

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 16 November 2017

CONTACT OFFICER: Roger Parkin, Chief Executive Slough Borough Council,
lead Chief Executive to the BLTB

PART I

Item 6: Financial Approval 2.23 Reading: South Reading MRT Phases 3 and 4

Purpose of Report

1. To consider giving financial approval to scheme 2.23 Reading: South Reading MRT Phases 3 and 4. This is one scheme that was split into two phases in anticipation of there being insufficient funds to approve the whole of the necessary works. In the event both phases 3 and 4 have received funding and the proposal is to manage this as one scheme through to completion.
2. The proposal is a new public transport link between central Reading and Mere oak Park and Ride to the south of the M4 at Junction 11. Phases 5 and 6 have yet to be funded. A diagram showing the scheme and its phases is attached at Appendix 1.

Recommendation

3. You are recommended to give scheme 2.23 Reading: South Reading MRT Phases 3 and 4 full financial approval in the sum of £10,148,000 over three years (2017/18-2019/20) on the terms of the funding agreement set out at paragraph 11 step 5 below.

Other Implications

Financial

4. Scheme 2.23 Reading: South Reading MRT Phases 3 and 4 was a named scheme in the [Thames Valley Berkshire Growth Deal 3](#)ⁱ, announced by [the Government on 2 February 2017](#)ⁱⁱ.
5. This report recommends that Reading Council be authorised to draw down the capital sum £10,148,000 from the Local Transport Body funding for Phases 3 and 4 of this scheme.
6. The funding agreement set out at paragraph 11 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

7. The risk management arrangements already put in place by the Local Transport Body are as follows:
- The [Assurance Frameworkⁱⁱⁱ](#) 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 2) on the full business case for the scheme
 - The funding agreement set out at paragraph 11, 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

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

Supporting Information

9. The scheme will be carried out by Reading Borough Council.
10. The full details of the scheme are available from the [Reading BC website^{iv}](#). A summary of the key points is given below:

Task	Timescale
Detailed design update	December 2017
Procurement	January 2018
Construction start	March 2018
Construction finish	March 2020

Activity	Funder	Cost (approx)
Scheme development	Reading Borough Council	
Major scheme funding	Berkshire Local Transport Body	£10.148m
Private sector funding	s.106 and other sources	£2.536m
Total		£12.684m

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

Assurance Framework Check list	2.23 Reading: South Reading MRT Phases 3 and 4							
Step 1: Development of Scheme proposal; initial sifting, scoring and prioritisation leading to award of Programme Entry Status. (See paragraphs 11-13)	<p>South Reading MRT 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 A33 between the M4 junction 11 and the Town Centre is a major transport corridor and serves major employment sites, the football stadium, major retail sites and some new housing developments. Phases 1 and 2 have been funded in Growth Deal 1, and the works are due for completion this month.</p>							
	<p>In 2013, the full South Reading MRT scheme (Mereok to Reading Town Centre) was assessed in accordance with paragraphs 11 and 12 of the Assurance Framework and was given 23 points and ranked 4th of the 28 schemes originally submitted. However, the cost of the scheme exceeded the funds available at that time, and the scheme was not given further consideration on the grounds that it was unaffordable.</p>							
	<table border="1"> <thead> <tr> <th>Factor</th> <th>Raw score</th> <th>Weighting</th> <th>Weighted score</th> </tr> </thead> </table>	Factor	Raw score	Weighting	Weighted score	3	2	6
	Factor	Raw score	Weighting	Weighted score				
	Economic Impact	2	2	4				
	VFM	2	1.5	3				
	Ease of Deliverability	2	1.5	3				
	Matched Funding	2	1	2				
	Environmental	3	1	3				
	Social	2	1	2				
	Total			23				
	<p>The scheme was resubmitted for inclusion in the Strategic Economic Plan. A similar assessment process was used and the scheme was given 22 points and ranked equal 21st of 37 schemes originally submitted. The scheme was subsequently reduced in size and scope, and Phases 1 and 2 were eventually included in the SEP. The scores below are for the full scheme, not Phases 1 and 2.</p>							
	<table border="1"> <thead> <tr> <th>Factor</th> <th>Raw score</th> <th>Weighting</th> <th>Weighted score</th> </tr> </thead> </table>	Factor	Raw score	Weighting	Weighted score	3	1.5	4.5
	Factor	Raw score	Weighting	Weighted score				
Deliverability	2	2	4					
Economic Impact	2	4	8					
TVB area coverage	2	1.5	3					
Environment	3	0.5	1.5					
Social	2	0.5	1					
Total			21					
<p>Then, in 2016, in response to the call for bids in Growth Deal 3, a further submission was made in respect of Phases 3-6. This time the scheme was given 29 points and ranked 1st of 20 schemes submitted. The bid was subsequently reduced to include only Phases 3 and 4.</p>								
<table border="1"> <thead> <tr> <th>Factor</th> <th>Raw score</th> <th>Weighting</th> <th>Weighted score</th> </tr> </thead> </table>	Factor	Raw score	Weighting	Weighted score	3	1.5	4.5	
Factor	Raw score	Weighting	Weighted score					
Deliverability	3	2	6.0					
Economic Impact	3	4	12.0					
TVB area coverage	3	1.5	4.5					

