

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the left and right sides of the slide, framing the central text. The overall aesthetic is clean and modern.

HIF1 RISKS

Budget, schedule, objectives

Why should you care?

- ▶ Every Council Tax payer in Oxfordshire will be paying for this for years to come.
- ▶ Every person relying on services provided by the County Council will see a reduction in services.
- ▶ Infrastructure will be even more stretched as a result of the additional housing.
- ▶ The route will create new journeys that will increase pressure on the area.

Simon Lazare (BSc, MCIOB Ret., MAPM Ret.)

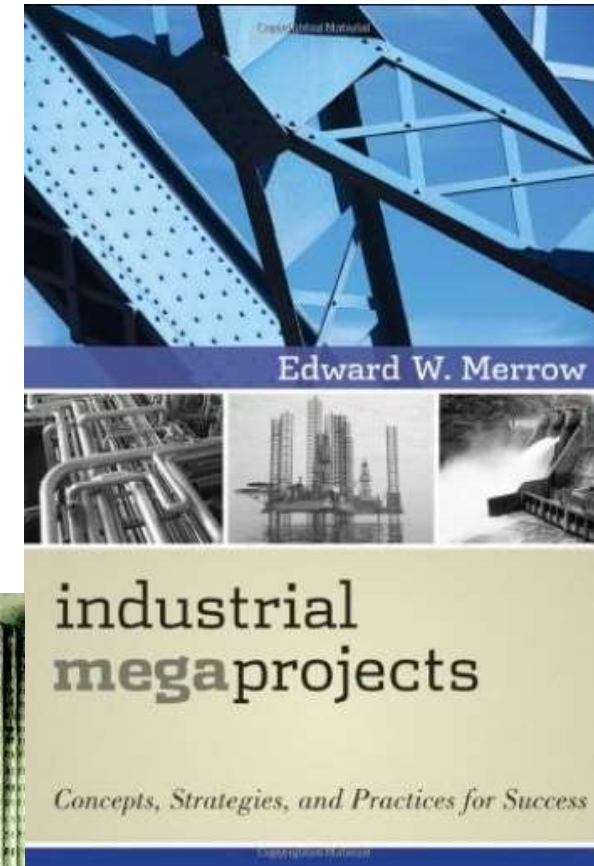
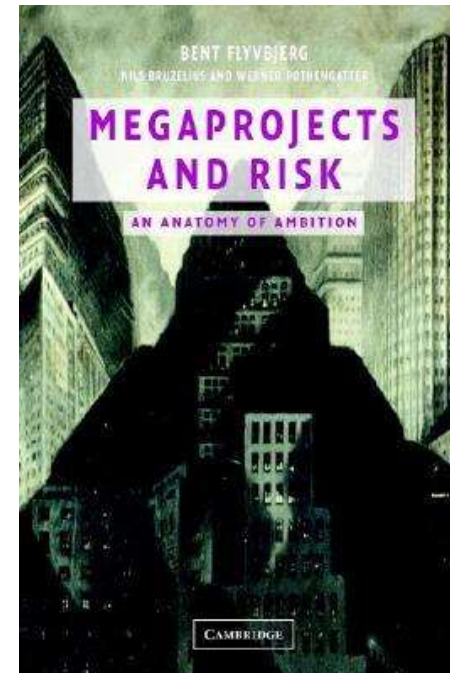
- ▶ Retired Programme Manager
- ▶ Ex BG Portfolio Manager
- ▶ Ex director - MACE International
- ▶ Ex director - Trollope & Colls



References

- ▶ Industrial mega projects - Edward W. Merrow
- ▶ Megaprojects and Risk - Bent Flyvbjerg
- ▶ Didcot Garden Town Housing Infrastructure Fund (HIF) 21 June 2022 Revised Grant Determination Agreement

Please ask questions if there is anything you would like explained.



