

## Bath & North East Somerset Council

MEETING	<b>Cabinet</b>	
MEETING	<b>10<sup>th</sup> February 2016</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2832
TITLE:	<b>Metro West Phase 1 Update Report</b>	
WARD:	Abbey, Bathavon North, Bathavon West, Bathwick, Farmborough, Keynsham East, Keynsham North, Oldfield, Saltford, Twerton, Walcot, Westmoreland, Widcombe.	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report: None</b>		

### 1 THE ISSUE

- 1.1 To update the Cabinet on progress with the Metro West Phase 1 Rail Project and especially to update Cabinet on the risks with the project and the potential revenue support that the new services may require when they open in 2019 or 2020. This will need to be factored into the medium term financial plan in due course.

### 2 RECOMMENDATION

- 2.1 To note the contents of this report and to provide continued support for the Metro West Phase 1 Rail Project and to acknowledge its links with the Getting around Bath and Keynsham Transport Strategies.
- 2.2 To note the possible capital cost over-run and to make a commitment to revenue support for the first three years of operation.
- 2.3 To note the possible revenue reversion risk.
- 2.4 To make consideration in the medium term financial plan for any of these emerging financial pressures.
- 2.5 To note the timetabling works required in relation to Metro West phase 1 and its impact on the Saltford Station proposal.

### 3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Prior approval was given to provide continued support for the Metro West Phase 1 project and to approve the allocation of £188,000 in the 2014/15 capital

programme for the preparation of the Outline Business Case for Metro West Phase 1. There was also provisional allocation of £329,000 for 2015/16 to allow the continued development of the project so that it can submit an application for a Development Consent Order (DCO). The remaining budget in 2015/16 after rephasing prior year funds is a total of £460,000, the actual expenditure sum for 2015/16 is likely to be £448,490, which will leave only a small balance remaining for further works in 2016/17.

- 3.2 The capital cost of the full WoE project is currently estimated at just over £58M to be financed from DfT Major Transport Scheme funding, which has been devolved to the West of England Local Enterprise Partnership (WoE LEP) in the Single Growth Fund. Should the cost of the project exceed this estimate then the Council would be liable for its share.
- 3.3 The formal offer letter from the WoE LEP, for £8.8M development costs up to and including 2017/18, is expected around Spring 2016. A full report will be provided in summer 2016, following the completion of the Outline Business Case, when firm resource commitments and approvals will need to be made prior to the commencement of the project. At that time it will be clearer what effect the project will have on the Council's capital and revenue budgets.
- 3.4 Approval of progression of the wider WoE project will result in new rail services which will need revenue support for the first three years of operation. This is based on current DfT policy. If this were to change the revenue pressure might extend past 3 years. All four of the WoE authorities will be required to commit to these three years of revenue support and approval to undertake the project will mean the Council will need to make provision for this in its medium term financial plan. The figures for likely revenue support are not yet fully known, although early indications are showing this is likely to be in the region of £0.5m of which our share would be 15%. There may be some potential mitigation of this from an increase in the Severn Beach Line fares. The project has a resource split based on predicted patronage and it is anticipated that revenue support will be allocated on a similar basis. The Council's share of future operating costs will represent a spending pressure commitment for the revenue budget in the financial year 2019/20.
- 3.5 There is a revenue reversion risk for the development costs on the wider WoE project, in the case that a capital project does not go ahead. However, this is considered to be low and Bath and North East Somerset Council would only be liable for 15% of it (based on the current capital contribution and resource split) should the development funding of £8.8m from DfT be withdrawn. Whilst the risk is considered to be low this amounts to £1.32m of the overall development costs and as such this will form a key consideration for BANES when assessing the business case.
- 3.6 There is a need for continued joint working with North Somerset Council, as promoters of the project.

#### **4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**

- 4.1 A full Environmental Impact Assessment will be completed as part of the Outline Business Case and will be available in due course.

- 4.2 An environmental assessment is also needed as part of the Development Consent Order (DCO) procedure for the land required in addition to operational railway land.

## 5 THE REPORT

- 5.1 **Background:** An improvement to local rail services has been a long standing aspiration of the WoE. The Metro West Project aims to improve the local rail network which is under-developed compared with most other major urban areas. The aim is to provide regular half-hourly services across the sub-region. The first stage of this project, Metro West Phase 1, will re-open the Portishead railway and improve frequencies on the Severn beach Line and into Bath and North East Somerset. The project has received significant support from DfT who consider the proposal to be well developed.
- 5.2 The project will link the Bristol Enterprise Zone with the Bath Riverside Enterprise Area. Improved rail services at Oldfield Park will support the Bath Enterprise Area and at Keynsham will particularly support the adjacent Somerdale and other development areas. The improved rail frequency is seen as particularly significant in supporting the Master Plan, as well as being a central component of the Core Strategy, Economic Strategy, and both the Getting Around Bath and Keynsham Transport Strategies.
- 5.3 The first element of the Metro West programme (Metro West Phase 1) proposes to deliver a half hourly local service for:
- The Severn beach line (hourly for St. Andrews Road and Severn beach stations);
  - Bath to Bristol line (an additional hourly service overlaid with the existing hourly service and timed to provide an overall half hourly service); and
  - A reopened Portishead line with stations at Portishead and Pill (also serving Parson Street and / or Bedminster stations subject to further technical work).
- 5.4 The current stage of the project is in Network Rail's GRIP (Governance of Railway Investment Projects) 3 (Option Selection). This is outline engineering design, which is progressing with draft designs produced. The GRIP 3 approval in Principle engineering design is to be submitted for technical approval to Network Rail's Route Asset Managers. GRIP 3 includes several hundred deliverables, culminating with the updated capital cost estimate and construction strategy in March 2016. Grip 3 should be finished by April 2016.
- 5.5 Following the production of basic timetables by Network Rail, using their Railsys model, North Somerset Council has entered into a Development Agreement with Great Western Railway (GWR) for the operational design of the scheme and related advice. Further engagement is taking place with GWR regarding the train timetable planning based around 6 train sets. Whilst this work is subject to the completion of the GRIP 3 engineering design and the resolution of pathing conflicts with other train services, GWR are indicating that Metro West Phase 1 service can be operated with 6 train sets rather than 7, which keeps the operating costs down. GWR are preparing an Operational Cost estimate which will feed into

