

North Somerset Council

Report to the Council

Date of Meeting: 8th November 2022

Subject of Report: MetroWest Phase 1 Update – governance and funding agreements

Town or Parish: All

Officer/Member presenting: Cllr Steve Bridger, Leader of the Council and Executive Member for Major Infrastructure Projects

Key Decision: No

Reason:

Not an Executive Decision

Recommendations

The Council is asked to:

- 1) Note that since the report to Council of 12th July 2022
 - a) the additional £35.58m project capital funding has been confirmed by the project funding partners and the project has therefore resumed.
 - b) the Department for Transport (DfT) confirmed that it will take the project delivery risk going forward via its delivery agent Network Rail
 - c) that the DfT will provide up to £13.80m funding for all project costs up to the submission of the Full Business Case, which is now expected to be in March 2024. And;
 - d) that the Development Consent Order decision is expected to be made by mid November 2022 and there are no known impediments for the decision to be made within this timescale.
- 2) Delegate authority for the Director of Place advised by the s151 officer and Head of Strategic Procurement to finalise, sign and enter into the Funding Agreement with Network Rail (see draft agreement in appendix 2) for the defined project scope up to Full Business Case approval at an estimated cost of £3.49m to be funded by the DfT via Network Rail.
- 3) Delegate authority for the Executive Member for Major Infrastructure Projects advised by the Director of Place and Head of Strategic Procurement, to finalise the Procurement Plan (see appendix 4) in consultation with the West of England Combined Authority (WECA).

1. Summary of Report

- 1.1. MetroWest Phase 1 (the Project) proposes to upgrade the existing local train service for the Severn Beach Line and the Bath Spa to Bristol Line (Phase 1A) and re-open the Portishead rail line with stations at Portishead and Pill (Phase 1B). The Project is being promoted by North Somerset Council (NSC) and the West of England Combined Authority (WECA). The Project forms part of a wider MetroWest programme to deliver strategic enhancements to the local rail network over the medium term.
- 1.2. The project had to be paused earlier this year due to the estimated costs exceeding the project budget, due to issues beyond the control of NSC and WECA. The project funding gap was resolved in July 2022, with additional funding contributions made by the Department for Transport (DfT), NSC and WECA. In addition to their increased funding the DfT confirmed in their letter of 19th July 2022 they will also take the delivery risk for the project and will fund project costs up to the completion of the Full Business Case (see letter in appendix 1). The agreements to finalise this commitment are being progressed.
- 1.3. Since the report to Council of 12th July 2022 the additional £35.58m project capital funding has been confirmed by the project funding partners (including the additional £10m by NSC authorised on 12th July 2022). The project has since resumed and the NSC & WECA integrated team have assisted Network Rail in preparation for Network Rail issuing a key invitation to tender to the market. NSC & WECA retain significant project scope relating to ecology works, works to bridges, minor highway works, land acquisition, Development Consent Order (DCO) interfaces, legal processes, business case and supporting project management.
- 1.4. A DCO decision is expected to be made by the Secretary of State for Transport by mid November 2022 and there are no known impediments for the decision to be made within this timescale. The DCO will provide the necessary powers to build and operate the project including powers for the compulsory acquisition of land (where necessary).
- 1.5. In light of the changes to the project delivery lead, it is now necessary to enter into a funding agreement with Network Rail (as a sub-contractor to them) and approve the updated Procurement Plan (see appendix 4).

2. Policy

- 2.1. The project is identified in the Joint Local Transport Plan 4, and North Somerset's Core Strategy as a priority for early delivery. Re-opening the Portishead line was also included in the 2007 Replacement Local Plan and successive Local Plans over a number of decades. MetroWest contributes to the package of infrastructure to support the delivery of housing land in North Somerset through urban intensification, job creation and sustainable growth. As part of a wider package of public transport advancements across North Somerset and the region, the project will promote alternatives to car use and improve the resilience of the existing and future highway network.

