

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 20 November 2014

CONTACT OFFICER: Ruth Bagley, Chief Executive Slough Borough Council,
lead Chief Executive to the BLTB

PART I

Financial Approval 2.01 Newbury: Kings Road Link Road

Purpose of Report

1. To consider giving financial approval to scheme 2.01 Newbury: Kings Road Link Road.
2. The scheme proposes a new direct link between the Hambridge Road industrial area and the A339 in Newbury to support housing delivery (both on site and with a new link to the Newbury Racecourse Strategic Development Location) and significantly improve access to a key employment area.
3. The scheme will also provide for the remediation of contaminated land on the former Sterling Cables site.

Recommendation

4. You are recommended to give scheme 2.01 Newbury: Kings Road Link Road full financial approval in the sum of £2,340,000 over two years (2016/17 and 2017/18) on the terms of the funding agreement set out at paragraph 13 step 5 below, subject to
5. Written confirmation from WYG, the Independent Assessor, that all aspects of the DfT's current requirements for a full business case for a scheme of this size have been met.

Other Implications

Financial

6. Scheme 2.01 Newbury: Kings Road Link Road is one of the named schemes in the **Error! Hyperlink reference not valid.** announced on 7 July 2014. It was one of two schemes identified for funding from the "pre-allocated Local Transport Body" funding in 2015/16. However, the timing of the scheme has been re-profiled to start in 2016/17. There is a report elsewhere on the LTB agenda seeking DfT permission to swap the funding status with a scheme from the Local Growth Deal approved list of schemes.
7. This report recommends that West Berkshire Council be authorised to draw down the capital sum £2,340,000 from the Local Transport Body funding for this scheme once WYG have certified that the final conditions have been met.

8. The funding agreement set out at paragraph 13 step 5 sets out the roles and responsibilities, reporting and auditing arrangements, timing and triggers for payments, contributions from other funders, consequences of delay, consequences of failure, claw back, and evaluation requirements at one and five years on.

Risk Management

9. The risk management arrangements already put in place by the Local Transport Body are as follows:
 - The [Assurance Framework](#)ⁱⁱ has been drafted following DfT guidance and has been approved by the DfT for use in allocating capital funds for transport schemes
 - White Young Green (WYG) have been appointed as Independent Assessors and have provided a full written report (see Appendix 1) on the full business case for the scheme
 - The funding agreement set out at paragraph 14, step 5 makes clear that the financial risk associated with implementation of the scheme rests with the scheme promoter.

Human Rights Act and Other Legal Implications

10. The scheme promoter is a local authority and they have to act within the law. Slough Borough Council will provide legal support for the BLTB, should any questions arise.

Supporting Information

11. The independent assessment process has identified a number of detailed issues that the scheme promoter has been unable to resolve to the satisfaction of WYG at this point in time. These are set out in detail in Appendix 1 (the WYG report). However, it is the opinion of independent assessor that these technical shortcomings are not sufficiently serious to undermine the overall conclusion that this scheme represents good value for money. The independent assessor has indicated that a conditional approval would be appropriate in this case.
12. The full details of the scheme are available from the [West Berkshire Council website](#)ⁱⁱⁱ. A summary of the key points is given below:

Date	Milestone
November 2014	Planning permission
February 2016	Detailed design complete
March/April 2016	Procurement
May 2016	Start on site
November 2017	Completion of construction

Source of funding sought / available	Amount
Amount sought from BLTB	£2,340,000 (48% of overall scheme costs)
Local contributions from.....	
- Section 106 agreements	£500,000
- WBC Capital Programme	£380,000
- Land for Bridge works - Developer	£ 10,200
- Network Rail indicative budget for rail bridge	£1,610,000
- Officer time	Exact costs not yet known
Total Scheme Cost	In excess of £4.840 million

13. The table below sets out the details of this scheme's compliance with steps 1-5 of paragraph 14 of [the full Assurance Framework^{IV}](#).

