

## **BERKSHIRE LOCAL TRANSPORT BODY (BLTB)**

**REPORT TO:** BLTB

**DATE:** 19 July 2018

**CONTACT OFFICER:** Joe Carter, Director of Regeneration, Slough Borough Council, Lead Officer to the BLTB

### **PART I**

#### **Item 10: Financial Approval 2.24 Newbury: Railway Station Improvements**

##### ***Purpose of Report***

1. To consider giving financial approval to scheme 2.24 Newbury: Railway Station Improvements.
2. This scheme plans to enhance and improve multi-modal transport interchange at Newbury Railway station including upgrade and improvement of station buildings. This will work alongside, and help to deliver, the Market Street housing-led development and also help to deliver the Sandford Park strategic housing site, through enhanced connectivity for bus passengers, rail passengers, cyclists and pedestrians. The scheme will allow Newbury Railway Station to cope with anticipated increases in passengers with corresponding increases in demand for travel and car parking. The scheme is promoted jointly by West Berkshire Council and Great Western Railway

##### ***Recommendation***

3. You are recommended to give scheme 2.24 Newbury: Railway Station Improvements financial approval in the sum of £6,051,000 over three years (2018/19-2020/21) on the terms of the funding agreement set out at paragraph 11 step 5 below, subject to the Independent Assessor being satisfied that the following conditions are met:
  - 3.1. Clear demonstration, across all elements of the business case, of the co-dependencies of each component part of the scheme submission, specifically the MSCP, the northern pedestrian/cycle link, the southern interchange works, and the internal station works. This should include how all project elements are procured and managed in a co-ordinated manner.
  - 3.2. Clear scheme optioneering process identifying why each element of the project should be included within the final scheme, including demonstration that each element offers value for money, either as a standalone element or by facilitating wider benefits within the overall scheme. This may be achieved through additional assessment of current operational performance of the station and the estimation of additional scheme benefits from investment.
  - 3.3. Either i) a clear statement justifying the inclusion of 90% of the farebox revenue stream accruing the Public Accounts, or ii) a revision to the value included. Any justification must go beyond a simple statement referring to previous review by the DfT.

- 3.4. Either i) evidence that the project will meet the fourth scheme objective, to contribute to solutions to resolve flooding issues at the station, or ii) re-definition of the fourth scheme objective.
- 3.5. Clear demonstration that the scheme costs take into account any necessary construction cost inflation.
- 3.6. Additional written evidence to justify the projected environmental and distributional impacts presented within the Appraisal Summary Table.
- 3.7. Additional evidence within the Commercial and Management Cases to demonstrate that the optimum procurement processes have been selected.
- 3.8. That the scheme retains high or better value for money once these conditions have been met

### ***Other Implications***

#### ***Financial***

4. Scheme 2.24 Newbury: Railway Station Improvements was a named scheme in the [Thames Valley Berkshire Growth Deal 3](#), announced by [the Government on 2 February 2017](#)<sup>ii</sup>.
5. This report recommends that West Berkshire Council be authorised to draw down the capital sum £6,051,000 from the Local Transport Body funding for this scheme, subject to conditions. This conditional approval will be converted from to full approval on receipt of written confirmation from the Independent Assessor that the conditions have all been met.
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 Framework](#)<sup>iii</sup> has been drafted following DfT guidance and has been approved by the DfT for use in allocating capital funds for transport schemes
  - Regeneris 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 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 West Berkshire Council and Great Western Railway.
10. The full details of the scheme are available from the [West Berkshire Council website](#)<sup>iv</sup>. A summary of the key points is given below:

Task	Timescale
Procurement	November 2018
Construction start	February 2019
Construction finish	March 2021

Activity	Funder	Cost (approx)
Scheme development	West Berkshire Council	£0.040m
Major scheme funding	Berkshire Local Transport Body	£6.051m
Rail Industry	Network Rail, GWR, DfT	£6.240m
Private sector funding	s.106 and other sources	£6.110m
<b>Total</b>		<b>£18.441m</b>

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

Assurance Framework Check list	<b>2.24 Newbury: Railway Station Improvements</b>			
Step 1: Development of Scheme proposal; initial sifting, scoring and prioritisation leading to award of Programme Entry Status. (See paragraphs 11-13)	This scheme has been developed by West Berkshire Council working with Great Western Railway, Network Rail and Grainger (developers of the Market Street site). It will deliver enhanced connectivity for bus passengers, rail passengers, cyclists and pedestrians. The scheme will allow Newbury Railway Station to cope with anticipated increases in passengers with corresponding increases in demand for travel and car parking. It will support the housing developments at Market Street, Newbury Racecourse and Sandford Park. The scheme was submitted for inclusion in Growth Deal 3 and given 28.5 points and ranked 2 <sup>nd</sup> out of 28 schemes originally submitted.			
	Factor	Raw score	Weighting	Weighted score
	Strategy	3	1.5	4.5
	Deliverability	3	2	6
	Economic Impact	3	4	12
	TVB area coverage	2	1.5	3
Environment	3	0.5	1.5	

