

CABINET



Note – the following amendments have been made to the report since publication with the Cabinet agenda

Paragraphs - 25 and 26 a change from “Lift” to “Lifts” – text highlighted in green.

Duplicated financial implications text has been deleted.

Report subject	Pokesdown Railway Station Improvement
Meeting date	24 November 2021
Status	Public Report
Executive summary	<p>This report seeks the recommendation of Cabinet to Council for allocation of up to £2.6m from BCP’s Future Fund to improve Pokesdown Railway Station through a jointly agreed financial arrangement with South Western Railway (SWR) and Network Rail (NR).</p> <p>Subject to approval of the business case with the Department for Transport (DfT) both SWR and NR are committed to sourcing £3.1M towards the overall project cost of £5.7m to deliver this essential and long-awaited infrastructure with the Council then covering the shortfall up to a maximum of £2.6m.</p> <p>The anticipated scope of work is shown in the outline business case included within this report at Appendix 1. The content is subject to further detailed design and legal consideration.</p> <p>This investment shall provide essential access benefits to all users but especially for wheelchair users.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet recommend to Council that:</p> <ul style="list-style-type: none">(a) £2.6m from BCP’s Future Funds be allocated towards the improvement of Pokesdown Railway Station;(b) Delegated joint authority be given to the Director of Transport and Engineering and the Monitoring Officer in consultation with the Portfolio Holder for Transport and Sustainability to finalise a legal agreement with partners to cover the forthcoming arrangement;

	<p>(c) Governance is delegated to the Regeneration Board to monitor and manage project progress including decision making related to any minor variation; and</p> <p>(d) To note that the Future funds allocation if approved shall include for any BCP costs to progress the technical, financial and legal work required.</p>
Reason for recommendations	<p>SWR and NR identified a short fall in funding towards this project and sought the assistance of BCP Council to facilitate progression.</p> <p>BCP have liaised with the DfT and NR to confirm their provisional allocation of the third-party funds. This has been confirmed subject to final business case, BCP legal input and detailed design approvals.</p> <p>The BCP Future Funds Board has also already confirmed its support in principle towards working in partnership with SWR and NR to jointly fund the replacement of the old goods only lifts with accessible passenger lifts that would then benefit all rail users; refurbishment works on the bridge across the railway line to connect both lifts and other much needed modernisation of the Station facilities.</p> <p>Local resident campaigns on support of these improvements have been ongoing for many years with Ward Councillor support throughout. Tobias Ellwood MP is also highly supportive working closely with our BCP leadership to bring these changes forward given that the railway station is not accessible for all potential users and is in much need of modernisation.</p> <p>The scale of investment identified requires approval from Council.</p> <p>Delegated authority is also sought to form the necessary legal agreement between the three parties in consultation with the relevant Portfolio Holder.</p> <p>The costs of preparing the final case, detailed design, legal arrangements/ subsequent agreements and then implementation are all expected to be covered within the above financial allocations.</p>
Portfolio Holder(s):	Cllr Mike Greene

Corporate Director	Kate Ryan
Report Authors	Julian McLaughlin, Director of Transport and Engineering Richard Pincroft, Head of Transportation including Sustainable Transport
Wards	Council-wide
Classification	For recommendation to Council.

Background

1. Pokesdown Station is served by a variety of train services provided by South Western Railway (SWR) giving connections through Bournemouth and Poole to Weymouth and to Southampton and London in the east with many other locations accessible through a single change at locations such as Southampton Central, Basingstoke and Clapham Junction.
2. There are typically 350,000 entries and exits per annum at the station although this has varied in recent years due to strikes and the impact of Covid-19.
3. At present the platforms are accessed by long steep stairs from street level which makes the station inaccessible to wheelchair users, disabled and non-disabled persons with limited mobility and difficult to use for many others, for example with luggage, those with cycles or young children.
4. The standard train service frequency is two trains per hour with some variations in peak periods and at each end of the day. The current gap between services (17 mins / 43 mins) is partially dictated by the number of other fast services through the corridor, including those operated by Cross Country, as well as infrastructure constraints such as signal headways.
5. The Dorset Strategic Study, led by Network Rail (NR) and looking ahead to 2050, is examining the potential infrastructure improvements required to achieve a Metro style frequency that would enable a minimum of three trains per hour and more even headways between services at Pokesdown.
6. SWR is working with BCP Council and NR to deliver the improvements at the station. The provision of lifts was originally one of the obligations in SWR's 2017 franchise agreement with the Department for Transport (DfT). Subsequent detailed surveys of the existing lift shafts indicated however that their conversion to passenger use to the latest standards would be significantly more complex and expensive than originally envisaged.
7. SWR's 2017 franchise agreement was replaced by a new National Rail Contract with the DfT in May 2021. This reconfirmed a £1.6m funding contribution from SWR towards the provision of lifts at the station, subject to third party funding being confirmed to

meet any shortfall. BCP would provide a proposed funding commitment of up to £2.6m to assist in building the lifts and other improvements at the station.

