

Strategic City Transport

Temple Quarter Enterprise Zone RIF Infrastructure Programme

Programme Budget Review November 2018

1. Introduction

1.1. The purpose of this document is to explain the current position with regard to the delivery of the TQEZ RIF Infrastructure Programme (RIF Programme). The structure of the report is as follows:

- Background
- The original grant offer letters
- The revised and consolidated grant offer letter
- Additional funding identified
- A summary of schemes completed
- The current estimated costs to complete the remaining schemes and the resulting budget pressure
- Key reasons for cost increases
- Identified Actions to address the budget pressure
- Strategy to fund the shortfall

1.2. Frequently used terms and acronyms in this document are set out in the table below:

Term/Acronym	Definition
Grant Offer Letter (GOL)	Offer of funding that once signed forms the funding agreement
LEP	West of England Local Enterprise Partnership
Period of Support	The time period within which grant funding can be claimed for eligible expenditure.
QA	The quality assurance approval process for the design of highway and public realm schemes.
QRA	Quantitative Risk Assessment
RIF	Revolving Infrastructure Fund of the LEP
RIF agreement	The latest signed and accepted GOL
RIF Programme	The programme of infrastructure projects funded mainly by the LEP RIF and managed by the Transport Service.
TQEZ	The Bristol Temple Quarter Enterprise Zone
TQEZ Programme	The programme of work to deliver the vision of the TQEZ – managed initially by Major Projects and now part of the Regeneration Service.

2. Background

- 2.1. The Bristol Temple Quarter Enterprise Zone (TQEZ) was formally established in April 2012. Around the same time the Local Enterprise Partnership were granted funding by central government to setup a Revolving Infrastructure Fund (RIF). The principle of this fund was to forward fund infrastructure necessary for economic growth that would be paid back when the enabled development(s) provided an economic return.
- 2.2. Bristol submitted for funding to deliver infrastructure in the TQEZ. The case for intervention was that various development sites were stalled due to insufficient transport infrastructure, and also that potential sites were not being brought forward for the same reason. Two bids were submitted, although these were later consolidated. The first bid was for £6m to transform the Temple Circus gyratory. The second bid of £14.85m was for a package of sustainable transport and public realm improvements in the TQEZ.
- 2.3. The infrastructure was intended to facilitate development, resulting in the creation of new jobs, which would be an indicator of economic growth. The uplift in business rates from the occupied developments would then be used to pay back the grant from the RIF.
- 2.4. Work started in early 2013 to seek to define the programme of work and funding was made available from the RIF in April 2013.

3. Original Grant Offer Letters

3.1. The schemes included, and the cost estimates put forward, in the first Offer Letters were:

Infrastructure component	Estimated cost (£)
Junction Improvements	
Temple Circus	6,000,000
Alternative BRT link to Temple Gate/The Friary via former Island site from Redcliffe Way	300,000
Temple Way / Temple Back East	350,000
Temple Way / Avon Street Junction	350,000
Temple Gate / Temple Mead Ramp / new access link junctions	100,000
Bath Road Bridge junction	1,000,000
Sub-total	8,100,000
Vehicular Access Links	
Improvements to The Friary/The Square/ Temple Back East to accommodate BRT/drop off	500,000
Access loop to former Diesel Depot from Wells Road	2,000,000
Access link through diesel depot to bridge crossings	1,000,000
Sub-total	3,500,000
Bridges	
Pedestrian / cycle bridge Cattle Market Road to Diesel Depot	2,000,000
Pedestrian / cycle bridge Totterdown Junction lock	250,000
Sub-total	2,250,000
Walkways	
Floating Harbour Walkway beneath western railway arch	1,000,000
River Walkway - perimeter of former Diesel Depot site Cattle Market Road bridge to Three Lamps Junction Pedestrian Links	3,000,000
Sub-total	4,000,000
Public Realm	
Bath Road footway widening and improvements	1,000,000
Junction Lock / Cattle Market Road Green Space enhancement/pedestrian/ cycle link improvement	500,000
Bath Road Plaza	500,000
Brunel Shed Square	500,000
Sub-total	2,500,000
Car Park	
Temple Gate Car Park - access points and routing	500,000
Sub Total	500,000
Total	20,850,000

