

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 4 June 2020

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

Item 11: Financial Approval 2.38 Theale Railway Station Upgrade

Purpose of Report

1. To consider giving financial approval to scheme 2.38 Theale Railway Station Upgrade.
2. The Theale Station Upgrade Scheme is a joint project between GWR and West Berkshire Council which seeks to provide enhancements at Theale Station to improve sustainable transport interchange, increase Park and Rail capacity and enhance customer facilities. The scheme has been designed to be cognisant of the forecasted future growth in rail travel and in terms of the growth of population in the Theale and surrounding areas as a result of housing growth outlined in the West Berkshire Local Plan. It will also contribute to the transport strategy for the wider Reading urban area.
3. The design of the scheme reflects proposals for a new footbridge with lifts that is due to be delivered by Network Rail through the Department for Transport's "Access for All" fund. This will allow Theale Station to be fully accessible for all rail users for the first time.

Recommendation

4. You are recommended to give scheme 2.38 Theale Railway Station Upgrade conditional financial approval in the sum of £4,000,000 over the period 2020/21 on the terms of the funding agreement set out at paragraph 11 step 5 below. The conditional approval is recommended on the basis that the following conditions are met:
 - 1) Further analysis of the impact the scheme will have upon decongestion of the highway network, including the number of trips removed from corridors leading into urban areas with known congested networks, which is sufficient to determine that the decongestion benefits will be higher than those currently presented within the Economic Case;
 - 2) Full details of planning requirements for each individual scheme element, including when any necessary approvals or determinations will occur
 - 3) GRIP 4 Network Rail Approval in Principle, as necessary to deliver the project and

- 4) Formal funding commitment from First Group and Network Rail for the match-funding identified by GWR, with a more detailed understanding of what processes would be undertaken in the event of any cost overruns, should they arise.

These conditions should be met at the earliest feasible date but no later than 31st October 2020.

Other Implications

Financial

5. In January 2019 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 2.38 Theale Railway Station Upgrade is funded from this reallocation. See Appendix 1.
6. This report recommends that West Berkshire Council be authorised to draw down the capital sum £4,000,000 from the Local Transport Body funding for this scheme, subject to usual capital grant letter conditions.
7. 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

8. 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 2) 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

9. 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

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

10. The scheme will be carried out by West Berkshire Council and Great Western Railway.
11. The full details of the scheme are available from the [West Berkshire Council website](#)². A summary of the key points is given below:

Task	Timescale
Procurement	October 2020
Construction start	November 2020
Construction finish	December 2021

Activity	Funder	Cost (approx)
Local Growth Fund	Berkshire Local Transport Body	£4m
Private sector funding	GWR	£1.687m
Public Sector	West Berkshire Council	£0.45m
Access For All Fund	Network Rail, DfT	£4m
Total		£10,137m

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

Assurance Framework Check list	2.38 Theale: Railway Station Upgrade			
Step 1: Development of Scheme proposal; initial sifting, scoring and prioritisation leading to award of Programme Entry Status. (See paragraphs 11-13)	This scheme has been developed by West Berkshire Council working with Great Western Railway and Network Rail. The Theale Station scheme will deliver an improved sustainable transport interchange, increase Park and Rail capacity and enhanced customer facilities. The scheme was submitted and given 23.5 points and ranked joint 6 th out of 16 schemes originally submitted.			
	Factor	Raw score	Weighting	Weighted score
	Strategy	3	1.5	4.5
	Deliverability	3	2	6
	Economic Impact	2	4	8

²<http://info.westberks.gov.uk/sep>

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

Assurance Framework Check list	2.38 Theale: Railway Station Upgrade			
	TVB area coverage	2	1.5	3
	Environment	2	0.5	1
	Social	2	0.5	1
	Total	14		23.5
<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 4 refers). See Appendix 1.</p> <p>The West Berkshire 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 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 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. 			

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

⁵ <http://info.westberks.gov.uk/sep>

Assurance Framework Check list	2.38 Theale: Railway Station Upgrade
Step 3: Conditional Approval	<p>It is recommended to give scheme 2.38 Theale Railway Station Upgrade conditional financial approval in the sum of £4,000,000 over the period 2020/21 on the terms of the funding agreement set out at paragraph 11 step 5 below.</p> <p>The full Independent Assessor report is attached in Appendix 2. The conditions are:</p> <ol style="list-style-type: none"> 1) Further analysis of the impact the scheme will have upon decongestion of the highway network, including the number of trips removed from corridors leading into urban areas with known congested networks, which is sufficient to determine that the decongestion benefits will be higher than those currently presented within the Economic Case; 2) Full details of planning requirements for each individual scheme element, including when any necessary approvals or determinations will occur 3) GRIP 4 Network Rail Approval in Principle, as necessary to deliver the project and 4) Formal funding commitment from First Group and Network Rail for the match-funding identified by GWR, with a more detailed understanding of what processes would be undertaken in the event of any cost overruns, should they arise. <p>These conditions should be met at the earliest feasible date but no later than 31st October 2020.</p>
Step 4: Recommendation of Financial Approval - High Value for Money - Support of the Independent assessor	<p>The Independent Assessor states that the Benefits to Cost Ratio (BCR) for the scheme is 3.3:1.</p> <p>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.</p> <p>The Independent Assessor report (see Appendix 2) recommends conditional financial approval for this scheme, per the conditions above.</p>
Step 5: Formal Agreement	<p>The capital grant of £4,000,000 is a maximum figure which cannot be increased, but may be reduced if savings are achieved during implementation. In the event that West Berkshire Council</p>

Assurance Framework Check list	2.38 Theale: Railway Station Upgrade
<ul style="list-style-type: none"> - 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>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. West Berkshire 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. West Berkshire 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 West Berkshire 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, West Berkshire 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. 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. 5. <u>Auditing</u>: West Berkshire 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, West Berkshire Council will co-operate fully. 6. <u>Timing and Triggers for payments</u>: See the Claim Proforma at Appendix 1 of the Capital Grant Letter – available on request.

