

# MEETING NOTES

<b>PROJECT NUMBER</b>	70056211	<b>MEETING DATE</b>	23 January 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		

<b>PRESENT</b>	Shropshire Council: Andy Wilde (AW), James Walton (JW), Donna Payne (DP), Dan Morris (DM), Nigel Newman (NN), Matt Johnson (MJ), Lezley Picton (LP) – joined at 9.34am WSP: [REDACTED] (GD), [REDACTED] (AM)
<b>APOLOGIES</b>	Nigel Denton (ND), Saskia Richardson (SR)
<b>DISTRIBUTION</b>	As above plus: [REDACTED]
<b>CONFIDENTIALITY</b>	Public

ITEM	SUBJECT
1.	<b>Welcome and introduction/apologies</b>
1.1.	Apologies from Nigel Denton and Saskia Richardson.
1.2.	AW advised that he would be Acting Chair today. Andy Begley will be chairing future meetings.
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 reported that the outcome of Tuesday’s planning committee was positive and gave a more robust position for the scheme’s carbon management.</p> <p>Intent to grant permission is still subject to completion of three s106 agreements. Commercial terms have been agreed with two of the three landowners.</p> <p>The s106 agreements are focussed on planning related matters and will be accompanied by side agreements for all non-planning matters, as requested by the LPA.</p> <p>Applicant is working with externally appointed legal team (ACS), WSP’s land team and [REDACTED] [REDACTED] Shropshire Council’s Estates team. [REDACTED] has been involved in negotiations from the start.</p>

	<p>MJ anticipates that s106 agreements can be finalised imminently then would need approval from the LPA (who have been involved throughout the process), prior to issuing the planning decision notice.</p> <p>Full council has already approved to follow CPO process for land acquisition.</p> <p>CPO documents have been reviewed by King's Counsel and are ready for issuing.</p>
2.2.	<p>AW asked when the s106 agreements are expected to be completed.</p> <p>MJ would cautiously expect that within two to three weeks, the agreements would be with the LPA for review and approval by [REDACTED] team.</p> <p>MJ noted that throughout the scheme, there has been a separation in place with applicant working on behalf of the highway authority and Shropshire Council legal team working on behalf of wider council and LPA.</p>
2.3.	<p>JW asked whether a public message was required for the next two to three weeks.</p> <p>MJ advised that there is no intent to publish details to the public. The outcome of negotiations will be the issuing of the planning decision notice and Comms/Counter Context would be involved in releasing information at that stage.</p>
2.4.	<p>Once the planning decision notice is issued, the executive board would need to consider when to present the Full Business Case (FBC) to council.</p> <p>NN said there is a draft circulating that states the next planning milestone has been cleared and the FBC is not expected to be presented to full council before the summer due to the local elections.</p> <p>JW asked if there are any steps between now and presenting the FBC to full council (once decision notice is released).</p> <p>MJ said there is a possibility of a judicial review request from multiple parties. The issuing of the decision notice starts a six-week challenge period, if a judicial review challenge is raised, the LPA have two weeks to respond.</p> <p>A judicial review is about the planning process, not for the applicant to action. It is assumed that the planning process is robust as there has been barrister guidance throughout.</p> <p>MJ advised that the project programme has included a six-week standstill period for planning related matters, in case of a judicial review request.</p> <p>If s106 agreements are signed in two weeks, a judicial review challenge period could open mid-February which would be just prior to pre-election period.</p> <p>DM asked if the judicial review period would affect presenting the FBC to council.</p> <p>MJ said external advice is that once the planning notice is extant, the project can progress at risk and a judicial review could run in parallel.</p> <p>DM clarified that the FBC could still be presented to full council in February (although unlikely), even if a judicial review is requested.</p> <p>MJ reiterated that a judicial review would not be for applicant, it would be for LPA, so this board would not be required to respond, and the matter would be deferred to legal team.</p>

