

Wiltshire Council

Cabinet

12 September 2017

Subject: Chippenham Station Hub update

Cabinet Member: Councillor Chuck Berry
Cabinet Member for Economic Development and Housing

Key Decision: No

Executive Summary

On 7 July 2014 the Coalition Government announced the first wave of Growth Deals, providing funds via the Local Growth Fund (LGF) to Local Enterprise Partnerships (LEPs) for projects that support economic growth. Growth Deals bring together infrastructure, housing, and skills funding into a single pot.

Prioritisation work undertaken by the Swindon & Wiltshire Local Enterprise Partnership (SWLEP) during 2014, in line with the Strategic Economic Plan (SEP), identified a range of projects which would be delivered through the LGF. This included the Chippenham Station Hub project, which secured a conditional allocation of £16m through LGF, to be matched by £16m in private investment and £2m of local contributions. The project has been designated as a 'Retained Scheme', which means that additional requirements and conditions have to be met in order for grant funding to be provided by the Department for Transport.

Following completion of a Strategic Outline Business Case in 2016, the project is now at the Outline Business Case stage. This stage will see the development of an option that has been market tested and is considered viable and deliverable. Alongside the production of an Outline Business Case a planning pre-application has been developed and submitted to Wiltshire Council. Stakeholder and public consultation will be included as part of this stage.

Running in parallel to the production of this Outline Business Case is the development of a Chippenham Station Hub Phase 1 scheme which will be delivered by Great Western Railway. This scheme will include station improvements and access improvements. The delivery of a Phase 1 scheme will secure the early delivery of regeneration outcomes at the station alongside the introduction of Intercity Express Trains. Phase 1 also provides private sector match funding, demonstrates a commitment to delivery, and enables the full regeneration of the wider Chippenham Station Hub scheme to follow in an appropriate phased manner. This Phase 1 scheme was approved by the SWLEP in July 2017 and works are due to commence in September 2017.

This report provides an update on project progress and the main considerations concerning the next phase of project development: The development of a Full Business Case (FBC) and submission of a planning application.

Proposal(s)

That Cabinet notes the progress of the Chippenham Station Hub project.

The Cabinet notes the identified risks involved with progressing the project.

That Cabinet approves the development and delivery of the Full Business Case and Planning Application using DfT retained funding.

Reason for Proposal(s)

To ensure that Wiltshire Council maximizes the benefits and opportunities associated with the Growth Deal programme in terms of delivering key infrastructure projects and building Wiltshire's economy whilst managing the financial implications and associated risks to the organisation.

Corporate Director

Alistair Cunningham
Corporate Director for Growth, Investment and Place

Wiltshire Council

Cabinet

12 September 2017

Subject: Chippenham Station Hub update

Cabinet Member: Councillor Chuck Berry
Cabinet Member for Economic Development and Housing

Key Decision: N

Purpose of Report

1. This report provides an update on project progress and the main considerations concerning the next phase of project development: The development of a Full Business Case (FBC) and submission of a planning application.

Relevance to the Council's Business Plan

2. Chippenham is a principal settlement in the Core Strategy and a focus for new development and regeneration in Wiltshire. The Station Hub redevelopment will contribute to the Business Plan priority *to boost the local economy* through the regeneration of a strategic site.
3. The redevelopment of a strategic site partially within Wiltshire Council control will contribute towards the core vision of the Business Plan, to create stronger communities.
4. The Swindon and Wiltshire Growth Deal provides capital investment towards a range of infrastructure projects that underpin our economy, including highways improvements, urban regeneration and business and economic development.

