

# MEETING NOTES

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| <b>PROJECT NUMBER</b>  | 70056211             | <b>MEETING DATE</b> | 24 February 2025 |
| <b>PROJECT NAME</b>    | NWRR                 | <b>VENUE</b>        | MS Teams         |
| <b>CLIENT</b>          | Shropshire Council   | <b>RECORDED BY</b>  | AM               |
| <b>MEETING SUBJECT</b> | NWRR Executive Board |                     |                  |

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| <b>PRESENT</b>         | Shropshire Council: Andy Begley (AB), Andy Wilde (AW) James Walton (JW), Donna Payne (DP), Cllr Dan Morris (DM), Nigel Newman (NN), Matt Johnson (MJ), WSP: [REDACTED] (GD), [REDACTED] (AM) |
| <b>APOLOGIES</b>       | Nigel Denton (ND), Saskia Richardson (SR) Lezley Picton (LP)   |
| <b>DISTRIBUTION</b>    | As above plus: [REDACTED]  |
| <b>CONFIDENTIALITY</b> | Public   |

| ITEM | SUBJECT  |
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| 1.   | <b>Welcome and introduction/apologies</b>  |
| 1.1. | Apologies from Saskia Richardson – ad hoc attendee.  |
| 2.   | <b>Current programme update and potential delay implications;</b> <ul style="list-style-type: none"> <li>• <b>Planning</b></li> <li>• <b>FBC progress (match funding mechanism, Council endorsement and DfT approval)</b></li> <li>• <b>Procurement and Main Contractor (Contract options and mobilisation)</b></li> </ul>   |
| 2.1. | <p>MJ requested a decision or steer regarding presenting the draft FBC to Council.</p> <p>Project team have been working on the assumption that the FBC (DfT section) will be submitted to full council for approval prior to the pre-election period but this no longer seems possible due to time constraints. MJ would like to discuss the implications of delaying submission of the draft FBC until after the local elections.</p> <p>MJ reported that advice from [REDACTED] was that holding an extraordinary meeting is highly unlikely at this stage.</p> <p>DM agreed there is minimal chance of this happening before 1 May from a political perspective. DM will brief cabinet in meeting at 1pm for a final decision but is currently proceeding under the assumption that the NWRR FBC will require sign off by the new administration.</p> <p>MJ advised that the delayed submission of the FBC to full council until after the local elections can be accommodated by the project.</p> |

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| 2.2. | <p>'NWRR Delay Risks Summary Note' was circulated for reference with the meeting agenda.</p> <p>MJ explained risks associated with delaying the submission of FBC to full council and therefore DfT.</p> <p>MJ advised that DfT currently expect the FBC to be submitted by March. DfT will need to be updated regarding submission and subsequent delay to construction phase.</p> <p>MJ explained that discussion will be required with DfT about various items referred to in the FBC including year of opening, Benefit Cost Ratio and dependencies of the scheme. DfT may request for the document to be revised prior to submission.</p> <p>MJ noted that if the opening date of NWRR is delayed to 2028, DfT may request further traffic modelling which will be an additional cost to the council.</p> <p>MJ reported that DfT are keen for the FBC to be submitted as there is an appetite nationally to begin construction, so only a brief revision of the document may be required. MJ to report back once DfT are aware of delay.</p> <p>MJ said the open market tender is complete, [REDACTED] are on standby and ready to mobilise as per the programme in FBC so this will need to be revised. The contract has not yet been signed with [REDACTED] as funding will be confirmed by DfT on approval of FBC. MJ said that legal advice will be required about inflationary uplift to contract with [REDACTED] – upper limit to up lift a contract without further procurement is £5m. MJ said the procurement process took 12 months and would cause a substantial delay if restarted.</p> <p>Current scope with WSP to be reassessed to mitigate cost impact. MJ proposed creation of a working group with AW to assess current WSP terms around an elongated programme. This might include a cessation of planning condition discharge works.</p> |
| 2.3. | <p>DM will feed back this to cabinet and confirm position by email to this group after.</p> <p>MJ emphasised that a 3-month delay in submitting the FBC to full council, does not necessarily mean a 3-month programme delay.</p> <p>DP said that the budget needs consideration and the cost of delay will need to be calculated.</p> <p>MJ said marketplace inflationary pressures of around 14 to 16% on average – this would be put a significant cost increase on the project.</p> <p>This is the regular inflationary metric that would be added to project and would be the inflationary increase for the delay.</p> <p>DM queried this figure if inflation is 3%.</p> <p>GD explained that this is higher than regular inflation as it is a prediction over a 5-year period (approximately 3.5% per annum).</p> <p>DM accepted this explanation.</p> <p>JW asked for the current status of the planning permission.</p> <p>MJ said the requirements in advance of the issuing of planning permission was the applicant to deliver three s106 agreements with landowners. MJ advised that currently one agreement is complete, one is almost complete subject to terms and conditions and there is a slight delay with the third. MJ expects that by the end of the week two or three of the agreements will be with [REDACTED] for signing/sealing.</p>  |

