

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 31 January 2019

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BLTB

PART I

Item 5: Business Rates Retention Pilot Year 2 - Approvals

Purpose of Report

1. Following the successful application for a second Berkshire-wide Business Rates Retention Pilot in 2019-20 (BRRP 2), and the agreement of priorities in November 2018, this report recommends an allocation of the BRRP 2 monies.
2. The Berkshire Treasurers' Group has calculated a planning figure of £11m for allocation in 2019-20.
3. The terms of the Pilot remain unchanged for year 2: they allow for the money to be allocated to major infrastructure projects which support housing development or major regeneration projects.

Recommendation

You are recommended to:

4. Confirm the following allocation of BRRP funds in 2019-20:
 - i. Slough MRT Phase 2 £3.058m (top up from BRRP1)
 - ii. Maidenhead Housing Sites Enabling Works Phase 1 £1.068m (20% own contribution from LGF)
 - iii. South Wokingham Distributor Road – Eastern Gateway £5.000m
 - iv. Further revenue support for the development of infrastructure business cases, the balancing amount (£1.874m based on a £11m overall approval), subject to a detailed report to a future meeting of BLTB
5. Grant programme entry status to 2.42 Wokingham: South Wokingham Distributor Road – Eastern Gateway.
6. Correct Minute 7 of the BLTB meeting of 19th July 2018 in relation to Slough MRT Phase 2, by reiterating that in order to cap the level of BRRP commitment at £25m, the funding for the Slough MRT scheme was agreed to be reduced from £13.3m to £10.242m.

Implications

Financial

7. The lead authority for the Pilot and the process of operating the Business Rates element (agreeing baseline amounts, managing the pool of retained funds) is Bracknell Forest Council.
8. The lead authority for the control of funds allocated to infrastructure or regeneration projects is the Royal Borough of Windsor & Maidenhead, the LEP's Accountable Body.
9. The Pilot has been approved for a second financial year (2019-20) and no change is proposed to administrative arrangements.
10. The planning figure of £11m is based on current estimates of business rates collection in 2019-20. This figure may go up or down during the year but has a sufficient level of confidence to be used as the planning figure for this scheme.
11. An anomaly has been identified between the approved BLTB minutes of 19th July 2018 and the BRRP programme. The BRRP approval paper (item 7) that was considered in July, proposed awarding Slough MRT phase 2 the full amount requested of £13.3m, however this sum would have taken the total package above the ceiling of £25m. Several options were discussed in the meeting and it was agreed to reduce the initial sum allocated to the Slough MRT scheme.
12. The minute of the meeting at item 7 stated the following decision "To amend Option B by reducing the approval for Slough Mass Rapid Transit (SMaRT) Phase 2 from £13.3m to £8.3m in 2018/19 and 2019/20. The approval of the remaining £5m in 2020/21 to be subject to the successful renewal of the BRRP scheme beyond its first year...". However, this figure is not accurate, and it was commonly understood that the agreement was that: "...in order to cap the level of BRRP commitment at £25m, the funding for the Slough MRT scheme will be reduced from £13.3m to £10.242m". The sum of £10.242m has been included in all subsequent papers to BLTB, however, it is necessary to formally correct the record and members are therefore asked to confirm the amended decision for clarity.

Risk Management

13. The risks associated with large scale infrastructure investments are well known, and the BLTB has established risk management arrangements for the LGF programme (£111m over six years), referred to as the [Assurance Framework](#)¹.

¹<http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum>

14. As part of the LGF oversight, government officials have recently reviewed this Assurance Framework and found it fit for purpose.
15. The BRRP has identified the LEP and its associated processes as an appropriate framework for managing the sums available; in this instance this means the Berkshire Local Transport Body. The LEP Forum ratified this approach on 27 March. The detailed arrangements for allocating available resources were agreed at meetings of the BLTB on 15 March and 15 November 2018.
16. The implication is that promoters of infrastructure projects seeking funding from the Pilot (2) will need to follow the same Assurance Framework as for LGF. This means acceptance at “programme entry” stage, followed by submission and independent assessment of a WebTAG compliant Full Business Case (FBC) before being considered for financial approval.

Human Rights Act and Other Legal Implications

17. Slough Borough Council will provide legal support for the BLTB should any questions arise on the application of the Business Rates Retention Pilot.