- 2.2. The delivery of the project aligns with the vision and priorities set out in the North Somerset Council Corporate Plan 2020 - 2024. The project underpins 'An open, fair and green North Somerset Council', through the delivery of a mode of transport that will be accessible to all including young and elderly people (many of whom have limited access to transport), with step free access to station platforms enhancing transport equality. This is reflected in the Council's priorities to achieve:
- A thriving and sustainable place
 - A council which empowers and cares about people
 - An open and enabling organisation

3. Background

- 3.1. The key driver for the re-opening of the Portishead Line is to transform rail access and connectivity for Portishead and the surrounding area, whilst resolving the current highway congestion on the A369 highway. The A369 is the only transport corridor between Portishead and Bristol. The A369 has major bottlenecks at both ends of the corridor because of the one of the busiest sections of the M5 dissecting the corridor at the Junction 19, east of Portishead and at the other end of the corridor there is systemic congestion into and through Bristol City Centre. These bottlenecks cause major disruption to the local community and business through poor highway journey times, poor journey time reliability and severe lack of highway network resilience.
- 3.2. The following are the primary benefits of the scheme:
- Significantly reduced travel time into Bristol from Portishead to 23mins compared to bus (60min+) & car (50min) significantly improving people's access to employment and services.
 - Over 50,000 people brought within direct catchment of a rail station (Portishead & Pill) for the first time in over 60 years,
 - 1.2m additional rail journeys and £7m revenue within 15 years of opening.
 - Benefits to the regional economy in Gross Value Added (GVA) of £43m per annum
 - Delivers the removal of 13 million car-km annually by 2041.
- 3.3. The primary objectives and phases of MetroWest 1 are the following:
- MW1a: Severn Beach Line infrastructure and service enhancements, including two services per hour to Avonmouth, with one continuing to/from Severn Beach.
 - MW1a: Additional trains and necessary upgrades to existing infrastructure to create an overall half-hourly service calling at all stations between Bristol Temple Meads and Westbury.
 - MW1b: New hourly service between Portishead and Bristol Temple Meads, consisting of existing 9km freight-only and re-opening 5km of disused railway with two new stations at Portishead and Pill.
- 3.4. The infrastructure enhancement works associated with MetroWest 1a have been completed. The services between Bristol Temple Meads and Severn Beach have been operational since December 2021.
- Funding Agreement with Network Rail**
- 3.5. In taking on the project delivery lead, the DfT will channel project funding for work feeding into the Full Business Case (FBC) via Network Rail. Network Rail will in turn contract NSC to deliver the elements within the NSC/WECA project scope.

This approach where NSC hosts contracts for the benefit of both NSC and WECA is effectively a continuation of existing arrangements between NSC and WECA. The existing Initial Promotion Agreement ver3 and related Side Agreement between NSC and WECA covers the joint working arrangements between the two parties up to the approval of the FBC. In practice the NSC contracts are managed jointly by the NSC & WECA integrated project team (see para 3.7 below).

- 3.6. To enable Network Rail to contract with NSC it is necessary for both parties to enter into a Funding Agreement. A Funding Agreement is being negotiated and a draft version is attached in appendix 2. NSC's responsibilities and liabilities under the Funding Agreement relate only to providing the services defined in the agreement which in summary are:
 - ecology services / works
 - detailed design for minor works to bridges
 - detailed design for minor highway works
 - land interfaces
 - Development Consent Order (DCO) interfaces
 - legal processes
 - supporting project management and production of the FBC
- 3.7. Authorisation is sought for delegated authority for the Director of Place advised by the s151 officer and Head of Strategic Procurement to finalise, sign and enter into the Funding Agreement with Network Rail for the defined project scope up to FBC approval at an estimated cost of £3.49m to be funded by the DfT via Network Rail.
- 3.8. The NSC & WECA integrated project team will continue to manage the NSC & WECA scope with full transparency. While the NSC & WECA integrated team will no longer have responsibility for the rest of the project (the Network Rail works), the integrated team have substantial embedded knowledge of the project and Network Rail are eager for the integrated team to provide wider support and advice for the delivery of the project. Equally as joint promoters of the project to date, NSC & WECA have an interest in ensuring the project is ultimately delivered. Therefore, there is a clear rationale for the NSC & WECA integrated team to provide wider support for Network Rail to assist the delivery of the project. Further details about the project governance arrangements are set out below in para 3.9 – 3.10.
- 3.9. Revised project governance arrangements are being discussed with the DfT. The governance arrangements will reflect the contractual flow down from the DfT to Network Rail as its delivery agent, with NSC being a sub-contractor to Network Rail. The governance arrangements will include change control protocols and wider contract management requirements. The revised governance arrangements will also recognise the wider supporting role of NSC and WECA as set out in para 3.8 above.
- 3.10. A monthly MetroWest Integrated Programme Board will be established focussing on the technical aspects to be attended by DfT, NR, NSC and WECA. The MetroWest Integrated Programme Board will in turn report to an existing DfT board (to be determined) and will report to the existing NSC and WECA Sponsorship Board

