

Wiltshire Council

Cabinet

19 May 2020

Subject: Capital Programme - Transport

Cabinet Member: Cllr Bridget Wayman – Cabinet Member for Highways, Transport & Waste

Key Decision: Key

Executive Summary

Following recent and continuing success in bidding for major transport projects, the Council needs to consider its capacity to manage an increasing programme of scheme development and delivery activity.

Whilst the sharp upturn in funding for projects incorporating transport infrastructure is of course welcome, the scale of that increase necessitates a corresponding shift in the Council's current approach in that regard.

This report illustrates the extent of funded and pending activity and proposes arrangements to ensure that appropriate resource is in place.

Proposals

That Cabinet notes the intention to establish a revised internal structure creating a focussed major transport projects development and delivery team.

That Cabinet approves a capital budget of £6.71 million across 2020/2021 and 2021/2022. Funded by £5.25 million grant and local contribution of £1.46 million funded by commuted sums.

That Cabinet notes that recent funding awards are conditional on the Council providing a 'local contribution' in terms of both development and construction costs, and agrees the need for suitable financial provision to be made - the final extent of that to be determined once:

- costs have been finalised
- negotiations on the percentage contribution has been agreed with the funding agency and
- the outcome of all pending bids are known

Reason for Proposals

The Council has succeeded in securing government funding for a substantial programme of major transport investments in the county that require local funding and resourcing for a project team to secure the successful delivery of the programme.

The proposals are made to:

- secure Council's ability to respond convincingly to bidding opportunities
- ensure Council's is able to develop and deliver major transport projects in line with agreed programmes
- improve the ability to secure conditional funding via external bodies

Alistair Cunningham, Chief Executive Officer, Place

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Purpose of Report

1. To ask Cabinet to acknowledge the resource and financial implications of recent funding awards by Department for Transport and to agree appropriate provision to progress the schemes.
2. To ask Cabinet to acknowledge the potential resource and funding implications of a number of projects awaiting decisions on Government funding and to recognise that appropriate provision will need to be made.

Relevance to the Council's Business Plan

3. Investment in transport infrastructure accords with the overarching aims of the Council's Business Plan 2017-2027 including:

Growing the Economy – Transport & Infrastructure

- Bid in further rounds of government funding (which will be a competitive process and require project development and assurance work) to build on the success to date and deliver the Swindon and Wiltshire Strategic Economic Plan.;
- Explore funding sources and secure planning obligations to fund new infrastructure; and put in place supply chains capable of the timely delivering of new infrastructure; and
- Promote with Department for Transport and Highways England improvements to the A303 and North-South connectivity across Wiltshire.

Background

4. In March 2018, Cabinet considered a report¹ advising of a new significant funding opportunity for major road scheme funding, and to seek views on the need to establish associated regional governance.
5. The source of that funding is the 'National Roads Fund', being £28.8 billion between 2020-2025, £3.5 billion of which is to be spent on local roads.
6. Government indicated that access to the local roads fund would require prioritised investment planning within a consistent national framework. Government made it equally clear that Sub-national Transport Bodies (STBs), should carry out this important strategic role – i.e. as bodies designed to enable regions to speak with one voice on strategic transport planning
7. The Western Gateway Shadow Sub-National Transport Body (WGSSTB) was officially formed in a shadow status in December 2018 with Cllr Bridget Wayman elected as Chair.
8. The constituent authorities are: Bath and North East Somerset Council; BCP Council (Bournemouth, Christchurch and Poole); Bristol City Council; Dorset Council; Gloucestershire County Council; North Somerset Council; South Gloucestershire Council; West of England Combined Authority; and Wiltshire Council.
9. Guidance for STBs on submitting their priority schemes was issued by DfT in December 2018, with a deadline for submission of priorities in July 2019.
10. The WGSSTB considered candidate schemes from all member authorities – following their meeting in June 2019, the Board agreed to submit 9 schemes to DfT, 4 of which are in Wiltshire.
11. The Wiltshire schemes are:
 - A350 - M4 J17 Improvement
 - A350 Chippenham Bypass Improvements – Phases 4 & 5
 - A350 Melksham Bypass
 - A338 Southern Salisbury Improvements
12. On 11th February 2020, the Prime Minister announced 6 schemes across the country that had been successful in securing development funding. The Melksham and Salisbury schemes referred to above were in that list.

