

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 31 January 2019

CONTACT OFFICER: Timothy Wheadon, Chief Executive Bracknell Forest Council

PART I

Item 8: Financial Approval for 2.34 Slough MRT Phase 2

Purpose of Report

1. To consider giving financial approval to scheme 2.34 Slough MRT Phase 2 from the Business Rates Retention Pilot 1 and 2.
2. The A4 forms the spine of a 12km strategic public transport corridor that links Maidenhead, Slough and Heathrow and plays an important role in providing surface access to the airport. Phase 2 will extend the Slough Mass Rapid Transit (SMaRT) project from its current end point at Langley and take it onto the Heathrow service road. Bus lanes and other priority measures will be provided in the new section between Langley and Heathrow.
3. The scheme will also provide a 600-car park and ride site at Brands Hill.

Recommendation

4. You are recommended to give scheme 2.34 Slough MRT Phase 2 full financial approval in the sum of £13,300,000, with £10,242,000 in 2018/19 from BRRP1 and £3,058,000 in 2019/20 from BRRP2 on the terms of the funding agreement set out at paragraph 12 step 5 below.

Other Implications

Financial

5. Scheme 2.34 Slough MRT Phase 2 is funded by the Business Rates Retention Pilot, part from BRRP1 in 2018/19 and part from BRRP2 in 2019/20. This scheme has been previously submitted for funding from the Local Growth Deal as far back as 2014. Though Phase 2 was never prioritised for funding, Phase 1 was included in the first Local Growth Deal approvals as scheme 2.08, which was completed in 2018.
6. Scheme 2.34 Slough MRT Phase 2 was originally presented to BLTB requesting £13,300,000 but received Programme Entry Status for a lower amount, due to limited funds being available. The remaining top-up funding of

£3,058,000 would be made available to Slough Borough Council as a priority for BRRP 2 funds, should the pilot be successful.

7. This report recommends that Slough Borough Council be authorised to draw down the capital sum £10,242,000 in 2018/19 from BRRP1 funds and £3,058,000 in 2019/20 from BRRP2 for this scheme.
8. 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

9. The risk management arrangements already put in place by the Local Transport Body are as follows:
 - The [Assurance Framework](#)ⁱ has been drafted following DfT guidance and has been approved by the DfT for use in allocating capital funds for transport schemes
 - Hatch 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 12, 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

10. Slough Borough Council will provide legal support for the BLTB should any questions arise.

Supporting Information

11. The scheme will be carried out for Slough Borough Council.
12. The full details of the scheme are available from the Slough [website](#)ⁱⁱ. A summary of the key points is given below:

Task	Timescale
Procurement	Via the Council's Term Contractor
Contractor appointed	As above
Construction	May 2019
Open to public	April 2020

Activity	Funder	Cost (approx)
Scheme development	Slough Borough	£0
Major scheme funding	Business Rates Retention Pilot 1&2	£13,300m

Section 106 agreements	Developers etc	£0
Total		£13,300m

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

Assurance Framework Check list	Scheme 2.34 Slough MRT Phase 2			
	<p>The scheme was originally developed by Slough Borough Council in response to growth pressures and the need to promote better public transport access to Heathrow Airport. Phase 1 of Slough MRT was completed in 2018.</p> <p>The SEP assessment process was used and the scheme was given 23 points and was the only scheme submitted in Priority 1 – MRT schemes East.</p>			
	Factor	Raw score	Weighting	Weighted score
	Strategy	3	1.5	4.5
	Deliverability	2	2.0	4.0
	Economic Impact	2	4.0	8.0
	TVB area coverage	3	1.5	4.5
	Natural Capital	1	0.5	0.5
	Social Value	3	0.5	1.5
	Total			23.0
<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 19 July 2018^{iv}.</p> <p>The Slough website^v 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 Slough 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 			

Assurance Framework Check list	Scheme 2.34 Slough MRT Phase 2
	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.
Step 4: Recommendation of Financial Approval - High Value for Money - Support of the Independent assessor	The scheme has a Benefit-Cost Ratio (BCR) of 2.2. 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.
Step 5: Formal Agreement - roles - responsibilities - implementation - reporting - auditing - timing and triggers for payments, - contributions from other funders, - consequences of delay, - consequences of failure, - consequences of change to the design or specification of the scheme - claw back, - evaluation one and five years on - other conditions of Local Growth Funds	<p>The capital grant of £13,300,000 is a maximum figure which cannot be increased but may be reduced if savings are achieved during implementation. In the event that Slough Borough Council wishes to alter the profile of the grant payments, it must seek prior written permission from TVB LEP, having first raised the matter with the BLTB. The grant is made subject to the following:</p> <p>Roles: TVB LEP is a part funder of the scheme. Slough Borough Council is the scheme promoter and is the relevant highway and planning authority.</p> <p>Responsibilities: TVB LEP is responsible for allocating the capital finance in accordance with its Assurance Framework. Slough Borough Council is responsible for all aspects of the design, risk management, insurance, procurement, construction and implementation of the scheme, including its responsibilities as highway and planning authority, any other statutory duties, and any financial or other liabilities arising from the scheme.</p> <p>Implementation: In addition to any reporting requirements within Slough Borough Council, the scheme promoter will use the pro forma supplied by TVB LEP to make reports on progress of the implementation of the capital scheme to each meeting of the BLTB until the build is complete. In particular, Slough Borough 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>Reporting: The scheme promoter must provide accurate, timely, verified and quality assured quarterly monitoring and forecast data, which relate to defined output and outcome indicators agreed between TVB LEP and government as a condition of the Business Rates Retention Pilot. In addition, this scheme will be required to participate in an evaluation as set out in the Growth Deal Monitoring and Evaluation Plan.</p>