which provides assurance oversight between the two parties. The draft revised governance arrangements are shown in a governance chart in appendix 3.

Procurement Plan

- 3.11. The project Procurement Plan has been updated to reflect the revised NSC & WECA project scope and project delivery timescales (see appendix 4). The updated Procurement Plan replaces the previous version which is now out of date.
- 3.12. The updated Procurement Plan sets out in detail the context for the procurement, the scope of the professional services and works that need to be procured, the route to market, the timescales, governance arrangements, social value, climate emergency evaluation, contract management and other options considered. The details of the proposed route to market for each package of scope is set out in table 2 of the Plan which is extracted below.

Table A - Extract from Updated Procurement Plan (Table 2 – Route to market)

Package	Description of Works	Route to Market	Reasons for the approach	Duration of contract
Economic appraisal & business case technical support	Economic appraisal compliant with DfT TAG guidance, to produce the Full Business Case (FBC) and wider technical support for the production of the five business case dimensions.	WoE Professional Services Framework (PSF) direct award within the sole supplier threshold.	Aecom have substantial knowledge of the project based on their involvement across the MetroWest programme. To ensure consistency of approach and efficiency, Aecom should be commissioned via WoE PSF, within the sole supplier threshold.	Sept 2023 to Aug 2024 (12 months)
Ecology & Landscape Planting	Phase A - Ecology enabling works on the dis-used line including phased vegetation clearance, tree felling, erecting reptile fences ahead of translocating and displacing protected species.	Parks & Open Spaces Term Maintenance contract (Glendale)	The term maintenance contractor quotes for each job. The experience to date has been positive and the contractor has been responsive.	Nov 2022 to June 2023 (8 months)
	Phase B - Ecology enabling works on the dis-used line, including but not limited to, tree felling, badger mitigation, vegetation clearance & maintenance of ecological mitigation (such as reptile fencing).	Parks & Open Spaces Term Maintenance contract (Glendale)	The term maintenance contractor quotes for each job. The experience to date has been positive and the contractor has been responsive.	July 2023 to June 2024 (12 months)
	Phase C - Ecology enabling works remaining on the dis-used line and operational line, including but not limited to, phased vegetation clearance, tree felling, erecting newt / reptile fences ahead of translocating and displacing protected species.	Open Competitive procurement or use of a Network Rail framework if available	Some of these works are on the operational railway and only Network Rail approved contractors can undertake these works. Glendale are not currently an NR approved contractor.	July 2024 to June 2025 (12 months)