<p>Assurance Framework Check list</p>	<p align="center">2.38 Theale: Railway Station Upgrade</p>
	<p>7. <u>Contributions from Other Funders: DfT/ Network Rail Access for All funding</u> will contribute £4,000,000 in 2022/23. Additionally, GWR will contribute £1,687,000 in 2021/22 and West Berkshire Council will contribute £450k in 2020/21. In the event that the scheme experiences or it is anticipated that the scheme will experience a shortfall in these contributions, West Berkshire 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), West Berkshire 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) West Berkshire 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 West Berkshire 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, West Berkshire Council will be required to seek prior written consent from TVB LEP. Failing this permission, no further monies will be paid to West Berkshire Council after the change becomes apparent to TVB LEP. In addition, consideration will be given to recovering any monies paid to West Berkshire Council in respect of this scheme.</p> <p>10. <u>Consequences of Failure</u>: As soon as it becomes apparent to West Berkshire Council that it will not be possible to deliver the scheme by end of December 2021, written notice shall be given to the Accountable Body for TVB LEP. No further monies will be paid to West Berkshire Council after this point. In addition, consideration will be given to recovering any monies paid to West Berkshire Council in respect of this scheme.</p>

Assurance Framework Check list	<p style="text-align: center;">2.38 Theale: Railway Station Upgrade</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>: West Berkshire 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: West Berkshire 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: West Berkshire Council will work with Hatch Regeneris to produce scheme evaluations One and Five years after practical completion.</p>

Conclusion

13. This scheme will provide enhancements at Theale Station to improve sustainable transport interchange, increase Park and Rail capacity and enhance customer facilities. The scheme has been designed to be cognisant of the forecasted future growth in rail travel and in terms of the growth of population in the Theale and surrounding areas as a result of housing growth outlined in the West Berkshire Local Plan. It will also contribute to the transport strategy for the wider Reading urban area.

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>

Appendix 1 - Local Growth Deal list of prioritised schemes agreed in July 2018

	Weighting Factor	1.5	2	4	1.5	0.5	0.5			GD3	
	Factor	SE P	Deliverable	Econ Impact	TVB area	Natural Capital	Social Value	Total Score	Rank	£m Bid for	Cumulative
2.3	Slough: Stoke Road Area Regeneration	4.5	6	12	3	1	1.5	28	1=	7,650,000	Programme entry July 18
2.3	M Maidenhead: Housing Sites Enabling Works	4.5	6	12	3	1	1.5	28	1=	4,660,000	Programme entry July 18
2.3	GWR: Maidenhead to Marlow Branch Line Upgrade	4.5	6	8	4.5	1	1.5	25.5	3	1,525,000	Programme entry July 18
2.3	Reading: Reading West Station Upgrade	4.5	6	8	3	1	1.5	24	4=	3,100,000	3,100,000
2.3	Wokingham: Coppid Beech Park and Ride	4.5	6	8	3	1.5	1	24	4=	2,400,000	5,500,000
2.3	Bracknell: A322 A329 Corridor Improvements	4.5	6	8	3	0.5	1.5	23.5	6=	1,200,000	6,700,000
2.3	Theale: Theale Station Park and Rail Upgrade	4.5	6	8	3	1	1	23.5	6=	4,000,000	10,700,000
2.3	Wokingham: Coppid Beech northbound on-slip widening	4.5	6	8	3	0.5	1	23	8	2,322,431	13,022,431
2.4	Windsor: Town Centre Package	4.5	4	8	3	1	1	21.5	9	1,562,500	14,584,931
2.4	Slough: SMaRT Phase 3 A4 West Park and Ride	4.5	2	8	3	0.5	0.5	18.5	10	4,160,000	18,744,931
	Wokingham: Barkham Bridge	3	4	8	1.5	0.5	1	18	11	4,235,641	
	Slough: A355 Route Enhancement Phase 2	4.5	2	8	1.5	0.5	0.5	17	12	3,600,000	
	Slough: Town Centre to M4 Junction 6 Link	3	2	8	1.5	0.5	1	16	13	9,600,000	
	Wokingham: Tan House Crossing	4.5	2	4	1.5	1	1	14	14	1,200,000	
	Slough: Chalvey Regeneration	3	2	4	3	0.5	0.5	13	15	28,000,000	
	Wokingham: California Crossroads	1.5	4	4	1.5	0.5	1	12.5	16	3,581,129	

Appendix 2

Thames Valley Berkshire Local Enterprise Partnership

Independent Assessment Summary Report:
Theale Station Upgrade Scheme
Ref 2.38

May 2020

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Executive Summary

- i. This technical note provides an independent assessment of the Theale Station Upgrade Scheme Business Case submission to the Thames Valley Berkshire Local Enterprise Partnership (TVB LEP).

Scheme Summary

- ii. The full business case submission sets out the case for investment in a range of enhancements at Theale Station to improve sustainable transport interchange, increase Park and Rail capacity and enhance customer facilities. In summary this includes:
 - Modifications to enable the new station building to be compliant with current rail industry standards, thus allowing it to be brought into operational use;
 - Amendments to the existing (unused) station building to bring it up to current standards (especially provision of accessible ticket window), provide an extra ticket vending machine and final works to make the building operational and bring it into use. The other facilities that will be made available by bringing the building into use are washroom facilities and retail space;
 - Provision of new 100 space covered, secure cycle parking;
 - Creation of new forecourt area, including taxi ranks and drop-off points, around new station building with new vehicular entry and exit points to/from Brunel Road;
 - Provision of clearly marked and lit safe walking route between new station building and new “Access for All” footbridge;
 - Expanding car park capacity by around 111 spaces through provision of additional car parking deck on existing car park;
 - Provision of four electric vehicle charging points, plus passive provision for further points to allow easier retrofitting; and
 - Enabling the station to become carbon neutral through energy efficient measures, such as provision of photovoltaic panels.
- iii. In addition, improvements to the local footway and highway networks to ensure safe walking, cycling and vehicle access to the station from the local area are also proposed.

Review Findings

Conclusions

- iv. The overall scheme is considered to align well with strategic priorities and will, in combination with opening up the existing, vacant ticket hall and integrating with the proposed Access for All bridge, deliver significant improvements to provision at Theale Railway Station, thus encouraging travel by sustainable modes.
- v. The additional car park capacity will release some current constraints and enable more park and ride trips, albeit the extent to which this delivers highway decongestion benefits has not been well documented and requires further assessment work.
- vi. The overall economic case for the package of measure is forecast to deliver high value for money, although a significant reason for this is the additional revenue generation that

will accrue to the DfT through the franchising process, as opposed to direct economic benefits within the LEP area. Many of these benefits (journey quality and physical activity) could potentially be delivered through a much smaller scheme, with a similar benefit to cost ratio.

- vii. The financial case appears robust, with a reasonable contingency in place, albeit further confirmation of funding commitments is required, including in the event of cost overruns.
- viii. The commercial and management cases are generally considered to be acceptable, although limited in detail in some areas. A range of risks to delivery remain, including permissions/approvals, as well as detailed design work.
- ix. It is our conclusion that there appears to be a strong overarching case for the scheme, with good strategic alignment and high overall value for money from investment. The extent to which the additional car parking capacity will deliver direct benefit to the LEP area are not clearly demonstrated, but the overall scheme is considered to provide a good balance of measures that will encourage public transport and walking & cycling usage. There remain a number of areas of risk to delivery that need to be resolved.

