

BRISTOL CITY COUNCIL
RESOURCES SCRUTINY COMMISSION
21st September 2012

Report of: Service Director, Finance

Title: BRT Financial Update

Ward: All

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RECOMMENDATION

That the Financial Update on the Rapid Transit Major Transport Scheme Bids be noted

Summary

The 1st September 2011 Cabinet report approved continued support for the development of bids to DfT. As a result of these bids programme entry was successfully gained for all three schemes in December 2011. This report updates that position.

- **The significant issues in the report are:**
- The cost and funding arrangements specific to each scheme
- Programme Governance

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| <ul style="list-style-type: none">• Financial Update |
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Policy

1. At a full Council meeting on 29 June 2010, Bristol City Council confirmed the Resolution of the Council made at its meeting on 19 January 2010 to promote, jointly with North Somerset Council, an order made under the Transport and Works Act 1992 by the Secretary of State for Transport to authorise the construction and operation of the Ashton Vale to Temple Meads and Bristol City Centre Rapid Transit Scheme.
2. The scheme received funding support from the DfT in the Chancellor's Autumn Statement on 29 November 2011.
3. Bristol together with neighbouring authorities had successfully bid to the department of Transport for three infrastructure transport schemes costing £196m financed from government grant (£114m) with the remaining funded from neighbouring authorities and third party contributions (£82m), inclusive of Bristol City Council contribution (£42m).
4. The three schemes are:
 - Bus Rapid Transit (BRT) Ashton Vale to Temple Meads (£50m).
 - South Bristol Link (£44m); and
 - North Fringe to Hengrove BRT (Bristol) (£102m).

Consultation

Internal

1. Undertaken in accordance with the Governance arrangements as set out above.

External

2. Not Applicable

5. **Context**

The Joint Local Transport Plan (JLTP3-2011 - 26) produced by the four Local Authorities in the West of England region, Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire identified that a package of integrated transport measures were required to address the loss of productivity from congestion presently experienced in the sub-region (estimated to cost £300m per annum). Without these interventions the congestion situation in Bristol would get far worse by 2026, leading to the city losing its competitiveness.

6. The Plan is co-ordinated by the West of England Partnership. It is a statutory document that all councils have to produce. It has to set out the transport-related goals and objectives that the West of England region aims to complete during the lifetime of the plan, with the overall objective being to improve the transport system and quality of life in the region.

7. Working within the West of England Partnership the proposal for the Bristol urban area is for three schemes that include a majority element of guided and on road bus routes, alongside improved pedestrian and cycle routes. Ashton Vale to Temple Meads (AVTM) will provide a new access route from the existing Ashton Vale Park & Ride site to the city centre. North Fringe to Hengrove Package (NFHP) will provide routes from Cribbs Causeway, Aztec West and Emersons Green into the city centre and then beyond to the new developments at Hengrove Park. South Bristol Link (SBL) includes a bus rapid transit route from Hengrove Park to Ashton Vale (linking in to AVTM) alongside a new road connecting the more deprived suburbs of South Bristol to the existing road network at the A38 and A370. The total cost of these three schemes is £197m.

8. The Government's Comprehensive Spending Review (CSR) in October 2010 identified £900 million of funding for major transport schemes. All three rapid transit schemes were taken forward into the final bidding stage at the beginning of

2011. In July 2011 BCC Cabinet approved the schemes for submission of Best and Final Bids to the Department for Transport (DfT) by 9 September 2011.

9. The Bristol contribution is £42m of local investment to support £114m of DfT funding and £41m from the other local authorities jointly promoting these projects (North Somerset and South Gloucestershire Councils).
10. The BCC Cabinet received a report on 1 September 2011 outlining the local funding options available for the Rapid Transit Schemes.
11. Cabinet agreed:
 - To commit to funding £42m local contribution to three major transport schemes;
 - Contribute £5m towards the local contribution from a combination of its own Local Transport Plan and Community Infrastructure Levy resources this was subsequently increased to a £15m contribution as part of the Investing in Bristol package approved at budget Council in February 2012. Thereby further reducing the £37m Bristol contribution from business to £27m.;
 - That either a Business Rate Supplement or a Workplace Parking Levy focused on central Bristol be used to raise the balance of the local contribution; and

Programme Governance

18. The following governance arrangements for the programme of major schemes which comprise the Bus Rapid Transit (BRT) Network have been put in place and are summarised below.
 - **Joint Transport Executive Committee**

The West of England JTEC brings together the four authority Executive Members with responsibility for transport in a legally constituted Joint Committee underpinned by a Joint Working Agreement. The role of JTEC is to provide strategic co-ordination and oversight.

- **Programme Assurance Board (PAB)**

The PAB provide high level and strategic direction to the Programme Delivery Board and Senior Responsible Officers SROs and produces escalation reports to Chief Executives if necessary. It comprises the Development Directors of the Four Unitary Authorities and the Chief Financial Officer (S151) from Bristol who represents the UA S151 Officers.

- **Programme Delivery Board (PDB)**

The PDB are accountable to the PAB, and they guide and steer the direction of the schemes within the BRT Network.

- **Programme Senior Responsible Officer (SRO)**

The Programme SRO is a member of the PDB, and be accountable to the PAB and have responsibility for ensuring the respective projects achieve identified outcomes and realise their benefits.

- **Finance Steering Group (FSG)**

The FSG role is to critically review the financial impact of issues / risks arising across the whole programme encompassing all three projects and direct on any issue contrary to prudent financial stewardship

Financial Update

19. An extract from the Finance Highlight Report (i.e. a consolidation of Project financial reports produced on a consistent basis across all 3 projects) is attached as appendix A. It provides a statement of the financial position at the end of the first quarter across the three schemes.

