

<b>09/11/2021</b>	<b>G1-OBC</b>	Outline Business Case / Commit to Invest
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Project / Programme Name:	<b>Watlington Relief Road (WRR)</b>
Total Capital Budget:	from £12.5m to £9.9m
Sponsoring Director:	Owen Jenkins
Strategic Professional Lead:	Geoffrey Arnold
Delivery Project Lead:	Harbi Ali-Ahmed
Divisions Affected:	Benson & Cholsey, Chalgrove & Watlington, Berinsfield & Garsington
Project Approval No:	C.AT00457.01

#### **Threshold Change Request (OOT)**

<b>Threshold(s) Exceeded:</b>	Requires Approval from:
1. Cost	Strategic Capital Board
2. Time	Within Threshold
3. Scope / Benefits	Within Threshold
4. Reputational / Political Risk	Within Threshold

#### **Decision(s) required:**

This paper is asking for the total development budget of £2.893m (inclusive of £560k risk allowance) to be released to complete Stage 2 design & procurement.

This paper also sets out the revised cost plan of £9.984m taking into account the latest estimates from AECOM. Funding secured includes £7.1m Growth Deal and £2.546m held / secured S106. The funding gap of £0.338m is expected to be met from the negotiations for further S106 funding from site PYR2, likely to be £740k.

To note that two secured agreements are currently in Reserved Matters and this scheme could have to forward fund £1m subject to the buildout of the housing developments.

#### **Record of Decision / Final Approval [as per Financial Procedure Rules]**

Decision	Approved by
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<b>Choose an item. Approved</b>	Approved by the Strategic Capital Board, following additional detail relating to the s106 funds and inc of inflationary increases, 16 June 2022
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## Sign-off

Signoffs	Name	Date
<b>*Director / Assistant Director</b> <i>Sign-off by Senior Responsible Officer from Author's area.</i>	Varinder Raulia	25/05/22
<b>*Service Manager: Strategy / Delivery</b> <i>Sign-off by the Author's Line Manager</i>	John McLauchlan	17/12/21
<b>*Strategy / Delivery Professional Lead</b> <i>Author of the Business Case</i>	Harbi Ali-Ahmed	25/11/2021
<b>*Finance Team</b> <i>Sign-off of all Capital / Financial elements</i>	Emma Percival	10/05/22
Confirmation of Consultation with / Input from	Name	Date
<b>Strategy / Delivery Team</b> (Transport, Property, or other) <i>OCC staff who were the Author of the IBC paper / The OCC staff that will deliver or manage the 3rd Party delivery of the work.</i>	Duncan Stewart	24/05/22



<p><b>Service Area / Key Stakeholder</b> <i>The service area impacted, and/or key stakeholders have been consulted / inputted to document. Please add a line for each one.</i></p>	<p>Maria O'Brien Marc Levy</p>	<p>17/12/2021</p>
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## **1. Executive Summary**

- 1.1 This paper sets out reconciliation of the approval in principle made in February 2021 via Project Update paper to senior management to accelerate the project. The accelerated works valued at £309,749 was to ensure that any delays are not critical, allowing a range of time sensitive tasks Ecological surveys and ground investigation to be commissioned in the form of CEs' (1-19). In line with the Approval of the Project Note total CEs' (1-19) valued at £168,480 plus additional cost from OCC staff and technical assurance valued at £141,270 over the extended period. All work required under CEs' (1-19) has now been completed.
- 1.2 This paper is also requesting approval to release £2.893m funding from the Watlington Relief Road budget (C.AT00457.01) to carry out Stage 2 design and procurement.
- 1.3 Since the IBC paper (2019), the project has secured £2,316,200 via S106 Agreements. The following Contribution toward Relief Road are Site A (£1,354,200), Site B (£518,000) and Site C (£444,000). A further contribution of £740,000 from site PYR2 is currently being negotiated.
- 1.4 The Procurement Team have analysed all available routes to market and approved the route to market using MHA PSP3 Framework with Professional Services Contract to appoint AECOM for Stage 2 Preliminary Design and planning support. Early Contractor Involvement was also approved using Galliford Try through MHA MSF3

## **2. Description & Objectives of the Desired Outcomes & Business Benefits**

- 2.1 The project is to provide an alternative route which will be known as the Watlington Relief Road (WRR). It will connect the B4009 (southeast of Watlington) and the B4009 junction with Pyrton Lane/Station Road. The WRR will provide direct access to the B4009 whilst alleviating congestion in the town centre, enabling future re-prioritisation of road space and improving air quality – Watlington currently has a declared Air Quality Management Area. The cumulative impact of the proposed developments

would have a severe impact on the existing traffic situation and worsen air quality in the centre of Watlington.