2.5.	<p>AW asked if the outline programme could be reproduced to include the potential standstill period and a high-level overview of the timeline of what could happen over the next few months.</p> <p><b>Action for MJ to prepare a high-level overview of timeline/programme to include the impact of potential delays such as presenting FBC to full council.</b></p>
2.6.	<p>GD reported that the procurement process has concluded and initial meetings with the preferred contractor, [REDACTED] have been held. GD reported that engagement has been positive so far, but discussions were framed around a start of works this spring.</p> <p>GD advised that the preferred contractor will need to be updated following these discussions, about programme changes if the FBC will now be taken to full council in the summer and not prior to pre-election period. A procurement and contractor relationship exercise is needed.</p> <p>DM agreed that applicant will need to make impressions as presenting FBC is unlikely until a new council is in place.</p> <p>AW noted that the revised high-level programme would be helpful.</p> <p>JW asked if DM is expecting FBC to be presented at council in May or July.</p> <p>DM explained that from what he has understood, there is a small chance that this could be presented to council in February, but cabinet is concerned about numbers; opposition parties are not willing to change their view on NWRR so a vote would be a risk. DM is cognisant of the significant implications for Shropshire Council if the FBC is not approved. DM said it seems like a decision for a new council and whether this would be in May. DM said that if Conservatives were running, the administration would take vote immediately to put pressure on government for funding.</p> <p>JW said this was useful to know, February seems to be a tight deadline, but May and July should not be an issue.</p> <p>GD recommended that discussions take place with DfT due to some of the assumptions that underpin the FBC as it has been prepared.</p> <p>It had been assumed that the scheme would receive money from DfT in Spring 2025, to begin works for a road opening in Spring 2027. This timeframe is an important factor for DfT and how they consider the FBC with regard to traffic figures and scheme cost/benefit – if submission of FBC to DfT is deferred by 6 months to July, road opening would be pushed back to 2028.</p> <p>DfT may expect all figures in the FBC to be updated to reflect a later road opening date which would have cost implications including indexation in the contract. Discussion is required with DfT about their thoughts about a delay as well as the economics.</p> <p>The current draft of the FBC is ready to be submitted but would need to be reworked if submission is deferred to July.</p> <p>MJ said the scheme has a good working relationship with DfT. Would DM be happy for the applicant to speak informally to DfT about a potential delay – MJ noted that DfT are aware of local political sensitivities.</p> <p>DM is happy with this approach and deems it sensible but would like to discuss with the Leader and other members of the cabinet.</p>

	<p>MJ had been invited to a meeting with ██████████ of DfT Future Roads, responsible for current funding programme.</p> <p>MJ said that ██████████ had explained that government are keen to see programmes moving forwards and starting on the ground. The draft FBC has been since shared with DfT informally and we have received an astonishingly promising review from them – they are even keen to present at committee.</p> <p>DM asked if they are more positive about funding options.</p> <p>MJ reiterated that DfT are keen for projects like NWRR to move forwards into the gateway.</p> <p>DM asked if there had been any discussions about what they will offer in terms of funding.</p> <p>MJ said the mechanism for local match is the use of the yet to be confirmed local transport uplift as proposed in the draft FBC – DfT have not pushed back on proposals.</p> <p>Suggestion has been that large local majors could be used but there has been no confirmation – it would suggest there is a way to offer extra funding for NWRR.</p> <p>AW said consideration will be required about using a lot of that funding for a Shrewsbury scheme.</p> <p>£54m large local major funds</p> <p>£132m over next 5 years for local transport</p> <p>MJ said the indication is the local uplift could be used for NWRR or would be taken away/lowered.</p> <p>JW asked if this means LTF would be affected, does this include OLR and NWRR and how would this affect profiling.</p> <p>MJ said that the funding would be locked in if used for NWRR.</p> <p>Funding from DfT would only be eligible for NWRR section, not OLR.</p> <p>MJ said there has been no detail on profiling and no formal offer but believes DfT would have pushed back on proposals to use LTF in FBC if this was not an option.</p> <p>JW said that if Shropshire Council were able to retain the funding, we would retain £88m and funding would need to be found elsewhere.</p> <p>MJ suggested further discussions with DfT could take place about OLR.</p>
<b>3.</b>	<b>Commercial Matters</b>
3.1.	<p>AW confirmed that a high-level review of the payment process for NWRR has been carried out and some commercial methodology used for other projects has been applied.</p> <p>██████████ and ██████████ have been involved and a ‘business as usual’ approach has been agreed with all parties.</p> <p>GD explained that as part of the original estimates for separate pieces of work, WSP has always provided a breakdown for approval by ██████████ and MJ. The new system will include tracking increased detail throughout the whole payment process to give more granularity about each payment request. This will be provided with each monthly application to ensure a more robust payment system.</p>