20. Currently there is a cost review underway which is seen as an opportunity to (1) incorporate changes that have occurred following Funding Approval and (Re) Confirmation

of Programme Entry in November / December 2011 and (2) firm up other cost estimates.

21. A review of the budget for the crosscutting work streams is also currently being undertaken by the Programme SRO.

Proposal

22. That the Financial Update on the Rapid Transit Major Transport Scheme Bids be noted

Other Options Considered

23. Various funding options were set out in the report to Cabinet on 1st September 2011 and are still under consideration

Risk Assessment

24. The contributing councils bear the full financial risks of the schemes, i.e. any cost overrun will be borne by the councils, not the DfT whose contributions are fixed. To mitigate this risk significant work has already been undertaken on AVTM to ensure that the scheme has achieved a robust level of cost validation. The original bid was submitted in March 2009 and Programme Entry was gained in March 2010, hence there is now greater certainty in costs than in the original bid submission. Additional cost validation was undertaken for the interim BAFB in June 2011 and final BAFB in September 2011. The technical solution for the scheme has not changed significantly and the Value Engineering Options Report submitted with the BAFB clearly sets out the approach to reducing costs and preserving benefits.

Equalities Impact Assessment

Not Applicable

Legal and Resource Implications

Legal

None sought

Financial

As set out in the report

Land

Not applicable

Personnel

Not applicable

Appendices: Appendix A - Extract from Q1 2012/13
Financial Highlight Report

ACCESS TO INFORMATION

Background Papers:

None

Appendix A

EXTRACT FROM Q1 2012/13 FINANCIAL HIGHLIGHT REPORT

BRT PROGRAMME CURRENT BUDGETS, SPEND TO Q1 2012/13 & FUNDING BREAKDOWN

Based on information available 22nd August 2012

1 BRT Programme Budgets-

	Prog £000	Prog £000	Prog £000	Prog £000	Prog £000	Prog £000	Prog £000	Prog £000	Prog £000
	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	Total
Development Budgets									
Project Management	379	1,031	476	152	159	345	61	62	2,665
Legal	261	761	992	292	123	85			2,514
Property	16	461	243	17	18	119			874
Finance	14	36	22	6	6				84
Public Inquiry	21	1,336	600						1,957
Programme Management	67	761	583	97	42				1,550
Planning & Environment	394	1,041	182						1,617
Design	1,489	3,858	1,348	180	30	30			6,935
Network Rail	10	458	424	251	241				1,384
Communications	6	74	32	23	21	13			169
Contingency/Risk	2	397	143	102	102	1,237			1,983
	2,659	10,214	5,045	1,120	742	1,829	61	62	21,732
Implementation									
Eligible for DfT									
Engineering		812	6,277	58,122	32,018	9,535			106,764
Land & Env			14,773	1,934	79	1,741	4,566		23,093
Site Supervision & Prelims			191	2,480	3,044	1,110			6,825
Project Management									-
Operation Implementation									-
ICT costs									-
Risk		1,175	1,175	7,523	2,356	1,417			13,646
Inflation		46	740	3,443	3,239	1,966			9,434
Ineligible for DfT									
Prep costs pre PE				741	334				-
Land compensation									1,075
Risk (authorities)	-	385	328	8,466	3,852	815			13,076
	-	1,648	23,484	82,709	44,922	16,584	4,566	-	173,913
Scheme Total	2,659	11,862	28,529	83,829	45,664	18,413	4,627	62	195,645

Breakdown of total Programme Budgets by schemes

	AVTM £000	SBL £000	NFHP £000	Prog £000
Development	5,020	9,411	7,302	21,733
Implementation	44,443	35,166	94,304	173,913
	49,463	44,577	101,606	195,646

2 Current Year spend to date against budgets (2012/13-Development) In Conjunction with Highlight Reports

	Act Q1 £000	Budget Q1 £000	Var Q1 (under) £000	Budget Q2-4 £000	Total Year £000
AVTM	1,697	2,003	(306)	1,405	3,408
SBL	222	564	(342)	1,776	2,340
NFH	832	832	0	3,633	4,465
	2,751	3,399	(648)	6,814	10,213

Notes

The above spend figures include an estimate for accruals at the end of June that had not yet been processed through the systems of the authorities.

EXTRACT FROM Q1 2012/13 FINANCIAL HIGHLIGHT REPORT

BRT PROGRAMME CURRENT FUNDING BREAKDOWN

Based on information available 22nd August 2012

Analysis of Schemes funded by LA

Development	BCC £000	Nsom £000	Sglos £000	Total £000
AVTM	4,016	1,004		5,020
SBL	4,706	4,706		9,411
NFH	2,921		4,381	7,302
	<u>11,642</u>	<u>5,710</u>	<u>4,381</u>	<u>21,733</u>
Implementation	£000	£000	£000	£000
AVTM	7,948	1,987		9,935
SBL	3,765	3,765		7,530
NFH	17,281		25,922	43,203
	<u>28,994</u>	<u>5,752</u>	<u>25,922</u>	<u>60,668</u>
	<u>40,637</u>	<u>11,462</u>	<u>30,303</u>	<u>82,401</u>
DfT Grant	34,508	27,636	51,101	113,245
Total	<u>75,145</u>	<u>39,098</u>	<u>81,404</u>	<u>195,646</u>

Summary of the BRT schemes' funding

	AVTM £000	SBL £000	NFH £000
Development match funding	5,020	9,411	7,302
Implementation match funding	9,935	7,530	43,203
DfT grant	34,508	27,636	51,101
	<u>49,463</u>	<u>44,577</u>	<u>101,606</u>