JW noted that by the end of this week, the only matter delaying the scheme will be council sign-off for submitting the FBC to DfT.

MJ said sign off by SC's legal team is expected to only need a brief review as there has been involvement throughout the process. LPA have indicated planning decision notice can be issued almost immediately.

██████████ s106 agreement raises concern for MJ.

JW asks how this will play out in terms of public message if the planning decision is issued and still waiting for council to make a decision about FBC.

MJ said that once the planning decision is issued, it is subject to Judicial Review (JR) challenge – currently two challenges are expected.

MJ said a three-month delay could provide time for the LPA to rebut any challenges.

MJ said a JR process would run in parallel, but DfT would not evaluate the FBC during a JR challenge.

JW asked were it not for local elections, would we be taking to council or would we be waiting for JR challenge.

MJ said the council can work independently of JR challenge and DfT's ability to review. MJ's recommendation would be to present to council as soon as possible; pre-election period could be useful for JR challenge period.

JW said if it is not taken to council, this will be what causes the additional cost for the delay. Not the s106 or the JR process. JW does not know what the solution is but clarified this is the situation.

DM agreed this has added some clarity; a delay to submitting the FBC to DfT would be down to not taking it to council, not the s106 agreements. MJ confirmed this.

AB said this is subject to the last s106 being agreed. MJ agreed.

DM said that if the last s106 is signed by Friday, is there a window to take to council before elections.

MJ understands there are political concerns presenting to council without planning decision notice. DM agreed.

If an extraordinary meeting were to be called before 10 March, working back with a 10-day notice period and publishing papers – this would be a very tight timeframe.

MJ raised concern about committing to this deadline.

JW said an emergency meeting would have to be called today or tomorrow and then cancelled if the planning decision notice is not finalised in time.

DM said that helps how he talks to cabinet at 1pm.

DM said it is not a decision we have to take as a council as it sounds like it will not go to council before elections.

JW said potentially if s106 agreements are sorted this week or by Monday and FBC is ready to go, a full council could be arranged in advance of releasing decision notice and then cancelled later if required.

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|           | <p>AW asked whether there is a risk that that [REDACTED] negotiation powers would be increased knowing a council meeting was called.</p> <p>MJ agreed this would be a risk and could affect negotiations.</p> <p>DM said this gets us to the conclusion that it's not going to happen regardless and numbers are quite tight anyway.</p> <p>MJ to work on forecast of financial impacts.</p> <p>DM said this is the natural conclusion and agreed for MJ to work on forecast.</p>  |
| <b>3.</b> | <b>Commercial Matters</b>  |
| 3.1.      | <p>Commercial Matters is a standing agenda item to give the Board confidence that contracts with [REDACTED] and [REDACTED] are managed correctly.</p> <p>Processes outlined at the last meeting are being used; AW said it is worthy to update that this is BAU.</p> <p>AW explained that as the backlog of commercial matters have been processed, there is a payment request above AW's delegation which has been escalated to AB.</p> <p>AW will need the system updated to remove his upper limit to be able to authorise and then to be brought back in.</p> <p>No further comment.</p>   |
| <b>4.</b> | <b>Data Control</b>  |
| 4.1.      | <p>Data Control is a standing agenda item.</p> <p>AW would like a review of all data and information to be completed for the close out of the design phase of the project. All design and commercial information to be uploaded to Shropshire Council's SharePoint.</p> <p>No specific update today.</p>   |
| <b>5.</b> | <b>Project Governance (including revisions required around construction phase)</b>   |
| 5.1.      | <p>MJ said through both external and internal audits, the project has been under scrutiny for decisions, financial reporting and comms.</p> <p>MJ and AW have reviewed existing governance structure for discussion (draft circulated with agenda). Proposed structure was shown on screen.</p> <p>MJ advised that DP has a template approach for finance to show which actions are treated and where, how this happens and how escalated.</p> <p>The project will need to transition into a delivery model from the current planning/FBC model and so another version of governance will be required, including financial oversight and commercial management that does not currently exist in the council. Further discussion will be required about forming a team for the next phase of the project.</p> <p>MJ has started populating the personnel in the structure following [REDACTED] departure.</p> <p>MJ noted that there are many interlinks outside the main governance structure.</p> |

