

North Somerset Council

Report to the Council

Date of Meeting: 10 January 2022

Subject of Report: Acceptance of Funding from the Ministry of Defence for Winterstoke Road Bridge Replacement and increase to the Capital Programme

Town or Parish: WsM Winterstoke & WsM South Ward

Officer/Member Presenting: Councillor Steve Hogg, Executive Member for Transport and Highways

Key Decision: N/A

Reason: This is not an Executive decision

Recommendations

It is requested that, in relation to the Winterstoke Road Bridge Replacement Scheme, Council;

1. Agrees to increase the NSC Capital Programme by £5.156m to reflect the current cost of the scheme and as a result:
 - a. Accepts £9.46m of additional funding from the Ministry of Defence (MOD) excluding VAT
 - b. To note that the revenue budget will need to be grossed up to include the commuted sum due to be paid by the MOD to cover revenue costs in 2024 of £2.5m
2. Delegate authority to the Executive Member for Major Infrastructure Project Delivery with advice from the Director of Place, S151 Officer and Assistant Director Legal & Governance to agree the terms of a Memorandum of Understanding

1. Summary of Report

1.1. Winterstoke Road bridge was built in 1943 to service an aeroplane factory during the Second World War and is currently the responsibility of the Ministry of Defence (MoD). The bridge is life expired, and it is no longer economic to repair the bridge with replacement being the necessary course of action if the route is to be maintained. The bridge is in an industrial area where many heavy goods vehicles benefit from the use of the carriageway. As a result, it was necessary to impose a 7.5T weight restriction in December 2018 for the safety of highway and rail users. It has been estimated that the bridge would need closing to motor vehicles in the next 5 to 10 years if no further action is taken.

- 1.2. The MOD have recognised the liability the bridge presents to them and would wish the council to take ownership and adopt the new bridge as part of the highway, with the bridge and the highway to be maintained at the public expense. Winterstoke Road Bridge is integral to the road network in Weston-super-Mare, as Highway Authority, NSC is better placed than the MOD to manage its replacement and long-term management in the interest of highway users. Upon completion of the new bridge it is proposed the bridge would be adopted and become part of the general highway asset, which includes the road network and numerous structures that NSC as the Highway Authority maintains. A commuted sum paid by the MOD would cover 120 years ongoing inspection and maintenance.
- 1.3. The project is delivering a replacement bridge that is designed to modern standards which helps improve access to local communities, providing safer and more sustainable transport through improved provision for pedestrians and cyclists.
- 1.4. In February 2021 a contract was awarded for the design and build services. In April 2022, the Target Cost to construct the preliminary design was submitted. Consequently, the new forecast overall project costs exceeded the project budget.
- 1.5. Potential savings have been identified by going back out to market and carrying out value engineering but there is still a short fall.
- 1.6. The MOD and NSC have been negotiating the terms of a Memorandum of Understanding (MoU). The draft provides that the MOD are liable for the cost of the bridge replacement scheme (save £450k NSC contribution). As part of providing this additional funding, the MOD are seeking further changes to the draft MoU, the nature of which provide greater protection in the form of collateral warranties and authorisation powers in favour of the MOD.

1.7.

Funding	Receipts to Date £	Receipts Required £	Subject to this decision £
LTP	450,000	450,000	-
MoD	10,833,333	20,293,333	9,460,000
	11,283,333	20,743,333	9,460,000
VAT on capital funding	2,166,667	3,558,667	1,392,000
Total funding requirement	13,450,000	24,302,000	10,852,000
Funding by source	£	£	£
MoD	13,000,000	23,852,000	10,852,000
LTP	450,000	450,000	-
	13,450,000	24,302,000	10,852,000

- 1.8. The MOD transferred £10.8m (excl VAT) in 2018/19 to NSC which has been held in a specific project account and used to fund the project to date (Decision Full Council 12th Nov 2019)

1.9. NSC contributed £0.45m in 2020, funded from DfT challenge fund (20/21 DE 199), also held in the specific project account.

1.10. The current funding received is £11,283,333.

1.11. This report seeks approval to accept £9.46m (excl. VAT).

1.12.

Capital programme	Value
Current capital programme	£13.087m
This decision	£5.156m
Total	£18.243m

1.13. This report seeks approval to delegate authority to agree the final terms of the MoU to the Executive Member for major infrastructure project delivery with advice from Director of Place, S151 Officer and Assistant Director Legal & Governance.

