



Department
for Transport

From the Minister of State
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Dan Norris
Mayor of the West of England

Councillor Steve Bridger
Leader of North Somerset Council

19 July 2022

Thank you for your letter of 24 May regarding the funding of the MetroWest Phase 1b (Portishead line) scheme.

You will be aware that following my letter of 14 April 2022, I asked my officials to work with the West of England Combined Authority and North Somerset Council to explore alternative sources of funding to close the reported funding gap for capital costs that you have reported in respect of the MetroWest 1b scheme to reopen railway services between Bristol and Portishead. I understand that you have identified sources to fund an additional £10 million each, subject to formal approval by your authorities.

I recognise that the Portishead scheme has the ability to bring the communities of Bristol and Portishead closer together and address some of the Government's key priorities in levelling up the economy, supporting jobs and growth and decarbonisation. On the condition that formal commitments are entered into by your authorities to increase funding for the Portishead scheme by £10 million each, I am willing to commit to meeting your request for additional funding of £15.58 million to come from the Restoring Your Railway Fund. This will increase the Department for Transport's total contribution towards the Portishead scheme to £47.48 million.

The capital cost funding gap position you reported in May relates to a proposal to deliver the project for a capital cost of £152 million which is predicated on the Department for Transport assuming the sponsor role for the project and with Network Rail taking on the delivery role. I confirm that my Department will assume the sponsor role and that the project will be delivered in accordance with the Rail Network Enhancements Pipeline (RNEP) process. On confirmation that the aforementioned funding commitments have been entered into by your authorities, my officials will provide a funding agreement and terms for the future governance of the Portishead scheme.

In entering into the funding agreement and governance arrangements, the Department for Transport will commit to fund £13.8 million towards the development of a Full Business Case for the scheme, based on a detailed design, to be submitted in Autumn 2023 for approval in accordance with the RNEP process. The remainder of the Department for Transport funding commitment towards the Portishead scheme will be contingent on approval of the Full Business Case.

I am aware that the early years of passenger services will require an operational subsidy to be paid to the rail operator until such time as the services generate net revenues. I recognise that more work needs to be undertaken to understand the likely requirement for such subsidy in relation to the MetroWest 1b (Portishead) scheme. It is essential that our organisations work together alongside GWR to reduce the requirement for such operating subsidy and my officials will work closely with yours to this end to ascertain future pressure on your budgets.

My Department will continue to work closely with officials from your respective organisations, as well as Network Rail, to support the delivery of the scheme.

WENDY MORTON MP

MINISTER OF STATE FOR TRANSPORT