

# Decision Pathway – Report

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 03 July 2018

TITLE	MetroWest Phase 1 – Initial Promotion Agreement		
Ward(s)	Citywide		
Author: Andrew Davies		Job title: Principal Transport Planner	
Cabinet lead: Cllr Mhairi Threlfall		Executive Director lead: Colin Molton	
Proposal origin: City Partner			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
Timescales:			
Approvals relating to the progressing of the MetroWest Phase 1 project will be considered by the West of England (WoE) Joint Committee on 27 July 2018, with the aim of submitting the scheme’s Development Consent Order to the Secretary of State on 31 July 2018.			
Purpose of Report:			
To seek approval to delegate authority to the Director of Transport, in consultation with the Cabinet Member for Transport, and; Legal and Democratic Services, to sign and seal an Initial Promotion Agreement (Version 3) in conjunction with the four West of England (WoE) councils and the West of England Combined Authority (WECA), for the continued development of the MetroWest Phase 1 rail project.			
The Initial Promotion Agreement (IPA3) will enable the required Development Consent Order (DCO) for the scheme to be submitted to programme, subject to a funding strategy being identified. The IPA3 does not place any obligation or liability on any of the authorities to construct the project.			
West of England partner authorities (Bath & North East Somerset, North Somerset and South Gloucestershire councils) and the West of England Combined Authority are also seeking authority to enter into the agreement through their own approval processes.			
Evidence Base:			
MetroWest Phase 1 will deliver half hourly services on the Severn Beach Line and local stations to Bath Spa in 2020 (Stage A) and an hourly service on a reopened line to Portishead in 2021 (Stage B). In March 2017 a significant cost increase to the scheme, due to engineering challenges, was reported to the WoE Joint Transport Board. The Board approved a staged approach to delivering the scheme with a reduced frequency initial service on the Portishead line (Stages A and B). The revised scheme cost for Stages A and B is £116m, a significant increase from the previous estimate of £58m which had already been identified.			
The previously identified £58m scheme budget is made up of £53.4m from WoE Local Growth Fund and contributions from the WoE councils. In December 2017 the WoE Joint Committee endorsed a £46.9m bid to the Department for Transport’s Large Local Major Project fund to cover the identified funding gap along with match funding of £6m from WECA and £6m from North Somerset Council. Unfortunately, the application to the Large Local Major Project fund was unsuccessful. However, the Department for Transport noted in their decision letter of 17 May that they continue to have detailed discussions with the MetroWest Phase 1 Project Team and other stakeholders in the West of England about potential improvements to rail services, including the MetroWest programme, and how they might be funded. Discussions with the DfT are ongoing with the aim of identifying an alternative funding strategy to meet the current shortfall.			
In the meantime a DCO is required to be submitted to the Secretary of State to seek the necessary planning consents for the scheme. Before the DCO can be submitted, it is necessary to sign a new joint agreement (IPA3) to update the current IPA2 (signed February 2015) with the new project funding and delivery approach. IPA2 covers the scheme’s development up to September 2018. North Somerset Council has committed to take on all liability for the additional £58m scheme costs, over and above the original £58m scheme cost estimate. Signing the IPA3 will enable the project to continue to be developed without taking on additional liabilities.			

Bristol's Cabinet endorsed the development of the MetroWest programme (Phases 1 and 2) in January 2013. Since that time the cost profile and delivery model have changed significantly and WECA has been constituted and become a partner in this project. Taking this into account and the time that has elapsed it is considered that a new Cabinet approval should be sought.

Although a clear funding strategy has not yet been identified, delegated authority to enter into a new Initial Promotion Agreement is being sought now to avoid programme delay once a funding strategy has been identified. Delays to the programme would result in further cost increases, put the already allocated Local Growth Fund money at risk due to spending deadlines, and add further risk to the project. Potential options for further funding for the project include the Department for Transport's 'Transforming Cities Fund'.