Assurance Framework Check list	Scheme 2.34 Slough MRT Phase 2
	<p>Auditing: Slough Borough Council will keep financial records such that the expenditure on the scheme is readily identifiable, and if and when a government department or the accountable body for TVB LEP requests access to financial or other records for the purposes of an audit of the accounts, Slough Borough Council will co-operate fully.</p> <p>Timing and Triggers for payments: Payments will only be made against an invoice and accompanying certificate of work completed, along with proof of planning consent.</p> <p>Contributions from Other Funders: This scheme will be 100% funded from the BRRP1&2. In the event that the scheme experiences or it is anticipated that the scheme will experience a shortfall in these contributions, Slough Borough Council will be required to notify TVB LEP of these developments. The provisions of clauses 8, Consequences of Delay; 9, Consequences of Change to the Design or Specification of the Scheme; or 10, Consequences of Failure will then be applied.</p> <p>Consequences of Delay: In the event that the scheme experiences minor delays to its overall Business Case programme (no more than 10 weeks), Slough Borough 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 overall Business Case programme (11 weeks or longer) Slough Borough Council will be required to seek permission from TVB LEP to reschedule any payments that are due, or may be delayed in falling due because of the delay to the overall Business Case programme.</p> <p>Consequences of Change to the Design or Specification of the Scheme: In the event that Slough Borough Council wishes to change the design or specification of the scheme such the scheme delivered will vary in any material aspect from the description given in the overall business case, Slough Borough Council will be required to seek prior written consent from TVB LEP. Failing this permission, no further monies will be paid to Slough Borough Council after the change becomes apparent to TVB LEP. In addition, consideration will be given to recovering any monies paid to Slough Borough Council in respect of this scheme.</p> <p>Consequences of Failure: As soon as it becomes apparent to Slough Borough Council that it will not be possible to deliver the scheme at all, written notice shall be given to the accountable body for TVB LEP. No further monies will be paid to Slough Borough Council after this point. In addition, consideration will be given to recovering any monies paid to Slough Borough Council in respect of this scheme.</p> <p>Claw back: If the overall scheme achieves savings against budget, these savings will be shared by TVB LEP and the other funders noted above in proportion to the amounts set out in the Financial Profile. The</p>

Assurance Framework Check list	Scheme 2.34 Slough MRT Phase 2
	<p>accountable body for TVB LEP reserves the right to claw back any amounts of grant that have been spent on purposes other than the scheme as approved and any repayments due as a consequence of changes to the design or specification of the scheme or scheme failure.</p> <p>Evaluation One and Five Years On: Slough Borough Council will produce scheme evaluations One and Five years after practical completion that comply with DfT guidance.</p> <p>Other Conditions: Slough Borough Council will also give due regard to the Social Value Act, particularly through the employment of apprentices across the scheme supply chain.</p>

Conclusion

14. Phase 2 of the Slough MRT will continue the investment already made in Phase 1 and will promote public transport access to Heathrow Airport.

Background Papers

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

[ihttp://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum](http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum)
[ii http://www.slough.gov.uk/parking-travel-and-roads/plans-for-the-future.aspx](http://www.slough.gov.uk/parking-travel-and-roads/plans-for-the-future.aspx)
[iiihttp://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum](http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum)
[ivhttp://www.slough.gov.uk/Moderngov/documents/s52176/Item%207%20BLTB%2019%20July%202018%20BRRP%20bids%20July%202018.pdf](http://www.slough.gov.uk/Moderngov/documents/s52176/Item%207%20BLTB%2019%20July%202018%20BRRP%20bids%20July%202018.pdf)
[vhhttp://www.slough.gov.uk/parking-travel-and-roads/slough-mass-rapid-transit-phase-2-smart-p2-business-case.aspx](http://www.slough.gov.uk/parking-travel-and-roads/slough-mass-rapid-transit-phase-2-smart-p2-business-case.aspx)