8. NR has also identified a sum of £1.5m towards asset maintenance at the station including the existing footbridge in addition to recent expenditure on a new mural and security improvements. This does not formally form part of the business case but is referenced as part of the overall package of improvements.

Options Appraisal

9. Options have been assessed at this outline stage with a preferred option chosen. The detail of the optioneering is included in the appendices of the outline business case shown in Appendix 1.
10. The progress of this scheme is subject to DfT requirements and associated approvals. As with all rail-based projects there is a strict and well controlled design approvals process in place that shall need to be adhered to as the scheme design progresses to its detailed design and the project is then assessed prior to an approval to build being received. Implementation shall also require full compliance with DfT and Network Rail requirements.

Summary of financial implications

11. The total value of the scheme being undertaken by South Western Railways (SWR) and Network Rail (NR) at Pokesdown Station is costed at £5.7m.
12. The Council has been requested to contribute £2.6m (46%) into this key piece of local infrastructure. The remaining £3.1m is being funded by SWR (£1.6m) and NR (£1.5m).
13. Legislation allows certain expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Councils balance sheet as an asset. Therefore, the spend will be treated as capital expenditure and funded from borrowing.
14. The proposal is that the Council finances its £2.6m contribution from prudential borrowing with the resultant capital and interest repayments spread over the next 50 years.
15. Prudential borrowing for these items is permitted under revised HM Treasury PWLB guidance as the capital investment is primarily supporting infrastructure improvements and regeneration.
16. The Council's contribution of £2.6m is likely to be incurred over a 3-year period with initial forecasts showing £0.1m in the current 2021/22 financial year, a further £1.75m in 2022/23 and £0.75m in 2024/25.
17. In addition to the repayment of capital, interest costs of £1.5m will be incurred (based on current prevailing PWLB rate) over the 50 term of the borrowing.
18. Annual capital and interest borrowing repayments (commencing the first full year following the year in which borrowing is taken out) is initially estimated to be £2k in 2021/22, £37k in 2022/23, £72k in 2023/24 and £81k per annum from 2024/25 when the full investment has been made (based on the current prevailing PWLB rate).

19. The capital and interest repayments will be a cost pressure that the Council will need to finance within the envelope of any resources that it will have available.
20. It should always be borne in mind that the council is required to repay principal and interest on any loans before it can determine the resources available annually to support service delivery. Bearing that in mind members will need to reflect on their responsibility to both current and future taxpayers and its fiduciary duty to be prudent in the administration of its funds. This is a specific reference to the fact that the Futures Fund capital and interest costs is a cost pressure within the funding gap in the Councils MTFP.
21. It should be referenced that this proposal, in general, will not require an amendment to the cost pressure included in the currently approved MTFP of the Council, as the cost of the borrowing (capital and interest repayments) associated with the Futures Fund is already included.
22. However, as interest rates have slightly moved since the Futures Fund was included in the MTFP Budget Report in February 2021 the capital and interest repayments shown in section 17 are higher than the £1.5k 2021/22, £29k 2022/23, £64k 2023/24 and £74k 2024/25 that would have previously been included.
23. The financial models have been developed using the prevailing PWLB rate (1.95%) and the Invest to Save low risk rate (3%). The use of these two different rates is to demonstrate the potential sensitivity around any fluctuations in interest rates. As part of the ongoing MTFP process there may need to be refinements due to any differences between both the timing of the expenditure and current interest rates from those previously assumed.
24. The investment is considered low risk as the Council has previous experience of undertaking similar works required and has good knowledge of this type of expenditure.
25. The proposed expenditure will be spent on the construction of **a** new lifts **s** and station enhancements.