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|           | <p>Information about DfT and FBC submission is from the DfT Liaison Board.</p> <p>MJ acknowledged that Member Briefing is above Executive Board in the proposed structure, and that DM and Lezley Picton have attended both meetings. MJ asked for confirmation whether the Portfolio Holder and Leader would like to be regular attendees to the Executive Board or if a 1:1 briefing is appropriate.</p> <p>MJ noted that Shropshire Council should function without a contractor present and proposed that WSP are invited to meetings when required, for SC to make commercial decisions.</p> <p>MJ highlighted the ongoing requirement to differentiate between planning and project resourcing.</p> <p>████████████████████ are retained as external legal advisors due to ████████████████████ position as LPA.</p> <p>The proposed governance organogram is a live document that can be modified and will be superseded for a delivery phase.</p> <p>JW said that the external audit recommended that the Leader should attend this meeting, therefore non-attendance would require a documented explanation.</p> <p><b>Action for DM consider and confirm the involvement of Portfolio Holder and Leader within the project governance structure.</b></p> |
| <b>6.</b> | <b>Finance Update (including confirmation of revised delegation arrangements)</b>  |
| 6.1.      | <p>DP advised that the Executive Board has delegated budget authority up to £44m until conclusion of the FBC. Spend to date is £35.4m which is within the delegated budget. Spend is broken down £6.8m on OLR and £28.6m on NWRR.</p> <p>Delegated budgets are £12.9m for OLR and £31.9m for NWRR.</p> <p>DP said the upper limit of spend is approaching so will be monitored closely. DP noted that further costs incurred as a result of the FBC delay, could take spending over the delegated limit.</p> <p>DP reported that the scheme is not incurring huge amounts of expenditure currently. There are two open contracts; Kier carrying out investigation works for planning requirements, due to complete by 31 March; and WSP fees for planning process.</p> <p>DP advised that budget monitoring is currently within delegated approvals.</p>   |
| 6.2.      | <p>DM said that a Liberal Democrat councillor had asked about spending on utility works. MJ has confirmed to ████████████████████ that there has been no spending on utility works.</p>  |
| 6.3.      | <p>MJ suggested WSP fees could be reassessed by a working group with an update to Executive Board at the next meeting.</p> <p>DP agreed this would be useful.</p> <p>JW asked for details of spend by the end of this financial year in terms of overall delegation, and what will happen with spending between end of financial year and local elections.</p> <p>DP said that during the election period, there should not be any spend with Kier, and the only open contract would be with WSP.</p>  |

