

REPORT TO: WEST OF ENGLAND JOINT COMMITTEE**DATE: 7th DECEMBER 2017****REPORT TITLE: METROWEST PHASE 1 UPDATE AND FUNDING****AUTHOR: LOUISE FRADD, DAVID CARTER, TIM RICHENS****1. Purpose**

- 1.1 To provide an update on MetroWest Phase 1 and request approval for the submission of a bid to the Department for Transport's Large Local Major Transport Scheme Fund for additional capital funding for MetroWest Phase 1 Stage B.

2 Background

- 2.1 MetroWest is an integral part of the current Joint Local Transport Plan and will form the backbone for the development of future MetroWest extensions to the suburban railway network in the new Plan. MetroWest also supports the planned growth in the Joint Spatial Plan providing key transport links to proposed housing and employment developments in Keynsham, Charfield, Yate, South Bristol and Henbury as well as the existing Temple Quarter Enterprise Zone and Enterprise Areas in Bath, Filton, Avonmouth/Sevenside, Weston-super-Mare and Emersons Green.
- 2.2 MetroWest Phase 1 will see half hourly services in 2020 on the Severn Beach Line and local stations to Bath Spa with a possible extension to Westbury as part of Stage A and an hourly service on a reopened line to Portishead with new stations at Pill and Portishead in 2021 as part of Stage B. MetroWest Phase 2 will see a reopened Henbury Line with new stations at Henbury, North Filton and Ashley Down and half hourly services to Yate with a possible extension to Gloucester. For both Phase 1 and 2 the Bristol East Junction enhancement scheme is required to provide the additional capacity for the new services. The scheme is in Network Rail's Control Period 6 (2019 to 2024) programme for delivery in 2020 but full funding is still to be confirmed.
- 2.3 MetroWest Phase 1 has previously been identified as a priority scheme through inclusion within the Local Growth Fund programme and an allocation of £53.4m supported by contributions by the Councils
- 2.4 An update on progress with MetroWest Phase 1 Stage A and B was reported to the Joint Committee on 30 October 2017. It is proposed that for both Stage A and Stage B gateway sign offs on progress are brought to the July 2018 Joint Committee meeting.

3 Revised costs

- 3.1 Revised outturn total schemes costs for Phase 1 have been produced ranging from £106.4m to £116.4m, including the cost of work to date of £9.7m. This represents a considerable reduction in costs from the previous estimate of between £145m and £175m and follows extensive value engineering work by Network Rail and a reduction from a two train an hour service to hourly for the Portishead Line.
- 3.2 The current capital budget for Phase 1 is £57.8m leaving a funding gap of between £48.6m and £58.6m.

4 Funding Bid

- 4.1 The Department for Transport (DfT) have advised that there is an opportunity to secure central government funding through their 'Large Local Major Transport Scheme Fund'. Bids for the next available round must be submitted to the DfT by 22 December 2017. The bidding rules require schemes to complete an Outline Business Case. The DfT will announce decisions on funding in April/May 2018.
- 4.2 The 'Large Local Major Transport Scheme Fund' is a competitive bidding process which will be oversubscribed. The advice given is to increase the likelihood of a funding bid being successful, it will be necessary for the local contribution to be increased and other funding sources considered.
- 4.3 In order to present a compelling case for funding by the DfT it is proposed this local contribution will be increased by £12m with North Somerset Council allocating £6m. This will be matched by a £6m WECA Investment Fund bid subject to approval in principle by the WECA committee on 7 December 2017. At the upper end of the £58.6m funding gap this leaves a net shortfall of £46m to be bid for through the Large Local Major Transport Scheme Fund. Other potential funding options will continue to be investigated.
- 4.4 Consultant Mott MacDonald have been undertaking a detailed independent review of the costs of Stage B. Their final report is expected in December 2017. Submission of the £46m bid to the Large Local Major Transport Scheme Fund will be subject to this report not showing any further increase in costs for Stage B.