Phase 1A of the project includes improvements to the Severn Beach and Bath corridors which Bristol City Council is keen to see delivered as soon as possible to enable an enhanced service on these lines which also supports the delivery of the Portway Park & Ride new station project. Phase 1A of the project forms a package with Phase 1B (the Portishead Line) which generates higher levels of revenue than the Severn Beach and Bath enhancements. Significant ongoing revenue support is likely to be required if elements of Phase 1A were to be delivered as a stand-alone project. If a clear funding strategy for MetroWest Phase 1 cannot be identified before the 31 July programme deadline for submitting the Development Consent Order, it is recommended that options for the earlier delivery of Phase 1A be investigated.

#### **Recommendations:**

##### **That Cabinet**

1. Delegate authority to the Director of Transport, in consultation with the Cabinet Member for Transport, and; Legal and Democratic Services, to finalise, sign and seal Initial Promotion Agreement (version 3) in conjunction with the four other authorities.
2. Note that The Initial Promotion Agreement (version 3) does not place any obligation or liability on any of the authorities to construct the project and does not place additional financial liability, above that already committed, on Bristol City Council.

#### **Corporate Strategy alignment:**

The MetroWest Phase 1 project will deliver a new rail link between Bristol and Portishead, serving intermediate stations. It will also increase rail service frequencies between Severn Beach and Bath. This will improve rail connectivity for Bristol's residents. This directly aligns with the key Corporate Strategy theme of 'Well Connected'; improving links between people and jobs. The scheme will also increase passenger numbers using public transport and, as part of a wider transport strategy, encourage active travel and promote wellbeing.

#### **City Benefits:**

The MetroWest Project will enhance the local rail network which will improve cross-city connectivity and also widen access to the national rail network. The MetroWest programme form part of the Joint Transport Strategy to support the WoE Joint Spatial Plan which sets out how 105,000 new homes and 82,500 new jobs will be delivered up to 2036. Widening access to public transport encourages wider benefits for the city in terms of enabling healthier travel choices, encouraging sustainable travel and connecting communities. New stations and services provided by MetroWest will be designed to meet all statutory accessibility standards.

#### **Consultation Details:**

Consultation has been integral to the development of the project and specifically the DCO process. Informal DCO Stage 1 consultation was undertaken in 2015 which highlighted support for the project. Formal DCO Stage 2 consultation was undertaken between October and December 2017 which included staffed exhibitions. Stage gate approvals by the WoE Joint Transport Board and Joint Committee have required Member engagement at key stages of the project.

<b>Revenue Cost</b>	<b>0</b>	<b>Source of Revenue Funding</b>	n/a
<b>Capital Cost</b>	<b>£116m</b>	<b>Source of Capital Funding</b>	WoE local authorities contribution, LGF, WECA and Potentially DfT
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The report seeks approval to the signing of the Initial Promotion Agreement 3 with the other regional local authority partners which sets out the governance arrangements for further development of the MetroWest projects, including seeking approval to submit necessary planning consents to implement MetroWest phase1.

Up to March 2018, £11.8m had been spent on the Phase 1 project and the estimated spend in 2018/19 is £1.44m, a total of £13.24m. If the project does not progress to construction, BCC would be liable for 30% of these abortive costs, estimated at £3.972m. Meanwhile £1.4m had already been spent prior to 16/17 (capital expenditure), it would result in a revenue reversion should the write-offs incur.

North Somerset Council is the lead authority of the project and the project includes two sub-schemes namely Portishead Line and Severn Beach line. Since the initial cabinet approval of the project cost at £58m in 2013, the total cost estimate has now escalated to £116m. The original £58m was made up of £53.4m from WoE Local Growth Fund (LGF) and £4.4m contributions from the WoE councils. To address the remaining £58m funding gap, WoE Joint Committee endorsed a £46m bid to the DfT's Large Local Major Project fund with match funding of £6m from WECA and £6m from North Somerset Council. However this bid was not successful. North Somerset is currently engaging further discussions with DfT and WECA regarding the programme and other possible funding streams.