¹ <https://cms.wiltshire.gov.uk/documents/s140984/Report%20-%20Proposals%20for%20the%20Creation%20of%20a%20Major%20Road%20Network%20-%20Consultation.pdf>

13. As part of his budget announcement on 12th March 2020, the Chancellor confirmed development funding for another 15 schemes across the country – improvement at M4 Junction 17 was included in that list.
14. At the same time, government published their road investment strategy for the period between April 2020 to March 2025 known as Road Investment Strategy 2 or RIS2².
15. As well as identifying the investment plan of how money will be invested in maintenance and enhancements of the trunk road, RIS2 also identifies funding for a strategic research and development pipeline. In that regard, RIS2 commits to funding 3 new national strategic studies, one of which responds to the significant lobbying by Wiltshire Council, in partnership with BaNES and Dorset Councils, who have determinedly argued for improved north/south connectivity between M4 and the south coast.
16. The Secretary of State confirmed:

There are few north-south connections across the South West of England. The present strategic road for this area is a mixture of the A36 and A46, via Bath, Warminster and Salisbury. Local authorities in the area have suggested that there is a strategic case for adopting an alternative corridor – the A350 – as the main strategic route for the area; and then beginning a coordinated programme of upgrades to provide a high-quality route linking the M4 to the Dorset Coast including Bournemouth and Poole, with its economically-important port facilities.

This raises a number of related questions, which are best considered together as part of a strategic study. We expect that this study will identify which corridor provides the main strategic route for the area; may recommend the trunking and detrunking of key routes; and may identify priority investments in the area that can be taken forward after the dualling of the A303/A358 is complete.

17. This is a major achievement, offering an unprecedented opportunity to argue for investment far beyond levels available to us through usual channels.
18. More announcements will follow, with additional schemes being added to those approved for funding, which may yet include further schemes in Wiltshire.

Main Considerations for the Council

19. The Council's Highways & Transport service areas regularly submit bids in response to competitive funding opportunities.
20. Whilst we already have a good track record of success in these areas, this most recent announcement clearly represents a major achievement for the Council and our STB, and public reaction has been supportive.
21. Maintaining a portfolio of projects developed to a credible state of readiness is key in that regard – continued success requires the Council to have corresponding capacity and funding to progress development of the schemes. That requirement has been recently heightened following the Council's success where Melksham Bypass, Southern Salisbury Junction Improvements and M4 Junction 17 have thus far been accepted by DfT as being eligible for development funding.
22. These three schemes now form part of a significantly wider programme of existing and emerging commitments, a summary of which is attached at **Appendix 1**.
23. To date, responsibilities associated with scheme development and delivery have been shared between a very small number of staff in the transport planning and asset management service areas. That very low client base results in a high dependence on external consultancy support.
24. Whilst the sharp upturn in funding for projects incorporating transport infrastructure is of course welcome, the scale of that increase necessitates a corresponding shift in the Council's approach to, and capacity for managing those projects.
25. All of the projects referred to in **Appendix 1** require a significant resource input from the Council.
26. Some relate to competitive opportunities, where the Council is (or will be) engaged in bidding activity. Those schemes require a tactical input, crafting submissions that best fit the criteria and constraints on offer.
27. Others relate to projects that have secured conditional awards of funding. Several of them require a 'local contribution' towards their overall capital cost (including development costs) – (DfT's expectation (to some extent negotiable) is that scheme promoters will contribute 15% towards the capital cost, and around 1/3rd of development costs).
28. Many of the schemes are complex, requiring co-ordination of, inter alia, design, land acquisition, compulsory purchase, planning permission (including assessment and mitigation of ecology and environmental implications), as well as external funder approval of detailed business cases.

29. Most of the schemes rely on the availability of funding which is time limited, resulting in programmes that require tasks to be carried out at risk.
30. If the Council is to deliver against current and anticipated programmes, the potential associated costs to the Council need to be acknowledged and suitable provision made – the Council also needs to establish a dedicated resource to manage development and delivery.

Overview and Scrutiny Engagement

31. No engagement has taken place with the relevant leading Members of the Overview and Scrutiny function at this stage.

Safeguarding Implications

32. There are no safeguarding implications arising from the proposals.

Public Health Implications

33. There are no public health implications arising from the proposals.

Procurement Implications

34. There are no procurement implications arising from the proposals – specialist work will be commissioned through the Council's term consultants (Atkins)

Equalities Impact of the Proposal

35. None

Environmental and Climate Change Considerations

36. There are no energy consumption implications relating to the proposal the subject of this report.
Business case development and detail design for individual schemes will consider this issue in due course.
37. Business case development and detail design for individual schemes will consider this issue in due course.
38. There are no day to day environmental management implications relating to the proposal the subject of this report.
Business case development and detail design for individual schemes will consider this issue in due course.
39. There are no climate change implications relating to the proposal the subject of this report.

