

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

8 FEBRUARY 2023

REPORT OF THE CORPORATE DIRECTOR - COMMUNITIES

PORThCAWL METROLINK

1. Purpose of report

1.1 The purpose of this report is to:-

- seek Council approval to consolidate the balance on the Cardiff Capital Region (CCR) Metro Plus Scheme capital budgets in the capital programme against the Porthcawl Metrolink scheme and vire funding from the Porthcawl Regeneration scheme to meet the additional costs resulting from the tender process for the Metrolink Scheme, subject to Cabinet's recommendation on 7 February 2023.

2. Connection to corporate well-being objectives / other corporate priorities

2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
2. **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

2.2 This strategic transport proposal and associated active travel will facilitate increased public transport use.

2.3 The scheme will contribute to the Council's corporate well-being objective of 'Supporting a successful sustainable economy' under the Well-being of Future Generations (Wales) Act 2015 by reducing the carbon footprint through the method of encouraging modal shift to sustainable travel and by reducing vehicular congestion.

- 2.4 The creation of improved accessibility for modes of travel other than the car contributes to 'Helping people and communities to be more healthy and resilient' by providing greater access to public transport, traffic reduction and associated environmental benefits.
- 2.5 Additionally, the scheme contributes to a 'Smarter use of resources' by improving public transport efficiency as well as providing scope for further bus service frequency enhancements on the local bus network within the County Borough and the wider strategic, regional South Wales Metro.
- 2.6 The scheme will also provide an opportunity for future localised regeneration schemes around the project area as well as the strategic Porthcawl Regeneration site with the associated economic and social benefits.

3. Background

- 3.1 The Porthcawl Metrolink project is the provision of a modern bus facility within the heart of the Porthcawl Regeneration area offering a multi bay, fully enclosed building with room for a concessionary stand. The design features a curved glass and steel structure with a sedum roof. Whilst a simpler, more traditional bus facility could have been developed, it was considered that a more modern, bespoke design with a strong emphasis on quality of appearance and materials was more appropriate within this setting. Cabinet approved the Metrolink on the 14th December 2021 as a priority strategic transport project and Planning Permission for the facility was granted early in 2022.
- 3.2 Cardiff City Region (CCR) through its Metro programme, together with Welsh Government (WG), provide the principal funding mechanism for large strategic transport projects within the region. This includes the Porthcawl Metrolink bus facility which, as well as being an important regional strategic transport facility on the South Wales Metro, is also a key piece of infrastructure within the Porthcawl Regeneration site. The facility is part of the Porthcawl Placemaking Strategy and is included within the Replacement Local Development Plan (RLDP). Without the Metrolink facility the regeneration programme will not be able to proceed as per the approved strategy by facilitating more sustainable modes of transport.
- 3.3 The CCR/WG funding was awarded on the basis that £3,000,000 will be made available for each of the 10 local authorities that make up the Cardiff Capital City Region. Bridgend has two Metro Projects i.e. the Porthcawl Metrolink and the Replacement Penprysg Road Bridge/closure of Pencoed level crossing. The current CCR Metro funding ends at the end of March 2023. Under the terms of the Metro programme, as approved by CCR, all funding must be spent by this time.
- 3.4 The two Metro schemes are currently in the capital programme, profiled as below:

	2022-23	2023-24	Total
	£000	£000	£000
Porthcawl Metrolink	2,304	0	2,304
Penprysg Road Bridge / Level Crossing	735	250	985
Total Budget	3,039	250	3,289

These are funded as follows:

	2022-23	2023-24	Total
	£000	£000	£000
CCR / WG	2,707	0	2,707
BCBC Funding	332	250	582
Total Budget	3,039	250	3,289

- 3.5 As the Metrolink project was well advanced and a detailed design approved, in view of technical difficulties associated with the Metrolink scheme an allowance has been made for Bridgend County Borough Council (BCBC) by CCR. This informal agreement requires that the contract for the Metrolink be let before the end of March 2023 and demonstrable progress be made in order to retain the funding for spend in 2023-24 until the completion of the project. As such, if the contract is not awarded by the end of March 2023 there is a significant risk that all unspent regional funding of £2,707,000 will be lost.
- 3.6 The remaining Metro funding allocated to the Penprysg project will also have to be spent by 31 March 2023 or this will also have to be returned to CCR. This project was the subject of an unsuccessful Levelling Up Fund (LUF) bid in 2022 and further progress on this scheme is limited until further funding opportunities are investigated. However, it is intended to submit the scheme for future CCR Metro programme funding in 2023-24.