- 3.2. Following review a revised package of schemes was put forward. The first Grant Offers were accepted by signature of the S151 officer on 18th June 2013. The schemes included, and the estimated costs, were as follows:

Infrastructure component	Estimated cost (£)
Junction Improvements	
Temple Circus	6,000,000
Temple Circus: associated infrastructure improvements	3,600,000
Sub-total	9,600,000
Diesel Depot (Arena Site) Access	
A4 access	
Access through to bridge crossings	
Access to Temple Meads station	
River Walkway	
Sub-total	7,500,000
Walking and Cycling Routes	
Harbour Walkway	1,000,000
Connections to Old Market Bus Hub	30,000
Connections to Redcliffe Bus Hub	30,000
Feeder Road Cycle Route	850,000
Clarence Road pedestrian/cycle improvements	200,000
Extension of the Whitchurch Railway Path	680,000
Days Road pedestrian/cycle improvements	190,000
River Avon Trail: Cattle Market Road to St Phillips Causeway	290,000
River Avon Trail: Conham Road	200,000
River Avon Trail: Towpath upgrade	280,000
Sub-total	3,750,000
Total	20,850,000

4. Revised Grant Offer Letter

- 4.1. In late 2015, it was evident that the programme could not be delivered in full within the agreed Period of Support. In discussion with the LEP it was agreed that a revised GOL would be issued due to the scale of change to the component schemes (scope), milestones and spend profile. At the same time the job outputs were revised down.
- 4.2. The revised GOL was accepted by signature of the s151 officer on 24th February 2016.
- 4.3. The component schemes included in the revised GOL, and the assigned budgets, were as follows:

Infrastructure component	Assigned Budget (£)
Junction Improvements	
Temple Circus	11,000,000
Sub-total	11,000,000
Diesel Depot (Arena Site) Access	
Cattle Market Road	1,850,000
Footbridge	2,500,000
A4 access	500,000
River Walkway	500,000
Sub-total	5,350,000
Walking and Cycling Routes	
Harbour Walkway	2,750,000
Connections to Old Market Bus Hub	30,000
Connections to Redcliffe Bus Hub	30,000
Feeder Road Cycle Route	850,000
Clarence Road pedestrian/cycle improvements	200,000
Whitchurch Railway Path	30,000
River Avon Path	110,000
Sub-total	4,000,000
Programme	
Programme Management	500,000
Sub-total	500,000
Total	20,850,000

5. Additional Funding Identified

- 5.1. In January 2015 a bid was submitted by Bristol on behalf of the four West of England authorities to the Department for Transport's Cycle City Ambition Grants. Included in the bid was £1.25m for a cycle route on Cattle Market Road. This bid is known as CAF2. The bid was successful and a total of £1,256,186 eligible expenditure was eventually claimed.
- 5.2. Match funding for CAF2 was 'freed up' when a key project was no longer progressed. £200k of the funding was reassigned to the St Phillips Footbridge, in particular the associated works to the River Avon Path. This funding will be utilised in 2018/19.
- 5.3. A contribution to the St Phillips Footbridge project, in particular to fund the associated works to the River Avon Path, was included in a bid to the Local Enterprise Partnership's Local Growth Fund. £305k was allocated. In 2018/19 £304,960 was claimed as eligible expenditure.
- 5.4. The Temple Circus project is delivering major utilities diversions that release land for development when the highway scheme is complete. At the November 2018 meeting of Cabinet the decision was taken to approve a paper concerning the development agreement that allocates £2.1m for the cost of utilities diversions.
- 5.5. The planning permission for the construction of the new road bridge (Brocks Bridge) to the Temple Island site (formerly Arena Island) included the s106 obligation to pay for landscaping works to the bank of the New Cut between the bridge and the Cattle Market Road railway bridge. After index linking the contribution stands at approximately £141k. Discussions with Homes England (the developer) has resulted in an 'in principle' agreement that the scope of the works funded by the contribution can be extended to the landscaping in Totterdown Basin and the highway in the immediate vicinity. A variation to the agreement to confirm this approach is required.
- 5.6. The completion of the Harbour Walkway is an obligation for Bristol in the sale agreement of the former PO Sorting Office site to the University of Bristol. Due to the funding pressures within the programme, £3.5m was ear-marked from the sale receipts for the delivery of the Harbour Walkway.
- 5.7. The funding currently identified and allocated to each project is as follows:

Project	Funding Source	Amount
Temple Circus		
	<i>LEP RIF</i>	12,340,000
	<i>Community Infrastructure Levy</i>	2,100,000
	<i>Heat Networks</i>	31,853
	<i>TQEZ Revenue</i>	94,077
Temple Way		
	<i>LEP RIF</i>	1,286,622
Bath Bridges (Design)		
	<i>LEP RIF</i>	99,023
Cattle Market Road		
	<i>LEP RIF</i>	783,000
	<i>CAF</i>	951,492
	<i>S106</i>	141,000
	<i>TQEZ Revenue</i>	14,106
St Phillips Footbridge		
	<i>LEP RIF</i>	4,930,000
	<i>CAF</i>	497,362
	<i>LGF</i>	304,960
	<i>TQEZ Revenue</i>	18,137
A4 Access		
	<i>LEP RIF</i>	45,453
	<i>TQEZ Revenue</i>	8,061
Harbour Walkway (Design)		
	<i>LEP RIF</i>	623,893
	<i>CAF</i>	7,332
	<i>TQEZ Revenue</i>	2,165
Bus Hubs		
	<i>LEP RIF</i>	63,303
Feeder Road (Design)		
	<i>LEP RIF</i>	133,344
	<i>TQEZ Revenue</i>	3,156
Programme Development		
	<i>LEP RIF</i>	168,209
	<i>TQEZ Revenue</i>	5,303
Programme Management		
	<i>LEP RIF</i>	353,858
	<i>TQEZ Revenue</i>	221,547
Albert Road & Victor Street		
	<i>LEP RIF</i>	23,296

6. Schemes Complete

6.1. The schemes completed are listed below with a description of the work(s) and the cost:

Scheme Description	Cost (£)
Temple Way Bus Lane <ul style="list-style-type: none"> The construction of a bus lane on Temple Way (north-bound) from the Temple Circus roundabout to the slip road onto the Old Market Roundabout. New bus stop facilities outside the Hilton Garden Inn and on the slip road to the Old Market Roundabout. Refurbishment of the Temple Way/Temple Back junction with the restriction of access into Temple Back (now left turn only onto Temple Way). 	1,286,622
Bath Bridges design Design of changes to the Bath bridge roundabout to: improve operation of the junction; address cycle safety concerns; introduce additional pedestrian crossing facilities. Delivery of the work was incorporated into the Temple Circus contract	99,023
A4 Access Initial concept design and ground investigations.	53,514
Bus Hubs Minor way-finding and surface improvements to pedestrian routes connecting bus hubs at Old Market and Redcliffe to the Temple Meads area.	63,303
Feeder Road Design Designs for: the widening of the existing north side footway on Feeder Road to a shared use path from Avon Street to Marsh Lane; upgrade of the pedestrian crossing near Cole Road; a raised junction plateau at the Marsh Lane/Feeder Road junction.	136,501
Albert Road and Victor Street Designs for: coach parking on Albert Road/Victoria Road; associated pedestrian improvements; surface improvements to Victor Street.	23,296

7. Current Cost Estimate to deliver the RIF Programme

- 7.1. The current cost estimate to deliver the agreed scope of the RIF Programme, inclusive of the contingency recommended by QRAs for Temple Circus and St Phillips Footbridge, is £28,145,839.
- 7.2. The currently available funding is £25,250,550.
- 7.3. The current estimated shortfall in funding to deliver the agreed scope of the RIF Programme is therefore £2,895,289.
- 7.4. Costs incurred to 31st December 2018 in the delivery of completed and ongoing schemes are approximately £19.3m.
- 7.5. The summary breakdown is as follows:

Project	Budget (£)	Cont. (£)	Budget Total (£)	Funding Total (£)	Variance (£)
Temple Circus	15,572,587	1,266,000 1,537,000	17,109,587	14,565,930	2,543,657
Temple Way	1,286,622		1,286,622	1,286,622	
Bath Bridges	99,023		99,023	99,023	
Cattle Market Road	1,938,110		1,938,110	1,889,598	48,512
St Phillips Footbridge	5,800,426	256,000	6,056,426	5,750,459	305,967
A4 Access	53,514		53,514	53,514	
Harbour Walkway Design	633,389		633,389	633,389	
Bus Hubs	63,303		63,303	63,303	
Feeder Road Design	136,501		136,501	136,501	
Programme Development*	173,512		173,512	173,512	
Programme Management	572,557		572,557	575,405	-2,848
Albert Road & Victor Street	23,296		23,296	23,296	
TOTALS	26,352,839	1,793,000	28,145,839	25,250,550	2,895,289

- 7.6. The contingency for the Temple Circus project is based on the latest QRA value for Temple Circus, which was calculated following a Risk Workshop in November 2018.
- 7.7. The contingency figure for Temple Circus is £1,537,000 which equates to 23% of the current estimated remaining costs to complete the project. The project is approximately 70% complete.
- 7.8. The contingency for the St Phillips Footbridge project is based on the latest QRA value for St Phillips Footbridge, which was calculated following a Risk Review in November 2018.
- 7.9. The contingency figure for St Phillips Footbridge is £256,000 which equates to 9% of the current estimated remaining cost to complete the project. The project is approximately 80% complete.

8. Key reasons for cost increases during construction

8.1. Temple Circus

8.1.1. Temple Circus Roundabout

During excavation of the centre of the old roundabout historic cellars were discovered. It was necessary to remove the loose fill and expose the full extent of the structures to backfill with granular material that would be a sufficient foundation for the new carriageway construction over the top.



8.1.2. Victoria Street

During installation of deep drainage and BT diversion works, several structures/voids were discovered beneath Victoria Street carriageway. This necessitated removal of some structures and stabilisation of others, and the redesign of the works to allow construction to be completed in this area.

8.1.3. Redcliffe Way

During drainage works and utilities diversions a large reinforced concrete slab with a void beneath was discovered under a significant extent of the new carriageway. This was broken out and the voids infilled to allow for full depth road construction, which was over and above the original works specification.

8.1.4. Clashes with uncharted services

Throughout the scheme numerous uncharted services have been identified which have required additional diversion works and/or redesign of the related section of the scheme.



8.1.5. District Heating Main impact on programme flexibility

The integration of the DHM installation within the scheme has added significant complexity to delivery. The constraints associated with DHM installation have reduced the flexibility to adjust the overall construction programme to minimise the cost and time impact of other issues.



8.2. St Phillips Footbridge

8.2.1. Design revisions during development of bridge fabrication drawings

Through the development of the bridge fabrication drawings by the steel bridge fabricator further detail was required and identified necessary amendments to the works information that could not have been identified prior to the contract.



8.2.2. Design revision of River Avon Path balustrade and lighting

The lighting design approved for inclusion in the works information and in the planning approval was deemed not compliant with BCC Street Lighting requirements during the contract and a decision was made to use the accepted lighting design for the bridge and ramp on the River Avon Path. As a result of delay in approving the construction design the fabricators availability to manufacture the balustrade and lighting was missed. This subsequently delayed the contract end date which incurred significant delay costs.