- 2.2 The primary function of the WRR is to release housing developments in the area to achieve the goals of the emerging SODC Local Plan (2033), the Watlington Neighbourhood Plan and ultimately the Housing & Growth Deal. The local Watlington community supports the housing developments with the proviso that the WRR is delivered to mitigate the transport impact generated from the developments.
- 2.3 The WRR will provide the developments with direct access to the B4009 either side of Watlington without the need to travel through the town itself. This will have a positive effect on the Air Quality in the town centre as Watlington is currently a declared Air Quality Management Area. It will also help to unlock new housing developments elsewhere in the vicinity of Watlington.

### **3. Results of Options Appraisal & Project Scope**

- 3.1 The Options Assessment Report (OAR) for Watlington Relief Road project has been completed. This consisted of the assessment of the route alignment options, stakeholder engagement and a development of a route preference that has been consulted with key stakeholders. Following OCC Cabinet approval (21st September 2021, Appendix D), the recommendation is to move to Stage 2 of the project with the revised alignment as consulted.
- 3.2 Since the approved IBC paper back in 2019 (appendix A), there are currently no changes identified to the project scope that needs to be addressed in this paper

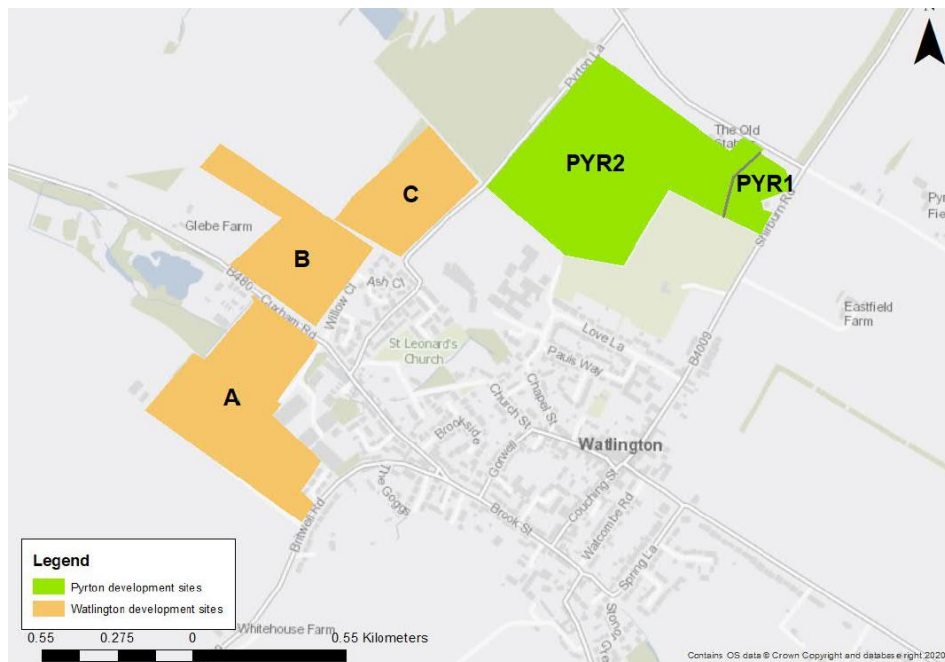


Figure 1: Development which the Relief Road will connect

3.3 There are five parcels of land (Sites A, B, C, PYR2 and PYR1), some of which are being promoted for residential development which are due to deliver individual sections of the WRR. Development proposals for each land parcel are at various stages in the planning process.