4. Current situation/proposal

- 4.1 The procurement process for the Metrolink scheme started last year and the tender was let in autumn 2022.
- 4.2 The highest scoring bidder has submitted a tender with a value which is considerably above the original estimated costs. The factors involved with the higher than expected bid include significant increases in the cost of materials and labour since the estimated cost was calculated.
- 4.3 The invitation to tender award criteria set quality (60%) at a higher weighting than price (40%). The quality to cost ratio was established to ensure that an experienced

contractor with direct transport (bus station or railway station) work would be advantaged, in order to secure a robust and fit for purpose facility that could withstand heavy use and provide a long-term service with minimal cost, maintenance and repair. The high profile and prominent location of the development within a key regeneration site was also a factor. There was no budget cap set on returning bids; whilst this was possible it was considered that bidders would price right up to the maximum allowed and as such it may have excluded higher quality bids.

- 4.4 Procurement advice is that it is not possible to re-visit the tender evaluation or award the contract to a lower cost bidder on the basis that there is no additional funding available as doing so would breach transparency and equal treatment requirement. It would be unlawful to award the contract to anyone other than the bidder assessed to offer the most economically advantageous tender as evaluated against the published award criteria of this tender. The only other alternative option would be to abandon this tender and re-tender with alternative award criteria and / or a revised specification should additional funding not be forthcoming, in which case, the current tender will be closed-down, making it invalid, and the process started again with a full new tender.
- 4.5 A tender of this complexity warrants a period of 8 weeks due to the complexity of the design elements. If the tender process was to start again straight away, there will be no likelihood of an award of contract until well into April 2023 at the earliest. This will conflict with CCR requirements on funding spend and place the funding at risk. It is also possible that any further bids received will reflect continuing price increases and may again be higher than anticipated. Furthermore, the low interest in this scheme during the current tender process would suggest that there is also a risk that no tenders or at least very low-quality bids will be received.
- 4.6 There is a significant risk that the CCR funding will be lost if the contract is not awarded or if the project is re-tendered and progress not made before the end of the financial year. The Council will then subsequently have to decide whether to fund the entire cost of the project or not go ahead.
- 4.7 There are other additional costs associated with the scheme over and above those associated with the tender. This includes a contingency fund of £500,000 and project management costs of £75,350. These costs are normal for a project of this nature and will also have to be met from the Capital budget. The total cost of the scheme is £3,836,834.
- 4.8 There is a budget currently within the Capital Programme (current budget £3.492 million) to provide infrastructure works within the Porthcawl regeneration site, and this is being funded from the capital receipt received from the sale of the foodstore site. The Metrolink project is a key infrastructure project and as such falls within this requirement. The full cost of the further infrastructure works are not yet known but some may be funded by other means such as S106 contributions from future development phases. It is also considered that the provision of the Metrolink facility is essential for the continued development of the regeneration site without which it cannot be developed in accordance with the approved Porthcawl Placemaking Strategy and Replacement Local Development Plan. The Metrolink will also dictate the nature and extent of future infrastructure works. It is not considered that using these funds will prejudice any future development potential of the wider site.

4.9 In summary, this report requests Council's approval to transfer all remaining funds for the Metro programme (£961,613 from Penprysg) to the live Porthcawl Metrolink project, in order to maximise the available CCR spend, and to vire £571,221 from the Porthcawl Regeneration capital budget, also to the Porthcawl Metrolink project, to fund this essential infrastructure project.

