

**West of England Partnership
Joint Transport Executive Committee
2 July 2010**

Major Schemes

Purpose of report

1. To approve the high-level performance monitoring report as at April 2010 for all active major transport schemes, and to report on the forthcoming national review of transport investment and priorities.

Background

2. These reports were introduced for the first time at the Joint Transport Executive Committee meeting on 4 February 2010, where it was agreed quarterly updates would be provided.

Project Reports

3. The High-Level Project Reports for each project have been completed by the project managers for each project and agreed by the Senior Responsible Owners. As previously stated, these reports do not in any way seek to replace the project governance and responsibilities that are in place through the Project/Programme Boards.
4. The reports, which are shown in Appendix 1, detail key milestones for the project, any net budget movement and information on risks.
5. As requested at the Joint Transport Executive Committee meeting on 18 March the Smartcard project has been included within the scope of this monitoring framework.

Regional Funding Allocation (RFA2) and Spending Review

6. Given the impact of the recession on public finance and government statements, there is likely to be significant reductions in major scheme funding in the coming years. The DfT previously asked the Region to carry out 'scenario planning' to consider responses to reduced Government funding. This work focused on identifying a range of high-level issues which would need to be considered as part of any review of the programme. These include: developing an evidence base to support the re-examination of priorities; the balance in reductions between maintenance and improvement funding; increased emphasis on high value smaller schemes; and innovation and smarter delivery (eg new procurement practices, more partnership working).
7. Over the last couple of months the Government have provided advice to those local authorities promoting major schemes which are within the DfT approvals system. For the West of England this includes Bath Transportation Package, Rapid Transit Ashton Vale to Temple Meads, Weston Package, South Bristol Link and North Fringe to Hengrove Package. Unfortunately the progress with the development of these schemes has been drawn into the Government's comprehensive spending review. In April the DfT put on hold their work on the Major Scheme Business Cases for these schemes, together with others at this stage of development nationally. The DfT have indicated that

they will not be engaging with scheme promoters for several months, and that any work undertaken in the interim will be at their own risk.

8. In June the DfT went further by publishing new interim guidance on major schemes. Key elements of this guidance, which is shown in Appendix 2, are:
 - Confirmation that schemes prioritised in RFA2 cannot be assumed to be ‘funded at the same rate as before’
 - A commitment to ‘reform the way funding decisions are made on which transport projects to prioritise’
 - Suspension of published major schemes guidance
 - Confirmation that DfT will not make any funding decisions on scheme approvals, accept any further bids or take decisions on scheme orders where schemes require DfT funding, at least until the conclusion of the spending review
9. The guidance and advice issued by Government has left the authorities trying to balance the need to undertake certain key development tasks, such as continuing to progress the Transport and Works Act Order for the Rapid Transit Ashton Vale to Temple Meads scheme, to maintain some momentum. Clearly continuing to develop and present a positive case for the West of England major schemes programme will leave the sub-region best placed in the current review of priorities.

Recommendation

That members approve the performance monitoring report and give views.

Appendices

Appendix 1 Individual Scheme Monitoring Reports

Appendix 2 DfT Interim Guidance on Local Authority Major Schemes

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Appendix One

Quarterly High Level Project Report

Quarter ended

Apr-10

Scheme: Greater Bristol Bus Network (GBBN)

Scope of Current PID: Implementation

Milestones

Milestones within Scope of PID	Date Achieved or Forecast	
	Last Reported	Currently
Corridor 1 (M32)	Sep-08	Achieved
Corridor 2 (A4018)	Feb-12	Feb-12
Corridor 3 (A4)	Jun-11	Jun-11
Corridor 4 (Route 73)	Dec-11	Dec-11
Corridor 5 (A432)	Nov-11	Nov-11
Corridor 6 (A37)	Aug-10	Aug-10
Corridor 7 (A4174)	Feb-12	Feb-12
Corridor 8 (A370)	Feb-11	Feb-11
Corridor 9 (A369)	Oct-11	Oct-11
Corridor 10 (A367)	Jun-10	Jun-10

Progress/Variance: 21 infrastructure (i.e. bus stop and bus priority) schemes have now been completed and a further 17 are in progress. This translates into almost two thirds of all the grant funded infrastructure schemes.

Budget

	Last Reported	Currently
Budget Plan Cost:	100	100

Comment: The current budget (not cost estimate) of £77,268,735 is broadly the same as reported last quarter.