Background

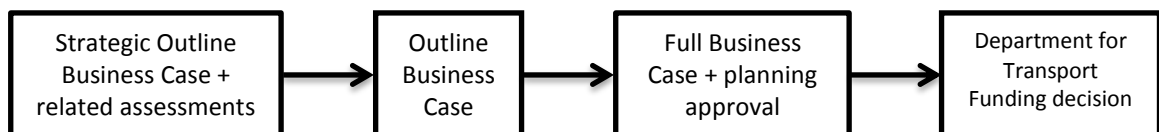
5. On 7 July 2014 the Coalition Government announced the first wave of Growth Deals, providing funds via the Local Growth Fund (LGF) to Local Enterprise Partnerships (LEPs) for projects that support economic growth. Growth Deals bring together infrastructure, housing, and skills funding into a single pot.
6. Prioritisation work undertaken by the Swindon & Wiltshire Local Enterprise Partnership (SWLEP) during 2014, in line with the Strategic Economic Plan (SEP), identified a range of projects which would be delivered through the LGF, including the Chippenham Station Hub project, which secured a conditional allocation of £16m through LGF, to be matched by £16m in private investment and £2m of local contributions. The project has been designated as a 'Retained Scheme', which means that additional requirements and

conditions have to be met in order for grant funding to be provided by the Department for Transport.

7. Following completion of a Strategic Outline Business Case in 2016, the project is now at the Outline Business Case stage. This stage will see the development of an option that has been market tested and is considered viable and deliverable. Alongside the production of an Outline Business Case a planning pre-application will be developed and submitted to Wiltshire Council. Stakeholder and public consultation will be included as part of this stage.
8. Running in parallel to the production of this Outline Business Case is the development of a Chippenham Station Hub Phase 1 scheme which will be delivered by Great Western Railway. This scheme will include station improvements and access improvements. The delivery of a Phase 1 scheme will secure the early delivery of regeneration outcomes at the station alongside the introduction of Intercity Express Trains, as well as providing private sector match funding, demonstrating a commitment to delivery, and enable the full regeneration of the wider Chippenham Station Hub scheme to follow in an appropriate phased manner. This phase 1 scheme was approved by the SWLEP in July 2017 and works are due to commence in September 2017. This Phase 1 scheme will drawdown £2m from the overall £16m allocation.

Main Considerations for the Council

9. To date, £0.350 million from the DfT has been provided to Wiltshire Council for project development work. At the time of writing this report approximately £0.250 million has been spent/committed from this allocation. The project is progressing and the key stakeholders (Network Rail, and Great Western Railway) are working with the Council to develop the scheme. As the project has been designated as a retained scheme by the Department for Transport, a process will need to be followed and requirements met in order to secure the £16m allocation (minus the £2m already reserved for the phase 1 scheme). The diagram below outlines the process to follow:



10. The first phase of project development, the Strategic Outline Business Case was completed in 2016, the Outline Business Case is currently being completed and is due for completion in September 2017. The Full Business Case and planning approval are scheduled for completion in summer 2018, after which the scheme and related material will be submitted to the DfT for assessment and a funding decision.
11. In order to develop and deliver the Full Business Case and Planning Approval phase, further funding will need to be drawn down from DfT. The consultants who are currently developing the outline business case and pre-planning application have estimated that this will cost up to £0.70m (see appendix 1).

This represents the budget for professional services and external costs, taking the project to the point of delivery.

12. As the project has been designated as a retained scheme certain grant conditions need to be adhered to, one of which is:

c) The Department for Transport reserves the right to seek reimbursement from the Council of any payments made relating in respect of this grant award in the event that the scheme is not constructed.

13. Therefore, if no scheme is delivered, DfT may seek reimbursement of any payments already made to Wiltshire Council. This presents a risk for the Council in the event of non-delivery. The risk of non-delivery is understandably higher during the initial early stages of development as concepts/options are still being agreed by the Council and key stakeholders. This risk of non delivery should decrease as the project progresses.

14. The below identified scenarios could result in DfT seeking reimbursement from Wiltshire Council of any payments already made.

- i. The project fails to obtain planning permission and therefore no scheme is constructed
- ii. The project is rejected by DfT and therefore no scheme is constructed
- iii. The Council decide to discontinue the project and therefore no scheme is constructed
- iv. Network Rail reject the scheme and therefore no scheme is constructed

Overview and Scrutiny Engagement

15. The SWLEP Task Group (joint between Swindon and Wiltshire) will receive and consider an update on the project, including details of the consultation, at their next meeting.

Safeguarding Implications

16. There are no specific safeguarding implications of this development.

Public Health Implications

17. The local economy is a known contributor to the wider determinants of health. A struggling local economy can lead to higher unemployment throughout the local population. This in turn can impact on the social, physical and mental health outcomes of the population. Getting people into work is therefore of critical importance for reducing health inequalities.