	Ecological compensation works at Leigh Woods as defined by Package 2 of the Habitat Regulation Assessment.	The Forestry Commission (Forestry England) direct award in connection with land option agreement	These works are to be undertaken on Forestry Commission land and MetroWest has entered into a wide-ranging option agreement including provision for Forestry Commission to undertake these works, within close proximity of the site to the Avon Gorge SAC and very rare flora.	April 2023 to Sept 2026 (39 months)
Highways & Bridges	External resource to support with the preparation of Invitation to Tender for Highways and Bridges.	WoE Professional Services Framework (PSF) mini competition	This support can be provided by any of the three contractors on the PSF	March 2023 to July 2023 (5 months)
Bridges	Construction works to four road over rail bridges and one pedestrian bridge (Gas works Bridge) entailing defect rectification and vehicle restraint works. Note Gas Works Bridge has been descope from the project but the rectification works need to be undertaken by the Highways Service and will be funded separately.	Open competitive procurement	Procurement will use NEC4 Engineering & construction Contract	June 2024 to April 2026 (23 months)
Highways & Drainage	Hardware and software (MOVA) upgrade to the signals of the Ashton Vale Road and Winterstoke Road junction in Bristol.	Bristol City Council Traffic Signals Team via s278 (of the Highways Act 1980) agreement already entered into.	This is a highly specialised hardware and software upgrade, which the Bristol City Council Traffic Signals Team will lead and deliver as the asset owner, under a s278 agreement.	June 2024 to April 2026 (23 months)
	Detailed design & construction of: a) extension to the left turn lane from Winterstoke Road into Ashton Vale Road, Bristol, b) improvements to bus stops on Lodway/ Heywood Road (Memorial Club) Pill, c) highway drainage at Underbanks and Avon Road, Pill, and d) extension to footway on Station Road and associated improvements between Monmouth Road and Pill station forecourt on Station Road.	Open competitive procurement two stage design & build contract	These highway works are packaged together as this will be more efficient to procure and manage. Procurement will use NEC4 Engineering & construction Contract	June 2024 to April 2026 (23 months)

3.13. The proposed route to market comprises a combination of, use of the WoE Professional Services framework contract, use of a term maintenance contract,

competitive procurements and a direct award contract with Forestry England. The rationale for the approach for each package of project scope is set out in table 2 above.

3.14. The recommendations for each package of project scope are set out in the table below.

Table B - Recommendations for each package of project scope

Package	Route to Market	Duration of contract	Estimated Contract Value	Estimated Spend prior to Full Business Case Approval	Recommendation
Economic appraisal & business case technical support	Economic appraisal compliant with DfT TAG guidance - WoE Professional Services Framework (PSF)	Sept 2023 to Aug2024 (12 months)	Up to £43,750	Up to £43,750	Instruct Aecom via WoE PSF, within the sole supplier threshold
Ecology & Landscape Planting	Phase A - Ecology enabling works - Parks & Open Spaces Term Maintenance contract (Glendale)	Nov 2022 to June 2023 (8 months)	Up to £404,250	Up to £404,250	Instruct Glendale via Parks & Open Spaces Term Maintenance contract
	Phase B - Ecology enabling works - Parks & Open Spaces Term Maintenance contract (Glendale)	July2023 to June 2024 (12 months)	Up to £269,500	Up to £269,500	Instruct Glendale via Parksts & Open Spaces Term Maintenance contract
	Phase C - Ecology enabling works - Competitive procurement	July 2024 to June2025 (12 months)	Up to £206,250	£0	Proceed with open competitive tender
	Ecological compensation works at Leigh Woods - The Forestry Commission (Forestry England) direct award in connection with land option agreement	April 2023 to Sept 2026 (39 months)	Up to £165,000	Up to £62,500	Instruct Forestry England via a direct award via a director decision notice
Highways & Bridges	External resource to support with the preparation of Invitation to Tender for Highways and Bridges - WoE Professional Services Framework (PSF)	March 2023 to July 2023 (5 months)	Up to £62,500	Up to £62,500	Seek cost estimates from contractors (mini competition) on the WoE PSF
Bridges	Construction works to four road over rail bridges and one pedestrian bridge -	June 2024 to April 2026 (23 months)	Up to £1,115,638	£0	Proceed with open competitive tender