3.4 All development sites through which the proposed WRR will connect have either applied to SODC as of April 2019 for a “scoping opinion” or for planning permission for residential development. The proposals make provision for the proposed WRR within or adjacent to the corresponding development sites. The status of applications are:

- WAT A – P17/S3231/O: Approved (Started building 183),
- WAT B – P19/S1928/O: Outline application approved (70 homes)
- WAT C – P19/S1927/O: Outline application approved (60 homes)
- PYR 2 – P16/S2576/O: Outline application approved (100 homes)
- PYR 1 – P18/S0002/O: Approved (started building 37 retirement homes).

3.5 The proposed development comprises provision of a single carriageway road with associated non-motorised user facilities around the northern edge of Watlington. OCC responsibility relates to three link sections outside of land parcels identified for residential development. The three sections of link road to be delivered by OCC include (moving east to west) plus junction re-alignment at Britwell Road:

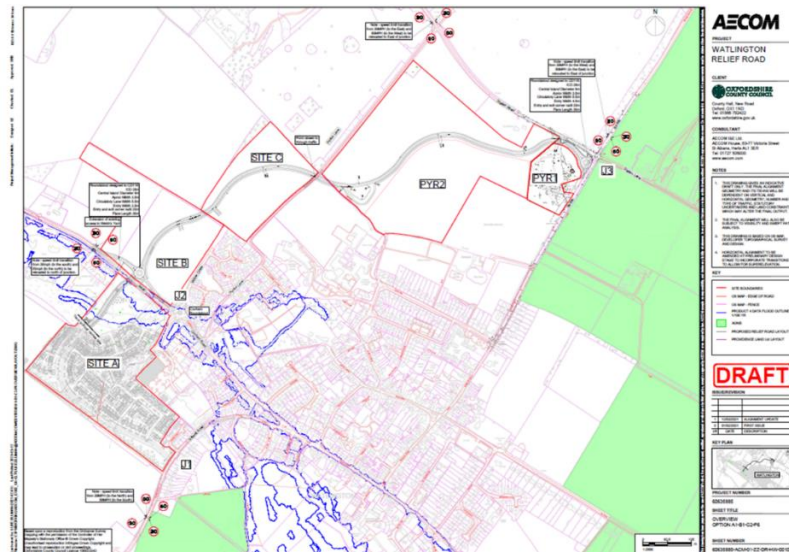


Figure 2: Proposed Alignment of the Relief Road

- Link 1: between Shirburn Road (B4009) and the PYR1 site, including a new junction on Shirburn Road B4009.
- Link 2: between the PYR1 site and the Site C site, through the PYR2 site, including a new junction on Pyrton Lane.
- Link 3: between the Site B and Site A sites, including a new junction on Cuxham Road B480.
- Link 4: Junction re-alignment at Site A, Britwell Road, to create a sweep to direct traffic to the Relief road.

#### 4. Financials: Estimated Final Costs & Proposed Funding Plan

BUDGET	G0 (IBC)	G1 (OBC) (baseline)	G2 (FBC)	G3 (PC)	G4 (FC) Final Close	Movement
<b>Stage 0</b> Options Appraisal	250	250				
<b>Stage 1</b> Feasibility Design		334				+344
<b>Stage 2</b> Design & Procurement	1,012	2,309				+1,011
<b>Stage 3</b> Delivery / Construction	10,095	5,902				-4,193
<b>Stage 4</b> Close Out		75				+75
<i>Contingency &amp; Risk</i>	<b>1,151</b>	<b>1114</b>				+249
<b>TOTAL</b>	<b>12,508</b>	<b>9,984</b>				-2,524
<b>Reported in Stage</b>	<b>Stage 0</b>	<b>Stage 2</b>				
<i>Date of Change / Update</i>						

EXPENDITURE	G0 – IBC budget	G1–OBC baseline	G2 – FBC	G3-PC	G4 - Final Close	Movement
<b>Previous Years</b>						
<b>2019/20</b>	250	6				-244
<b>2020/21</b>	762	250				-512
<b>2021/22</b>	10,345	328				-10,017
<b>2022/23</b>		2,034				+2,034
<b>2023/24</b>		4,585				+4,585
<b>Future years</b>		1,383				+1,383
<i>Contingency &amp; Risk</i>	1,151	1,400				+249
<b>TOTAL</b>	<b>12,508</b>	<b>9,984</b>				-2,524

4.1 The funding split is for the scheme cost of £9.984m is GD £7.1m and S106 £2.884m

4.2 Growth Deal Funding of £7.1m was secured for Watlington Relief Road in 2018. The current cost is under review to ensure scope is aligned with the existing budget.