18. The work of the SWLEP delivered through nationally competitive Growth Deals, aims to deliver jobs in Wiltshire and attract millions of private sector

investment to our economy. This will help ensure that Wiltshire's economy remains strong and resilient and that employment figures remain high.

Procurement Implications

19. Wiltshire Council managed Growth Deal projects and development works associated will be procured in line with the Part 10 (Procurement and Contract Rules) of Wiltshire Council's Constitution and process pertaining to corporate procurement. Advice and guidance will be sought from the Strategic Procurement Hub prior to embarking on any procurement activities.

Equalities Impact of the Proposal (detailing conclusions identified from Equality Analysis, sections 4 and 5)

20. The Department for Business, Innovation and Skills published its Equality Impact Assessment (EQIA) for Growth Deals in July 2014. The report concludes that the Growth Deal programme has no adverse impact on any protected group and that the proposed funding decision is neutral in advancing equality of opportunity between persons who share the relevant protected characteristic and persons who do not share it.
21. As the project develops, Wiltshire Council officers will continue to consider the equality implications locally.

Environmental and Climate Change Considerations

22. Environmental and climate change considerations will be taken into account during further development of the scheme and the related planning application.

Risks that may arise if the proposed decision and related work is not taken

23. The Council could be expected to repay the £0.35m grant to DfT (as highlighted in the September 2016 CCAC report).

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

24. See paragraph 13 – in the event of non delivery DfT may seek reimbursement of funding already provided to Wiltshire Council – this would be £1.05m. The 4 risks stated in paragraph 13 will be managed as follows
 - i. A pre application has been submitted to Wiltshire Council to obtain guidance and feedback on planning issues and potential limitations. This advice and guidance will be used to help shape the content of the planning application.
 - ii. Wiltshire Council are engaging regularly with DfT to ensure they are kept apprised of project progress. The Council's consultant team is also

engaging regularly with DfT. DfT will review and comment on the outline business case prior to work commencing on the full business case and planning application.

- iii. Unable to mitigate - the Council could be expected to repay grants to DfT.
- iv. The project is progressing and key stakeholders (Network Rail, and Great Western Railway) are working with the Council to develop the scheme (a letter of support has been received from Network Rail – see appendix 2). Prior to commencement of the full business case and planning application, further letters of support will be requested from key stakeholders.

Financial Implications

- 25. Wiltshire Council has drawn down £0.350m of Local Growth Fund Grant from DfT of which £0.250m has been committed as at August 2017.
- 26. In order to progress the scheme and develop the Full Business Case and obtain Planning approval a further drawdown is required of £0.700m, bringing the total Grant drawdown to £1.050m.
- 27. As detailed above the grant comes with conditions and in the event of non-delivery DfT may seek full reimbursement of the grant drawdown.
- 28. There is therefore a risk to Wiltshire Council of £1.050 million which would be a pressure on General Fund Reserves (unbudgeted) if the project is not delivered and DfT seek full reimbursement.
- 29. As detailed above under Risks, actions have been taken to mitigate this.

Legal Implications

- 30. Lead officers have been working closely with colleagues in Legal Services to ensure that Growth Deal projects comply with European State Aid Regulations and other legal requirements. Additional and future Growth Deal projects will follow the same process to ensure that legal issues are identified and discussed at the earliest opportunity in project development so that support and advice can be provided.
- 31. Legal advice will be taken in respect of the procurement exercise detailed in paragraph 19, and in respect of Wiltshire Council entering into any necessary contracts.
- 32. Officers at Wiltshire Council have been engaging with colleagues from SWLEP and Swindon Borough Council to ensure efficient and robust governance arrangements are in place to monitor Growth Deal delivery and development.

Options Considered

- 33. Cancel project, repay funding to DfT.

34. Continue project using DfT funding.

Conclusions

35. Wiltshire Council will continue to work with project stakeholders to deliver the Chippenham Station Hub scheme whilst managing the financial implications and associated risks to the organisation.

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Appendices

Appendix 1 Chippenham Station - typical costs for hybrid planning and FBC
Appendix 2 Network Rail letter of support

Background Papers

None