Risks

	Before Mitigation		After Mitigation	
	Last Reported	Currently	Last Reported	Currently
Number of 'Red' Status Risks:	32	37	1	0

Top 3 Risks:

Developer funding
Utilities and unexpected ground conditions
Consultation

New Strategic Risks (if any):

Real Time Passenger Information (RTI) procurement and implementation

Comment: The five new red risks before mitigation are 3-013, 4-070, 4-071, 4-072 and 4-074 relating to the A369 Beggar Bush Lane, Lysander Road (Pegasus Road to Retail Park), A4174 Coldharbour Lane to M32 and Coldharbour Lane schemes respectively. Risks 3-013, 4-070, 4-071 and 4-074 relate to obtaining change request approvals for these schemes. Risk 4-072 relates to a potential cost overrun due to service diversions. The last reported red risk after mitigation related to the A369 Beggar Bush Lane scheme. This risk has now been superseded by new risk 3-013.

General

Achievements and Issues: The majority of schemes are being delivered on or under budget due to cost savings in design, procurement or construction, and these savings are returned to the change budget. Whilst there remains a risk of cost increases on schemes at an early stage of development, options are now being explored around how any residual funding might be used to further enhance existing schemes.

Quarterly High Level Project Report

Month ended

Apr-10

Scheme: Bath Transportation Package

Scope of Current PID: Award of Conditional/Full Approval

Milestones

Milestones within Scope of PID	Date Achieved or Forecast	
	Last Reported	Currently
Submit updated MSBC to DfT for Conditional/Full Approval.	Feb-10	Post CPO Inquiry
Out to tender for 4 lots of construction.	Nov-09	Achieved
Planning decision issued for Newbridge P&R expansion & BRT 9/11/09 and for Eastern Park and Ride 20/11/09	Nov-09	Achieved
Evaluation of OJEU Contractor Pre -Qualifications	Oct-09	Achieved
Submitted updated economic appraisal to DfT.	Jan-10	Achieved
City Centre/High Street/ Access Changes consultation complete. Report published, Traffic Regulation Order Process next stage.	Ongoing	Achieved
CPO Inquiry.	Ongoing	Sep-10
Tenders Returned and evaluated.	Ongoing	Achieved

Progress/Variance: Dependent on confirmation of CPO, aiming for resubmission of MSBC early 2011

Budget

	Last Reported	Currently
Budget Plan Cost:	100	100

Comment: Scheme forecast costs updated April 2010, in line with PE costs October 2007.

Risks

	Before Mitigation		After Mitigation	
	Last Reported	Currently	Last Reported	Currently
Number of 'Red' Status Risks:	3	3	3	3

Top 3 Risks:

Comprehensive Spending Review

CPO Public Enquiry

Funding and approval potential delay.

New Strategic Risks (if any):

Comment:

General

Achievements and Issues:

Quarterly High Level Project Report

Quarter ended

Apr-10

Scheme: Weston Package Phase 1 - Low Cost Option

Scope of Current PID: Up to Conditional Approval

Milestones

Milestones within Scope of PID	Date Achieved or Forecast	
	Last Reported	Currently
Finalise detailed designs	NA	Nov-10
Consultation on detailed designs	NA	May-10
Updated Evaluation plan	NA	Jun-10
Detailed procurement strategy	NA	Nov-10
Obtain planning permissions	NA	Nov-10
Submit bid for conditional approval	NA	Dec-10

**Progress/
Variance:** New PID produced. Delay in main public consultation element now planned in June 2010

Budget

	Last Reported	Currently
Budget Plan Cost:	100	100

Comment:

Risks

	Before Mitigation		After Mitigation	
	Last Reported	Currently	Last Reported	Currently
Number of 'Red' Status Risks:	0	1	0	1

Top 3 Risks:

Cost inflation lower or higher than anticipated

Unidentified utility apparatus encountered

Less construction work able to take place at M5 Jct 21 in the daytime than anticipated

New Strategic Risks (if any):

Delay in gaining Programme Entry affecting overall programme and costs

Comment:

General

Achievements and Issues: Completion of all topographical surveys and site investigation surveys.