Business case development and detail design for individual schemes will consider this issue in due course.

Risks that may arise if the proposed decision and related work is not taken

40. If the proposal is not agreed, it would result in:
- compromising the Council's ability to respond convincingly to bidding opportunities
 - compromising the Council's ability to develop and deliver major transport projects in line with agreed programmes
 - a significant risk that conditional funding secured via external bodies being lost

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

41.

Risk	Action
Cost overrun	Close project and financial management key component of scheme development
Insufficient resource	Creation of dedicated team(s)
Unknown factors ie detailed planning, ecology and environment implications	Detailed surveys and analysis being undertaken to help identify and reduce/remove risk

Financial Implications

42. There are short, medium and longer term financial implications.
43. In the short term, the Council will need to establish a budget to fund the Council's 'share' of schemes development costs. A Budget totalling £6.71 million will need to be added to the capital programme across 2020/2021 and 2021/2022. At this stage it is recommended the Wiltshire Council commitment totalling £1.46 million should be funded by commuted sums. The remaining £5.25 million would be funded by the grant.
44. In the case of Melksham Bypass and Salisbury Junctions and M4 J17, DfT have given approval and funding to help progress to the next stage of development under the Major Road Network (MRN) and Large Local Majors (LLM) programme.
45. To help the scheme progress to the next stage, DfT have confirmed that they will make a contribution of £1.33 million and £0.170 million respectively towards the costs of developing the Outline Business Cases (OBC). These contributions are based on a 2/3rd 1/3rd split, i.e.

46.

	OBC total cost £'m	DfT offer £'m	Residual cost for WC £'m
Melksham Bypass	£2.00	£1.33	£0.670
Salisbury Junctions	£0.250	£0.170	£0.080
M4 J17	£0.250	£0.170	£0.080

47. In the medium/longer term, providing the above projects progress through all of DfT's funding requirements, the Council will be requested to make a local contribution to the capital cost of the scheme.

48. That amount is not fixed as yet, however the following table shows the implication of a (worst case) 15% contribution:

	Possible level of required capital support (£m)					
	2022	2023	2024	2025	2026	2027
Melksham Bypass			5	5	5	5
Salisbury Junctions	0.9	0.9	0.9			
M4 J17		1.95	1.95			

49. In terms of the wider programme, several of the other schemes in **Appendix 1** have the potential to require as yet undetermined contributions from the Council.

50. The Council is still awaiting a decision on one more MRN Scheme (Chippenham dualling stages 4 & 5) decision anticipated shortly.

51. The need for this provision broadly accords with the Capital Strategy 2020/2021 report presented to and approved by Full Council on 25th February^[1] (para 24).

52. At this stage funding options for the medium/long term Local Contributions need to be confirmed but should include the use of CIL and S106, other options will need to be reviewed in light of current position and will include prioritising existing funding to these schemes. The medium/long term position will be developed as part of future Budget Setting.

Legal Implications

53. There are no immediate legal implications arising from the proposals, however it will require additional legal support in connection with legal

^[1] <https://cms.wiltshire.gov.uk/documents/s174404/Capital%20Strategy.pdf>

orders, land acquisition as the scheme progresses.

Workforce Implications

54. Given the increasing extent, value and complexity of the projects referred to above, it is considered essential to establish a revised internal structure creating a focussed major transport projects development and delivery team.
55. That team, under a new Head of Service, would report to the Director of Highways and Environment.
56. The size and skill set of the team will need to be flexible to adapt to variation in the volume and complexity of the programme at any given time.
57. The scope will be confined to capital projects and staff costs could be capitalised from scheme budgets.

Options Considered

58. Consideration has been given to managing this programme within existing resource. That is not practicable considering the size of the new capital roads programme, and capacity within existing team.

Conclusions

59. The Council has succeeded in securing funding for a substantial programme of major transport projects that require local funding and resourcing to an extent that cannot be delivered within existing budgets and team structures.
60. As long as the government prefer competitive 'opportunity' funding for major transport initiatives, the Council's continued success relies on creating a focussed increase in capacity for managing such projects.

Alistair Cunningham, Chief Executive Officer, Place

Report Author:

Allan Creedy – Head of Service · Sustainable Transport

Date: 20th April 2020

Appendices:

Appendix 1 – Capital Projects

Background Papers:

None