Table 1: Summary of Preferred Option

Project Element	Scope	Indicative Cost £(m) including appropriate risk and optimism bias allowances
Lifts	Conversion of existing lift shafts to passenger use	3.25
Repairs to, and repainting of, existing Network Rail assets	<ul style="list-style-type: none"> - Footbridge - Canopies (subject to available budget) 	1.50
Sub total	Core lifts and renewals scheme:	4.75

Station Facility Enhancements	<ul style="list-style-type: none"> - Replacement or upgraded station building - New forecourt with interchange facilities - CCTV and help point improvements - Seating and shelter improvements <p>Note scope is indicative only and subject to available budget</p>	Up to £0.95m subject to net funds available following completion of lifts scheme
Total Budget		5.70

26. The construction of a new lifts will take priority and may therefore reduce the amount available for investment in the wider station enhancements.
27. Appendix 2 sets out the financial evaluation of the recommended investment showing a detailed breakdown of the first 10 years plus 10-year summaries thereafter.
28. Table 2 summarises the key financial data over the asset life from both model's perspectives. The key data is shown over a 53-year period due to a phased implementation of the works and corresponding matched borrowing.

Table 2: Key Financial Data

	Prevailing PWLB Model (1.95%)	Invest to Save Low Risk Model (3%)
	£	£
Borrowing interest over 53 years	1,493,653	2,452,514
Borrowing capital repaid over 53 years	2,600,000	2,600,000
Total capital and interest repayments	4,093,653	5,052,514

29. BCP are a funding partner and will not be directly involved in the rail-based build programme other than monitoring its progress and ensuring the outcomes are to expectation.
30. The risks have been allocated to each of the parties and a legal agreement is expected to be drawn up to cover the relative risks and to ensure that the needs of BCP are met with respect to its investment.
31. This legal agreement will include provisions covering that BCP will not have any ongoing repair or maintenance obligations, and that mechanisms shall be put in place to ensure SWT and NR maintain the assets in perpetuity. Failure to do so will enable the Council's investment to be reclaimed.
32. If the cost of the lifts and associated bridge works exceed the expected budgeted cost, then the scale of station enhancements shall need to be adjusted downwards. Suitable contingency has been assumed for this early stage of the project and through detailed design costs shall be confirmed ahead of any commencement on the ground.

33. Any underspend of Network Rail funds on asset renewal of the bridge shall be used to contribute to either the lifts scheme or station enhancements scheme.
34. An Outline Business Case has been prepared by South Western Railway (Appendix 1).
 - a. Their appraisal uses a period for the economic benefits of 60 years in line with standard transport scheme parameters. It is assumed that the existing and new structures have a design life of 60 years with appropriate maintenance interventions. However, the financial modelling has been capped at 50 years in line with the framework around local authority capital expenditure.
 - b. The results of the initial economic appraisal for the project show a good value for money with a healthy Benefit Cost Ratio (BCR) of 2.46. The benefit of this work would be further enhanced if a metro style service were to be instigated in the future.

Summary of legal implications

35. Local Authorities have the power to borrow under s1 Local Government Act 2003. The discretion afforded to Local Authorities to borrow under s1 of the Act is wide reaching – “for any purpose relevant to its functions under any enactment or for prudent management of [the Local Authorities] financial affairs”. The content of this report indicates that the Service Unit relies upon borrowing “for any purpose relevant to its functions under any enactment” given that the aim of this project is to improve equality, accessibility and infrastructure namely in respect disabled access to Pokesdown train station.
36. The Council’s 2021/22 budget and MTFP includes provision to service £50m of PWLB borrowing drawn down in £10m tranches over the next 5 years. Legal Services has not had sight of the terms and conditions associated with the PWLB borrowing, however given the nature and prevalence of PWLB borrowing, it is likely that the Council’s Finance team will be comfortable with the borrowing terms and interest repayments when agreements are entered into.
37. The Service Unit has been advised that it should seek specialist advice to ensure that the funding being provided in respect of the project complies with the Subsidy Control Regime. It is recommended that the Service Unit obtains specialist advice via an external firm of solicitors in this respect. Legal Services can recommend and liaise with such specialists on behalf of the Service Unit. Legal Services has not obtained fee estimates from external solicitors at the time of writing this report, however, it is anticipated that the fees for such work would not exceed around £8,000 (plus VAT), although that is subject to change. Hence the recommendation to approve further Legal work on this project. All project related staff costs would be covered from within the £2.6M allocation.
38. Before being in a position to obtain external advice on the Subsidy Control Regime a formal plan showing the site where the proposed works will take place is will be required as well as a Land Registry Search identifying all or any third parties with an interest in the property. A detailed list of the proposed works under each relevant heading to clarify exactly what the lift works, enhancement and repairs comprise of will be required. The parties also need to firm up the proposal in respect of the

commercial premises as well as the movement of any bike or beryl bike / scooter bay. This initial work is currently being considered.

