

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 21 July 2016

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

PART 1

Item 5: Request for additional funding for 2.05 Newbury Sandleford Park

Purpose of Report

1. To consider the case for increasing the funding allocated to scheme 2.05 Newbury Sandleford Park from £2,000,000 to £2,900,000
2. Elsewhere on this agenda is a report on the independent assessment of the Full Business Case for this scheme, which has been prepared on the basis of the higher costs and LEP contribution for this scheme.

Recommendation

3. You are recommended to increase the financial allocation for 2.05 Newbury Sandleford Park from £2,000,000 to £2,900,000.

Other Implications

Financial

4. There is an existing allocation of £2,000,000 for this scheme. An increase of £900,000 would mean accessing part of the unallocated capital sum and would need to be considered alongside any other requests and the potential of future requests.
5. At the start of the meeting the unallocated capital sum is £5,827,000. There are two further requests for additional funds. The three requests together total £5,150,000.
6. There are 23 named schemes in the programme:

| | |
|--|----|
| The Wokingham Distributor Roads are funded from DfT retained funds | 3 |
| 13 schemes have had full business cases approved and are either complete, on site or ready to go on site | 13 |
| 3 schemes have requested additional funds arising from design or specification changes (the three on tonight's agenda) | 3 |
| 4 schemes have not yet submitted full business cases | 4 |
| Total | 23 |

7. The remaining four scheme promoters are aware that the unallocated sum may be committed as a result of the current requests.

Risk Management

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

- The [Assurance Framework](#) has been drafted following DfT guidance and has been approved by the DfT for use in allocating capital funds for transport schemes
- AECOM have been appointed as Independent Assessors and have provided a full written report (see item elsewhere on this agenda) on the full business case for the scheme. White Young Green (WYG) the contracted independent assessors have a conflict of interest as they are acting as planning consultants to one of the developers, and have therefore withdrawn.
- 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 help to deliver the Sandford Park strategic housing site to the south of Newbury through provision of supporting infrastructure in the form of two new accesses for all modes of travel onto the A339 Newtown Road and A343 Andover Road, to the east and west of the Sandford Park development area respectively.
11. The scheme will help to deliver a site which has the potential to significantly contribute to housing delivery, including 40% affordable units. The accesses will ensure permeability through the Sandford Park site, better managing the impact on the highway network, improving links for sustainable modes of travel and unlocking additional development land south of Newbury College for employment and educational uses.
12. Given the size of the proposed housing development and its many infrastructure requirements, LEP funding was sought in order to accelerate access to all parts of the site and therefore ensure more efficient and timely delivery of housing. The funding will also help to ensure that the maximum number of units will be achieved on the site rather than fewer units being delivered as a result of a limited access strategy for the development.
13. The scheme was included in the Thames Valley Berkshire SEP Implementation Plan in 2014. At this time the contribution requested from the LEP was £2,500,000. The Growth Deal 2 announcement on 30th January 2015 included 2.5 Newbury Sandford Park as a priority scheme and a letter from the Department for Communities and Local Government to Thames Valley Berkshire Local Enterprise Partnership (LEP) confirmed a lower allocation of £2,000,000.
14. The original proposal anticipated a roundabout junction onto the A339 Newtown Road with a signalised junction onto A343 Andover Road. Since this time, initial feasibility assessments have indicated that the proposed forms of access should be via signalised junctions onto both A339 Newtown Road and A343 Andover Road. A signalised access onto the A339 results in improved capacity and better provision for pedestrians and cyclists than the roundabout option initially envisaged.

15. Table 1 sets out the different positions in terms of costs of the scheme in 2014 (when the SEP was published) and the current position in 2016.

TABLE 1: Comparison of scheme costs 2014 to 2016

| Year | Estimated Land Costs | Estimated Construction Costs | Total Estimated Costs | LEP contribution sought | LEP contribution as % of overall costs |
|-------------------|----------------------|------------------------------|-----------------------|-------------------------|--|
| 2014 | £2.86m | £2.79m | £5.65m | £2m | 35% |
| 2016 | £5.27m | £5.69m | £10.96m | £2.9m | 26% |
| Difference | +£2.41m | +£2.9m | +£5.31m | +£0.9m | -9% |

16. As Table 1 demonstrates, there has been a considerable increase in the estimated cost of the scheme. In 2014 the project was very much at initial ideas stage and different options had not been investigated or assessed in detail. Cost estimates were therefore based on the best available information. Since 2014 a significant amount of progress has been made in relation to this scheme. The overall costs have increased due to the following:
- a. Investigation and modeling of different junction options resulting in a signalised junction being the preferred option for the A339 access.
 - b. Further modeling and design work indicating that widening of the A339 north of the new access will be needed (costing more and requiring more land).
 - c. Further detailed design work and consideration of options for the A343 access has highlighted the extent of the widening works needed for the A343 and the scope and preferred route of the improved access route through to the site. This has increased construction costs and meant more land is required.
17. LEP funding is sought to cover 17% of the increase in costs with the remainder being covered in the following ways:
- a. The Developers of the strategic housing site are now engaged with the LEP scheme and are contributing significantly. There was no dialogue with the Developers with regards to the LEP bid in 2014. This, therefore, is a considerable difference and indicates the progress of the scheme, particularly through the submission of the planning application in 2015.
 - b. The Council through its Education Service is now contributing to the scheme. This is as a result of the proposed new school site that will be unlocked by the delivery of the new access from the A339 through land owned by Newbury College.

Conclusion

18. The scheme cost estimates have increased for valid reasons after more detailed consideration and modeling. A large proportion of the increase in cost will be met my sources other than LEP funds. The request is for 17% of the increase in scheme

cost to draw on the LEP's unallocated capital funds. If the increased amount of £2.9m is agreed, the LEP's contribution to the scheme would represent 26%.

Background Papers

19. The LTB and SEP scoring tables are available on request.

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