The political landscape has changed significantly since 2013; the disappointing result of the DfT bid is not however preventing the delivery of the project whilst other sources of funding are potentially available. The IPA 3 highlights that the authorities' intention is to press on and secure the Development Consent Order and complete Grip 5 ("Third Initial Stage") on the basis of no additional liability for BCC, BANES and SGC.

According to the business plan the majority of the capital expenditure relates to the Portishead line, meanwhile Severn Beach line carries significant revenue deficits for ongoing operations and the idea is to combine the 2 sub schemes in order to allow for cross subsidies between the two railway lines for sustainable operation. Please see table below for detail:

MetroWest Phase 1	Portishead Line	Severn Beach line	Total
	£m	£m	£m
Capital build cost	102.0	7.2	109.2
First 3 year total revenue surplus / (deficit)	0.8	(5.1)	(4.3)
Revenue surplus / (deficit) p.a. year 4 onwards	1.7	(0.8)	0.9

DfT's current policies only allow for a 3-year operational subsidy to cover the early years combined operational deficits. The challenge for the programme is therefore the overall long terms operational sustainability from year 4 onwards and to ensure no operational cost pressures would arise, in particular for the Severn Beach line in Bristol which is estimated to have an ongoing operating deficit.

**Finance Business Partner:** Tian Ze Hao

**Date:** 31/05/2018

**2. Legal Advice:** The completion of a third IPA will affirm Bristol City Council's continuing commitment to the Metro West Phase 1 project but will not involve the Council in any additional financial liability. The completed IPA will enable the project to submit the DCO to apply for all necessary consents to implement the scheme.

**Legal Team Leader:** Joanne Mansfield, 4th May 2018.

**3. Implications on ICT:** There are no identifiable direct IT implications in this initiative.

**ICT Team Leader:** Ian Gale, Head of IT, 4 May 2018.

**4. HR Advice:** No direct HR implications evident.

**HR Partner:** James Brereton (People & Culture Manager), 9th May 2018

<b>EDM Sign-off</b>	Peter Mann, Zoe Willcox	9 May 2018
<b>Cabinet Member sign-off</b>	Cllr Threlfall	14 May 2018
<b>CLB Sign-off</b>	Colin Molton	1 June 2018
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	4 June 2018

**Appendix A – Draft Initial Promotion Agreement (version 3)**

**YES**

<b>Appendix B – Details of consultation carried out - internal and external</b> Details on formal consultation: <a href="http://www.metrowestphase1.org/the_consultation_documents">www.metrowestphase1.org/the_consultation_documents</a>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>YES</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Combined Background papers</b> <b>Appendix I-1:</b> Scheme Equality Impact Assessment (Portishead Branch Line Preliminary Environmental Information Report), available at: <a href="https://metrowestphase1.files.wordpress.com/2017/09/peir-appendix-14-1-egia_final.pdf">https://metrowestphase1.files.wordpress.com/2017/09/peir-appendix-14-1-egia_final.pdf</a> <b>Appendix I-2:</b> Scheme Approach to Environmental Statement (Portishead Branch Line Preliminary Environmental Information Report), available at: <a href="https://metrowestphase1.files.wordpress.com/2017/09/peir-chapter-5-approach-to-the-environmental-statement_final.pdf">https://metrowestphase1.files.wordpress.com/2017/09/peir-chapter-5-approach-to-the-environmental-statement_final.pdf</a> <b>Appendix I-3:</b> Portishead Branch Line Preliminary Environmental Information Report Non-Technical Summary, available at: <a href="https://metrowestphase1.files.wordpress.com/2017/10/01-peir-non-technical-summary_final_.pdf">https://metrowestphase1.files.wordpress.com/2017/10/01-peir-non-technical-summary_final_.pdf</a>	
<b>Appendix J – Exempt Information</b>	<b>NO</b>
<b>Appendix K – HR advice</b>	<b>NO</b>
<b>Appendix L – ICT</b>	<b>NO</b>