

## BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 11 March 2021

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### Item 6: Update: scheme 2.24: Newbury Station Improvements – Business Start-up units re-profiled

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

1. To update the Berkshire Local Transport Body regarding revised design proposals and a reduction in outputs for the Business Start-up Units within scheme 2.24 Newbury Railway Station Improvements project.

#### ***Recommendation***

2. You are asked to note these changes to the original specifications, whilst recognising that the overall scheme still delivers high value for money.

#### ***Other Implications***

##### Financial

3. The original 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](#). BLTB authorised funding of £6,051,000 at its [July 2018](#) meeting, subject to conditions. These conditions were lifted in February 2019.
4. In [March 2020](#) (item 5) an additional £300,000 was allocated to the project for essential gateline enhancements resulting from increased passenger numbers. In [June 2020](#) (item 4) an additional £340,000 was allocated to the project for Cycle Hub and Office Space enhancements at Newbury station.
5. In [June 2020](#) (item 9) conditional financial approval was given to both the additional £300,000 gateline enhancements and £340,000 for the Cycle Hub and Office Space enhancements to the project. The office space enhancements included an increase in provision to 610m<sup>2</sup> floorspace (an additional 44.5% versus the original submission) on the south side of the station for Business Start-up Units. These conditions were lifted on 5<sup>th</sup> February 2021.
6. The total cost for the business start-ups units at Newbury station is £1.633m, of which LGF is contributing £1.345m over the two scheme approvals (82% of total

costs - £1.145m from original July 2018 scheme approval and £200,000 from June 2020 approval).

### Risk Management

7. The risk management arrangements already put in place by the Local Transport Body are as follows:
  - The [Assurance Framework](#)<sup>i</sup> 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 assessed the full business cases for the scheme.

### Human Rights Act and Other Legal Implications

8. The scheme promoter is a local authority, working in partnership with GWR, and they have to act within the law. Slough Borough Council will provide legal support for the BLTB, should any questions arise.

### **Supporting Information**

9. The Newbury Railway Station Improvement Scheme included provision of a two-storey building on Platform 1 intended to support business start-ups. The overall project is being delivered in three principal phases, with the business start-up units as the final phase. The benefits of delivering the start-up units were attributed to the new employment generated on site, although the original 2018 Full Business Case did not quantify these benefits.
10. Development of the scheme and the completion of electrification works led to design changes, with a swap of the location of this building with the planned location of a cycle hub on the site of a Network Rail compound in the southern car park.
11. The business case for the additional funding was supported by an increase in the amount of lettable space – from 440m<sup>2</sup> to 610m<sup>2</sup>. However, the specification of the units, function and form remained undefined and the 2020 Business Case Addendum set out that “It is anticipated that there are opportunities to value engineer the scope of the start-up units... This exercise will be informed by further research into the best facilities to provide” (para 2.12) and “Further considerations... are now being discussed to ensure that appropriate provision is made for businesses in light of how things have changed and may continue to be different with COVID-19... This will feed into final designs for the facility” (para 3.7).
12. The subsequent development of the scheme, including the outcome of a demand analysis from property consultants Vail Williams and interest expressed from potential tenants, has influenced the design of the current proposal which delivers a usable floorspace of 280m<sup>2</sup>. A small part of the difference (circa 25 m<sup>2</sup>) is due to provision within the site of parking for the units to better suit tenants’ likely needs.

The rest of the change results from the design delivering a single storey structure rather than two-story, although final design options may include future-proofing provision for the ability to add a second floor, pending market need and financing.

13. The full details of the scheme are available from the [West Berkshire Council website](#)<sup>ii</sup>.

### **Conclusion**

14. The revised designs of the Start-up Units have reduced the overall square meterage available within the footprint of the building. However, whilst the outputs have therefore reduced (10 incremental employment roles were indicated in the June 2020 business case), it is the conclusion of the Independent Assessor that, notwithstanding these amendments, the project will still deliver 'high' value for money from the allocated public sector investment (e.g. BCR > 2 to 1), and on this basis, the scheme is still fit for purpose.
15. Furthermore, the robust demand evidenced by the Vail Williams commercial property report indicates that the addition of the units will still meet a need required from the local economy and will help support a post Covid recovery with 23 anticipated jobs created.
16. It is therefore recommended that BLTB acknowledge these changes, be aware that this funding cannot be redeployed elsewhere within Berkshire, and that delivery of the wider station improvements will still benefit the region, aligning with our strategic priorities.

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