

North Somerset Council

Report to the Council

Date of Meeting: 23rd February 2021

Subject of Report: MetroWest Phase 1 - 2021/22 Budget

Town or Parish: All

Officer/Member presenting: Cllr James Tonkin, Executive Member for planning and transport

Key Decision: No

Reason:

Not an Executive Decision

Recommendations

The Council is asked to:

1. Agree to spend £7.392M for the 2021-22 financial year, in accordance with previous MetroWest reports, from the already secured project funding sources. This funding will progress technical work feeding into the Full Business Case, including completion of Development Consent Order process (DCO) and to commence the detailed design.
2. Notes that reporting of spend against this allocated budget will form part of monthly Capital Programme financial reports to the Executive.
3. In the MetroWest Phase 1 report to 10th November 2020 full council meeting, it indicated that officers are working on opportunities mitigate the time delay of 9 months, to the project caused by Covid. Should these opportunities involve accelerating works and therefore spend these will be outside of the above allocation but part of the total project costs.

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 and the West of England Combined Authority (WECA) on behalf of the authorities across the West of England including; Bath & North East Somerset, Bristol City and South Gloucestershire Councils. The Project forms part of a wider MetroWest programme to deliver strategic enhancements to the local rail network over the next 10 years.

- 1.2. This report seeks 2021-22 budget authorisation only. A detailed project update report was taken to Full Council on 10th November 2020, outlining programme and project status and risk profiling. This relates to MetroWest Phase 1A and Phase 1B.

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. Programme Overview and Milestones for 2021-22

- 3.1 Development Consent Order (DCO) - As reported to Full Council on 10th November 2020, the Development Consent Order (DCO) examination is underway and is progressing in accordance with the timescales set out by the Examining Authority. Issue Specific Hearings took place on 11th and 12th January 2021 and further hearings are scheduled for 2nd to 4th March 2021. Each series of hearings is followed by deadlines for various written submissions. The examination is due to conclude on 19th April 2021 and a decision by the Secretary of State for Transport is anticipated by December 2021. Following the closure of the examination there will be several weeks of work to conclude various DCO related documentation.
- 3.2 Technical and Detailed design - As reported to Full Council on 10th November 2020, the Delivery & Procurement Strategy is scheduled to be finalised by the end of January 2021 with the West of England Combined Authority (WECA) and Network Rail. The next major task is to prepare the documents for the invitation to tender (ITT) for the design and build contract and then issue the ITT to the market. It is anticipated the ITT will be issued around June 2021 and the formal tender process will be completed by December 2021, which aligns with the timescale for the DCO decision. The 'design' part of the design and build contract (known as GRIP 5) will then be awarded to the successful contractor around January 2022. The detailed

design will then be fully underway and it anticipated that all design deliverables will be completed by late 2022.

- 3.3 Full Business Case Approval - The Full Business Case is anticipated to be completed in late 2022 / early 2023 and will then be submitted to NSC Full Council, WECA Committee / WoE Joint Committee and the Department for Transport. While the Department for Transport process the Full Business Case including a process called Rail Network Enhancement Pipeline Decision to Deliver, the project will in parallel implement package of enabling works (eg utility diversions) subject to future authorisation and to begin the process of compiling documents for the discharge of the planning conditions (known as DCO Requirements). Following the approval of the Full Business Case the 'build' part of the design and build contract will be awarded and the construction works will commence in 2023.

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 out-turn cost of the project is £116.4M, as set out in detail in the project Outline Business Case in December 2017, of which £22.396M has been spent to date, up to the end of December 2020. The project budget sources and spend are set out in the table 1 below.
- 5.2. It has been agreed with WECA , as joint promotor, that we will be drawing firstly upon Infrastructure Funding of £5.860m, with £1.532m of EDF funding making up the balance for 21/22 financial year spend.

5.3. Table 1. Project Budget

Funding Source	Total Funding Secured	Spend to date 20-21 Month 9
Local Growth Funding (Prep Costs Award 2015)	£8,846,000	£8,846,000
Local Growth Funding (Prep Costs Award 2018)	£1,700,000	£1,700,000
Local Growth Funding (Prep Costs Award 2019)	£500,000	£500,000
Local Growth Funding (Prep Costs Award 2019)	£11,650,719	£5,746,414
Change Request Aug 2020 to swap LGF to EDF	-£1,672,000	n/a
Total Local Growth Funding	£21,024,719	£16,792,414
Economic Development Funding (Swapped with LGF)	£30,703,281	£0
Change Request Aug 2020 to swap LGF to EDF	£1,672,000	n/a
Total Economic Development Funding	£32,375,281	£0
Contributions to date by four Councils	£4,413,000	£4,413,000
NSC additional contribution Dec 17	£5,860,000	£1,190,589
WECA contribution Infrastructure Fund Dec 17	£5,860,000	£0
NSC additional contribution	£15,000,000	£0
DfT Contribution via CP6 Rail Network Enhancements Pipeline	£31,900,000	£0
Total	£116,433,000	£22,396,003

5.3 To date £16,792,414 of Local Growth Funding (LGF) has been spent on preparation costs, the remainder has been allocated from local contributions from the authorities.