Why large projects fail

1. Stakeholder management
2. Schedule pressure
3. Leaving difficult issues to be resolved later
4. Skimping on the front end design
5. Cost reduction (incl. "rescoping")
6. Risk allocation
7. Blame

These mistakes are not mutual exclusive. They can and do show up in many combinations on failing projects. Any one can doom a project.



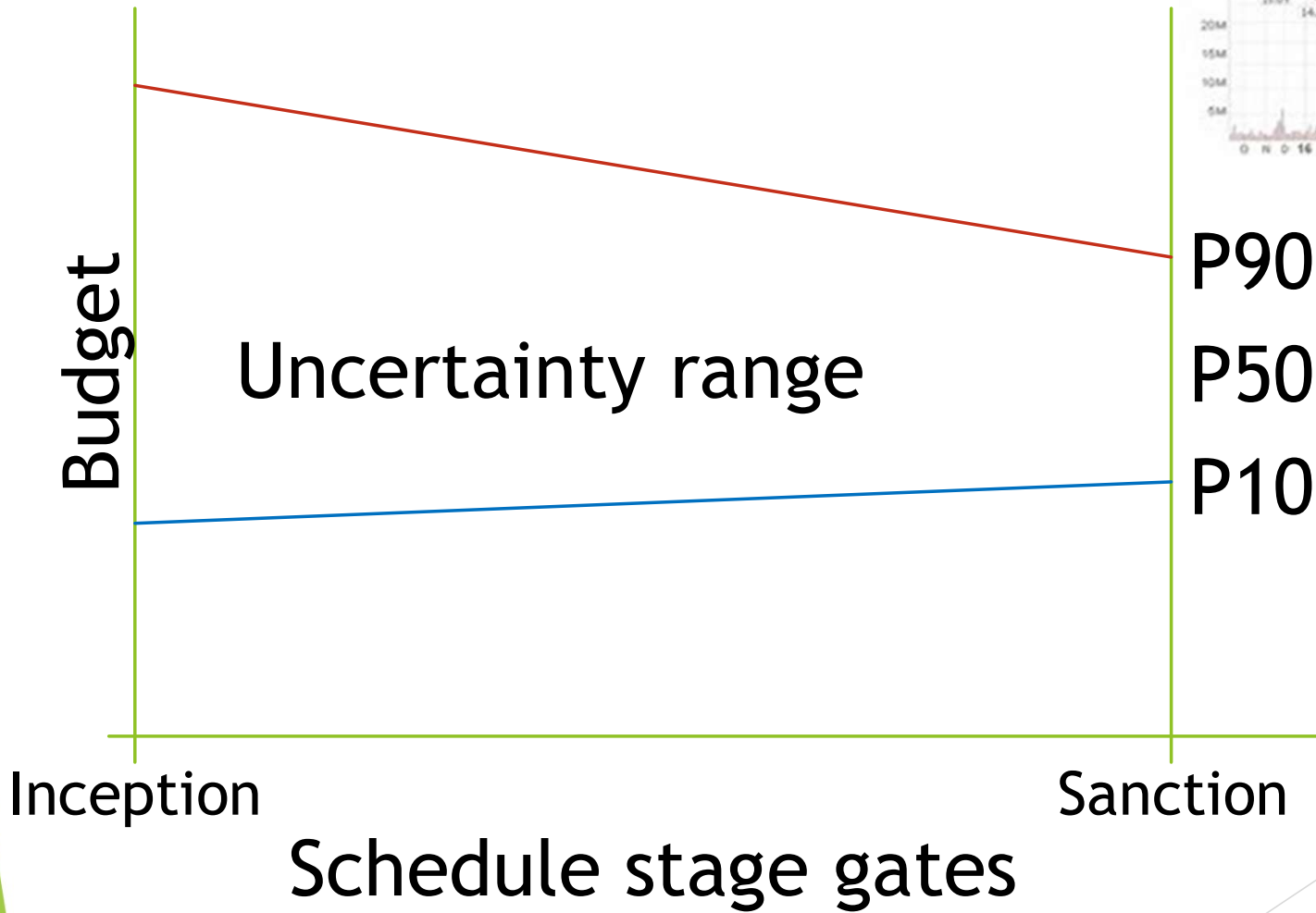
Cost overruns

- ▶ Humber Bridge +175%
- ▶ Channel tunnel + 80%
- ▶ Third Dartford Crossing + 20%
- ▶ Second Severn Crossing + 20%
- ▶ Pont de Normandie, France + 15%

Source: Mette K. Skamris, 'Economic Appraisal of Large-Scale Transport Infrastructure Investments'.



Uncertainty and contingency



Challenge

- ▶ Adherence to mandatory consultation
- ▶ Schedule provenance
- ▶ Outstanding scope (especially provisional sums)
- ▶ Scope change
- ▶ Budget resilience
 - ▶ Confidence range leading to P? sanction budget
 - ▶ Contingency
 - ▶ Risk
 - ▶ Escalation
 - ▶ Resource availability
- ▶ How has the cost and schedule been verified and interrogated to remove optimism bias etc.



Specifics - HIF1 GDA (Quotes from the Grant Determination Agreement)

- ▶ An extension to the availability period to 31st March 2026 and assurance that risks to the delivery time frame caused by exceptional circumstances outside the Council's direct control will be mitigated - **what does this mean?**
- ▶ The residual risks are outlined for the Council which include the County Council are responsible for any cost and time overruns and the mitigation measures available.
- ▶ A Didcot area strategy has been scoped and will look at the movement of people and goods in the Didcot area connected to the HIF1 scheme. The strategy will present future development and complementary measures needed to influence travel behaviours. - **Has this been included in consultations?**

Homes England deliverables (Quotes from the Grant Determination Agreement)