	<p>MJ explained this will provide a robust framework to approve, check or push back on interim payments. MJ to update DP on how this will work in practise for monthly payment approvals.</p>
3.2.	<p>JW asked who will grant approval.</p> <p>MJ advised that payment applications above £500k will require approval from AW and below will be approved by MJ, but both will be aware of all applications. Approvals will be in line with CONFIRM check and approvals process.</p> <p>AW is happy to share a more detailed piece of work about this.</p> <p>JW requested a working paper which will be useful when scheme is re-audited.</p> <p><b>Action for AW and MJ to draft a working paper setting out the new payments' framework.</b></p>
3.3.	<p>DP has agreed the same process with AW and [REDACTED] for the current Kier contract, to ensure clear and transparent approvals for compensation events.</p> <p>DP said further work is required on micromanaging pre-construction work with Kier due to its value and how compensation events are approved.</p>
3.4.	<p>[REDACTED] have been appointed as preferred contractor for main works construction through usual procurement check and challenge process. Formal engagement cannot begin without approval from full council.</p>
<b>4.</b>	<b>Data Control</b>
4.1.	<p>AW would like to review data and design information with MJ, GD and team to ensure everything is in Shropshire Council's SharePoint and control, prior to construction phase of project.</p> <p>AW would like to progress this as soon as possible.</p>
<b>5.</b>	<b>Project Governance (including revisions required around construction phase)</b>
5.1.	<p>AW said that project governance is linked to recent audit.</p> <p>AW has proposed a meeting on 6 February to review current scheme governance and suite of meetings to produce the methodology going forwards, to then bring back to this board for approval. AW would like to agree best practise for a project of this size.</p> <p>MJ agreed this would be useful at this stage due to the evolution of project from planning to construction as a change in management will be required.</p> <p>MJ has been working pre-emptively with DP regarding costs for resourcing – all costs would be recharged to project for internal officers as well as appropriate engagement with WSP and contractor. Shropshire Council needs to ensure resourcing structure is fit for purpose before committing to construction contract.</p> <p>DM asked if Shropshire Council will be recruiting into the council to manage the private enterprise building the road or using existing staff? DM observed that it seems that this the biggest construction project Shropshire Council has had and will require someone with specialist expertise.</p>

	<p>AW said that the decision about resourcing will be made and progressed by this board. AW agreed that the skillset will be different due to size of project. Careful consideration will be required over the next couple of months about the team and individual required.</p>
<b>6.</b>	<b>Finance Update (including confirmation of revised delegation arrangements)</b>
6.1.	<p>DP reported that at the end of December 2024, spend total to date is £34.6m which is split £6.7m for OLR and £27.8m for NWRR.</p> <p>DP explained that costings for FBC were split into three – expenditure incurred at end of October was fixed and locked down for FBC, then a further assumption of costs from 1 November to the end of this financial year assuming the construction contract would start from April onwards - £4.8m to include WSP, Kier and land acquisition costs.</p> <p>DP may need to review and update the profile of spend if FBC is delayed.</p> <p>DP is closely monitoring spend to ensure nothing new is incurred and confirmed to the board that everything is within the budget plan – nothing outside.</p>
6.2.	<p>DP highlighted a financial risk in delaying FBC presentation to council regarding the intention to use £5m of strategic CIL funding for NWRR to help predominantly with cash flow for project.</p> <p>The CIL funds are available and could be used, considering the current financial position. The request to transfer this funding was part of the council paper to be presented with FBC and DP is reliant on this funding being transferred before the end of the financial year. DP will need to discuss an alternative with JW.</p> <p>JW explained that risks associated for Shropshire Council’s spending and funding around major projects for 2024/25 had been reviewed and determined there were no risks until 2025/26 apart from the CIL transfer to NWRR.</p> <p>Risks and implications regarding whether NWRR continues, ends or fails need to be set out so that the council understands what will happen.</p> <p>JW said that a recommendation could be brought to the next full council to move £5m from strategic CIL funds to NWRR.</p> <p>DP said that if this cannot be secured, capital receipts will be used.</p>
6.3.	<p>DP highlighted another financial risk as DfT have not paid any funding this financial year. £3.5m was due and there is no indication of when this will be released.</p> <p>DP raised concern that next year DfT’s funding will be higher and expected delivery date will be needed so that DP can manage cash flow. DP confirmed that quarterly returns have been submitted consistently but payment has not been received.</p> <p>DP to discuss further with MJ tomorrow.</p> <p><b>Action for MJ to use quarterly return to DfT to request payment.</b></p>
6.4.	<p>DP highlighted another risk – DFT have requested for external audit of the 2023/24 accounts for NWRR. Shropshire Council will look to engage Grant Thornton. DP said that is happening on all projects, not just NWRR.</p>