Quarterly High Level Project Report

Month ended

Apr-10

Scheme: Rapid Transit Ashton Vale to Temple Meads and Bristol City Centre**Scope of Current PID:** Obtaining Conditional Approval**Milestones**

Milestones within Scope of PID	Date Achieved or Forecast	
	Last Reported	Currently
DfT Programme Entry Approval	Feb-10	Mar-10
Submission TWAO	Mar-10	Jun-10
BCC and NSC 2nd full council resolutions	Jun-10	
Public Inquiry	Dec-10	
Approval TWAO	Sep-11	
Full approval with DfT	Dec-11	

Progress/Variance: Delay in DfT approval has caused a slight delay in submission of the Transport and Works Act Order

Budget

	Last Reported	Currently
Budget Plan Cost:	100	100

Comment:**Risks**

	Before Mitigation		After Mitigation	
	Last Reported	Currently	Last Reported	Currently
Number of 'Red' Status Risks:	3	3	0	0

Top 3 Risks:

Delay to complementary developer funded elements or funding

Failure to meet RFA programme

Capital costs escalate resulting in failure to secure funding (DfT)

New Strategic Risks (if any):

New DfT guidance on major scheme development and outcomes of CSR reduce available funding for the scheme.

Comment:**General**

Achievements and Issues: BCC and NSC passed 1st Full Council resolutions in January and February 2010.

Quarterly High Level Project Report

Month ended

Apr-10

Scheme: South Bristol Link

Scope of Current PID: Up to Programme Entry

Milestones

Milestones within Scope of PID	Date Achieved or Forecast	
	Last Reported	Currently
JTEC support for Bid	Feb-10	Achieved
BCC Cabinet Bid approval	Mar-10	Achieved
NSC Exec Bid approval	Mar-10	Achieved
Bid Submission	Mar-10	Achieved
Programme Entry		Sep-10

**Progress/
Variance:** Concern that DfT have not assessed bid to confirm it is 'compliant'

Budget

	Last Reported	Currently
Budget Plan Cost:	100	100

Comment: Assumes total works cost = £50.466m ; prep costs = £6.926m

Risks

	Before Mitigation		After Mitigation	
	Last Reported	Currently	Last Reported	Currently
Number of 'Red' Status Risks:	16	12	3	6

Top 3 Risks:

Mainline rail crossing

Unable to secure funding for pre-construction preparatory costs

Contaminated land on alignment worse than expected

New Strategic Risks (if any):

Comment: Other significant risk associated with possible delay in securing DfT approvals.

General

**Achievements
and Issues:** Major Scheme Bid successfully submitted to DfT on schedule

Quarterly High Level Project Report

Month ended

Apr-10

Scheme: North Fringe to Hengrove Package**Scope of Current PID:** Work Programme up to award of Programme Entry status by the DfT**Milestones**

Milestones within Scope of PID	Date Achieved or Forecast	
	Last Reported	Currently
1. Option Prioritisation	Jan-10	Achieved
2. Scheme Design & Consultation	Dec-09	Achieved
3. Appraisal of Central Case	Feb-10	Achieved
4. JTEC & Council endorsement	Mar-10	Achieved
5. Bid Compilation & Submission	Mar-10	Achieved
6. Programme Entry status	Sep-10	Sep-10

Progress/Variance: Major scheme funding bid submitted to programme in March 2010. Milestone 6 is dependent on DfT assessment of the bid in line with previous assurances to accelerate bid appraisal.

Budget

	Last Reported	Currently
Budget Plan Cost:	100	100

Comment: 2009/10 work programme achieved within agreed allocation. 2010/11 allocation based on necessary further work to facilitate programme entry status from DfT.

Risks

	Before Mitigation		After Mitigation	
	Last Reported	Currently	Last Reported	Currently
Number of 'Red' Status Risks:	5	5	0	0

Top 3 Risks:

Sensitivities over option selection delay preparation and bid submission.

Failure of participating authorities to agree funding, scope, continuity options, mode of operating regime, procurement route etc.

Lack of clear division of responsibilities between the Programme and Projects

New Strategic Risks (if any):

Comment: The risk register will be reviewed at the next Programme Board to reflect achievement of bid submission and impact on number of 'red' risks.

General

Achievements and Issues: Following bid submission, DfT have advised that they are not currently progressing the assessment of bids prior to the comprehensive spending review. The Councils are progressing key tasks to maintain scheme progression pending re-engagement with the DfT.

Quarterly High Level Project Report

Quarter ended

Apr-10

Scheme: Smartcard Project

Scope of Current PID: Development of systems to support Smartcards in WoE

Milestones

Milestones within Scope of PID	Date Achieved or Forecast	
	Last Reported	Currently
Bid for and secure DfT funding for 2009/10.	N/A	Achieved
Spend 09/10 funding, including HOPS contract.	N/A	Achieved
Bid for 2010/11 funding.	N/A	Achieved
Receive 2010/11 funding from DfT	N/A	Jun-10
HOPS delivery	N/A	Oct-10
Establish formal charging mechanism	N/A	Oct-10

Progress/Variance: On track. Proposal for South West Local Authority recharging submitted to South West Smartcard Board.