5.4 The forecast spend for 2021/22 is up to £7,392,650, Table 2 below sets out a breakdown.

Table 2. Forecast Spend for 2021/22 – Phase 1B Portishead Branch Line

Cost Centre	Description	Cost Type	Total
KDT509	Programme Communications	Prof Serv	£4,000
KDT510	NSC & WECA Project Management & PMO	Prof Serv	£800,000
KDT506	Communications	Prof Serv	£20,000
KDT503	Business Case Modelling/Appraisal	Prof Serv	£20,000
KDT502	Environmental Impact Assessment & HRA	Prof Serv	£390,000
KDT505	Estimating, Procurement, Commercial	Prof Serv	£60,000
KDT507	DCO - Legal & Planning	Prof Serv	£990,000
KDT504	Highways/utilities - design/development	Prof Serv	£280,000
KDT501	Rail - GRIP 1-5 design/development	Prof Serv	£3,477,500
KDT511	Land Agent Services excl land acquisition	Prof Serv	£270,000

	Contingency @10%	Prof Serv	£631,150
	Sub-total		£6,942,650
	Land acquisition by negotiation	Land	£300,000
	Enabling / Ecology Works	Works	£150,000
	Grand Total		£7,392,650

5.5 The project has a quantified risk register with a total risk allowance of £22M allocated within the £116M overall project budget. However, there are some key financial risks, which require highlighting as follows.

- Review of the impact of Covid-19 on market prices and likely programme delay. Discussions are taking place at a senior level of understand the full impact of this fast moving situation. The Procurement of the main contractor will start in March 2021 and due to complete December 2021. This will give us detailed costings, from which we can extrapolate any Covid-19 impact.
- As the project is utilising capital funding there remains a risk of revenue reversion should the project not be delivered. In such an event if part of the project is delivered it may be possible to limit the revenue costs arising, through the submission of the DCO, delivery of phase 1A, and the purchase of any assets.
- Further work is underway to refresh estimated delivery costs post submission of the DCO Application. Any change to the £116M current estimated capital out-turn will be taken through the Governance boards and reviewed in the context of the existing project risk allowance, design and procurement options; with any recommendations from these boards being brought back to Council, with the objective of maintaining the £116M budget allocation.

5.6 There are a number of factors that have potential to cause project cost escalation beyond the risks identified in the risk register and provided for within the £22M risk budget. These factors are sometimes referred to as the known unknowns. These factors include:

- the project is dependent upon multiple formal processes that are not in the control of NSC / WECA,
- the project entails a major investment on an asset base that is not owned and operated by NSC / WECA, and this results in additional commercial complexity that cannot be fully known at this stage,
- there has been a number of high profile cost escalations within the rail industry in recent years, from very large national rail projects, to regional and local projects.

5.8. These wider project risks are under continual review by the project team, sponsors and the S151 officers. Concluding the DCO examination by April 2021 and achieving a successful decision by the Secretary of State for Transport by December 2021 will reduce the wider risk exposure and will provide greater certainty that the project will be delivered. Furthermore, the completion of the detailed design (GRIP5) and the Full Business Case by late 2022 / early 2023

(which will identify the remaining delivery risks) will enable a decision to be made jointly by NSC Full Council and WECA Committee on the award of contracts to deliver the project.

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.
- 6.2. <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 impacts 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 overall project risk register is currently being reviewed in the context of Covid-19, which is not a risk, it is an issue (a risk that has occurred). Therefore, all major risks relating to programme delay, cost increase, market failure etc will all be reviewed in the context of Covid-19 with the appropriate likelihood and impact assessments made, including any revisions to the risk mitigation.
- 8.2. Risks at the project and programme level are managed through the WoE Strategic Rail Board, which reports to the WoE Joint Committee. While at this stage there remains potential for the scheme costs to increase as the scheme design and technical work progresses, this risk applies to all major transport schemes up to completion of the design, consents / approvals and the tendering of the construction works. As the project is a third party railway project the principal risks of implementing the proposals have to be met by the Council and WECA as the co-promoters. The Council and WECA each have a 50% share of the risks and there is a total risk allowance of £22M, within the project capital budget. Following the Full Business Case a further agreement between the Council and WECA will be needed for the construction phase of the project. For further details about risk refer to the report to Full Council of 10th November 2020.

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

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

None

Background Papers

Report to Council 10th November 2020 MetroWest Phase 1 Update - Programme and Procurement - <https://apps.n-somerset.gov.uk/Meetings/document/report/NSCPM-38-603>