	<p>DP raised concern that the significant cost of the audit will need to be covered by SC. DP queried why DfT would require further audits, when Shropshire Council accounts are audited annually.</p> <p>JW observed that an external audit could cost between £20k and £30k, plus the loss of interest on £3m over the year means a cost to Shropshire Council of £100k to £200k.</p> <p>AW suggested including this in emails for DfT ahead of meeting on Monday.</p> <p>MJ to include JW's indicative figures and noting the undue financial burden on Shropshire Council.</p> <p>DM wondered if political pressure would be beneficial; although the MP for Shrewsbury is not favourable to NWRR, her support (or from the Leader) may be helpful as this will be a huge impact on Shropshire Council's funding.</p> <p>JW advised this would be a revenue burden. DP agreed with the estimate and noted there would also be officer time to consider which applies pressure to a reducing workforce.</p> <p>DM asked DP to clarify what she meant by the accounts are already audited.</p> <p>DP explained that Grant Thornton audit Shropshire Council accounts annually which should give the government reassurance that accounts are managed correctly.</p> <p>JW noted that Grant Thornton audited NWRR because of request from David Vasmar and had opportunity to query project accounts at the time, but did not do so.</p> <p>DM asked if we can push back.</p> <p>DP has not yet pushed back and will need to prepare a response as figures quoted by DfT are incorrect for 2023/24. DP to ask why another audit is required.</p> <p>AW will be guided by DM's advice about whether political support is required.</p> <p>LP has offered to write a letter.</p> <p>LP has offered to write a letter of support which DM said would be useful as the government's main agenda is about growth, and this is a significant amount of money.</p> <p>JW suggested caution and to consider optics of not wanting an audit.</p> <p>Agreed this was an important consideration.</p>
6.5.	<p>DM asked whether a decision about £5m CIL funding transfer would need to be presented to full council.</p> <p>JW confirmed that full council would need to approve any movement of funds greater than £1m. A decision is required prior to the end of March. If a decision is not made, the funds cannot be moved, and capital receipts will need to be managed. Transformation costs were covered by moving other funds as strategic CIL funds were planned for NWRR.</p> <p>Movement of CIL funds was to be included with FBC but will be presented separately if FBC is deferred.</p>
<b>7.</b>	<b>Comms Update</b>
7.1.	<p>NN recommended further consideration should be given to when FBC will be presented to full council before releasing comms about next steps following latest planning committee outcome.</p>

7.2.	NN recommended targeted comms around the publication of MTFS papers (which is expected to include potential abortive costs for NWRR and OLR should Shropshire Council decide not to proceed/should the scheme fail to proceed).
7.3.	Next audit committee meeting will be 6 February 2025. Agreed that governance review will need consideration in advance to update committee. <b>Action for JW and AW to determine who will respond to questions.</b> <b>Action for AW to reschedule NWRR Governance Review meeting.</b>
8.	<b>AOB</b>
8.1.	<b>Action for MJ and NN to discuss comms ahead of the next Marches Joint Committee (20 March 2025).</b>