	Competitive procurement				
Highways & Drainage	Hardware and software (MOVA) upgrade - Bristol City Council Traffic Signals Team via s278 (of the Highways Act 1980) agreement already entered into.	June 2024 to April 2026 (23 months)	Up to £51,313	£0	Instruct Bristol City Council Traffic Signals Team via s278 agreement
	Detailed design & construction of highway works at a) Winterstoke Road into Ashton Vale Road, Bristol, b) improvements to bus stops on Lodway/ Heywood Road (Memorial Club) Pill, c) highway drainage at Underbanks and Avon Road, Pill, and d) extension to footway on Station Road and associated improvements between Monmouth Road and Pill station forecourt on Station Road - Competitive procurement	June 2024 to April 2026 (23 months)	a) Up to £1,282,188 b) Up to £128,438 c) Up to £171,000 d) Up to £85,500	a) £0 b) £0 c) £0 d) £0	Proceed with open competitive tender
Total			Up to £3,985,326	Up to £842,500	

3.15. Following approval of this Procurement Plan all Contract Awards for each package of project scope will be subject to approval in line with the Council's contract standing orders.

4. Consultation

4.1. Extensive public consultation has been undertaken over several years on the project proposals. The response to the consultations was very high with almost 2,000 separate responses received over both stages and the level of support for the scheme is also very high with 95% of community respondents fully or mainly in support of the proposals. Further information on the project consultation is set out in the DCO Consultation Report which is a DCO application document and is available from: <https://infrastructure.planninginspectorate.gov.uk/projects/south-west/portishead-branch-line-metrowest-phase-1/?ipcsection=docs>

5. Financial Implications

5.1. The estimated capital cost of the project (as reported to Council at its 12th July 2022 meeting) is £152.01m. The additional capital funding allocated by the DfT, NSC and WECA in July 2022 has resolved the project capital funding gap such that the total

project capital budget is now £152.01m. The capital budget comprises the funding sources as set out in the table below:

Funding source	Available Funding (in £m)
1. West of England Local Growth Fund	£18.87
2. West of England Economic Development Fund	£49.53
3. West of England councils contributions	£4.41
4. NSC additional contribution	£5.86
5. WECA Investment Fund	£5.86
6. DfT RYR contribution	£31.90
7. NSC additional contribution (allocated July 2022)	£10.00
8. WECA additional contribution (allocated July 2022)	£10.00
9. DfT additional RYR contribution (allocated July 2022)	£15.58
Total	£152.01

5.2. The final CAPEX cost of the project will be confirmed following the outcome of the Network Rail procurement, the appointment of the design and build main works contractor and the completion of the detailed design (GRIP5). The final cost will be reported via the FBC to all funders (NSC, WECA & DfT), in spring 2024.

5.3. As set out in their letter of 19th July 2022 (see appendix 1), the DfT will meet all project costs up to the submission of the FBC, up to a maximum of £13.80m. The NSC & WECA project scope up to the FBC is estimated at £3.49m, with the remaining £10.31m comprising the estimated cost of Network Rail's scope up to FBC. Market prices have not yet been received for the Network Rail, nor the NSC & WECA project scope, therefore at this stage the estimated costs up to FBC carry some risk. Market prices for project scope up to FBC are expected to be received before Christmas 2022.

5.4. As report to Council at its 12th July 2022 meeting, while the train services are forecast to breakeven and start to yield a revenue surplus, further work is needed on the detailed costs and forecast fare revenues in relation to assumptions on the pace that rail passenger demand recovers from covid 19. There are a number of variables that effect how quickly the services reach breakeven point and the arrangements for the train services require further discussion and negotiation with the DfT. This work will be undertaken in parallel with the detailed design (GRIP 5) and will feed into the FBC. The aim of this work is to mitigate the additional forecast OPEX costs.

6. Legal Powers and Implications

6.1. The Development Consent Order has a range of legal implications which are set out in the report to Council at its meeting of 25th June 2019.

<https://apps.n-somerset.gov.uk/Meetings/document/report/NSCPM-38-603>

7. Climate Change and Environmental Implications

- 7.1. MetroWest Phase 1 requires an Environmental Statement to support the Development Consent Order (DCO) application. Climate change and environmental implications have been assessed in the Environmental Statement. The Environmental Statement is a key DCO application document and is available from: <https://metrowestphase1.org/dco-application/>

8. Risk Management

- 8.1. The project risk profile for NSC and WECA has reduced substantially since the DfT confirmed in its letter of 19th July 2022 that it will take the project delivery risk in relation the capital investment. That being said, there remains a number of key project risks which need to be carefully managed through this next phase of work culminating with the submission of the FBC to the DfT.
- 8.2. A full risk register is in place for the project and is reported regularly to the MetroWest Phase 1 Board. Project risks are under continual review by the project team, sponsors and the S151 officers.

