

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 2.03 Newbury: London Road Industrial Estate

Purpose of Report

1. To consider giving financial approval to scheme 2.03 Newbury: London Road Industrial Estate.
2. The scheme improves access to London Road Industrial Estate, a regeneration site via a new junction and associated improvements on the A339 in central Newbury. It will unlock significant private investment and provide opportunities for new employment, housing, health and community facilities.

Recommendation

3. You are recommended to give scheme 2.03 Newbury: London Road Industrial Estate full financial approval in the sum of £1,900,000 over two years (2015/16 and 2016/17) on the terms of the funding agreement set out at paragraph 12 step 5 below subject to:
4. 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

5. Scheme 2.03 Newbury: London Road Industrial Estate is one of the named schemes that received approval for spending in 2015/16 in the [Thames Valley Berkshire Local Growth Deal](#)¹ announced on 7 July 2014.
6. This report recommends that West Berkshire Council be authorised to draw down the capital sum £1,900,000 allocated by the government for this scheme once WYG have certified that the final conditions have been met.
7. The funding agreement set out at paragraph 12 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

8. The risk management arrangements already put in place by the Local Transport Body are as follows:

- The [Assurance Frameworkⁱⁱ](#) 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 12, 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

9. 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

10. 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.

11. The full details of the scheme are available from the [West Berkshire websiteⁱⁱⁱ](#). A summary of the key points is given below:

Planning permission due	February 2015
Detailed design	Trial pits and other investigations underway
Procurement	PQQ underway – due for completion March 2015
Start on Site	August 2015
Completion of construction	May 2016

Source of funding or type of contribution	Cost
Provisional profiling of BLTB drawdown	2015-16: £1,400,000 2016-17: £500,000
Local contributions from.....	
- Section 106 agreements	2016-17: £250,000
- West Berkshire Capital Programme	2016-17: £250,000
In addition, West Berkshire Council has	

already invested as follows:	
- Preparation of and fees associated with Surveys, Modelling, Design, Utilities	£30-60,000
- Officer time	Full costs not yet known
Total Scheme Cost	In excess of £2.5million

12. 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	2.03 Newbury: London Road Industrial Estate				
		The regeneration of the London Road Industrial Estate area is included in the adopted Core Strategy for West Berkshire (Area Delivery Plan Policy 2) and is in the accompanying Infrastructure Delivery Plan. The highways scheme to unlock this is included in the Infrastructure Delivery Plan supporting the delivery of the Core Strategy.			
		In 2013, the outline scheme was assessed in accordance with paragraphs 11 and 12 of the Assurance Framework and was given 22 points and ranked equal 10th of the 28 schemes originally submitted, and equal 9th of the schemes finally considered by the BLTB.			
Step 1: Development of Scheme proposal; initial sifting, scoring and prioritisation leading to award of Programme Entry Status. (See paragraphs 11-13)	Factor	Raw score	Weighting	Weighted score	
	Maximum strategic Impact	2	2	4	
	Economic Impact	3	2	6	
	VFM	1	1.5	1.5	
	Ease of Deliverability	3	1.5	4.5	
	Matched Funding	2	1	2	
	Environmental	2	1	2	
	Social	2	1	2	
Step 2: Programme Entry: evolution of the scheme from outline proposal to	Total				
	22				
	The scheme was subsequently considered again for inclusion in the Strategic Economic Plan. A similar assessment process was used and the scheme was given 27.5 points and ranked equal 6 th of 37 schemes originally submitted and equal 5 th of the schemes that were included in the SEP.				
	Factor	Raw score	Weighting	Weighted score	
	Strategy	2	1.5	3	
	Deliverability	3	2	6	
	Economic Impact	3	4	12	
Step 2: Programme Entry: evolution of the scheme from outline proposal to	TVB area coverage	3	1.5	4.5	
	Environment	2	0.5	1	
	Social	2	0.5	1	
	Total				
	27.5				
Step 2: Programme Entry: evolution of the scheme from outline proposal to	Following the announcement of the Local Growth Deal in summer 2014, the scheme was given Programme Entry Status by the BLTB meetings held on 24 July 2014^v .				
	The outline of the scheme has been publicly available at the TVB LEP				

Assurance Framework Check list	2.03 Newbury: London Road Industrial Estate
full business case, external view on the business case, and independent assessment (See paragraphs 15 and 16)	<p>website^{vi} since July 2013.</p> <p>A fuller version has been available in the SEP Implementation Plan Annexe^{vii} (scheme 2.03 page 18) in draft since December 2013 and in the final version since March 2014.</p> <p>The West Berkshire website^{viii} 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 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.
Step 3: Conditional Approval	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.
Step 4: Recommendation of Financial Approval - High Value for Money	<p>The scheme has a Benefit- Cost Ratio (BCR) of 4.628.</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 described as having High or Very High Value for Money.</p>

Assurance Framework Check list	2.03 Newbury: London Road Industrial Estate
- 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>
Step 5: Formal Agreement - 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 £250,000 in 2016/17; in addition there will be £250,000 of s.106 contributions secured by West Berkshire Council in 2016/17</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 the programme.</p> <p>Consequences of Failure: As soon as it becomes apparent to West</p>

Assurance Framework Check list	2.03 Newbury: London Road Industrial Estate
	<p>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

13. This is a well-planned scheme that will facilitate the regeneration of an industrial estate in the centre of Newbury.

Background Papers

14. 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/index.aspx?articleid=29690>

^{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=5148&Ver=4>

^{vi}<http://thamesvalleyberkshire.co.uk/Portals/0/FileStore/StrategicInfrastructure/StrategicInfrastructure/BLTB/West-Berks-2-A339-Newbury.pdf>

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

^{viii}<http://info.westberks.gov.uk/index.aspx?articleid=29690>