5 Revenue costs

- 5.1 Design and preparation fees are covered by the Local Growth Fund (LGF) through capitalisation of fees through the existing LGF budget of £53.4m of which £7.5m out of £8.85m allocated for Phase 1 (Stage A and B) has been spent to date. Remaining fees will be met through the LGF budget and council contributions. Revenue reversion will be avoided by implementation of elements of the programme.
- 5.2 Phase 1 (Stage A and B) will require an estimated revenue support of £2.1m for the first three years of operation. This breaks down into approximately £3.6m required for Stage A whilst Stage B generates a surplus of £1.5m making the net revenue support figure of £2.1m. Extension of Stage A services to Westbury will increase revenue, final figures to be confirmed, and remove the requirement for a turnback at Bathampton saving around £3m in capital costs. The inclusion of Phase 1 and Phase 2 services in the new Great Western Franchise from 2020 would remove the revenue operating risk to the West of England Authorities as well as train operator mobilisation costs prior to the start of the new/upgraded train services.

6 Future Programme Approach

- 6.1 The Department for Transport and Network Rail have indicated that moving to a West of England wide programme approach to the delivery of transport infrastructure would be easier for them to engage with and fund, rather than trying to seek additional funding for individual schemes. This approach allows flexibility in delivery to accelerate or slow down delivery as projects are developed and funding is added to the overall programme budget. This is the approach Government has taken with the North, Midlands and London. It is a comparable situation for devolved administrations in Wales, Scotland and Northern Ireland.
- 6.2 Options for a programme approach to MetroWest and future governance arrangements will be reported to a future meeting of the Joint Committee.

7 Finance implications

7.1 As set out in the main body of the report.

8 Consultation:

8.1 MetroWest proposals for Phase 1 and 2 have previously been extensively consulted on. Consultation on the Development Consent Order Section for Phase 1 started on 23 October 2017 and will run to 4 December 2017.

9 Other Options Considered:

9.1 MetroWest has previously undergone EAST (Early Assessment and Sifting Tool) analysis for other options.

10 Risk Management/Assessment:

10.1 There are no direct financial implications arising from this report.

11 Public Sector Equality Duties:

11.1 Equality Impact Assessment will be undertaken, maintained and adapted as MetroWest Phase 1 progresses.

12 Economic Impact Assessment:

12.1 The qualitative and quantitative benefits of the MetroWest Programme are documents in the supporting papers and individual business cases for the projects that make up the programme.

13 Legal Implications:

13.1 None arising from this report.

14 Land/Property Implications:

14.1 None arising from this report.

15 Human Resource Implications:

15.1 MetroWest is a joint project with resources provided by all four local authorities and WECA.

16 Recommendation:

The recommendations to be voted on by the four local authorities and the Mayor of the West of England Combined Authority.

- 1) Support the progression of MetroWest Phase 1 Stage A and B and note progress on the revised scheme design, programme, and estimated capital cost and:
 - a) Request officers continue discussions with Government, Network Rail and Wiltshire Council to explore the extension of MetroWest Phase 1 to Westbury to remove the need for the Bathampton turnback to reduce capital costs.
 - b) To continue to look at options to reduce revenue running cost subsidy which may be required by the Unitary Authorities over the first three years of operation.
- 2) In respect of MetroWest Phase 1 Stage A (Severn Beach to Bath Spa):

- a) Agree to proceed with delivery of Phase 1 Stage A subject to a further gateway sign off by the Joint Committee in July 2018.
- 3) In respect of MetroWest Phase 1 Stage B (Portishead):
- a) Agree to continue the development work for Phase 1 Stage B subject to a further gateway sign-off by the Joint Committee in July 2018.
 - b) Agree to submit to the DfT by 22nd December 2017 a Large Local Major Scheme funding bid seeking £46m of additional funding. Submission of the funding bid to be delegated to the CEO of the LEP, in consultation with the Chair of the Joint Committee and the local authorities Chief Executives and S151 Officers, on behalf of the West of England. Sign off to be subject to appropriate assurances being received through the Outline Business Case, Mott MacDonald review of costs and the completed Large Local Major Transport Scheme bid template.
 - c) In the event of 3b) being unsuccessful to continue to explore all options to secure additional government funding to close the identified funding gap of £58.6m before the next gateway sign-off.
- 4) In respect of MetroWest Phase 2 (Henbury and Yate/Gloucester) and Phase 1:
- a) To seek appropriate assurance from the Government that the Bristol East Junction upgrade will be funded and delivered in 2020 by Network Rail.
- 5) WECA and council officers to investigate the MetroWest programme approach and future governance and bring a report on options to a future meeting of the Joint Committee.

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Background Papers

MetroWest Phase 1 Design and Cost Update report to the West of England Joint Transport Board,
17 March 2017