Assurance Framework Check list	2.01 Newbury: Kings Road Link Road				
Step 1: Development of Scheme proposal; initial sifting, scoring and prioritisation leading to award of Programme Entry Status. (See paragraphs 11-13)	The scheme addresses the decontamination and redevelopment of a former industrial site near Newbury Town Centre. It will provide new homes, the upgrading of the railway overbridge, and access to the Newbury Racecourse SDL.				
	In 2013, the outline scheme was assessed in accordance with paragraphs 11 and 12 of the Assurance Framework and was given 28 points and ranked 1 st of the 28 schemes originally submitted, and 1 st of the schemes finally considered by the BLTB.				
		Factor	Raw score	Weighting	Weighted score
		Maximum strategic Impact	3	2	6
		Economic Impact	3	2	6
		VFM	3	1.5	4.5
		Ease of Deliverability	3	1.5	4.5
		Matched Funding	2	1	2
		Environmental	3	1	3
		Social	2	1	2
		Total			28
		Programme Entry Status was awarded at the BLTB meeting on 18 July 2013^V .			
		The scheme was automatically included in the Strategic Economic Plan because it had the top ranking from the earlier BLTB exercise, and was considered to be already funded. The scheme details were included in the SEP.			
		Factor	Raw score	Weighting	Weighted score
		Strategy		1.5	
	Deliverability		2		
	Economic Impact		4		
	TVB area coverage		1.5		
	Environment		0.5		
	Social		0.5		
	Total				

Assurance Framework Check list	2.01 Newbury: Kings Road Link Road
<p>Step 2: Programme Entry: evolution of the scheme from outline proposal to full business case, external view on the business case, and independent assessment (See paragraphs 15 and 16)</p>	<p>The progress of the scheme was reported to the BLTB meetings held on 14 November 2013^{vi} , 13 March 2014^{vii} and 24 July 2014^{viii}.</p> <p>The outline of the scheme has been publicly available at TVB LEP website^x since July 2013. A fuller version has been available in the SEP Implementation Plan Annexe^x (scheme 2.01 page 5) in draft since December 2013 and in the final version since March 2014. The West Berkshire Council website^{xi} holds the latest details of the full business case, including the VfM statement certified by the senior responsible officer.</p> <p>Any comments or observations on the scheme received by either TVB LEP or West Berkshire Council have been fully considered during the development of the scheme.</p> <p>The report of the Independent Assessor is attached at Appendix 1. The Independent Assessor was asked to report as follows:</p> <ul style="list-style-type: none"> • Completeness – has the promoter prepared a complete Full Business Case submission, when judged against the prevailing advice from the DfT • Accuracy – has the promoter performed the relevant calculations and assessments accurately and without error • Relevance – has the Full Business Case considered all relevant matters, including use of appropriate forecasting models and planning assumptions, and has it included any irrelevant considerations such as unduly-optimistic assumptions or out of date modelling data • Value for Money – does the scheme promoter’s Value for Money assessment comply with the prevailing DfT guidance • Evaluation arrangements – has the scheme promoter made provision for appropriate post-implementation evaluation of the scheme. • Remedies – where the independent assessment reveals a gap between the FBC supplied and the standard anticipated by the DfT guidance, then the advice for the LTB should include recommendations for remedial actions required – e.g., collection of further data, sensitivity tests on particular assumptions etc.
<p>Step 3: Conditional Approval</p>	<p>The Independent Assessor has recommended that in this case a Conditional Approval is appropriate. There are a number of technical issues that are not yet resolved between the scheme promoter and the independent assessor about the presentation of the business case. These unresolved issues mean that the proposal is not yet fully compliant with the DfT requirements. However, the Independent Assessor has indicated that these technical shortcomings are not sufficiently serious to undermine the overall conclusion that this scheme represents good value for money.</p>
<p>Step 4: Recommendation of Financial Approval - High Value for</p>	<p>The scheme has a Benefit- Cost Ratio (BCR) of 5.962.</p> <p>DfT has set thresholds of 2.00 (High VfM) and 4.00 (Very High VfM) and schemes with BCRs above these thresholds can be described as having High or Very High Value for Money.</p>