Recommendations

- x. We recommend the scheme for approval on the basis that the following conditions are met:
 - 1) Further analysis of the impact the scheme will have upon decongestion of the highway network, including the number of trips removed from corridors leading into urban areas with known congested networks, which is sufficient to determine that the decongestion benefits will be higher than those currently presented within the Economic Case;
 - 2) Full details of planning requirements for each individual scheme element, including when any necessary approvals or determinations will occur;
 - 3) GRIP 4 Network Rail Approval in Principle, as necessary to deliver the project; and
 - 4) Formal funding commitment from First Group and Network Rail for the match-funding identified by GWR, with a more detailed understanding of what processes would be undertaken in the event of any cost overruns, should they arise.
- xi. These conditions should be met at the earliest feasible date but no later than 31st October 2020.

1. Introduction

- 1.1 This report provides an independent assessment of the Full Business Case (FBC) submitted by West Berkshire Council (WBC) and Great Western Railway (GWR) for a range of enhancements to Theale Station.
- 1.2 The report considers the evidence presented and whether it represents a robust case for the investment of Thames Valley Berkshire Local Enterprise Partnership (TVB LEP) growth deal funds.
- 1.3 The independent assessment has applied criteria from TVB LEP assurance framework and the requirements for transport scheme business cases set out within the Department for Transport (DfT) transport Appraisal Guidance (TAG).

Submitted Information

- 1.4 The independent assessment process for the Slough Stoke Road Corridor Improvements (Stoke Road) submission has been conducted on the following set of documentation submitted by SBC and their consultant team (Atkins):
 - Option Assessment Report (December 2019)
 - Appraisal Specification Report (December 2019)
 - Full Business Case Report (26th May 2020)
- 1.5 In addition to these formal documents, Hatch Regeneris have engaged with WBC and GWR between December 2019 and May 2020 to discuss the requirements of the final business case submission and comment upon the acceptability of the proposed appraisal approach and input assumptions and parameters.

Report Structure

- 1.6 This Independent Assessors Report responds to the formal submission of documentation, as well as the informal engagement process with WBC and GWR, to provide a review of information provided, assess its suitability and robustness against TVB LEPs assurance requirements, and provide recommendations in relation to the approval of LEP funding for the proposed scheme.
- 1.7 The report is structured as follows:
 - Section 2: Option Assessment Report – provides commentary upon the OAR and the process by which a preferred scheme option has been identified.
 - Section 3: Appraisal Specification Report – presents a high-level review of the ASR and the acceptability of the proposed appraisal approach to be adopted
 - Section 4: Full Business Case Submission – presents an initial summary of scheme elements included in the business case submission, alongside the details presented within each of the five ‘cases’ (Strategic, Economic, Financial, Commercial, Management). It also sets out the recommendations to the LEP Local Transport Body relating to the suitability of the scheme for funding.

2. Option Assessment Report

Overview

- 2.1 An OAR for the scheme, dated December 2019, has been reviewed. This sets out the background and context, the evidence of the problems identified, the impact of no change, the strategic policy context, and then subsequently identifies four objectives of the scheme:

3. Improve passenger interchange facilities and enhance the appearance of the station.

To enable the station to be a gateway for journeys to central Reading.

To provide a fully accessible station that allows ease of access for all rail users.

Deliver enhancements that minimise the carbon footprint of the station.

- 3.1 It then sets out and assesses four options for enhanced provision at Theale Station:

Do Nothing: Assumes no work is undertaken other than that associated with the Network Rail “Access for All” project.

Do Minimum: basic work to bring the LSTF-provided ticket office in to use regardless of whether the “Access for All” project is delivered.

Do Medium: new station building brought into use with the necessary modifications to make it fully accessible, along with the NR “Access for All” project. The option also includes interchange improvement measures for all modes in the station car park

Do Enhanced: As DMed above, but also includes providing additional car parking capacity to enable the station to be promoted as a Park & Rail facility, including plug-in vehicle charging points and photovoltaic panels

- 3.2 Each scheme option is appraised in terms of:

How it complements the six infrastructure investment packages within the Strategic Economic Plan;

How they will deliver against the four established scheme objectives; and

How deliverable they are, with reference to:

Engineering Feasibility

Operational Feasibility

Complexity

Stakeholder Acceptance/Support:

Environmental Impact

Affordability

Timescales for Delivery

- 3.3 The OAR concludes that the Do Nothing option the poor level of facilities at the station would remain and if the Network Rail “Access for All” footbridge was delivered the station building will be badly-placed for passengers.

- 3.4 Do-Min option would see the new ticket office building come into use, although this would only be the basic connection works. The size of the scheme would also be insufficient to attract LEP support and funding, and therefore is likely to be dependent on either future local authority or rail industry funding.
- 3.5 Do-Med option, whilst delivering a range of enhancement, would also be insufficient to attract LEP support and funding.
- 3.6 Do-Enh option delivers a more substantial series of upgrades, meeting more strategic objectives.
- 3.7 The OAR concludes that Do Enhanced is the only option that scores sufficiently highly across all metrics to deliver the necessary benefits and secure LEP funding.

Review

- 3.8 The OAR represents a well set out document, providing a detailed understanding of the underlying issues at Theale Station and generating a specific set of relevant objectives.
- 3.9 It was noted to the WBC and GWR at the time that reference should have been made to the Berkshire Local Industrial Strategy and that the inclusion of maps and diagrams would aid comprehension of the area and site.
- 3.10 There is a relatively diverse list of potential scheme elements presented; however, the actual variation within the four options is relatively limited, with common elements across all of them. It is unclear how the list of individual schemes was developed and if there was a longer-list of initial scheme options that may have been considered. None-the-less, the OAR provides evidence that some scheme optioneering has taken place.
- 3.11 The option appraisal framework appears comprehensive, considering both the likely performance of each option in supporting strategic and scheme specific objectives, as well as a wide-range of deliverability issues.
- 3.12 The scoring of the options in part reflects the relative number of elements that are included within each package. The Do Nothing and Do Minimum score poorly limited additional measures are included, whereas Do Enhanced scores well as it incorporates the most elements, with Do Medium option in between. As such, this somewhat undermines the value of the process and highlights that it would have been more productive to consider at least one other alternative package, of a similarly magnitude, to the Do Enhanced package.
- 3.13 Based upon the process undertaken, the Applicants conclusion that the Do Enhanced package is the preferred option is not without reasonable logic, notwithstanding the points raised in paragraph 2.12.
- 3.14 The final business case submission will need to clearly demonstrate that each element of package represents value for money for investment in themselves, as opposed to being included within a package to create a critical mass of impacts.