Assurance Framework Check list	2.23 Reading: South Reading MRT Phases 3 and 4			
	Environment	2	0.5	1.0
	Social	2	0.5	1.0
	Total			29
<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>Reading BC have identified Phase 3 and 4 as two separate schemes, but as both have been funded, they are now combined into a single scheme.</p> <p>Programme Entry status was given to Phases 3 and 4 by the BLTB on 16 March 2017^{vi} (minute 23(a) refers). A progress report was considered by the BLTB on 20 July 2017^{vii}.</p> <p>The Reading BC 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 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 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 Full Approval is appropriate.			
<p>Step 4: Recommendation of Financial Approval</p> <ul style="list-style-type: none"> - High Value for Money - Support of the Independent assessor 	<p>The Value for Money assessment has been conducted entirely using monetised benefits and the report conclusion shows a High Value for Money with a BCR of 3.29.</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> <p>The Independent Assessor’s report (see Appendix 2) recommends full financial approval for this scheme</p>			

Assurance Framework Check list	2.23 Reading: South Reading MRT Phases 3 and 4
<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. 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 the Royal Borough of Windsor and Maidenhead (acting as accountable body for the LEP) 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. The Royal Borough of Windsor and Maidenhead (acting as accountable body for the LEP) will satisfy itself of the correctness of the certificate before paying the invoice.</p> <p>Contributions from Other Funders: there will be £1,268,000 of s.106 contributions secured by Reading Council in 2018/19 and a further £1,268,000 in 2019/20.</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 the Royal Borough of Windsor and Maidenhead (acting as accountable body for the LEP). No further monies will be paid to Reading Council after this point. In addition, consideration will be given to recovering any monies paid to Reading Council in respect of this scheme.</p>

Assurance Framework Check list	2.23 Reading: South Reading MRT Phases 3 and 4
	<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. The Royal Borough of Windsor and Maidenhead (acting as accountable body for the LEP) reserves the right to claw back any such savings amounts, and any repayments due as a consequence of scheme failure.</p> <p>Other Conditions of Local Growth Funds: Reading Borough Council will acknowledge the financial contribution made to this scheme through Local Growth Funds and follow the "Growth Deal Identity Guidelines"^{ix} issued by government. It will also give due regard to the Public Services (Social Value) Act^x, particularly through the employment of apprentices across the scheme supply chain.</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

- This is a well-planned scheme that will provide further support for the development of a Mass Rapid Transit system for the Reading urban area.

Background Papers

- The LTB and SEP scoring exercise papers are available on request

ⁱhttps://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589268/170202_Thames_Valley_Berkshire_LEP_GD_factsheet.pdf

ⁱⁱ<https://www.gov.uk/government/publications/london-south-east-and-east-of-england-growth-deals>

ⁱⁱⁱ<http://www.thamesvalleyberkshire.co.uk/getfile/Public%20Documents/Programmes/Infrastructure/BLTB/Assurance%20Framework%20for%20Berkshire%20Local%20Transport%20Body%2014%20November%202013.pdf?inline-view=true>

^{iv}<http://www.reading.gov.uk/transport-schemes-and-projects>

^v<http://www.thamesvalleyberkshire.co.uk/getfile/Public%20Documents/Programmes/Infrastructure/BLTB/Assurance%20Framework%20for%20Berkshire%20Local%20Transport%20Body%2014%20November%202013.pdf?inline-view=true>

^{vi}<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5677&Ver=4>

^{vii}<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5719&Ver=4>

^{viii}<http://www.reading.gov.uk/transport-schemes-and-projects>

^{ix}<https://www.gov.uk/government/publications/regional-growth-fund-identity-guidelines>

^x<https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

APPENDIX 1 – SOUTH READING MRT PHASING PLAN