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<p>Money</p> <ul style="list-style-type: none"> - Support of the Independent assessor 	<p>As noted above the scheme has the conditional support of the Independent Assessor.</p> <p>The recommendation is that you give the scheme Conditional Approval.</p>
<p>Step 5: Formal Agreement</p> <ul style="list-style-type: none"> - roles - responsibilities - reporting - auditing - timing and triggers for payments, - contributions from other funders, - consequences of delay, - consequences of failure, - claw back, - evaluation one and five years on 	<p>Roles: The BLTB is a part funder of the scheme. West Berkshire Council is the scheme promoter, and is the relevant highway and planning authority.</p> <p>Responsibilities: The BLTB is responsible for allocating the capital finance in accordance with the Assurance Framework. West Berkshire Council is responsible for all aspects of the design, procurement, construction and implementation of the scheme, including its responsibilities as highway and planning authority, and any other statutory duties.</p> <p>Reporting: In addition to any reporting requirements within West Berkshire Council, the scheme promoter will also make summary reports on progress to each meeting of the BLTB until the scheme reaches practical completion. In particular, West Berkshire Council will report on any change in the size, scope or specification of the scheme; and on any substantial savings against the scheme budget whether achieved by such changes to the size, scope or specification of the scheme, or through procurement, or through the efficient implementation of the scheme.</p> <p>Auditing: If and when the DfT or Slough Borough Council (acting as accountable body for the BLTB) requests access to financial or other records for the purposes of an audit of the accounts, West Berkshire Council will cooperate fully.</p> <p>Timing and Triggers for payments: West Berkshire Council will submit an annual invoice for each financial year together with a certificate of work completed. Slough Borough Council (acting as accountable body for the BLTB) will satisfy itself of the correctness of the certificate before paying the invoice.</p> <p>Contributions from Other Funders: West Berkshire capital programme will contribute £380,000 in 2015/16-2017/18; in addition there will be £500,000 of s.106 contributions secured by West Berkshire Council in 2015/16-2016/17. The associated railway bridge works are being carried out by Network Rail at an estimated cost of £1.61m.</p> <p>Consequences of Delay: In the event that the scheme experiences minor delays to its programme (no more than 10 weeks), West Berkshire Council will report these delays and the reasons for them, and the proposed remedial action to the next available meeting of the BLTB. In the event that the scheme experiences major delays to its programme (11 weeks or longer) West Berkshire Council will be required to seek permission from BLTB to reschedule any payments that are due, or may be delayed in falling due because of the delay to</p>

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	<p>the programme.</p> <p>Consequences of Failure: As soon as it becomes apparent to West Berkshire Council that it will not be possible to deliver the scheme at all, written notice shall be given to Slough Borough Council (acting as accountable body for the BLTB). No further monies will be paid to West Berkshire Council after this point. In addition, consideration will be given to recovering any monies paid to West Berkshire Council in respect of this scheme.</p> <p>Claw back: If the overall scheme achieves savings against budget, these savings will be shared by the BLTB and the other funders noted above in proportion to the amounts committed to the original budget. Slough Borough Council (acting as accountable body for the BLTB) reserves the right to claw back any such savings amounts, and any repayments due as a consequence of scheme failure.</p> <p>Evaluation One and Five years on: West Berkshire Council will work with WYG to produce scheme evaluations One and Five years after practical completion.</p>

Conclusion

14. This is a well-planned scheme that will deliver multiple benefits, including a high quality after-use for a difficult former industrial site in the centre of Newbury.

Background Papers

15. The LTB and SEP scoring exercise papers are available on request

ⁱhttps://www.gov.uk/government/uploads/system/uploads/attachment_data/file/327587/35_Thames_Valley_Berkshire_Growth_Deal.pdf

ⁱⁱ<http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicInfrastructure/StrategicInfrastructure/BLTB/Assurance%20Framework%20for%20Berkshire%20Local%20Transport%20Body%2014%20November%202013.pdf>

ⁱⁱⁱ<http://info.westberks.gov.uk/sep>

^{iv}<http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicInfrastructure/StrategicInfrastructure/BLTB/Assurance%20Framework%20for%20Berkshire%20Local%20Transport%20Body%2014%20November%202013.pdf>

^v<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5004&Ver=4>

^{vi}<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5005&Ver=4>

^{vii}<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5006&Ver=4>

^{viii}<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5148&Ver=4>

^{ix}<http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicInfrastructure/StrategicInfrastructure/BLTB/West-Berks-1-Kings-Road-Link-Road.pdf>

^x<http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicEconomicPlan/TVB%20SEP%20-%20Annexes%20to%20Implementation%20Plan.pdf>

^{xi}<http://info.westberks.gov.uk/sep>