4. Appraisal Specification Report

Overview

- 4.1 The Appraisal Specification Report (ASR) was submitted for assessment and reviewed by Hatch Regeneris in December 2020. It provided:
- A summary of the scheme location and description;
 - An overview of the objectives (as set out in the OAR) and desired outcomes;
 - The challenges and issues;
 - The proposed appraisal methodology in terms of the economic case, environmental impacts, social impacts, and Public Accounts; and
 - An Appraisal Specification Summary Table.
- 4.2 A telecom was held with WBC and GWR to discuss the broad approach.

Review

- 4.3 The ASR sets out a clear overview of the context and the issues surrounding the development of the scheme and identifies the type of impacts that will need to be assessed.
- 4.4 The approach to assessing scheme costs and benefits is consistent with Dft TAG requirements and appropriate assumptions and data source are to be applied.
- 4.5 The wider approach to assessing the environmental, social and public accounts impacts is consistent with TAG requirements. A range of assessments will be qualitative in nature. Whilst in principle this is acceptable, given the scale of the scheme, there will need to be clear evidence in the final business case that more detailed quantitative assessments of impacts are not required.
- 4.6 The applicant was also provided with the following specific comments:
- A fuller explanation around the construction of the existing, but new, station building is required. The inference is that this was completed in 2014 but has remained unused? This context should be fully set out within the FBC.
 - The scheme seeks to encourage sustainable travel in terms of i) reducing vehicle trips to local industrial areas adjacent to the station and ii) reducing vehicle trips for journeys into Central Reading. Whilst it is recognised that achieving both objectives would reduce overall vehicle trip kms at a regional level, at the same time there is limited discussion of local highway network impacts. The first objective will reduce local vehicle trips in the area, but the latter will increase vehicle trips to the station. The FBC should explore what the overall net impacts are for the local highway network. In addition, consideration should be given around what types of vehicles are encouraged to park at the station e.g. could a large proportion of the new spaces be reserved for electric vehicles?
 - More information is required to understand why a 100-space cycle hub been selected? In addition, what are the proposals for increasing car parking space and including electric vehicle provision?
 - Care should be taken that benefits associated with the new station building and the upcoming footbridge are kept isolated from this business case. If benefits have already been captured in a previous funding application for the station building

then these should not be double-counted. It is accepted that this will partly relate to your explanation of why the new station building has yet to open.

5. Full Business Case

Overview

- 5.1 The full business case submission sets out the case for investment in a range of enhancements at Theale Station to improve sustainable transport interchange, increase Park and Rail capacity and enhance customer facilities. In summary this includes:

Modifications to enable the new station building to be compliant with current rail industry standards, thus allowing it to be brought into operational use;

Amendments to the existing (unused) station building to bring it up to current standards (especially provision of accessible ticket window), provide an extra ticket vending machine and final works to make the building operational and bring it into use. The other facilities that will be made available by bringing the building into use are washroom facilities and retail space;

Provision of new 100 space covered, secure cycle parking;

Creation of new forecourt area, including taxi ranks and drop-off points, around new station building with new vehicular entry and exit points to/from Brunel Road;

Provision of clearly marked and lit safe walking route between new station building and new "Access for All" footbridge;

Expanding car park capacity by around 111 spaces through provision of additional car parking deck on existing car park;

Provision of four electric vehicle charging points, plus passive provision for further points to allow easier retrofitting; and

Enabling the station to become carbon neutral through energy efficient measures, such as provision of photovoltaic panels.

- 5.2 In addition, improvements to the local footway and highway networks to ensure safe walking, cycling and vehicle access to the station from the local area are also proposed.

Key Input Assumptions and Parameters

- 5.3 The overarching business case is considered particularly reliant upon the following key assumptions:

All scheme elements will be completed by the end of 2021, with a scheme opening year of 2022

30-year benefits appraisal period for station benefits, 20-year benefits appraisal period for cycle parking benefits

Demand cap: 20 years for rail users, with rail demand growth projections:

11.03% - 2017 to 2018

2.46% - 2018 to 2019

7.18% - 2019 to 2020

1.85% - 2020 to 2021

1.49% - 2021 to 2022

1.44% - 2022 to 2023

1.28% - 2023 to 2024

1.09% - 2024 to 2025

1.36% - 2025 to 2026
1.33% - 2026 to 2027
1.12% - 2027 to 2028
1.11% - 2028 to 2029
1.20% - 2029 to 2030
1.00% p.a. thereafter to 2040

Costs and benefits discounted to 2010 prices

Cost inflation: BCIS (April 2020 RICS)

Optimism Bias: 51%

Independent Assessor Comment

- 5.4 The appraisal periods set out are considered appropriate for the rail and cycle elements of the package.
- 5.5 The growth applied are local GWR forecasts for Theale Station. It should be noted that the forecasts for 2017/18 are substantially higher than outturn growth due to significant service disruption that occurred. The impact of COVID-19 will also significant disruption the 2020/21 figures; however, it is accepted that there is no specific reason to believe that growth profiles will not return to the projections over time, albeit there is limited evidence to support this position at this time.
- 5.6 The assumptions around discounting, cost inflation and optimism bias are all considered acceptable.

Strategic Case

- 5.7 The Strategic Case provides an overview of the purpose of the scheme to resolve the issue of the vacant ticket office and commitment from DfT/Network rail to complete the Access for All bridge at Theale station. An overview of the area is presented, followed by the key **policy context** for the scheme, referencing national, regional and local transport policy.
- 5.8 The **drivers for change** are established, presenting the key issues and opportunities for enhance access to rail provision from the station, including lack of step free access to platforms, car parking and cycle parking constraints, the unopened station ticket office and lack of passenger facilities, as well as the poor configuration of the station.
- 5.9 The need for additional car parking capacity is presented, along with forecast latest demand, within the context of current rail passenger demand at the station. The requirement for electric charging provision and disabled parking is also discussed. As part of the reconfiguration of the station it is stated that a new station forecourt with taxi and drop-off facilities.
- 5.10 The **impact of no change** is discussed presenting a scenario where the station would remain uncompliant for disabled passengers, would have constraints on car parking and cycle parking capacity, and would not maximise previous investment in the station.
- 5.11 Four **scheme objectives** are identified:
 - 1) Improve passenger interchange facilities and enhance the appearance of the station
 - 2) Enable the station to be a gateway for journeys to central Reading.