2. Policy

2.1. This supports Core Strategy policies, including:

- CS10 Transportation and movement
- CS15 Mixed and balanced communities
- CS20 Supporting a successful economy

3. Details

Background

- 3.1. Winterstoke Road Bridge carries Winterstoke Road over the railway mainline. Winterstoke Road is adopted highway and a significant local route within Weston-super-Mare managed by the council. The bridge is built on land owned by Network Rail and Network Rail is also the operator of the railway infrastructure beneath the bridge. The MOD is responsible for the maintenance and repair of the bridge. Network Rail acts as agent of the MOD to maintain the bridge in a good state of repair and when necessary, repair the structure of the bridge, at the cost of the MOD.
- 3.2. The bridge has been the subject of regular inspection and assessment by Network Rail on behalf of the MOD and has been found to have significant structural problems. Because of these assessments and the Highway Authority's duty of care the bridge had a weight restriction of 7.5 tonnes implemented in 2018.
- 3.3. The bridge is coming towards the end of its life and without replacement, further weight restrictions and full closure will be a likely outcome in the next 5-10 years. Winterstoke Road and Broadway are vital routes within Weston-super-Mare with many local businesses and communities relying on the routes to access their premises and homes, as well as previously being the emergency diversion route for the M5.
- 3.4. Winterstoke Road Bridge is currently owned by the MOD. Following disposal of local estate assets, the MOD has proposed to transfer ownership of the structure to the local

highway authority North Somerset Council, who are currently responsible for maintenance of the carriageway surfacing. This will ensure a transfer of the asset to an authority better placed to manage and maintain the overall asset in the interest of the highway user and local community. Network Rail are clear that as the bridge does not support their asset, they are not in position to adopt the structure upon completion of the bridge replacement.

- 3.5. The MOD has recognised the bridge has no military value and would like the council to dedicate the replacement bridge so that the bridge becomes maintainable at the public expense. Due to the council's statutory function as highway authority, its capacity and capability in delivering, managing and maintaining complex civil highway projects and a wide highway asset base together with its corporate priorities on localism, environment, and carbon management, the council has accepted liability of the new bridge built to adoptable standards, in return for receiving a commuted sum to maintain the bridge for the next 120 years.
- 3.6. The council has been asked to adopt the replacement bridge but only following its construction to an adoptable standard, which in the case of Winterstoke Road bridge would mean full replacement. The council's management of this project would ensure the bridge meets the council's legal and statutory requirements. The MOD would also provide a commuted sum to cover inspection and maintenance of the new bridge over the next 120 years.
- 3.7. The MOD transferred £10.8m (excl. VAT) to the council in 2018/19, which is held in a specific project account, within NSC's core bank account. Project spend is then funded from this account.

Benefits of replacing Winterstoke Road Bridge

- 3.8. The maintenance of the bridge and highways is critical to allow the route to remain open as a key piece of infrastructure to facilitate current and future residential and commercial access and development in the surrounding locality. The scheme will also provide a far safer, high quality, consistent pedestrian route along the length of Winterstoke Road by providing off road facilities to replace the existing substandard on-road facilities. These will link with existing facilities in the town to provide an enhanced sustainable travel network.
- 3.9. The major benefits of implementing the proposal as detailed:
 - The new bridge and highways will be fit for purpose and safe for all road users.
 - Cost effective, strategic solution to several existing maintenance and network resilience issues
 - Greater accessibility and economic activity for local communities and businesses.
 - Application of Whole Life Costing and Asset Management principles.
 - Improved sustainable links.
 - Enhanced access for tourists helping to drive tourism economy and further increase attractiveness of Weston-super-Mare as a key tourist destination in the area.
- 3.10. These benefits will impact not only the immediate locality of the proposed scheme, but also the entire town of Weston-super-Mare as the scheme will deliver a new structure and highways that are fit for purpose and safe for all road users. It will also

provide the foundation for preventative long-term asset management for the highways and minimise costly short-term reactive repairs.

