

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 14 November 2019

CONTACT OFFICER: Josie Wragg, Chief Executive, Slough Borough Council, Lead Officer to the BLTB

Item 6: Financial Approval 2.35 Reading: Reading West Railway Station Upgrade

Purpose of Report

1. To consider giving financial approval to scheme 2.35 Reading: Reading West Railway Station Upgrade.
2. The Reading West Station scheme will deliver an improved passenger experience and multi-modal interchange, including a new station building, highway changes and improvements to platform facilities and the Tilehurst Road entrance.

Recommendation

3. You are recommended to give scheme 2.35 Reading: Reading West Station Upgrade full financial approval in the sum of £3,100,000 over the period 2020/21 on the terms of the funding agreement set out at paragraph 11 step 5 below. We note observations made by the Independent Assessor regarding delivery and timing risks but believe that the existing conditions of our capital grant letter will enable us to work closely with Reading Borough Council and relevant partners to ensure timely delivery of the scheme.

Other Implications

Financial

4. A re-prioritisation exercise was undertaken in advance of previously allocated Growth Deal Funds and returned to the Growth Deal “pot” for re-allocation. Scheme 2.35 Reading: Reading West Railway Upgrade is funded from this reallocation.
5. This report recommends that Reading Borough Council be authorised to draw down the capital sum £3,100,000 from the Local Transport Body funding for this scheme, subject to usual capital grant letter conditions.
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](#)¹ 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 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 and Great Western Railway.
10. The full details of the scheme are available from the [Reading Borough Council website](#)². A summary of the key points is given below:

Task	Timescale
Procurement	May 2020
Construction start	July 2020
Construction finish	September 2021

Activity	Funder	Cost (approx)
Local Growth Fund	Berkshire Local Transport Body	£3.10m
Rail Industry	Network Rail, GWR, DfT	£940k
Private sector funding	s.106	£200k
Total		£4.24m

11. The table below sets out the details of this scheme's compliance with steps 1-5 of paragraph 14 of [Assurance Framework](#)³.

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

²<http://info.westberks.gov.uk/sep>

³<http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum>

Assurance Framework Check list	2.35 Reading: Reading West Railway Station Upgrade			
<p>Step 1: Development of Scheme proposal; initial sifting, scoring and prioritisation leading to award of Programme Entry Status. (See paragraphs 11-13)</p>	<p>This scheme has been developed by Reading Borough Council working with Great Western Railway and Network Rail. The Reading West Station scheme will deliver an improved passenger experience and multi-modal interchange, including a new station building, highway changes and improvements to platform facilities and the Tilehurst Road entrance.</p> <p>The scheme was submitted and given 24 points and ranked 4th out of 18 schemes originally submitted.</p>			
	<p style="text-align: center;">Factor</p>	<p style="text-align: center;">Raw score</p>	<p style="text-align: center;">Weighting</p>	<p style="text-align: center;">Weighted score</p>
	<p>Strategy</p>	<p style="text-align: center;">3</p>	<p style="text-align: center;">1.5</p>	<p style="text-align: center;">4.5</p>
	<p>Deliverability</p>	<p style="text-align: center;">3</p>	<p style="text-align: center;">2</p>	<p style="text-align: center;">6</p>
	<p>Economic Impact</p>	<p style="text-align: center;">2</p>	<p style="text-align: center;">4</p>	<p style="text-align: center;">8</p>
	<p>TVB area coverage</p>	<p style="text-align: center;">2</p>	<p style="text-align: center;">1.5</p>	<p style="text-align: center;">3</p>
	<p>Environment</p>	<p style="text-align: center;">2</p>	<p style="text-align: center;">0.5</p>	<p style="text-align: center;">1</p>
	<p>Social</p>	<p style="text-align: center;">3</p>	<p style="text-align: center;">0.5</p>	<p style="text-align: center;">1.5</p>
<p>Total</p>	<p style="text-align: center;">15</p>		<p style="text-align: center;">24</p>	
<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 31 January 2019⁴ (item 34 refers).</p> <p>The Reading Borough Council website⁵ 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"> • 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 			