Supporting Information

18. The Berkshire Treasurers’ Group has calculated a planning figure of £11m for BRRP 2.
19. The previously agreed terms of the BRRP allow for the money to be allocated to major infrastructure projects, which support housing development, major regeneration or digital infrastructure projects. No change is proposed for BRRP 2.
20. At the meeting on 15 November 2018 you agreed the following allocation of BRRP 2 funds and this was included in the application to MHCLG for BRRP status in 2019/20:

Table 1: Allocation of BRRP2 Funds

Rank	Scheme	£m	Cumulative
1	Top-up of Slough MRT Phase 2	3.058	3.058
2	Maidenhead Housing Sites Enabling Works Ph 1 (20% own funds contribution)	1.068	4.126
3=	East Reading MRT Phases 1 and 2 (20% own funds contribution) (subject to planning permission)	0	4.126
3=	South Wokingham Distributor Road – Eastern Gateway	5.000	9.126
4	Further revenue support for the future infrastructure business cases, the balancing amount	1.874	11.000
		11.000	

21. Two items should be noted: as reported elsewhere, the East Reading MRT scheme has been delayed and is no longer eligible for an allocation from BRRP

2; the initial planning figure for BRRP 2 was £10m, this has since been increased to £11m.

22. A further report will be brought to a future meeting of the BLTB recommending how to allocate the £1.874m identified for development of infrastructure business cases.
23. You are asked to note that in the BRRP:
- i. there is no requirement for matching funds;
 - ii. all infrastructure schemes receiving “programme entry” status under the BRRP allocation will need an independently assessed FBC to achieve financial approval;
 - iii. the following is our best estimate of the Year 2 timetable:

Timescale for scheme development / approval		
All dates 2019		
31 January	BLTB	Grant of programme entry status and additional funds
Feb-May	Scheme Development	Submission of WebTAG compliant Full Business Case for Independent Assessment
14 March	BLTB	Update on progress
26 March	LEP Forum	Update on progress
18 Jun	BSTOF	Consider draft papers for July BLTB, including the FBC draft assessments
18 Jul	BLTB	Update on progress, possible full business case submission
23 Jul	LEP Forum	Committed spend

24. See Appendix 1 for short summaries of each scheme, their current funding status and hyperlinks to detailed scheme proformas.

Conclusion

25. There is an opportunity to invest a further £11m in major infrastructure or regeneration schemes in 2019/20, in addition to the LGF capital programme. This is a welcome development.

Background Papers

26. The BRRP bid proforma are available on the LEP website. Correspondence between the Berkshire Treasurers’ Group and MHCLG concerning the BRRP 2 application and approval.

APPENDIX 1 – Updated BRRP list of prioritised schemes

Bidder	Short Title	Short Description	Notes	Funding Sought
Priority 1: MRT schemes - East				
Slough BC	Slough Mass Rapid Transit (SMaRT) Phase 2	Highway, bus and cycling infrastructure improvements, a park and ride and public realm enhancements on the A4 corridor between Langley and Heathrow.	Programme entry status July 2018. Part funded (£10.242m) from BRRP1	£3.058m
Priority 1: MRT schemes - West/Central				
Reading BC	South Reading MRT Phases 3 and 4	South Reading MRT is a segregated public transport scheme on the A33 corridor between Reading town centre and the Mere oak P&R site.	Scheme currently on site. Part funded (£7.808m) from BRRP1 and (£2.34m) from GD3	N/a
Priority 2a: Large Housing Sites – East				
RB Windsor and Maidenhead	Maidenhead Housing Sites Enabling Works Phases 1 and 2	Junction improvements and new highway infrastructure required to deliver major housing developments and town centre regeneration in Maidenhead. Phase 1 £5.825m; phase 2 £21.300m.	Programme entry status July 2018. Part funded (£4.66m) from re-prioritisation of GD3	£1.068m A further £21.3m is sought for Ph 2
Priority 2a: Large Housing sites - West				
Wokingham BC	Wokingham Winnersh Relief Road Phase 2	Phase 2 will connect the B3030 King Street Lane to the A329 Reading Road and complete the Winnersh Relief Road.	Phase 1 was funded (£6.5m) by developer contributions and recently opened to traffic. Phase 2 was funded in GD3 and is now funded (£6.26m) from BRRP1	N/a
Wokingham BC	South Wokingham Distributor Road – Eastern Gateway	This scheme will comprise a single carriageway distributor road connecting Montague Park with Waterloo Road, including a new road bridge over the Waterloo rail line.	This scheme is part of the Wokingham Distributor Roads Programme supported in GD1	£5.000m A further £10.96m from CIL/s.106
Wokingham BC	North Wokingham Distributor Road – West of Old Forest Road	Part of the NWDR, the scheme will comprise a single-carriageway distributor road section between the Old Forest Road/Toutley Road Junction and A329 Reading Road.	This scheme is part of the Wokingham Distributor Roads Programme supported in GD1	£5.000m A further £16.22m from CIL/s.106
Priority 2b Major Regeneration Projects and Priority 2c– Pan-Berkshire Digital Infrastructure – No bids received				