Project delivery and cost forecast

- 3.11. In late 2020, NSC ran a procurement exercise for the Employers Agent services and Design & Build services. In early 2021, these contracts were awarded, and subsequently, the Preliminary Design phase commenced. Forecast costs were monitored throughout the project and communicated to the Project Board.
- 3.12. In February 2022, the contractor submitted the stage 2 (detailed design and construction) Target Cost. This submission was not compliant with the contract and was not value for money. The Project Team worked with the contractor on a revised submission. In April 2022 the contractor submitted a second Target Cost, however this was still not compliant and not value for money.
- 3.13. Following the Stage 2 Target Cost submission, the Project Team carried out a cost assessment and concluded a cost forecast of £20.7m. This was done reviewing the Stage 2 Target Cost, and identified a number of cost saving opportunities. Potential savings were identified by going back out to market and carrying out a value engineering exercise, however these savings were not sufficient to close the budget gap and therefore additional funding is required.

Description	Value
Target Cost submission	£25.0m
Project Team current cost estimate	£20.7m
Difference	£4.3m
Description	Potential saving
Going back out to market to procure detailed design & construction	£1.3m
Value Engineering exercise	£3.0m
Total	£4.3m

- 3.14. Therefore, additional funds are required and requested from the MOD. NSC is requesting £9.46m (excl. VAT). This will bring the project budget from £11.28m to £20.74m.
- 3.15. Both the council and MOD have representation on the project board, but the council will lead on the design and delivery process to ensure the final bridge replacement meets its legal and statutory requirements.

Memorandum of Understanding

- 3.16. As part of the MOD's internal approval process for additional funding, they have requested changes to the draft Memorandum of Understanding (MoU).

3.17. The MoU, when completed, will provide a formal framework in which the parties (the council and the MOD) will collaborate with each other on the project. The MoU will set out key areas around objectives, principles of collaboration, governance and respective roles and responsibilities. It will establish the relationship between the parties and provide a framework for funding and decision making, protecting both the council and MOD. The MoU will protect the Council in that the MOD will cover in full the total cost of the bridge replacement and will cover in full the commuted sum for future maintenance and inspection of the replacement bridge over 120 years.

3.18. The changes the MOD are requesting are those that provide additional protection to the MOD. These include collateral warranties between the MOD and key contractors and input into formulating the evaluation criteria and representation on the evaluation panel for the procurement of the detailed design and build contractor. Greater detail is also being requested stating the decision-making powers held by the MOD and the authorisation process for project decisions / change control requests. This Council decision note seeks delegated authority for the council to enter into the MoU once amendments have been negotiated.

Programme forecast

Task	When
Stage 1 (preliminary design)	February 2021 to April 2022
MOD funding approval	January 2023
MOD and NSC MoU agreement	Early 2023
Value Engineering exercise	Early 2023 to Autumn 2023
Stage 2 procurement	Autumn 2023 to late 2023
Detailed Design	Early 2024 to Spring 2024
Construction	Spring 2024 Summer 2025
*Subject to railway possessions aligning with programme	

4. Consultation

4.1. The Project Board (of which the MOD has a seat) were first informed at the beginning of 2022 outlining potential need for additional funding. Since then, the Project Board has been kept informed and additional ad hoc meetings with the MOD have been held to ensure they are kept up to date with the cost profile and budget pressures.

4.2. There have been regular briefings the Executive Member on progress of the project and associated costs, with a specific briefing regarding this decision on 5th December 2022.

4.3. Place and Policy Scrutiny Panel were briefed on 23rd November 2022.

4.4. Landowners of third party land required during the construction stage are kept updated with project programme changes.

The council has appointed land agents to negotiate terms for a works licence to access third party land during the construction of the bridge. Any fees associated with the licence will be paid from the project account.

5. Financial Implications

Costs

5.1. The current cost estimate to deliver the replacement of Winterstoke Road Bridge and undertake maintenance over the next 120 years is £20.7m. This includes a risk sum.

5.2. This is broken down below.

Category	Value
NSC costs and support costs	£4,439,000
Preliminary Design	£1,095,000
Detailed Design	£394,000
Construction	£15,462,000
Construction risk	£430,000
Project risk	£680,000
Commuted Sum	£2,500,000
Costs sub-total (A)	£25,000,000
Potential savings	
Return to market to procure Stage 2	£1,300,000
Value Engineering exercise	£3,000,000
Savings sub-total (B)	£4,300,000
Project forecast Total (A-B)	£20,700,000

5.3. As we progress through the project design lifecycle the project will have key investment decision points which will enable informed decisions to progress the scheme with a greater understanding of cost and risk. Key project milestones are outlined below that identify increased cost certainty.