- 4.3 The sum of £2.307m (secured) from S106 agreements is available. Current position £0.719m held & £1.639m secure. Currently estimated to be £1.827m with indexation, total £2.546m. Shortfall of £0.338m before any inclusion of possible pipeline (unsecured) s106 or additional indexation. The current indexation (increase from £1.639m to £1.827m) has been calculated up to April 22. If indices continue to rise (potential to reduce) then when the appropriate payment is due, these could be higher. Currently there are 4 agreements, 1 (all received), 1 (received 50%), 2 secure only, both awaiting reserve matters.
- 4.4 In summary the current forecast for s106 contribution is to have £1.387m as held, with £962k unknown (relates to the 2 agreements awaiting reserved matters) before construction phase.
- 4.5 To date £584,000 has been spent completing stages 0/1 optioneering and feasibility.
- 4.6 Inflation percentage used for the calculation of the scheme is 19%.
- 4.7 This paper requests a release of £2.893m funding including risk allowance to carry out Stage 2 design and procurement.

## 5. Project Delivery Timetable & Procurement Plan

- 5.1 The original estimated programme at stage 0 confirmed forecasted construction completion beyond the funding deadline of March 2023. It was anticipated that time savings would have to be made to align the programme with the funding deadline.
- 5.2 Below table shows indicative start dates for each of the stages, reported on at each of the gateways, with target Approval Dates for each of the Gates.

	<b>G0</b>	<b>G1 (baseline)</b>	<b>G2 (FBC)</b>	<b>G3 (PC)</b>	<b>G4</b>	<b>MOVEME NT</b>
<b>Stage 0</b> Options Appraisal	April 2019	April 2019				
<b>G0 - IBC Approval</b>	Jun 2019	Jun 2019				
<b>Stage 1</b> Feasibility Design	Aug 2019	Feb 2021				
<b>G1 - OBC Approval</b>	Sept 2020	Nov 2021				
<b>Stage 2</b> Prelim/Detailed Design& Procurement	Oct 2020	April 2022				
<b>G2 - FBC Approval</b>	Sept 2021	Jul 2023				
<b>Stage 3</b> Delivery/ Construction Substantial Completion	Oct 2021	Aug 2023				
<b>G3 – Project Close</b>	<b>Jan 2023</b>	<b>June 2025</b>				
<b>Stage 4</b> Close Out	Feb 2023	Sept 2025				
<b>G4 - Final Close</b>	Mar 2024	Sept 2025				
<b>THRESHOLD CHANGE</b>						
Month's deviation (PC)	N/A	N/A				
Date reported	N/A	N/A				

- 5.3 It is recognised that the delay in the approval of Option Appraisal Report will have increased the challenge to deliver the scheme to March 2023 deadline. As a result, the next stage of design will involve a detailed assessment to identify potential time savings.

## 6. Risks, Constraints, Dependencies & Exclusions

- 6.1 Growth Deal funding is required to be spent by March 2023.
- 6.2 Providence, Redrow Homes, Bloor Homes and Beechcroft Developments control land that is required for the delivery of Watlington Relief Road. Providence, Redrow and Bloor are committed to construct parts of the WRR. Although landowners/developers are supportive, there is a risk that, if OCC waits for negotiations to break down valuable time will be lost before starting the compulsory purchase process. Therefore, it is necessary to plan a compulsory purchase timetable as a contingency measure. If Compulsory Purchase Order (CPO) is required, the scheme is not currently fully funded and would need to seek further approval before progressing with CPO development. The Current estimated total cost for a CPO, design and construct the remaining section of the relief road is £3m.
- 6.3 There are clear benefits with delivering the WRR as one project; scales of economy, one design, reduced preliminary costs and time (including one procurement exercise, minimising supervision, and project management, one mobilisation and one compound area etc), minimise disruption to highway network and health & safety. Post project work will also be minimised such as snagging and road safety audits.
- 6.4 Planning permission required for the sections that are to be delivered or forward funded by Oxfordshire County Council.
- 6.5 Due to the uncertainty of the delivery mechanism, a State Aid assessment has been completed and it has been deemed that delivery of the Watlington Relief Road would not constitute State Aid. An appropriate procurement strategy and assessment of risks will be undertaken.
- 6.6 Outside of the standard design and construction risks, the key project risks are:

	Description of areas or sources of risk and impact on project	Mitigation	Owner
1	Interdependence with section being built by developers	Effective stakeholder liaison to manage expectations.	OCC



	may cause major delays to programme.		
2	Support of Key Stakeholders	Stakeholders have been consulted in the development of the preferred route to obtain as much support and acceptance as possible.	OCC
3	Deliverability	A route has been identified that is achievable pending further investigation work. The route is partially away from the safeguarded route, this decision was made to appease key stakeholders and move towards a more deliverable project.	OCC
4	Network constraints preventing delivery of scheme within the programme (overlapping with major other projects).	Effective communication with Network Management to ensure that road space is not reserved by other schemes.	OCC
5	Possible loss of some Growth Deal funding if further time savings are not possible.	Consider phasing / splitting of detailed design and construction work to accelerate delivery. Extension of project funding deadline to be requested with Growth Deal Board.	OCC
6	Statutory consultation objections delaying delivery. If Cabinet Member Decision requests significant changes to design, the statutory consultation period would have to be undertaken again, delaying the programme by minimum 3 months.	Understand stakeholders' concerns during public consultation and ensure robust justification for proposals in cabinet report. Discuss report with Cabinet members before submission. Regular members' briefing at each stage of design.	OCC
7	Delays getting into contract for Prelim Design and D&B caused by resource issues.	Proactive engagement with Legal Team and Procurement. Ensure advance notice of Legal resource requirement. Appropriate resourcing to align with the project requirements.	OCC
8	Developers may not implement their individual	Housing market to be monitored and negotiations to try to release	OCC

	proposals and so not trigger land and funding provisions	development to be undertaken if necessary	
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## 7. Communication & Consultation (Internal & External)

- 7.1 Regular stakeholder engagement sessions (“Coproduction”) with key users, providers and neighbourhood groups have been set up at the beginning of the project to help set the key project objectives.
- 7.2 Other key internal and external stakeholders (user groups) have been approached at key points via email or online meetings, to help inform design and to support with technical and/or local issues.
- 7.3 Portfolio holders and local members were briefed on initial proposals before the plans are released to the public for comments.
- 7.4 Monthly Project Board meetings have been scheduled to ensure internal stakeholders and support the decision-making process. Internal stakeholders are notified via email and additional meetings are scheduled where required to seek their professional advice or inform of changes. Drawings and reports for review are communicated via emails.
- 7.5 A dedicated internal Technical Assurance Team lead has been assigned to the project and is involved in all relevant technical approvals and design reviews.
- 7.6 Project progress and programme are regularly updated and shared with the Programme Lead and Programme Board via Project Online platform and PowerBI reporting tool.
- 7.7 Stakeholder and the public will be notified through informal and statutory public consultations and planning applications, TRO’s and TTRO’s and Press Releases.

## **8. Project Governance**

- 8.1 The project will be included within the Capital Programme and will follow the necessary governance process for funding approvals and technical reviews, where necessary.
- 8.2 The South and Vale Programme Board will provide oversight and steer the project during preliminary design unless it falls beyond the agreed financial and programme thresholds, which would require relevant sign off by the Corporate Capital Programme Board.
- 8.3 The Programme Lead will provide immediate support and directions with strategic programme matters and escalation route.
- 8.4 The dedicated Project Manager would be responsible for day-to-day management of the project.

**9. Annexes**

<b>Item</b>	<b>Description</b>	<b>Link</b>
Appendix A	Watlington Relief Road – G0 IBC June 2019	<a href="#">Watlington Relief Road IBC.pdf</a>
Appendix B	Project update Report (Feb 2021)	<a href="#">Project Update Report Feb 2021</a>
Appendix C	Cabinet Approval: CA_ CA_SEP2121R13 - Watlington Relief Road	<a href="#">Cabinet Approval</a>