

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	10 th April 2013	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2543
TITLE:	Metro West - the Greater Bristol Metro Project	
WARD:	Keynsham & Bath wards	
AN OPEN PUBLIC ITEM		
List of attachments to this report: none		

1 THE ISSUE

1.1 Approval is sought for expenditure of £124,000 identified in the Integrated Transport Block capital programme approved by Council on 19th February 2013 ([item 79](#)). The funding is for the development of the Metro West (formerly the Greater Bristol Metro) project which will provide enhanced rail services for Keynsham, Oldfield Park and Bath Spa. There is a risk that this Capital expenditure would revert to revenue in the event of the project not being taken forward.

2 RECOMMENDATION

2.1 Approval is given for the capital expenditure of £124,000 in 2013/14 as this authority's contribution to the preparation costs for this financial year for the rail improvements promoted by the West of England Metro West Rail Project. Subsequent contributions will be subject to further approvals.

2.2 That the Joint Working Agreement to cover this project should be agreed by the Divisional Director for Planning & Transport Development in consultation with the Cabinet Member for Transport.

2.3 That the Divisional Director for Legal and Democratic Services be authorised to enter into the Joint Working Agreement on behalf of the Council .

3 FINANCIAL IMPLICATIONS

3.1 The estimated cost of developing the business case for this project is £4.3m of which this authority is to contribute 15% i.e. £647,000 – see paragraph 5.6 below. In addition to £124k contribution in 2013/14, contributions would therefore be expected in each of the next 2 financial years of approximately £188,000 in 2014/15 and £240,000 in 2015/16. However the Council is not committed to any

further contributions or liabilities at this stage and any further contributions would be subject to further Council Budget approvals.

- 3.2 The capital cost of implementing this project is estimated to be £40m funded through the devolved Major Scheme Funding from DfT and the City Deal – see paragraph 5.6 below. The precise arrangements for funding have not been agreed but it is possible that a local contribution may be required. A decision to proceed with the project would have to be taken at this point by the West of England as a whole.
- 3.3 If this were a local contribution for the whole project of say 10% then the Council would again expect to make only a small contribution to this in line with our preparation costs i.e. 15%. This might give rise to a capital contribution of £600,000 which would have to be found perhaps over a 2 year implementation period. Construction is likely to commence in 2016/17 at the earliest. This contribution could be funded from the Annual Integrated Transport Block or other sources of funding if needed.
- 3.4 The project is being led by North Somerset Council and this sum represents a capital grant to that Council. Assurances have been obtained by North Somerset to confirm that the funding will be treated as capital expenditure.
- 3.5 Finally, there may be a revenue support needed for the new train services for an initial 3 year period commencing in 2017/18 – see paragraph 5.10 below. This would have to be met from existing budgets for supporting public transport or provision would be needed in future Medium Term Finance and Resource Plan.

4 CORPORATE OBJECTIVES

- *Promoting independence and positive lives for everyone*
- *Creating neighbourhoods where people are proud to live*
- *Building a stronger economy*

5 THE REPORT

- 5.1 The Metro West (formerly called the Greater Bristol Metro) Project aims to improve rail service across the West of England. It is based on the re-opening of the Portishead railway line which, in combination with other service changes, would include an upgrade from the hourly to a ½ hourly service to both Keynsham and Oldfield Park. This would double the frequency of service to these stations. There would be an additional service each hour for Bath Spa Station from Bristol. The improved service pattern may allow for an additional station to be opened between Bath and Bristol. This could facilitate the re-opening of Saltford Station.
- 5.2 The improvement of rail services to this frequency and the re-opening of the Portishead line have long been aspirations of the West of England authorities and has been included in the 3rd Joint Local Transport Plan 2011 to 2026 at paragraph 11.7.28. The project was prioritised by the first meeting of the Local Transport Board as the No1 project for the sub region for the next round of major scheme funding from DfT.
- 5.3 The opportunity for this project follows the sustained growth in rail use over the last 5 years or so, with Bristol City Council paying for enhanced services on the

Severn Beach line. The proposal by the Department for Transport (DfT) to award a new 15 year contract for the new Great Western Franchise (GWF) provided a basis for long term investment. The GWF renewal was paused in October 2012 due to the difficulties which emerged with the West Coast Mainline intercity franchise. The DfT has recently clarified how it intends to resume the process.