Project Milestone	Programme	Cost accuracy
Value Engineering exercise	Early 2023 to Autumn 2023	Completion of VE work will improve level of confidence in cost forecast
Stage 2 procurement	Autumn 2023 to late 2023	Return of tenders will improve level of confidence in cost forecast
Detailed Design	Early 2024 to Spring 2024	Completion of the detailed design will improve level of confidence in cost forecast with greater certainty around design.
Construction	Spring 2024 Summer 2025	Completion of ground works will improve level of confidence in cost forecast

5.4. The project considers uncertainty / risks and makes reasonable allowances within the project risk budget.

Funding

5.5. The replacement and related commuted sum of the bridge will be fully funded by the MOD. NSC received £10.8m on behalf of the MOD. Additional funding required will be met by the MOD in full and be subject to the appropriate council approvals.

5.6. Whilst the MOD are required to fund a replacement bridge to modern standards and requirements, NSC are contributing £0.45m from LTP to secure sustainable transport improvements linked and adjacent to the bridge.

5.7. The required budgets and funding are as follows:-

BUDGETS	Current Approved Budgets £	Required Budgets £	Subject to this decision £
Capital			
MoD	12,636,944	17,793,333	5,156,389
LTP	450,000	450,000	-
Total Capital Funding	13,086,944	18,243,333	5,156,389
Revenue			
Commuted Sum – MoD*		2,500,000	2,500,000
	-	2,500,000	2,500,000
TOTAL BUDGETS	13,086,944	20,743,333	7,656,389

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*£2.5m to be received is for the commuted sum. VAT is not required on sums allocated for maintenance. The commuted sum value is to be updated following completion of the design, using the relevant national formula.

5.8. The forecast timing of the receipts from the MoD is:-

Forecast timing of receipt from MoD	2023/24	2024/25	Total
	£	£	£
Funding	6,960,000	2,500,000	9,460,000
VAT	1,392,000	0	1,392,000
	8,352,000	2,500,000	10,852,000

6. Legal Powers and Implications

- 6.1. The MOD is responsible for the repair and maintenance of Winterstoke Road Bridge. The highway crossing the bridge, however, is the responsibility of the Highway Authority. The council needs to ensure the highway is safe for highway users and could if necessary, serve notice on the MOD to improve their asset. The Highway Authority has in December 2018 implemented a weight limit of 7.5 tonnes to address immediate concerns with the structures condition. This was done in accordance with the approved code of practice for the management of bridges.
- 6.2. Once the bridge is replaced to an adoptable standard and through a commuted sum it will form part of the public highway maintained at the public expense and be part of the council's highway asset
- 6.3. The draft Memorandum of Understanding states that if the total cost of the works is greater than £11.283 (£10,833m plus £0.45m), the MOD will contribute further amounts required to complete the works and pay all sums under the works.

7. Climate Change and Environmental Implications

- 7.1. There are no climate change or environmental implications directly impacted by this decision.
- 7.2. However wider project goals are to deliver as close to net zero carbon as possible, adopting the principles of PAS 2080: Carbon Management in Infrastructure within the management and delivery of the project. PAS2080 provides a framework on all sectors and value chain members, on how to manage whole life carbon when delivering infrastructure assets. Adopting these principles will promote reduced carbon, reduced cost of infrastructure delivery and foster more collaboration across the supply chain.
- 7.3. For Winterstoke Road bridge the specific focus will be capital carbon which is directly associated with the creation, refurbishment, and end of life treatment of an asset. However, the promotion and facilitation of wider improved sustainable travel links will also assist in providing improvements and opportunities in relation to operational carbon, emissions associated with the operation of an asset.

- 7.4. The project aims to deliver environmental net gain for the area. This is done through the procurement process for contracts, specifically the evaluation process for the quality score for submitted tenders. The level of commitments made by the tenderers for environmental improvements and social value betterment are reflected in the quality score awarded. Other environmental factors and commitments are also considered.
- 7.5. Once the new bridge is built, the 7.5 tonne weight restriction will be removed. This will result in HGV's again being able to use Winterstoke Road bridge as a more direct route instead of current longer diverted routes.