Assurance Framework Check list	2.24 Newbury: Railway Station Improvements			
	Social	3	0.5	1.5
	Total	28.5		
<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>Programme Entry status was given by the BLTB on <a href="#">16 March 2017</a><sup>vi</sup> (minute 23(a) refers). Progress reports were considered by the BLTB on <a href="#">20 July 2017</a><sup>vii</sup>, <a href="#">16 November 2017</a><sup>viii</sup> and <a href="#">15 March 2018</a><sup>ix</sup>.</p> <p>The <a href="#">West Berkshire Council website</a><sup>x</sup> 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"> <li>• Completeness – has the promoter prepared a complete Full Business Case submission, when judged against the prevailing advice from the DfT</li> <li>• Accuracy – has the promoter performed the relevant calculations and assessments accurately and without error</li> <li>• 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</li> <li>• Value for Money – does the scheme promoter’s Value for Money assessment comply with the prevailing DfT guidance</li> <li>• Evaluation arrangements – has the scheme promoter made provision for appropriate post-implementation evaluation of the scheme.</li> <li>• 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.</li> </ul>			
<p>Step 3: Conditional Approval</p>	<p>The Independent Assessor has identified that Conditional Approval is appropriate. 8 conditions have been set:</p> <ol style="list-style-type: none"> <li>1. Clear demonstration, across all elements of the business case, of the co-dependencies of each component part of the scheme submission, specifically the MSCP, the northern pedestrian/cycle link, the southern interchange works, and the internal station works. This should include how all project elements are procured and managed in a co-ordinated manner.</li> <li>2. Clear scheme optioneering process identifying why each element of the project should be included within the final scheme, including demonstration that each element offers value for money, either as a standalone element or by facilitating wider benefits within the overall scheme. This may be achieved through additional assessment of current operational performance of the station and the estimation of</li> </ol>			

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	<p>additional scheme benefits from investment.</p> <p>3. Either i) a clear statement justifying the inclusion of 90% of the farebox revenue stream accruing the Public Accounts, or ii) a revision to the value included. Any justification must go beyond a simple statement referring to previous review by the DfT.</p> <p>4. Either i) evidence that the project will meet the fourth scheme objective, to contribute to solutions to resolve flooding issues at the station, or ii) re-definition of the fourth scheme objective.</p> <p>5. Clear demonstration that the scheme costs take into account any necessary construction cost inflation.</p> <p>6. Additional written evidence to justify the projected environmental and distributional impacts presented within the Appraisal Summary Table.</p> <p>7. Additional evidence within the Commercial and Management Cases to demonstrate that the optimum procurement processes have been selected.</p> <p>8. That the scheme retains high or better value for money once these conditions have been met</p>
<p>Step 4: Recommendation of Financial Approval</p> <ul style="list-style-type: none"> <li>- High Value for Money</li> <li>- Support of the Independent assessor</li> </ul>	<p>The Value for Money assessment has identified the provisional overall Net Present Value of the scheme as £2.47 million, with a Benefit Cost Ratio of 3.8 to 1. However, this remains a provisional figure until the conditions have been met.</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 1) recommends conditional financial approval for this scheme</p>
<p>Step 5: Formal Agreement</p> <ul style="list-style-type: none"> <li>- roles</li> <li>- responsibilities</li> <li>- reporting</li> <li>- auditing</li> <li>- timing and triggers for payments,</li> <li>- contributions from other funders,</li> <li>- consequences of delay,</li> <li>- consequences of failure,</li> <li>- claw back,</li> <li>- evaluation one and five years on</li> </ul>	<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. Great Western Railway is the occupier of Newbury Railway Station.</p> <p>Responsibilities: The BLTB is responsible for allocating the capital finance in accordance with the Assurance Framework. West Berkshire Council, together with Great Western Railway, 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 the Royal Borough of Windsor and</p>

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	<p>Maidenhead (acting as accountable body for the LEP) 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. 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 £1,890,000 from GWR/SCPF in 2018/19; £3,900,000 from Network Rail spread over 2017/18 and 2018/19; £,4,710,000 from Grainger in 2018/19 and £1,400,000 in 2020/21; £40,000 from West Berkshire Council spread across 2018/19 and 2019/20 and £450,000 from the DfT's Cycle Rail Fund in 2018/19.</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 Berkshire 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 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. 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: West Berkshire Council will acknowledge the financial contribution made to this scheme through Local Growth Funds and follow the "<a href="#">Growth Deal Identity Guidelines</a>"<sup>xi</sup> issued by government. It will also give due regard to the <a href="#">Public Services (Social Value) Act</a><sup>xii</sup>, particularly through the employment of apprentices across the scheme supply chain.</p> <p>Evaluation One and Five years on: West Berkshire Council will work with Regeneris to produce scheme evaluations One and Five years</p>

<b>Assurance Framework Check list</b>	<b>2.24 Newbury: Railway Station Improvements</b>
	after practical completion.

### **Conclusion**

12. This is a major partnership scheme that will improve access to Newbury Railway Station and complement the major investment being made in electrification, new trains and by Grainger on the Market Street site.

### **Background Papers**

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

<sup>i</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/589268/170202\\_Thames\\_Valley\\_Berkshire\\_LEP\\_GD\\_factsheet.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589268/170202_Thames_Valley_Berkshire_LEP_GD_factsheet.pdf)

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

<sup>iii</sup><http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum>

<sup>iv</sup><http://info.westberks.gov.uk/sep>

<sup>v</sup><http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum>

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

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

<sup>viii</sup><http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5756&Ver=4>

<sup>ix</sup><http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=601&MId=5951&Ver=4>

<sup>x</sup><http://info.westberks.gov.uk/sep>

<sup>xi</sup><http://www.thamesvalleyberkshire.co.uk/getfile/Public%20Documents/Strategic%20Economic%20Plan/Logos%20for%20branding/GROWTH%20DEAL%20IDENTITY%20GUIDELINES%20260618.pdf?inline-view=true>

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