- 5.4 Improved frequency and capacity for rail services are key to the delivery of new jobs in Bath's Enterprise Area where some 9,300 jobs will be created over the next 20 years. The improvements are also key to the delivery of employment and housing on the Keynsham Somerdale site. In addition Bristol's Enterprise Zone centred on Bristol Temple Meads will, in due course, create some 17,000 new jobs. This growth will need to be supported by improvements to public transport in order to reduce car use and congestion in these areas. The Metro West project will complement the improvements to intercity rail services which electrification of the mainline as a whole will deliver. These improvements included greater capacity on trains themselves, faster journey and much reduced air pollution.
- 5.5 Regular updates on the development of this project have been given to the Joint Transport Executive Committee (JTEC). Halcrow have been commissioned to provide a detailed business case for this project. The value of the project was recognised by its inclusion in DfT's Invitation to Tender for the GWF as a 'priced option'. The capital cost of the project may be in the region of £40m¹.
- 5.6 It is anticipated that funding for these costs would come from the devolved major scheme funding recently announced by DfT² which provides an initial sum of £27m over 3 years of the next Comprehensive Spending Review (CSR), 2015/16 to 18/19. Under the 'City Deal' the WoE is being offered an indicative allocation of £81m over a 10 year period 2015/16 to 2024/25. This will be the principle source of funding for this project. It is anticipated that the capital cost of construction would be incurred in the early years of the next CSR³.
- 5.7 The capital costs of this project will be confirmed by the end of 2014 when GRIP stage 3 has been reached when detailed design and the preferred option confirmed. There are still two areas of uncertainty regarding the infrastructure for the new Severn Beach to Bath Spa service. Firstly, whether a 'turnback' is required east of Bath and secondly, whether a section of double tracking is needed in the vicinity of Clifton Down Station. If neither of these is required the cost of the project will be reduced. It should be noted that the 'turn back' east of Bath could support a new station, possibly at Bathampton, to improve access and provide a new Park and Ride facility.
- 5.8 A report to the JTEC on 12th December 2012⁴ considered the need to progress the preparation of the detailed business case and establishment of an appropriate project board to manage this and other rail projects. It was agreed that the preparation cost for the project should be shared in proportion to the expected increase in passengers using the new services. On this basis North Somerset would pay 50% of the costs, Bristol 30%, B&NES 15% and South Gloucestershire 5%. The preparation costs are estimated to be some £4.3m with our contribution

¹ See executive summary of Halcrow report.

² See [DfT announcement](#) 23rd January 2013

³ See paragraph 16 of Item 5 JTEC meeting 12th December 2012

⁴ See [Item 5](#) JTEC meeting 12th December 2012

being £647,000, with £124,000 in 2013/14, for which approval is sought in this paper, £188,000 and £240,000 in subsequent years. (The balance having already been paid out of existing study budgets).

5.9 Approval for spend in subsequent years will be sought. Of course if a separate capital contribution is needed towards the project as a whole this would be subject to a separate approval process. The capital cost of this project will be funded primarily from the Major Scheme funding from DfT see paragraph 5.6 above.

5.10 The reference to a 'priced option' in paragraph 5.5 above is the subsidy that a new Train Operating Company (TOC) might need to run the additional services. The current practice is that this support is required from local authorities promoting improved rail services for an initial 3 year period following which, as long as the service has a good return, the subsidy is taken on by DfT and subsumed into the franchise agreement. The size of any such subsidy will depend on the franchise negotiations between DfT and the successful TOC. We have been informed that we would not expect to receive the cost of the priced option until June 2015 when DfT expect to have made some new arrangements for the suspended GW Franchise process. The cost that this Council might need to meet is likely to be in proportion to the preparation costs and would have to be met from existing budgets unless provision were made in subsequent Medium Term Finance and Resource Plans. The current opening year for the project is 2017/18 which coincides with electrification of the main line.

5.11 As part of the resumption of the paused franchise renewal, the DfT has exercised its option to extend the current franchise until October 2013 pending negotiation of an interim arrangement with First Great Western for up to two years. A longer term franchise would then be offered through a competitive process. Under the interim arrangement, First Great Western would be required to co-operate with the development of this project.

5.12 As with other joint projects within the WoE there will be a need for a Joint Working Agreement to cover the arrangements for this work. This is currently in draft and will be approved in the consultation with the Cabinet Member for Transport and the Monitoring Officer.

6 RISK MANAGEMENT

6.1 There are a number of risks with this project which will need to be carefully managed. It is recommended that approval is given each year for the preparation costs for this project to minimise the revenue reversion risk.

6.2 Until the detailed design of the project has been agreed with Network Rail (GRIP 3 see above) the capital costs will not be confirmed. Approval for the implementation of the project will be subject to a separate approval in the light of the business case prepared.

6.3 The probable cost of supporting the new service will not be known until at least June 2015. Any such costs will need to be supported for 3 years under current Government policy and would be met from current revenue budgets for supporting public transport.

7 EQUALITIES

7.1 An Equalities Impact Assessment has not been completed at the present time. An assessment will be undertaken as part of the development of the Business Case.

8 RATIONALE

8.1 The development of improved rail services are key to the delivery of the Council's Core Strategy to 2029 and the support of the jobs growth in both Keynsham and particularly Bath. The project will also reduce the dependence on private car use and support the reduction in the provision of off street parking.

9 OTHER OPTIONS CONSIDERED

9.1 None.

10 CONSULTATION

10.1 Cabinet members; Section 151 Finance Officer; Chief Executive; Monitoring Officer.

11 ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 Social Inclusion; Sustainability;

12 ADVICE SOUGHT

12.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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Sponsoring Cabinet Member	Councillor Roger Symonds
Background papers	Halcrow Report on Greater Bristol Metro Project February 2013 Item 5 to Joint Transport Executive Committee 12 th December 2012
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