8. Risk Management

- 8.1. The council will be required to pay costs that are contractually due, for any contracts the council enter into. However, the risk to the council is mitigated by only entering into contracts where funding has already been received to cover the estimated value of the contract. It is further mitigated as the MOD are responsible for replacement of the bridge and are liable to fund any increase in costs. Any costs incurred by the council can be recovered from the MOD through the MoU once agreed. The MoU is to be agreed prior to any further contract awards. It is important to note however that the project is managed as an open book policy and value for money is a key focus in the day-to-day management and delivery of the scheme.
- 8.2. Risk management is the methodical approach to identifying, quantifying and managing risks that occur during the lifecycle of a project. The key to effectively mitigating risks is to develop a series of well-defined steps to support better decision-making through an understanding of the potential risks inherent to a scheme and their likely impact. The risk management process is identified within the Project Delivery Manual. Risk workshops with key stakeholders are regularly held to ensure that the risk profile is up to date.
- 8.3. More widely, the following key project risks have been identified.

Key Risks	Mitigating Actions	RAG Rating
Timing of Network Rail blockades and possessions If the Network Rail blockades and possessions plan does not align with the project schedule, then the project will be delayed.	- Engage with NR at project inception to explore possession opportunities and alternative operational diversions. - Contractor engaged on alternatives / minimising possession requirements.	Red
Demolition of existing abutments Demolition and stability of the existing abutments due to the proximity of the track	- Finalise approach to the abutments, with need to confirm structural stability on own.	Red
Land Ownership and Temporary use of 3rd Party Land Use of privately owned land is required for construction of the temporary footbridge and during construction of the new bridge.	- Engage land agents in good time. Undertake early engagement with landowners, Persimmon Homes and Network Rail.	Red

	<ul style="list-style-type: none"> - Constraints to be fed into construction methodology and design. - Use of CPO powers if agreement cannot be reached between landowner and the council. 	
<p>Inflation impact on project budget External factors including the war in Ukraine has impacted the global economy and resulted in part to significant increases to inflation more generally but also specifically within the construction industry.</p>	<ul style="list-style-type: none"> - Carry out Value Engineering exercise to identify cost saving opportunities including choice of materials, construction methodology and design - Explore programme efficiencies to bring forward the end date. 	Red
<p>The structure requires ongoing monitoring and repair work The structure remains in a poor state of repair and despite the recently introduced 7.5t weight limit needs monitoring and ongoing repair work until such time as a new bridge is in place.</p>	<ul style="list-style-type: none"> - Existing NR survey work has identified areas that need addressing. This work needs to take place to deal with ongoing maintenance issues, further an inspection regime needs to be agreed. 	Amber

9. Equality Implications

Have you undertaken an Equality Impact Assessment? Yes-/ No

9.1. A full EQIA has been drafted and will be revised as part of the Value Engineering exercise. The scheme proposed enhanced sustainable travel facilities and linkages across and adjacent to the new bridge.

10. Corporate Implications

10.1. The provision of key enabling infrastructure and the improvement of the transport network widely support the Corporate Plan priorities in all areas of a thriving and sustainable place, by improving opportunities for sustainable and active travel whilst replacing a key piece of locally strategic infrastructure.

11. Options Considered

11.1. By not approving this decision note, it would prevent the use of additional MOD funding by the council and an opportunity to progress the bridge replacement would be lost for a considerable time as there is no other funding opportunity currently available. The MOD would be left to consider its approach to this ongoing bridge risk which will take time to develop and may include further restrictions and / or closure of the highway and could involve impact on the council's relationship with the MOD which are currently collaborating on the bridge work, as well as reputation damage.

11.2. The proposed MoU has been scrutinised by NSC legal and its advisors. The changes sought by MOD will be similarly scrutinised and once completed the MoU will provide comfort to the council that the cost of the bridge replacement and commuted

sum will be met by the MOD in full. In addition, the bridge will not become a highway asset until the replacement bridge is fully adopted and forms part of the public highway.

Author:

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Appendices:

None

Background Papers:

- 19.10.16 WRB Full 121119 Council Report
- [19/20 DE 395 Winterstoke Road Bridge Memorandum of Understanding](#)
- [20/21 DE 199 Winterstoke Road Bridge NSC funding contribution](#)
- [21/22 DP 185 Winterstoke Road Bridge additional funding and capital programme increase](#)