- 3) Provide a fully accessible station that allows ease of access for all rail users; and
 - 4) Deliver enhancements that minimise the carbon footprint of the station
- 5.12 The **scope of the project** is then presented, outlining all of the key elements (as presented within Overview).
- 5.13 The **measures for success** are set out, relating to utilisation of cycle parking and car parking, short stay and drop-off activity, level of reporting crime, accident data, passenger satisfaction, and carbon performance and energy consumption of the station.
- 5.14 It is acknowledged that there are a range of **constraints**, but these are not specifically discussed, but instead cross-referenced with the risk register. Similarly, the **interdependencies** are also cross-referenced with risk; however, the co-ordination with the Access for All Bridge is noted as a key element, alongside necessary permissions / approvals.
- 5.15 A list of four key **stakeholders** (beyond WBC and GWR) are identified, including Network Rail, Reading Borough Council, Arlington Business Park and other local businesses, and Theale Parish Council.
- 5.16 A summary of the **options assessment** process conducted within the OAR is presented, with the OAR conclusion that the Do Enhanced options should be taken forward, despite being the most complex to deliver.

Independent Assessor Comment

- 5.17 The Strategic Case is considered to presents a comprehensive overview of the context, issues, and objectives for enhancements to Theale Station.
- 5.18 The policy context is well established, with a clear understanding of the priorities of national, regional and local bodies. From this there is reference to the importance of travel into Reading and the need for the station to act as a park and ride.
- 5.19 There is a clear and logical presentation of the overarching issues and opportunities in relation to ensuring the vacant ticket office can be brought into use and the reconfiguration of the station to align with the forthcoming Access for All bridge. Alongside this, there is clear evidence that current station car parking capacity has been reached and that there are a range of other limitations with the station provision, including lack of cycle provision.
- 5.20 There is limited discussion around the specific issues with access by pedestrians and cyclists to the station but it is recognised it is a key link and that the proposals will enhance safety along the route for vulnerable road users and encourage access to the station by pedestrians and cyclists.
- 5.21 The ability of the station to act as an effective park and ride 'gateway' into Reading is also highlighted as a key issue.
- 5.22 The impact of no change reinforces the lost opportunities that would occur in the absence of the scheme.
- 5.23 The **scheme objectives** are considered to be reasonably focussed, with a clear set of outputs and outcomes presented for each objective. The subsequent measures for success whilst all related to the objectives, are not specifically tied into each of the four objectives and, in some cases, it is not clear if they will provide a comprehensive assessment of the success of the scheme.

- 5.24 The **scope of the project** is considered to be clearly set out, with design drawings provided to support the necessary understanding of what is envisioned and showing that preliminary design work has been completed. Additional clarification was sought as to whether a lift will be required as part of the car park decking scheme. It is understood that a Diversity Impact Assessment is being undertaken that will determine any requirement and it will be the railway industry's requirement to fund and deliver.
- 5.25 The section on **constraints and dependencies** is relatively limited, although it is recognised that many of the issues are addressed within the risk register. The Access for All bridge is clearly a major interdependency for both the success of the scheme, as well as the delivery. Additional confirmation has been provided by WBC/GWR that this scheme is fully secured. Similarly, ensuring all permissions and approvals are granted represent another major set of dependencies. Network Rail approvals are not scheduled until October 2020. Whilst it is understood that the majority of the scheme can be delivered under Permitted Development, some prior approvals or planning permission may be required for some elements. Further information is required to verify any risks with these permissions.
- 5.26 The list of **stakeholders** appears logical but there is no understanding of the level of support amongst each party, or the engagement to date.
- 5.27 The options assessment process was reviewed with the submission of the OAR. At the time we considered it to be a relatively self-fulfilling process, as the project only examined options of different scale, as opposed to any alternative options of a similar scale.
- 5.28 Having reviewed the full business case submission, and considered the forecast impacts of the scheme, we have conducted a further assessment of the alternative scheme options. One alternative not directly considered within the business case is to deliver the station forecourt, and walking & cycling improvements, alongside the Access for All bridge. This option would enable the vacant ticket office to be brought into use and provide enhanced configuration of the station; however, it would not provide additional car parking provision and, indeed, would reduce car parking capacity by 22 spaces. This alternative scheme option is estimated to cost in the region of £1.5 million and would deliver similar quality and physical activity benefits as the full scheme. It would, however, reduce the ability of the scheme to meet stated Objective 2 of the scheme "to enable the station to be a gateway for journeys to central Reading" and reduce, rather than enhance, the opportunities for park and ride from the station.
- 5.29 In considering the relative merits of the different scheme options, one of the challenges is that the assessment of the decongestion benefits of the full scheme is considered to under-estimate the scale of the potential impact (see Economic Case). This affects the perception of the benefits that could be delivered by the enhanced car park capacity. It is recommended that further analysis of the decongestion benefits is undertaken to ensure the full benefits of the scheme are captured and that it fully meets local LEP objectives.

Economic Case

- 5.30 The Economic Case provides an assessment of demand, types of benefits, scheme costs, and provides an overall assessment of value for money.
- 5.31 The **rail station demand** applies the assumed growth rates for Theale Station demonstrating significant growth up to 2040, with over 730,000 entry/exits. It also sets out the top 10 passenger flows from the station.

- 5.32 The main **scheme benefits** from the scheme are identified as:
- Car park revenue from increased car park demand
 - Rail farebox revenue from increased car park and cycle demand
 - Station facility enhancements including improved station building facilities, car park facilities, pedestrian routes across forecourt and improved cycle access routes to the station
 - Health and decongestion benefits of increased cycle parking
 - Non-user benefits including road decongestion, noise, greenhouse gas and accident savings
 - Commercial rental income
- 5.33 The approach adopted to quantifying each of these impacts is set out with the individual present value of benefits presented.
- 5.34 A separate modelling technical note is provided that sets out how the additional demand for car parking at Theale Station has been estimated. In addition, it provides evidence that additional car trips to the station will not negatively impact upon the local road network, in terms of creating congestion.
- 5.35 The **total scheme costs** are presented in terms of capital cost estimates and operating and maintenance costs.
- 5.36 The overall appraisal results are then presented demonstrating a **benefit cost ratio** of 3.3 to 1.
- 5.37 The main direct benefits of the scheme are identified as improvements to **journey quality** for rail passengers, including the opening of the station building, increased security/CCTV, and safer pedestrian routes across the station forecourt. Secondary benefits of the **health impact** derived through increased physical activity from uptake in cycling.
- 5.38 The increased car park and rail demand is also stated to generate **incremental revenue** for GWR as the station operator, with the majority of this will passing to DfT through the franchise mechanism, albeit some will be retained by GWR, sufficient to cover the incremental station operating and maintenance costs.
- 5.39 The **Appraisal Summary Table** incorporates an assessment of the environmental and social impacts of the scheme.
- 5.40 In terms of **environmental impact**, the noise, air quality and greenhouse gases have been assessed using the Marginal External Costs approach, DfT's AMAT model. Townscape and water environment impacts are qualitatively assessed as having neutral impact. Landscape, historic environment, and biodiversity have been scoped out of the assessment.
- 5.41 In terms of **social impact**, physical activity, journey quality, accidents have been calculated using the Marginal External Costs approach, DfT's AMAT model or TfL's ABC Tool. Reliability, security, access to services are qualitatively assessed as having slight beneficial impact. Affordability, severance, option and non-use values are assessed as having neutral impacts.
- 5.42 A **distributional impacts** screening exercise is also provided as an appendix.
- 5.43 A range of **sensitivity tests** are presented that cover the following scenarios:
- Test 1: 50% reduction in the number of station users who experience benefits of station improvement