Budget

	Last Reported	Currently
Budget Plan Cost:	NA	100

Comment: 2010/11 funding awaited.

Risks

	Before Mitigation		After Mitigation	
	Last Reported	Currently	Last Reported	Currently
Number of 'Red' Status Risks:	NA	1	NA	0

Top 3 Risks:

First Group potential non involvement in ITSO smartcard scheme

Unable to complete phase 2 if external funding not forthcoming

South West operators and authorities do not adopt smart / do not use WoE HOPS

New Strategic Risks (if any):

Comment: Mitigating action is being taken to involve First and South West operators / authorities. DfT funding will be known in June.

General

Achievements and Issues: The scheme is on track.

Interim Guidance On Local Authority Major Schemes

The Government has made clear its most urgent priority is to tackle the UK's record budget deficit, in order to restore confidence in the economy and support the recovery. The Department for Transport will play a full part in the spending review which will be reporting in the autumn. Only once the Government's spending review has been concluded will the Department for Transport be in a position to identify those major investments that can be supported.

Until this work is concluded, it would be inappropriate, given the likely budgetary constraints, for DfT to continue to invest time and resources on scheme development at the same rate as before.

Local Authorities should not therefore assume that schemes prioritised under the previous Government's Regional Funding Allocations (RFA) process will be funded to the previous published levels. They will wish to consider carefully whether investing further time and resources in developing such schemes is justified.

It is also a logical step in light of the Government's commitment – as set out in the Coalition Agreement – to reform the way funding decisions are made on which transport projects to prioritise.

Because of the action required to contribute to the £6.2bn of savings in cross Government spend in 2010/11, it is now very unlikely that any schemes not yet fully approved will be able to begin construction before the end of 2010/11 and the headroom for any new construction starts in 2011/12 is likely to be limited.

All schemes that were granted Conditional Approval or Programme Entry by the previous Government will be reviewed as part of the spending review. Until then, the Government can give no assurances on funding support for any of these schemes.

In parallel to the spending review we will also be reforming the way that funding decisions are made on which transport projects to prioritise, as the Government committed to do in the Coalition Agreement. This will include a consideration of the strategic framework for the funding and prioritisation of regional and local major schemes in the future.

We should make it clear that all spend by Local Authorities and PTEs on schemes that have not yet reached full approval is entirely at their own risk.

The Department does not accept any liability for development or preparatory costs incurred to date or which may be incurred going forward while funding remains uncertain.

With immediate effect, and at least until the conclusion of the spending review:

- The Major Schemes Guidance for Local Authorities published by the previous Government is suspended. It should not be regarded as a representation of current policy and should not be followed by scheme promoters
- The Department will not be taking any funding decisions on scheme approvals, including those scheme bids that have already been submitted for approval

- The Department will not accept any further bids for any stage of major scheme funding approval (and, by extension, scheme promoters will not be able to claim preparatory costs by submitting a 'compliant' Conditional Approval or Full Approval bid)
- The Department will not release any funding for small schemes of £5m or less that had been prioritised for funding under the previous Government's RFA programme
- The Secretary of State will not take decisions on scheme orders for schemes requiring DfT funding, but consideration will be given if there are alternative funding sources
- Scheduled public inquiries on schemes requiring DfT funding will generally be postponed and no further inquiries will be scheduled, inquiries will be allowed to proceed if there are alternative funding sources.

The Department also strongly advises Local Authorities to exercise caution in any further public communication about individual schemes, and to avoid unduly raising expectations, for example through public consultations and exhibitions.

DfT officials will engage with LA scheme promoters and other stakeholders on a pragmatic basis to deal with any difficult issues that arise in relation to existing schemes. However, DfT will not encourage or assist LAs to progress potentially abortive work on schemes until the funding position is clear.

DfT Officials may engage on a limited basis with authorities on schemes that already have Conditional Approval and to identify schemes that have critical safety or lifeline issues. However, even in these cases, we will not accept bids for scheme approvals until further notice and any expenditure by scheme promoters is at their own risk until funding is clarified following the spending review. Promoters should therefore seek to minimise preparatory costs on such schemes.

The Department appreciates the uncertainty that these temporary measures will cause, but the scale of the savings required across Government in order to reduce the deficit means that the existing pipeline of schemes will not be affordable, and that we need to take action now to avoid further unnecessary spending. We will aim to provide a firm indication on the way forward later this year once the spending review is complete.

June 2010