- ▶ Homes England have agreed to changes in the GDA to enable construction of each scheme to take place as soon as land has been secured without the need for all land to be secured before any construction commences. This will enable a smoothing of the spend profile and a reduction of risk to the Council. - HIF1 is a programme of projects that have to be delivered to realise the benefits claimed. A programme with holes in it will have unforeseen risks and will not deliver the promised benefits and is unlikely to pass any reasonable cost benefit analysis. Allowing piecemeal execution without a programme sanction (Para 19) is a huge risk!
- ▶ HE require confirmation that
 - ▶ the additional funding required to cover the cost increases of the scheme are met by council reserves or other sources!
 - ▶ the council remains committed to unlocking 12,655 housing outputs for this investment.
- ▶ HE refuse to accept any change as a result of the current global situation and impact on supply, energy and increase costs. Savings to be achieved through scope reduction! (Para 37, O1, OCC have stated that this is a deal breaker but have also offered, in mitigation, to allow the 12,866 houses to be built without the infrastructure. 03 if all else fails beg bailout from HM Treasury)
- ▶ The £30M cap appears to be meaningless as it does not identify who else will take the risk?



Funding

- ▶ Contingency and inflation have been included in the cost estimates. Due the volatility of the construction sector and inflationary indices
- ▶ any further inflation is being assessed across the capital programme and Oxfordshire are in discussions with Homes England about how this will be managed
- ▶ At present the increased inflation is a quantified risk for the council and will be addressed when it becomes an issue and further information is available.


warning

Quote from *Megaprojects and Risk*

- ▶ **We have shown that project promoters, unsurprisingly, are happy to go ahead with highly risky projects as long as they themselves do not carry the risks involved and will not be held accountable for the lack of performance!**

What this means for you

- ▶ Every Council Tax payer in Oxfordshire will be paying for this for years to come.
- ▶ Every person relying on services provided by the County Council will see a reduction in services.
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- ▶ The route will create new journeys that will increase pressure on the area.



Thank you for listening
Any Questions