Test 2: Increase to 100 additional cycle users by 2029, reaching full capacity of infrastructure

Test 3: Increase appraisal period assumed in AMAT to 30-years

Test 4: Reduce the number of additional car park users in AM Peak by 25%

Test 5: Reduced optimism bias to 24% in line with value for standard building works

5.44 Tests 2 and 4 are forecast to result in revenue generation exceeding capital costs, generating a negative present value of costs. Test 3 generates a higher BCR of 4.2 to 1, whilst Test 1 and Test 4 generates BCR's of 1.9 and 1.2, respectively.

5.45 A final Value for Money Statement is presented that summarises the key findings of the economic assessment, concluding the scheme delivers 'high' value for money.

Independent Assessor Comment

5.46 The Economic Case is well formulated and presents information on the approach adopted, the tools utilised, and the forecast economic costs and benefits.

5.47 There is no additional assessment of alternative options, despite this being a recommendation of the review of the OAR.

5.48 The individual approaches adopted to assess benefits, whilst not all presented in detail, are considered appropriate and consistent with DfT TAG guidance.

5.49 It is noted that a significant proportion of the stated **non-revenue benefits** are generated from the ticket office facility improvement (42.5%). Furthermore, as a proportion of the overall present value of benefits, these benefit account for 87% of the value. The ticket office is an existing facility that we understand was developed using Local Sustainable Transport Funding, but that not been utilised due to unsuitable access arrangements (as set out within the Strategic Case). Whilst this scheme will enable the facility to finally open, it should be recognised that the benefit being captured within this business case may already been captured as part of the LSTF funding case. The extent to which the benefit can legitimately be claimed within this business case will relate to whether the ticket office is classified as a sunk cost (i.e. the costs spent are irretrievable). In broad terms, this is considered to be the case with this facility as it would be difficult to use the asset for anything other than a ticket office.

5.50 The review of the strategic modelling note provides assurance that that robust forecasting process has been undertaken to assess additional car parking demand. The core forecasts are presented for 2026, with 60% of the uplift assumed in 2022. Whilst this assumption is not evidenced, it does not appear to be unreasonable, albeit it is understood that current car parking utilisation may vary across weekdays, with some periods of spare capacity. This is reflected within the analysis of car park and farebox revenue which has applied an annualisation factor of 200, as opposed to the standard 253, to reflect the fact that car park occupancy levels may vary significantly across the week.

5.51 The assessment of the impact of additional trips upon the local highway network around the station is also considered robust and provides confidence that it will not impact upon the operational performance of the network.

5.52 The approach to forecasting future cycle parking demand is not clearly stated. It appears that the stated increase in cyclists at the station by 2029 is based of an assumption, as opposed to any direct forecasting. Similarly, whilst it is stated that 85% of the 100 spaces will be utilised by 2041, it is unclear on what basis this has been determined.

- 5.53 The level of forecast decongestion benefits from the scheme are very low. In theory, these will be derived from reduced car trips on congested parts of the network, as trips switch to using rail instead. Whilst this is referenced as a key strategic benefit, the evidence to support this position is not provided within the economic case, which reduces the strength of the strategic case for the car park decking element of the scheme.
- 5.54 The development of **scheme costs** is considered to be appropriate, with due consideration for all capital costs elements, as well on-going operational and maintenance costs. Cost inflation has been suitably applied. The application of 51% optimism bias is also considered appropriate and conservative.
- 5.55 Whilst the calculation of **present value of costs** (PVC) is not presented in detail, the additional car parking and rail farebox revenue generated significantly off-sets the capital costs, reducing the PVC to only 0.34 million (2010 prices)
- 5.56 The overall **appraisal results** are highly dependent upon the revenue generating elements of the scheme. The forecast revenue within the core scenario sufficiently reduces the PVC to enable a high benefit cost ratio to be produced, despite the relatively modest overall level of direct economic benefits generated.
- 5.57 As noted within the Strategic Case, it may be the case that an alternative **scheme option**, without the proposed car park deck, and with a lower capital cost (circa. £1.5 million), could deliver significant local benefits within the LEP area, as well as retain a high overall benefit cost ratio.
- 5.58 The overall **environmental assessment** is generally considered appropriate, with the quantified assessment of noise, air quality and greenhouse gases applying standard processes. The stated neutral impact of the scheme upon townscape could be subject to debate, given the scheme involves adding a deck to the car park, which the applicant acknowledges will have a visual impact. Without fully knowing the context of the area it is difficult to be conclusive on whether there will be a negative impact, but we accept that this is only likely to be relatively slight in scale. The impact on water environment is also stated as being neutral on the basis that the scheme design will ensure appropriate surface drainage; however, this cannot currently be verified and it is understood that there is a culvert within the current car park that the design will need to accommodate appropriately.
- 5.59 The overall **social impact** assessment is generally considered appropriate, with the quantified assessment of physical activity, journey quality, and accidents applying standard processes. The stated slight beneficial impacts upon security, and access to services, are considered appropriate. The stated slight beneficial impact upon reliability is also reasonable, albeit it is understood that the scheme should have greater benefit to non-station users (highway) through decongestion on the network.
- 5.60 The **Distributional Impact** screening proforma is considered to have been completed appropriately. The direct and non-user benefits that will arise from the scheme will benefit all socio-economic groups and so should have a neutral impact. No negative environmental or social impacts have been identified, with the possible exception of the visual impact of the car park deck, but this is not anticipated to impact upon any sensitive receptors within the area. It is not clear whether the car park deck will have lift access for those with mobility impairment. If this is not the case then this could be interpreted as excluding some rail users from using this element of the facility.
- 5.61 The analysis provides a useful set of **sensitivity tests** that demonstrate the impact of a range of key input assumptions. Whilst in general these all show that the overall case for investment remains robust when applying alternative parameters, it does highlight the importance of high car park occupancy in achieving sufficient revenue to

off-set the capital costs of the scheme. Without high car park occupancy, the value for money of the scheme falls significantly. Based upon our reviews of the car park demand forecasting, we consider a robust approach has been undertaken. Whilst there is some uncertainty around the variability of car parking demand across the week, this has been adequately taken into account through the annualisation factors that have been applied.