Key Risks

- 8.3. Cost of the NSC & WECA project scope above budget – there is a risk that the cost of the NSC & WECA project scope either pre or post FBC exceeds the budget, which could impact on achieving key project milestones. Any cost increases pre FBC that cannot be directly mitigated will be discussed with Network Rail and the DfT. It may be possible to defer some aspects of NSC & WECA scope to post FBC and deal with any cost increase as part of the FBC submission, if necessary.
- 8.4. Project affordability - there is a risk that market prices for key contracts are more expensive than expected, resulting in a further funding challenge, which if not resolved will result in the project being paused with a risk of revenue reversion occurring.
- 8.5. DCO decision - has been delayed by the Secretary of State twice. A DCO decision is expected to be made by the Secretary of State for Transport, by mid November 2022 and there are no known impediments for the decision to be made within this timescale. Any further delay to the DCO decision would have further programme and cost impacts.
- 8.6. Integration of ecology enabling work – with main works programme may identify interfaces that impact on the overall programme. The ecological constraints of the project are complex, given the 5km of dis-used railway and the Avon Gorge Special Area of Conservation.
- 8.7. The OPEX risk - will remain and will need to be resolved leading up to the completion of the FBC. As set out in paragraph 5.4 there are various variables at play which need to be worked through with WECA, DfT and Great Western Railway, leading up to the submission of the FBC. A further report will be brought back to Full Council setting out further information about the operational costs before the FBC is submitted to the DfT.

9. Equality Implications

- 9.1. An Equality Impact Assessment has been undertaken and was attached to the report to Full Council of 10th November 2020.

10. Corporate Implications

- 10.1. The improvement of the transport network is a key priority in the Corporate Plan. The project will play a significant role in Supporting Economic Prosperity (Aim 5) and Protecting and Improving the Environment (Aim 3). There are no specific cross-service implications.

11. Options Considered

- 11.1. The WoE Joint Transport Board (superseded by the WoE Joint Committee) considered three main options at its meeting on 17th March 2017 and determined to take a staged approach to the delivery of the scheme. Chapter 3 Scheme Development and Alternatives Considered of the Environmental Statement which is a DCO application documents sets out the options considered in detail. The document is available from:

<https://infrastructure.planninginspectorate.gov.uk/projects/south-west/portishead-branch-line-metrowest-phase-1/?ipcsection=docs>

- 11.2. The wider context for the project option selection is as follows; the local rail network across the West of England is under-developed in comparison with similar sized city regions, the local highway network is congested at key locations on arterial corridors and the overall demand for transport continues to increase. The focus of the project option selection was to address the project objectives by making effective use of dis-used / under-used strategic rail corridors in parallel with enhancements to existing local rail lines.

Author

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Appendices

Appendix 1 - Letter from the Department for Transport of 19th July 2022

Appendix 2 - Draft template Funding Agreement between Network Rail and NSC

Appendix 3 - MetroWest Governance Chart (Draft)

Appendix 4 - Updated Procurement Plan

Background Papers

Report to Council 12th July 2022 MetroWest Phase 1 Update

<https://n-somerset.moderngov.co.uk/documents/s3663/06%20MetroWest%20Phase%201%20Report%20to%20the%20Council%2012th%20July%202022%20-%2021-06-22%20FINAL.pdf>

Report to Council 19th July 2021 MetroWest Phase 1 Delivery Update

<https://n-somerset.moderngov.co.uk/ieListDocuments.aspx?CId=169&MId=678&Ver=4>

Report to Council 23rd February 2021 MetroWest Phase 1 - 2021/22 Budget

<https://n-somerset.moderngov.co.uk/ieListDocuments.aspx?CId=169&MId=718&Ver=4>