minimise the overall cost of the scheme and significant risks if the wrong procurement approach is progressed.
19. A consultant has been engaged to carry out a procurement options review to ensure the most appropriate procurement and delivery approach is progressed. The final report will soon be available however it is clear at this stage that the preferred contract to use for the project is NEC ECC Option C. Under the terms of this contract the contractor prepares a schedule of activities which will be used to form the target cost. The contractor is then paid his actual costs and is incentivised through a share of a pain/gain mechanism to keep his costs less than his target. Two 'forensic cost audits' are recommended, at 6 months and at final account, where the contractor's management accounting system is 100% audited.
20. The Consultant's report is expected to show that two options emerge as being of greatest interest:
 1. Employer design followed by tender for construction using NEC3 ECC Option C
 2. Employer design using Early Contractor Involvement (ECI) as a package, with the contractor awarded further work packages on the basis of performance. This procurement route also uses NEC3 ECC Option C
21. Owing to programming constraints which preclude the early contractor procurement it is anticipated that the only viable option will be a traditional methodology using the NEC contract (Option 1). However to ensure that one of the key advantages of the ECI option is not lost, i.e. buildability of designs, other methods of including contractor involvement in the design are being investigated.

22. It is proposed to use the EU procurement restricted route to appoint a contractor with an invitation to return pre-qualification questionnaires to be issued later in the year.

Financial Information

23. There are a number of financial implications to consider including:
- a. Approvals
 - b. Total Scheme Cost
 - c. Local Contribution
 - d. Preparatory Costs
 - e. Cost Increases
 - f. Revenue Implications

Approvals

24. Subject to an acceptable business case and providing funding has been allocated in the Regional Funding Allocation (RFA) the DfT will confirm the maximum funding which could be received from Central Government at Programme Entry stage and this figure will remain fixed throughout the project. Further business cases 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. Members will be asked to approve the continued commitment of the Council to the project before each submission. 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. The approval of the Section 151 Officer will be sought once the independent verification report has been received.

Total Scheme Cost

25. The RTB originally approved the funding stream for the project in April 2008 at a total cost of £24.435m with a RFA requirement of £20.855m. The current total revised cost for the scheme is £27.727m (£24.100m RFA) a 15.5% increase on the original bid which the region will be asked to endorse prior to submission of the business case to the DfT. In the recent programme refresh the Region endorsed schemes which were within 20% of the approved figure.
26. The projected funding profile is identified in the table below.

Access York Phase 1: Funding Profile

	2008/09	2009/10	2010/11	2011/12	2012/13	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Major Scheme Bid Submission February 2009						
CYC	346	1,147	1,187	929	18	3,627
RFA	0	765	12,444	10,689	202	24,100
Total	346	1,912	13,631	11,618	219	27,727

Local Contribution

27. To ensure appropriate management is allocated and commitment shown by Local Authorities the DfT require a Local Contribution of at least 10% of the costs following the receipt of Programme Entry. The current proposed local contribution is 10.4% post Programme Entry to tie in with the allocation approved by the RTB. Any spend on preparatory work incurred prior to the acceptance of the scheme by the DfT is not recoverable through the Major Scheme Bid process and would need to be provided from other sources. 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.
28. Funding for the local contribution need to be identified so that the current bid can proceed but the final funding package does not have to be confirmed until the final approval stage. The total requirement from City Council sources is anticipated to be £3.627m over the duration of the project providing the overall cost is equal to the Quantified Cost Estimate. There are a number existing developer contributions and the value of the new Askham Bar site already in place to be used as part of the local contribution. Additional funds may be available from the following sources:
1. sale of the existing Askham Bar site
 2. prudential borrowing against the income anticipated from the site operators licence,
 3. developer contributions from sites in the areas close to the corridors,
 4. the Local Transport Plan settlement.

Access York Phase 1: Potential Funding Sources for Local Contribution

Potential Funding Source	Order of value estimate
	£000s
Developer Contributions (Existing)	300
New Askham Bar site (CYC Contribution)	350
Sale of Existing Askham Bar site	500+
Prudential Borrowing	1,000
Developer Contributions (New)	100
Remainder from LTP	1,377
Total	3,627

29. The scheme could be fully funded from the Local Transport Plan but this would mean that schemes which are in the existing transport programme would have to be deferred into the LTP3 period. LTP allocations from the DfT in the period after 2010/11 have not yet been determined. Use of the LTP funding would also cause severe restrictions on the allocations for walking, road safety, public transport and other transport blocks which would be used to fund schemes across the city over the next two years.
30. 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.