- 5.62 The **overall conclusion** that the scheme delivers high value for money is considered robust, particularly as the scheme costs include a 51% uplift for optimism bias. The only point for consideration is whether a lower cost alternative, without the car park decking, would also deliver high value for money, and similar positive local benefits within the LEP area.

Financial Case

- 5.63 The Financial Case provides a detailed breakdown of the capital scheme costs and the estimated funding and cost profile.
- 5.64 The **total cost** of the scheme is £10.137 million, although this includes £4 million for the Access for All bridge that is not a core part of this submission. The **funding ask** from TVB LEP is also £4 million.
- 5.65 A breakdown of scheme cost elements is provided, as follows:
- Additional Car Parking = £4,720,973
 - Station Forecourt Works (including safe walking route and new ticket office opening) = £944,904
 - Cycle hub = £249,262
 - Walking and Cycling Access (external to station layout) = £222,477
- 5.66 The scheme costs are also broken down by elements of the project that will be delivered by GWR (£5.915 million) and WBC (£222,477). Both elements are stated as including 20% contingency. It is stated, in the economic case, that allowance for inflation has been applied to reflect the individual years of construction and that operating and maintenance costs have been included.
- 5.67 The GWR costs include £2.942 million for substructure and superstructure work, along with £0.537 million for external works and £0.524 million for contractor preliminaries. Project/design fees and GWR directs account for £0.757 million.
- 5.68 The WBC costs are set out in detail, with a clear breakdown of all cost elements.
- 5.69 A profile of spend is presented, demonstrating that the majority of spend for the GWR and WBC elements will be in accounting years 2021/22, with the Access for All bridge scheduled for construction in 2022/23.
- 5.70 The Access for All bridge will be funding in totality by Network rail / DfT. The GWR/WBC work will be funded as follows:
- | | | |
|----------------------|---|----------------------|
| GWR (private sector) | = | £1.687 million (27%) |
| WBC (public sector) | = | £0.450 million (7%) |
| LGF (public sector) | = | £4.00 million (65%) |
- 5.71 The GWR is subject to DfT and First Group approvals, anticipate in June. The WBC funding is stated as secure.
- 5.72 The Access for All bridge is stated to have secured funding following the announced that DfT will deliver the scheme in the current Control Period.
- 5.73 The WBC funding is available in accounting year 2020/21, the same year with which the funding from the LEP is sought.
- 5.74 The GWR funding will be available in accounting year 2021/22, which the Network rail / DfT funding is scheduled for 2022/23.
- 5.75 In the event of cost overruns it is stated that *“the scheme promoters will work jointly to source additional funds so that the scheme will not be hindered and the benefits will still be delivered”*. Furthermore it is state that additional funds will not be sought from the LEP although the LEP will remain fully informed of any such cost increases.

Independent Assessor Comment

- 5.76 The breakdown in cost estimates presented demonstrates how each of the main cost elements have been developed. This highlights the primary cost relates to the provision of additional car park spaces. Whilst a more transparent breakdown by scheme element could be provided, the level of detail presented, alongside the scale of individual costs, demonstrates a reasonable degree of robustness. Cost inflation is understood to have been adequately incorporated, as have operating and maintenance costs, albeit these are not included within the financial case and so cannot be verified.
- 5.77 The substructure and superstructure costs (which we assume to relate solely to the car park deck) would appear to be a robust assessment, in comparison to other schemes. The allowance for contractor preliminaries (which we assume includes utilities work) again appears to be a robust assessment. The external works are understood to relate to site clearance, preparatory groundworks, roads/paths/pavings/fixtures, external drainage and services.
- 5.78 The allowance for project/design fees and GWR directs again appears robust and represents a substantial percentage of the overall scheme costs.
- 5.79 The 20% contingency within the GWR costs applies to construction costs (i.e. excludes design and directs). Whilst this is considered to be a notable allowance, it is acknowledged that it has been applied as an industry average and so does not directly relate to any known specific risks on the site. The 20% contingency within the WBC costs has been applied to all costs, but again appears to be a generic proportion and not related to specific risks.
- 5.80 On the basis of the funding and spend profiles it is noted that the LEP allocation is being sought in advance of the majority of works being completed.
- 5.81 Whilst the business case submission states that “*There are not multiple funding streams coming together for this scheme so the availability of funding is quite straightforward.*”, in practice there are still four funding sources for the overall project. It is, though, understood that three of the four are considered fully secure, with formal approval for the GWR funding still required.
- 5.82 There is no clear formal commitment for any organisation to cover the cost of potential overruns, albeit it is stated that the scheme promoters will seek to secure additional funding and will not request additional funds from the LEP. Given the issues surrounding the original build of the ticket hall at Theale, this lack of formal commitment for additional funding should be noted as a risk to the overall completion of the project. Pursuing a lower cost scheme, without the car park deck, would, potentially, reduce this risk.

Commercial Case

- 5.83 The Commercial Case outlines the procurement strategy, incorporating an output-based specification for the scheme, an overview of potential procurement options, and the preferred procurement routes, along with the contract management procedures.
- 5.84 The business case presents the outcomes required from the procurement strategy, but does not include an output-based specification for the project.
- 5.85 The procurement approaches adopted by WBC and GWR are set out separately.
- 5.86 The WBC approach to procuring the Walking and Cycling Access Improvements elements of the project outlines the internal council procedures that must be adopted

to ensure an optimum procurement strategy is delivered. This process considers how the scheme fits into a cost, risk and value matrix.

- 5.87 The project has been defined by WBC within the Low Risk/Medium Spend criteria. On this basis WBC conclude that collaborative early contractor involvement through an appropriate Framework is considered the most appropriate route and will deliver best value for money. On this basis the sourcing options, payment mechanisms, pricing framework and charging mechanisms are set out, alongside the approach to allocating risk.
- 5.88 The GWR element will follow their Procurement and Supplier Management Procedures, which are detailed within an appendix. It is stated that GWR operates a Property Consultants Framework and that specialist consultants or contractors required to support the successful delivery of the project shall be procured and appointed from this framework.
- 5.89 GWR will appoint the main construction contractors through competitive tender against a defined design and specification. Two separate options are presented for procurement of the main contractor, 'Design and Build' and 'Traditional Route'. The benefits and risks of each approach are set out, but no option has been selected at this stage.
- 5.90 It is stated that a Risk Management Plan will be developed for the full project and the process for completing this is outlined.