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|           | <p>DP said the maximum spend expected by the end of March is £38.9m which is the figure that has been discussed for some time, there is no change.</p> <p>DP said that in terms of splitting this figure – £31m on NWRR (still in budget but very close – the time period could be crucial) for OLR it will be about £8m.</p> <p>DM asked what costs will be incurred if the s106 agreements are finalised and planning permission signed-off.</p> <p>MJ said WSP will be working on discharging the pre-commencement conditions.</p> <p>DM asked if MJ has delegated powers to continue spending with WSP before the election after the planning sign-off. DM said there seems a natural breakpoint in terms of getting planning done, at that point, if we are not going to full council before elections, it does not feel right to be spending any money after that point.</p> <p>MJ said in a February 2024 paper the project asked for delegation up to FBC. MJ said that once planning is finalised and the FBC completed, this would time with project governance to go to delivery. WSP would have a project supervisory role. MJ said WSP will be asked to price against construction scope so there will be a new set of fees going forward.</p>  |
| <b>7.</b> | <b>Comms Update</b>  |
| 7.1.      | <p>MJ said there appears to be no reason to not publish the draft FBC and advised that Tim Collard had agreed.</p> <p>MJ said it would derisk the project in terms of FOIs, public objections and inaccurate financial elements.</p> <p>NN agreed and confirmed that Comms and [REDACTED] will front this with a press release.</p> <p>NN acknowledged that it will be easier to refute some of the claims in the letter that opposition groups have written to the Minister, if the FBC was available, particularly the effective return on investment figure.</p> <p>NN is drafting a letter in support of the road to send to the Minister which could be signed by an officer during pre-election period.</p> <p>MJ advised that the FBC is separate to s106 negotiations and planning status of the scheme, and could be released as a standalone technical document. A final review would be required prior to publishing.</p> <p>DM said he cannot see a negative for publishing the draft FBC.</p> <p>AB has not heard any arguments against publishing.</p> <p>NN said part of the argument is that we know it is going to be a significant issue in the forthcoming elections, so this would give the public full information.</p> <p>DfT may require a revised draft if the submission is delayed, which will incur additional costs.</p> <p>Note to be included that the document is relevant as of today and is subject to revision prior to later submission to DfT.</p> <p>GD said DfT may accept an addendum update if we avoid the risk of changing the road opening date and Cost Benefit Ratio.</p> |

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|           | <p>DM to discuss with cabinet and confirm later today, with intention to release prior to full council on Thursday.</p> <p>AB would feel more comfortable publishing with cabinet approval.</p> <p>MJ said the document has been shared with Counter Context for comms and with [REDACTED] [REDACTED] for independent legal review for consistency with council policy and statements.</p> <p><b>Action for MJ to draft a note to confirm reviews and that draft document is ready to be issued.</b></p> <p>MJ to confirm with WSP but potential release could be Wednesday before close of business.</p> <p>MJ advised that the document would be released on NWRR website with a press release from DM.</p> <p>JW asked if would like document to be reviewed by leadership board.</p> <p>AB said this is not necessary with the reassurance of reviews as described by MJ.</p> <p>Action for MJ to discuss further with NN.</p> <p><b>Action for DM to confirm by email whether draft FBC should be published ahead of full council meeting on Thursday.</b></p> |
| 7.2.      | <p>DP noted that any press release should clearly state that the FBC relates only to the NWRR section of the project and does not include OLR. FBC figures do not correspond to combined scheme costs that have previously been released.</p> <p>MJ said this was captured in a press release last week.</p> <p>NN noted and will reiterate.</p>  |
| <b>8.</b> | <b>Actions and Decisions Summary</b>  |
| 8.1.      | Decision made to publish draft FBC subject to approval by Cabinet.  |
| 8.2.      | Decision to defer presenting FBC for Full Council consideration until after the local elections.  |
| 8.3.      | Decision to establish a Working Group which will report up to Executive Board.  |
| 8.4.      | Decision that Executive Board meetings will not include external parties, other than when specifically required.  |
| <b>9.</b> | <b>AOB</b>  |
| 9.1.      | <p>MJ recently met with Marches Joint Committee.</p> <p>The next meeting is during the pre-election period, so may be cancelled</p> <p>Shropshire Council presented a paper to Marches LEP in March 2024 and committed to provide a Deed of Variation, but this cannot be drafted until there is more certainty about programme dates for NWRR.</p> <p>Herefordshire and Telford and Wrekin councils agreed to postpone this action until a later date.</p> <p>MJ recommended to Executive Board that a request to defer this action until after the local elections should be submitted to Marches Joint Committee.</p>  |

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|  | <p>JW and AB have no objections.</p> |
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|  | <p>JW recalled Herefordshire members suggesting Shropshire Council return funding for OLRAB confirmed that Executive Board agreed to request to defer submission of Deed of Variation.</p> |
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