Preparatory Costs

31. Until programme entry is received it is proposed to fund the preliminary costs from the LTP and keep expenditure to the minimum necessary to meet the overall programme. It is anticipated that up to £400k will be required to progress the scheme in 2009/10 in advance of Programme Entry. Subject to approval by the RTB on 23 January it is anticipated that an additional £675k will be provided to York from the RFA to support the LTP programme in 2009/10.

Cost Overruns

32. 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 CYC and DfT liabilities are shown for increasing actual scheme costs in the following table :

Access York Phase 1: Funding of Cost Overruns

	Actual Scheme Cost	DfT Contribution		CYC Contribution	
		%	£	%	£
Preparatory Cost (Pre-Programme Entry)	£727k	0%	Nil	100%	£727k
Quantified Cost Estimate (Base Cost + QRA)	Up to £27.7m	90%	£24.1m	10%	£2.9m
Additional Risk Layer (50% of Optimism Bias)	Up to £30m	50%	£1.5m	50%	£1.5m
Cost Overruns	Over £30m	0%	Nil	100%	All
Total	Over £30.73m		Max £25.6m		Over £5.13m

Revenue Implications

33. 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. Members should be aware that there is a small 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 obligations before final commitment to the scheme.

Land Acquisition

34. The purchase of the land for the sites is one of the most critical elements of the project. Compulsory purchase of the sites could be pursued but the overall programme for delivery would not be met and consequently create a substantial risk that the identified funding would be lost. To mitigate this risk negotiations have commenced with the landowners of all the sites to ensure that the sites at the required locations are available for development at the appropriate time and to remove cost uncertainty. Landowners at all of the identified locations have indicated a willingness to sell and negotiations are in hand to secure conditional contracts to buy the sites when both planning permission and funding is granted. As is normal practice, it is proposed to pay a non-returnable deposit of 2.5% of the purchase price) to secure the contracts.
35. It is proposed to secure contracts on the identified Askham Bar and A59 sites in the near future and for the Clifton Moor site once a preferred site has been confirmed. It is expected the sites will be purchased in 2010/11, when the agreed land price would be paid after securing both planning consent and funding to proceed with the project.
36. In addition to purchasing the Askham Bar site, a small area of landscaped verge is required from Tesco near the roundabout entrance to the existing P&R site. This will enable the CYC owned land to be connected to the Public Highway to facilitate the provision of the proposed bus only route to the rear of Tesco. The land negotiations with Tesco are progressing satisfactorily. As the land price is low and the acquisition of this land is beneficial to adjacent CYC land it is proposed to purchase this site in advance of the planning application being submitted.
37. Subject to detailed design work it is anticipated that additional land outside the public highway will be required to enable the construction of the A59/A1237 roundabout improvements. It is proposed to negotiate the purchase of the additional land where necessary.
38. It is anticipated that the cost of the non-returnable deposits to secure the contracts to purchase the land for all of the sites will be in the region of £30k, excluding surveyors and legal fees, with the monies proposed to be funded from the Access York Phase 1 allocation in the City Strategy Capital Programme in 2008/09 and 2009/10.

Options and Appraisal

39. The Council has the option to progress with this MSB or to decide not to do so. However, without this bid there is little prospect of being able to fund any of the new Park & Ride sites and therefore achieve the benefits that these will bring in terms of reduced volumes of traffic entering the city, improvements in air quality and the provision of an excellent P&R service to increase the 'offer' provided by the city for its residents, businesses and tourists. There are costs, which will be incurred at risk until the funding is confirmed by the DfT, but the economic case for all of the sites is good meaning that approval is anticipated to be more likely.

40. The Council has an option to enter into conditional contracts to purchase the required land or delay acquiring the land until later in the project when Programme Entry is confirmed. If securing the land was delayed there is a high risk that the cost would increase and the delivery certainty would be lost.
41. There are a number of options for funding the required local contribution for the project. The recommended option is for the scheme to be, in principle, funded from a variety of sources as set out in the financial implications section to minimise the impact on the delivery of other transport priorities across the city. Further development of the funding opportunities will be undertaken and reported to Members as the project progresses.

Consultation

42. Consultation following the principles within the Statement of Community Involvement will be undertaken to enable planning consent to be obtained for the sites and A59 roundabout. In addition local consultation will be undertaken to determine the best location and detail of the proposed bus priorities along Wigginton Road and the A59.
43. Presentations have already been given to the ward committees of the affected areas and formal pre-planning application consultation will be progressed over the spring. It is planned that the consultation for the Askham Bar site will start in the next few weeks with the A59 site to follow on. Local consultation on the site options for the Wigginton Road site commenced in January with a report to members indicating the preferred choice to be submitted in March.
44. A web site for the project will be established to enable the public to comment on the project and view preliminary proposals for the scheme. In accordance with DfT requirements it is proposed to place the Major Scheme Business Case document onto the Council's website.