39. Legal Services understands that the works are intended to be undertaken by either Network Rail and / or South Western Rail and will not be undertaken by the Council who will not be a party to any works contract. Before being in a position to advance any funds to either Network Rail and / or South Western Rail, the Service Unit must ensure that there are appropriate contractual arrangements in place. However, it is worth bearing in mind that any contractual documents provided by Network Rail and / or South Western Rail are likely to contain very onerous terms which the Council will need to critically assess before agreeing to.
40. In the event that the intention is to move the Beryl Bike / e-Scooter bay from outside of the station to inside the newly built station, the Service Unit must consider the contractual arrangements between the Council and Beryl which may involve seeking prior permission to move the bay.
41. The cost of progressing the next stages including forming a legal position are to be costed and are expected to be from within the total £5.7M budget. As the project progresses to detailed design stage the costs of the lifts and associated bridge works shall be confirmed and as a result the remaining scope of other enhancements finalised based on the overall affordability against budget.
42. The risks associated with this project are as follows:-
 - i. Costs of the overall works could increase and it is unclear at this point whether the expectation is that all parties will bear any cost increase jointly. There is a risk that the Council could be expected to cover a cost increase. If it fails to contribute additional costs, questions will arise over whether certain elements of the works will proceed (note the comment at point 2 below which will apply) or whether the works will be completed at all;
 - ii. The Council does not intend to be a party to the works contract which means it is one step removed from the works and will not be able to directly instruct the contractor. The Council must ensure that there is a governance / overview process agreed with Network Rail and / or South Western Rail to ensure that the Council has oversight of the works and has a say in the project.

Summary of human resources implications





43. Subject to BCP Council confirmation suitable resources shall be identified to progress with BCP legal and technical support for the project. The cost of such shall be identified and covered from within the overall BCP budget.

Summary of sustainability impact

44. Enhancement of this railway station shall provide significant improvement for the local travelling public as well as enhancing the look and feel of the station within its Pokesdown context. With a more attractive and accessible station the more likely that local people shall consider using rail as an alternative to car-based travel. This project would link with other improvements towards bus, cycle and walking as the Council seeks to provide a more sustainable travel choice for its public.
45. The Decision Impact Assessment (DIA) for the proposal indicates that the proposal is low in impact with a score of 1.5. Refer to summary:

Impact Summary

Climate Change & Energy	Green - Only positive impacts identified
Communities & Culture	Green - Only positive impacts identified
Waste & Resource Use	Amber - Minor negative impacts identified / unknown impacts
Economy	Green - Only positive impacts identified
Health & Wellbeing	Green - Only positive impacts identified
Learning & Skills	Green - Only positive impacts identified
Natural Environment	Green - Only positive impacts identified
Sustainable Procurement	Amber - Minor negative impacts identified / unknown impacts
Transport & Accessibility	Green - Only positive impacts identified

-  Major negative impacts identified
-  Minor negative impacts identified / unknown impacts
-  Only positive impacts identified
-  No positive or negative impacts identified

Answers provided indicate that the score for the carbon footprint of the proposal is: 1.5	The Carbon Footprint is banded as follows: 0-4 4.5-9.5 10-14 Low Moderate High
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Proposal ID: 306

Proposal Title: **Pokesdown Station Improvements**

46. The full version of the DIA can be found in Appendix 3.

Summary of equality implications

47. An Equality Impact Assessment screening has been undertaken and the summary is as follows:

Summary of Equality Implications:	There are not any envisaged negative equality implications as this is an improvement to the transport network which does not result in any detrimental impacts elsewhere. The improvement has been long lobbied for by the local community and is a significant benefit for people that are currently unable to access rail services via this station.
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48. The full Equality Impact Assessment: conversation screening tool can be found in Appendix 4.

Summary of risk assessment

49. The key risks at this early stage have been considered and are dealt with within the outline business case shown in appendix 1.

Background papers none

List of appendices

Appendix 1: Outline Business Case

Appendix 2: Financial Summary

Appendix 3: Decision Impact Assessment

Appendix 4: Equality Impact Assessment