5. Effect upon policy framework and procedure rules

5.1 There is no effect on policy framework or procedure rules at this stage.

6. Equality Act 2010 implications

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The impact and effect of the strategic transport schemes described above as assessed in line with the Well-being of Future Generations (Wales) Act 2015 and a summary of the implications relating to the five ways of working is below:

- **Long-term:** The implementation of the proposed strategic transport scheme will enhance the network of public transport and active travel routes which connect to all major trip attractors. It will therefore allow for greater opportunities for both active travel and a reduction in car dependent transport. This will result in environmental benefits associated with reductions in noise and air pollution; reduction in congestion and other associated economic benefits, promoting greater social inclusion and supporting the boroughs aims of a successful sustainable economy.
- **Prevention:** The proposed strategic transport scheme will help reduce congestion by allowing for more opportunities of active travel, resulting in a positive impact on communities.
- **Integration:** The project will provide additional public transport infrastructure as well as connectivity to the active travel network. Active travel can provide health benefits associated with increased physical activity; environmental benefits associated with reductions in noise and air pollution; reduction in congestion and other associated economic benefits, promoting greater social inclusion. Connecting communities and providing infrastructure that facilitates low-cost modes of public transportation, ensuring equity of opportunity for those without access to a car or who wish to use more sustainable modes. Furthermore, the promotion of active travel supports the work of other public bodies such as the local health board to encourage healthier lifestyles.
- **Collaboration:** The development of the strategic transport scheme will require collaboration with external stakeholders and internally with various sections of the

council including local town councils, regeneration, engineering, traffic management, and planning in considering wellbeing objectives.

- **Involvement:** Section 5 of the Well-being of Future Generations (Wales) Act 2015 states: 'A public body must take account of... the importance of involving other persons with an interest in achieving the well-being goals and of ensuring those persons reflect the diversity of the population'. This approach has been evidenced by the extensive engagement undertaken through the LDP, LTP and the Porthcawl Placemaking Strategy.

7.2 Further engagement took place on the individual planning application granted early in 2022.

8. Financial implications

8.1 The work on the Porthcawl Metrolink project has so far been funded by the Welsh Government Local Transport Fund which is administered under the Cardiff City Region's Metro Programme up to and including the tender process. Under the terms of the Metro project, there is now an expectation that the Council should provide any additional funding over and above the initial Metro funding envelope of £3,000,000, up to £1,500,000. The Metro funding also covers the Penprysg Road Bridge Replacement in Pencoed and part of the Metro fund has been spent on WelTAG studies and public consultation events for this project. The current Metro funding ends in 2023 and no further funding on either project will be available after this time.

8.2. The total Capital budget for both Metro schemes is currently £3,289,000, as set out in paragraph 3.4, of which £2.707 million is CCR/WG funding, and the rest BCBC own resources.

8.3 The committed spend for quarter 4 for Penprysg is £23,387 to cover consultancy costs. This leaves a balance on that scheme of £961,613 (CCR/WG and BCBC funding), which needs to be reallocated to the Metrolink scheme.

8.4 The total updated cost of the Metrolink, including management costs and contingency, is £3,836,834, a shortfall of £1,532,834. Once funding from Penprysg is taken into account, this leaves a revised shortfall of £571,221, and it is recommended that this amount be vired from the Porthcawl Regeneration budget into the Metrolink budget as follows:

	Current Budget £000	Virement £000	Revised Budget £000
Porthcawl Metrolink	2,304	1,533	3,837
Penprysg Road Bridge / Level Crossing	985	-961	24
Porthcawl Regeneration	3,492	-572	2,920
Total Budget	6,781	0	6,781

8.5 The implications for the additional funding have been fully described above as well as the risk associated with not awarding the contract or completing a further tender exercise.

9.0 Recommendations

9.1 It is recommended that Council: -

- agrees to vire funding within the Capital Programme, as outlined in paragraph 8.4 to enable the Metrolink scheme to progress.

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Background documents: None