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

⁵ <http://info.westberks.gov.uk/sep>

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	recommendations for remedial actions required – e.g., collection of further data, sensitivity tests on particular assumptions etc.
Step 3: Conditional Approval	It is recommended to give scheme 2.35 Reading: Reading West Station Upgrade full financial approval in the sum of £3,100,000 over the period 2020/21 on the terms of the funding agreement set out at paragraph 11 step 5 below. Observations made by the Independent Assessor regarding delivery and timing risks are noted but we believe that the existing conditions of the LEP capital grant letter will enable us to work closely with Reading Borough Council and relevant partners to ensure timely delivery of the scheme.
Step 4: Recommendation of Financial Approval - High Value for Money - Support of the Independent assessor	The Independent Assessor states that the Strategic Case for the scheme demonstrates alignment with strategic priorities and provides strong evidence of the current poor conditions at Reading West Station and the requirement for enhancement to promote sustainable travel. The approach to assessing the economic benefits of the scheme is considered to be robust, but it is recognised that there is significant reliance upon the forecast level of revenue generated from new passengers to off-set the capital and operating costs of the scheme. If rail patronage levels were not to meet expectations, then the scheme may only achieve ‘medium’ value for money; however, this is considered to be relatively unlikely outcome.
Step 5: Formal Agreement - 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>The capital grant of £3,100,000 is a maximum figure which cannot be increased, but may be reduced if savings are achieved during implementation. In the event that Reading 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> <ol style="list-style-type: none"> 1. <u>Roles</u>: TVB LEP is a part funder of the scheme. Reading Borough Council is the scheme promoter and is the relevant highway and planning authority. 2. <u>Responsibilities</u>: TVB LEP is responsible for allocating the capital finance in accordance with its Assurance Framework. Reading 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. 3. <u>Implementation</u>: In addition to any reporting requirements within Reading Borough Council, the scheme promoter will use the proforma 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, Reading 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.

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	<p>4. <u>Reporting</u>: 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 Growth Deal. This scheme will not be required to participate in an evaluation as set out in the Growth Deal Monitoring and Evaluation Plan.</p> <p>5. <u>Auditing</u>: Reading Borough Council will keep financial records such that the expenditure on the scheme is readily identifiable, and if and when BEIS, DfT or other 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, Reading Borough Council will co-operate fully.</p> <p>6. <u>Timing and Triggers for payments</u>: See the Claim Proforma at Appendix 1 of the Capital Grant Letter – available on request.</p> <p>7. <u>Contributions from Other Funders</u>: Section 106 monies will contribute £200,000 in 2019/20. Additionally, the Rail Industry will contribute £940,000 in 2018/19. In the event that the scheme experiences or it is anticipated that the scheme will experience a shortfall in these contributions, Reading 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>8. <u>Consequences of Delay</u>: In the event that the scheme experiences minor delays to its overall Business Case programme (no more than 10 weeks), Reading 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) Reading 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>9. <u>Consequences of Change to the Design or Specification of the Scheme</u>: In the event that Reading 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, Reading Borough Council will be required to seek prior written consent from TVB LEP. Failing this permission, no further monies will be paid to Reading Borough Council after the change becomes apparent to TVB LEP. In addition, consideration will be given to recovering any monies paid to Reading Borough Council in respect of this scheme.</p> <p>10. <u>Consequences of Failure</u>: As soon as it becomes apparent to Reading Borough Council that it will not be possible to deliver the</p>

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	<p>scheme by end of September 2021, written notice shall be given to the Accountable Body for TVB LEP. No further monies will be paid to Reading Borough Council after this point. In addition, consideration will be given to recovering any monies paid to Reading Borough Council in respect of this scheme.</p> <p>11. <u>Claw back</u>: 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 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>12. <u>Evaluation One and Five Years On</u>: Reading Borough Council will produce scheme evaluations One and Five years after practical completion that comply with DfT guidance.</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"⁶ issued by government. It will also give due regard to the Public Services (Social Value) Act⁷, particularly through the employment of apprentices across the scheme supply chain.</p> <p>Evaluation One and Five years on: Reading Borough Council will work with Regeneris to produce scheme evaluations One and Five years after practical completion.</p>

Conclusion

12. This scheme will deliver an improved passenger experience and multi-modal interchange, including a new station building, highway changes and improvements to platform facilities and the Tilehurst Road. As stated by the Independent Assessor, the Strategic Case demonstrates alignment with strategic priorities and the provides strong evidence of the current poor conditions at Reading West Station and the requirement for enhancement to promote sustainable travel.

Background Papers

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

⁶<http://www.thamesvalleyberkshire.co.uk/getfile/Public%20Documents/Strategic%20Economic%20Plan/Logos%20for%20branding/GROWTH%20DEAL%20IDENTITY%20GUIDELINES%20260618.pdf?inline-view=true>

⁷<https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>