

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 2.06 Reading: Green Park Railway Station

Purpose of Report

1. To consider giving financial approval to scheme 2.06 Reading: Green Park Railway Station.
2. The proposal is for the construction of a new Railway Station on the Reading to Basingstoke line, along with bus interchange, decked park and ride facility, short stay car park (kiss and ride), taxi drop-off, disabled parking facility, access road, landscaping, and associated works.
3. The Station will deliver significant benefit in terms of accessibility for the adjacent Green Park Village development and surrounding employment and residential areas.

Recommendation

4. You are recommended to give scheme 2.06 Reading: Green Park Railway Station full financial approval in the sum of £6,400,000 over two years (2016/17-2017/18) on the terms of the funding agreement set out at paragraph 12 step 5 below.

Other Implications

Financial

5. Scheme 2.06 Reading: Green Park Railway Station is one of the named schemes in the [Thames Valley Berkshire Local Growth Deal](#)¹ 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.
6. This report recommends that Reading Council be authorised to draw down the capital sum £6,400,000 from the Local Transport Body funding for this scheme.
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 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

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 scheme will be carried out in partnership with Network Rail and First Great Western. The timing of the works requires coordination with the project to electrify the Southcote Junction-Basingstoke section of line, both to facilitate the access to the track to build the station, and to bring the new station into operation with new electric train sets.
11. The full details of the scheme are available from the [Reading BC websiteⁱⁱⁱ](#). A summary of the key points is given below:

Task	Timescale
Detailed design update	November 2014 – April 2015 – under review
Procurement	May 2015 - September 2015 – under review
Contractor appointed	September 2015 – under review
Construction	October 2016 - September 2017
Open to public	December 2017

Activity	Funder	Cost (approx)
Scheme development	Reading Borough Council	£0.5m
Commercial case	First Great Western	£tbc
Enabling works	PRUPIM	£1m
Major scheme funding	Berkshire Local Transport Body	£6.4m

Private sector funding	Various	£4.3m
Total		£12.2m

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	2.06 Reading Green Park Railway Station				
Step 1: Development of Scheme proposal; initial sifting, scoring and prioritisation leading to award of Programme Entry Status. (See paragraphs 11-13)	<p>The scheme was originally developed by Reading Council in response to its adopted Core Strategy Development Plan Document (Jan 08) which identifies the vision for growth to 2026. The major development at Green Park (Phase 3) is an integral part of the housing and employment policies, and the development of the transport infrastructure, notable the new station is a key enabling element.</p> <p>In 2013, the outline scheme was assessed in accordance with paragraphs 11 and 12 of the Assurance Framework and was given 27 points and ranked 2nd of the 28 schemes originally submitted, and 2nd of the schemes finally considered by the BLTB.</p>				
		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	2	1	2
		Social	2	1	2
				Total	27
		<p>Programme Entry Status was awarded at the BLTB meeting on 18 July 2013^v.</p> <p>The scheme was automatically included in the Strategic Economic Plan because it had the second ranking from the earlier BLTB exercise, and was considered to be already funded. The scheme details were included in the SEP.</p>			
		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		
Step 2: Programme Entry: evolution of the scheme from outline proposal to	<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 from the TVB LEP website^{ix} since July 2013.</p>				

Assurance Framework Check list	2.06 Reading Green Park Railway Station
<p>full business case, external view on the business case, and independent assessment (See paragraphs 15 and 16)</p>	<p>A fuller version has been available in the SEP Implementation Plan Annexe^x (scheme 2.06 page 40) in draft since December 2013 and in the final version since March 2014.</p> <p>The Reading BC 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 Reading Borough 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 Full Approval is appropriate.</p>
<p>Step 4: Recommendation of Financial Approval - High Value for Money - Support of the Independent assessor</p>	<p>The scheme has a Benefit- Cost Ratio (BCR) of -1.61 (Low Demand) or -0.60 (High Demand). However, BCR calculations are not the usual comparators for rail projects where significant fare box income is a feature. Instead, Net Present Value calculations are used. The Low Demand calculation is £24.544m and the High Demand calculation is £51.269m.</p> <p>The DfT guidance does not set NPV thresholds. The scheme promoter considers the VfM to be “High”. The independent assessor agrees that it “provides an acceptable economic return”.</p> <p>As noted above the scheme has the full support of the Independent Assessor.</p>

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<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>The recommendation is that you give the scheme Full Approval.</p> <p>Roles: The BLTB is a part funder of the scheme. Reading 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. Reading 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 Reading 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, Reading 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, Reading Council will cooperate fully.</p> <p>Timing and Triggers for payments: Reading 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: there will be £4,300,000 of s.106 contributions secured by Reading Council in 2017/18. The scheme also benefits from previously completed enabling works worth approximately £1m carried out by Green Park.</p> <p>Consequences of Delay: In the event that the scheme experiences minor delays to its programme (no more than 10 weeks), Reading 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) Reading 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 Reading 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 Reading Council after this point. In addition, consideration will be given to recovering</p>

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	<p>any monies paid to Reading 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: Reading 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 bring forward the development of Green Park Phase 3 – a major development site in the Borough, as well as providing better public transport links to the earlier phases of the Green Park development.

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://www.reading.gov.uk/council/strategies-plans-and-policies/TransportStrategy/strategic-economic-plan/>

^{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/Reading-BC-01-Green-Park-Station.pdf>

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

^{xi}<http://www.reading.gov.uk/council/strategies-plans-and-policies/TransportStrategy/strategic-economic-plan/>