Corporate Priorities

45. The development of the Park & Ride service and improvements to the Outer Ring Road are key elements of the Council's transport strategy set down in the Local Transport Plan. In addition the proposals support the Council's Corporate Priority 'to increase the use of public and environmentally friendly modes of transport'.

Implications Financial

46. The financial implications are identified in the Financial Information section of the report.

Human Resources (HR)

47. It is proposed to recruit an Assistant Project Manager and a Project Support Officer on fixed contracts for the duration of the project.

Equalities

48. The work carried out will benefit everyone in the community, either because of the opportunity to use the new Park & Ride sites or because of the benefit of reduced congestion on the roads and improved air quality. Sites will be designed to incorporate measures to ensure good accessibility.

Legal

49. It is proposed to prepare Conditional Contracts for the purchase of the land for the sites.

Crime and Disorder

50. There are no crime and disorder issues.

Information Technology (IT)

51. There are no IT implications.

Property

52. The negotiations for the purchase of the land for the sites have been undertaken by Property Services. The existing Askham Bar site will become vacant as a result of the project and be available for sale if required. The project will increase the Council's property assets with the operator undertaking maintenance of the sites and buildings.

Other

53. There are no other implications.

Risk Management

54. In compliance with the Council's risk management strategy the main risks that have been identified in this report 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. However, measured in terms of impact and likelihood, the net score for all risks 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.
55. At this stage in the bid process the Council does not commit to funding or underwriting the construction of the new sites. Separate reports will be submitted to the Executive as the bid progresses indicating the financial commitment and level of risk at each stage.

Recommendation

56. Members are recommended to:

1. Approve the submission of the Major Scheme Business Case to the Department for Transport subject to endorsement by the RTB and the approval of the Director of Resources.
2. Approve the conclusion of negotiations for the acquisition of land for the sites and the completion of conditional contracts where necessary to secure options for future purchase.
3. Approve in principle the funding sources for the local contribution to the scheme.

Reason: To enable the Access York Project to proceed.

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**Report
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Date 19-01-09

**Report
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Wards Affected:

All

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Background Papers:

Result of Regional Transport Board Capital Bids and Application for Use of Contingency Funds – to the Executive on 22 April 2008

Access York Phase 1: Park & Ride Development - to the Executive on 12 February 2008

Access York Phase 1: Park & Ride Development - to the Executive on 29 July 2008

Annexes

Annex A: Principal Project Risks and Mitigation

Annex A: Access York Phase 1: Principal Risks and Mitigation

Title	Detail	Mitigation
Utility Diversions/Protection	Presence of services has been identified at the access junctions to the sites but cost implications of proposals currently based upon previous similar schemes.	Obtain prices and requirements from Utility Companies as soon as pre-planning application consultation drawings complete
Ground Conditions	Ground conditions will particularly affect design of Askham Bar site and A59 Subway.	Undertake site investigation early in design process
Land Compensation	Part 1 claims from adjacent properties to the car park sites, at the A59 roundabout and from highway works associated with bus priority schemes	Early consultation and agreement of mitigation measures
Land Acquisition	Delay and/or increased costs caused by lack of land availability. Risk of CPO being required.	Early negotiations and securing conditional contracts for purchase of land
Planning Consent	Planning consent is on the Critical Path. Delay in planning process will cause overall delay to project	Employ planning consultant to progress planning applications. Expedite outline designs. Ensure consultation is effective.
Public Inquiry	Risk of calling in by Secretary of State and requirement for Public Inquiry	Ensure planning processes are followed and consultation effective
A59 Roundabout Design	Size of Roundabout difficult to fit in available space. Risk of failure of Safety Audit	Early consultation with affected properties to develop acceptable options. Early review of outline

Title	Detail	Mitigation
		designs
A59 Roundabout Construction	Construction & Traffic Management complex in restricted site area	Involvement of Contractor in early stages of design to ensure buildability
Environmental Impacts	Presence of protected species	Early surveys and agreement of mitigation measures
Archaeology	Presence of unexpected Archaeological remains	Early Desk Based Study and site surveys where possible
Funding	RFA and Local Contribution not available	Submission of MSBC in accordance with guidance. Early notification of funding requirements to Members
Cost Over-Run	Costs over an agreed level have to be fully funded by the Council	Robust Estimating, Risk Management and Project Governance Procedures
Cost Estimation	Cost estimation based upon design level available at feasibility stage	Update cost estimates as more detailed designs become available