calculations to update the forecast train service subsidy. It is anticipated this will be available in April 2016.

- 5.6 The Council has an aspiration to open an additional station at Saltford, which can potentially be achieved after Metro West Phase 1 has been implemented. However, it is dependent upon the Metro West Phase 1 project delivering a workable timetable that will improve services at Keynsham and Oldfield Park to a half-hourly frequency. Unfortunately, the above GWR timetable work for Phase 1 has been delayed by a couple of months. As soon as this work has been completed the Council can then continue to undertake further feasibility work on the Saltford Station proposal.
- 5.7 Metro West Phase 1 also provides an opportunity to consider a possible rail link to the East of Bath. This would be dependent upon the location of a Park and Ride and its proximity to the halt. This will be considered as part of the work being undertaken by the LDF Steering Group, which is looking at the potential location of a Park and Ride site.
- 5.8 The Development Consent Order (DCO) Pre-application stage is progressing. However, there are several challenges with regard to the GRIP 3 engineering design and concluding the project land requirements. It is likely that the pre-application stage will take longer than previously envisaged. The DCO is now likely to be submitted in November 2016.
- 5.9 The Outline Business Case is currently being prepared by CH2M Hill and should be ready by summer 2016. However, it is dependent upon the timely completion of the Network Grip 3 work to produce an updated capital cost and the GWR timetabling work to produce an Operational Cost estimate.
- 5.10 There are implications for the project programme following the Hendy Review. Network Rail is currently working through the revised programme and further advice from them on this is expected in due course. Current indications are that the planned enhancement programme will still go ahead but with delay to the timescale.
- 5.11 A further report will be needed later in the year when the timetable and programme for the project, and the budget figures, are better understood.

## **6 RATIONALE**

- 6.1 The preliminary Business Case illustrated that the project has an excellent Benefit to Cost Ratio over a number of options and therefore has a strong likelihood of receiving funding. In addition the Business Case was subjected to an independent review in accordance with the (then) West of England Local Transport Body Board Assurance Framework.
- 6.2 Funding approval has now been indicated and the anticipated formal offer letter from the WoE LEP, for £8.8M development costs up to and including 2017/18, is expected around spring 2016.

## **7 OTHER OPTIONS CONSIDERED**

- 7.1 The project has reviewed, with Network Rail, a number of detailed timetable options to optimise the use of rolling stock and provide a regular service across

the West of England. These are detailed in the Preliminary Business Case, and will be selected and built upon in the Outline Business Case.

## 8 CONSULTATION

8.1 The following stakeholder engagement has been undertaken during the Preliminary Business Case and Outline Business Case preparation (thus far);

- Liaison with Network Rail about GRIP 1 / 2 and 3 / 4, Railsys modelling, outline engineering design and other technical issues;
- Liaison with Great Western Railway (formerly First Great Western) about operational matters, including timetabling and costing;
- Ongoing Metro West Stakeholder meetings;
- Public consultation about Portishead Station location;
- Liaison with some statutory environment bodies to inform the Environmental Impact Assessment and as part of the Development Consent Order pre-application work; and
- Stage 1 Public Consultation for the Development Consent Order.

8.2 The Council's Monitoring Officer, section 151 Officer and the Place Strategic Director have had the opportunity to input to this report and have cleared it for publication.

## 9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, by the Project Board for Metro West Phase 1, which is in compliance with the Council's decision making risk management guidance. Key risks will form part of the quarterly reporting to the Joint Transport Board. Risks at the project and programme level are managed through the Rail Programme Board.

9.2 North Somerset Council, as project lead, has robust budget monitoring mechanisms in place, including regular Highlight Reports (including budget, delivery and key risks) to the Rail Programme Board and Project Team. The Council has representatives on both of these.

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<b>Background papers</b>	Metro West Overview and Metro West Phase 1 leaflets; Metro West Phase 1 Preliminary Business Case; Metro West Phase 1 Preliminary Business Case Review. Both these reports and leaflets can be found at:

	<a href="http://www.travelwest.info/projects/metrowest/metrowest-phase-1">http://www.travelwest.info/projects/metrowest/metrowest-phase-1</a>
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Metro West Phase 1 Highlight Report – presented to Rail Programme Board meeting on 11/12/15 (currently confidential).

<p><b>Please contact the report author if you need to access this report in an alternative format</b></p>
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