8.2.3. Exempt information - See Appendix B

9. Identified Actions to address the budget pressure

9.1. Temple Circus

- 9.1.1. Engineering Design have been providing an engineer to support the project manager with on-site issues and the coordination of utilities diversions. This was initially full time and was allowed as such in the Basis of Estimate up until the end of March 2019. However, the support required has currently reduced and the engineer has begun to work on some additional schemes. This reduction in time charged may equate to a cost saving.
- 9.1.2. The QRA has been reviewed and a more conservative approach taken to the assessment of the risks. Project risk review meetings now take place every two weeks, supplemented by a review of the current status of changes to the main construction contract.
- 9.1.3. A risk workshop will be held again in March 2019 to interrogate again the remaining risks after the planned substantial completion of the current phase of works. This phase is focussed on Redcliffe Way and includes work below ground relating primarily to new drainage installation. It is the view of the project team that, as this is the last significant work below ground, once this phase is substantially completed the risk level of the project reduces and a lower contingency figure will likely be required.
- 9.1.4. Due to the costs of preliminaries it may turn out preferable to pay now for additional contractor resource to save and/or mitigate further delays to the programme, rather than incur delay costs later in the programme. This will be investigated with the NEC PM and contractor.

9.2. St Phillips Footbridge

Exempt information - See Appendix B

9.3. Cattle Market Road

Exempt information - See Appendix B

10.Strategy to fund the shortfall

- 10.1. There is £1.046m of underspend in the Transport Capital Programme 18/19. This cannot be re-profiled to 19/20 and will therefore be reallocated to the RIF programme and the RIF grant funding draw down deferred to cover forecasted 19/20 expenditure. The projects that have underspent in 18/19 will however have to be allocated funding from the Transport Capital Programme 19/20, which at this point is still in development, to fund the deferred work.
- 10.2. The 18/19 Transport Service revenue budget includes an allocation of £400k of parking revenue to be used for the repayment of the capital loan secured to fund the MetroBus overspend. However, Corporate Finance have advised this payment is not due to commence until the financial year after the complete construction of the MetroBus project. MetroBus is expected to be complete during the financial year 18/19, therefore the first payment of the capital loan is not expected until the financial year 19/20. The allocation of £400k loan repayment in the parking services budget for 18/19 will therefore be used as a one off contribution in this financial year to the RIF Programme.
- 10.3. The retention for the Temple Circus main contract (£200,000) will be due for payment after the end of the defects period. Provision for this payment will be made in the 2020/21 Transport Capital Programme.
- 10.4. The remaining forecasted budget pressure will be as follows:

Project	Budget (£)	Cont. (£)	Budget Total (£)	Funding Total (£)	Variance (£)
Temple Circus	15,572,587	1,537,000	17,109,587	16,349,930	897,657
Temple Way	1,286,622		1,286,622	1,286,622	
Bath Bridges	99,023		99,023	99,023	
Cattle Market Road	1,938,110		1,938,110	1,889,598	48,512
St Phillips Footbridge	5,800,426	256,000	6,056,426	5,750,459	305,967
A4 Access	53,514		53,514	53,514	
Harbour Walkway Design	633,389		633,389	633,389	
Bus Hubs	63,303		63,303	63,303	
Feeder Road Design	136,501		136,501	136,501	
Programme Development*	173,512		173,512	173,512	
Programme Management	572,557		572,557	575,405	-2,848
Albert Road & Victor Street	23,296		23,296	23,296	
TOTALS	26,352,839	1,793,000	28,145,839	26,896,550	1,249,289

- 10.5. As explained in section 10.3, there is potential for savings to be made at Cattle Market Road. These could be up to £200,000.
- 10.6. Opportunities may exist to apply for additional funding from the WECA/LEP from either the Revolving Infrastructure Fund or the Local Growth Fund. These will be explored over the next few months.

- 10.7. The QRA for Temple Circus was conservatively estimated (see section 10.1). The highest risk activities during the works are those taking place below the carriageway, such as drainage installation. These works are due to be majority complete at the end of January. After these works are complete, and the next big traffic management phase change has taken place in March, the risk level of the project should decrease. This may result in not all of the £1.537m contingency being required, which would reduce the remaining funding shortfall.
- 10.8. It is proposed that cabinet approve the budget amendments currently proposed in 2018/19 to reduce the current funding shortfall. It is then proposed that the opportunities and issues referred to above are explored and a further cabinet report is prepared for early in the next financial year (July 2019 cabinet meeting is currently targeted) updating progress made and the updated budget position.