Independent Assessor Comment

- 5.91 The information presented under the heading 'Output-Based Specification' defines the required outcomes from the procurement process but does not set out a clear set of outputs for the scheme. This information is presented, in general terms, within the strategic case but it will be important to define in detail prior to the procurement process being undertaken.
- 5.92 The procurement strategy outlines the frameworks applied by WBC and GWR that govern their procurement. These demonstrate that robust, overarching processes are in place within both organisations.
- 5.93 Whilst the WBC section outlines the logic of how a procurement approach has been adopted, it does not specifically state the benefits of this approach. However, given the scale of the works, the proposed approach appears suitable and should deliver value for money.
- 5.94 Whilst GWR have an overarching mechanism in place for procuring contractors, it is clear, at this stage, there is no preferred option. Whilst two options are presented for the main contractor appointment, and the relative benefits risks presented, it is not stated how a decision will be made about which approach to adopt or when this will take place. It is subsequently understood that GWR are likely to pursue a Design and Build approach, with procurement in November 2020, post Network Rail GRIP4 approvals. It is again unclear how this decision to adopt this approach has been realised, but it is not considered unreasonable.
- 5.95 Whilst the approach to managing risk is set out, the lack of a current Risk Management Plan indicates that more work is required to be completed before it is fully understood how all risks will be managed. It is acknowledged, however, that the project does have a live risk register (see Management case).

Management Case

- 5.96 The Management Case presents information on how the proposal will be delivered and managed.
- 5.97 Examples are provided of where GWR and WBC have **experience** in successfully delivering station enhancement projects and walking and cycling projects, respectively. This includes experience of developing and delivering schemes in accordance with Network Rail's Governance for Railway Investment Projects (GRIP).
- 5.98 **Programme and project dependencies** are set out in relation to necessary approvals, as well as the Access for All bridge being delivered by Network Rail. The GWR delivered elements of the project are assumed to be within railway Permitted Development and are able to be carried out under the Prior Approvals process. Approvals will be required from Network Rail.
- 5.99 The **governance structure** for the WBC and GWR elements is set out, with an overall diagram presented. A Project Manager nominated from each organisation and they will report to specified Project Boards.
- 5.100 A **project plan** showing key milestones for development and delivery of the scheme is presented. Whilst the walking and cycling improvements will be completed by November 2020, the station works will not be complete until the end of 2021, with the Access for All bridge completed in November 2022.
- 5.101 Reference is made to WBC's Project Management Methodology, as part of their **assurance and approval** process. GWR projects are delivered in accordance with the GWR Project Charter and they deploy a five-stage project life cycle.
- 5.102 A process for **communication & stakeholder management** is set out with key objectives and a broad overview of the process.
- 5.103 Responsibilities for **programme / project reporting** are set out and the key **workstreams for implementing the project** are presented, highlighting key issues of coordination between the elements of the scheme and with the adjacent Access for All scheme, as well as obtaining approvals.
- 5.104 The **risk management** section refers to the risk register that has been developed and presented as an appendix. The key risks identified are stated as:
- Timing of adjacent footbridge works
 - Cost escalation through the design process
 - Buried services and utilities
 - The presence of a Thames Water culvert under the car park, and consideration of construction technique
 - Land negotiation relating to footway widening for walking / cycling improvements
 - Construction delays, particularly relating to uncertainty around Covid-19
- 5.105 The section on **Evidence of Certainty of Development** seeks to provide assurance around the delivery of each scheme element, including the Access for All bridge.
- 5.106 An overview of the process for **contract management** is set out for both WBC and GWR.
- 5.107 The approach to **benefits realisation** is set out, along with a **Monitoring and Evaluation Programme** with outputs and outcome indicators. A set of data sources to assess outcomes is also presented.

Independent Assessor Comment

- 5.108 The previous project examples demonstrate WBC and GWR's ability to deliver major station upgrade project, and walking and cycling measure, that incorporate all aspects of the proposed package of measures.
- 5.109 The **project dependencies** section recognises both the importance of approvals as well as the Access for All bridge in the delivery of the scheme. We note that it is not definitively stated that the GWR works can be conducted under railway permitted approvals. Other car park decking scheme within the LEP area have previously required planning permission, but we accept that land ownership circumstances may be different at Theale.
- 5.110 The **governance structures** presented, whilst relatively high level, are clear, with responsibilities outlined. Each organisation also have established **assurance and approvals** processes that appear robust, although limited detail is presented. The responsibilities for **project reporting** are also clear and the **contract management** processes appear acceptable.
- 5.111 The approach to **communication and stakeholder management** is sufficiently detailed to provide confidence that measures are in place to disseminate information to key stakeholders and the Public.
- 5.112 The **project plan** and **implementation plan** sets out key workstreams covering the majority of key delivery issues, albeit still at a relatively high level. It is noted that GRIP 4 Network Rail approval for the internals station works will not be until October 2020 and Prior Approvals Application will not be completed until February 2021. Whilst the phasing of the GWR works will be subject to the recommendations of the Principle Contractor, it is understood that the car park construction will be completed first, with the station forecourt element following. It is understood that there will be a 9-month period between the completion of the station forecourt work and opening of the ticket hall and the completion of the Access for All bridge. During this period short-term measures implemented to ensure a safe route for passenger to the existing pedestrian route over the railway tracks.
- 5.113 The **risk management** is focused around the Risk Register. This includes 15 items and appears to be relatively comprehensive, albeit it highlights a range of issues around design and delivery of the scheme, including permissions/approvals and site conditions. In some cases it is unclear how the proposed delivery timeframes make allowances for potential delays, and likewise, the extent to which cost contingencies will cover risks.
- 5.114 Whilst the **Evidence of Certainty of Development** provides useful information, it does not appear to be definitive about whether the station works can be committed under permitted development rights. This is a risk that needs to be resolved as early as feasible. There is a potential requirement for a small amount of land acquisition, although not critical to the scheme. It is understood that this land is under public ownership, and whilst enquires about the availability of the land are at an early stage, there would appear to be a reasonable opportunity to secure an agreement.
- 5.115 The **benefits realisation** process provides assurance that due consideration has been given to the need to maximise benefits from the scheme. The **Monitoring and Evaluation Programme** provides output and outcome indicators linked with specific elements of the scheme, as opposed to the actual stated objectives of the scheme. Whilst no specific metrics or targets are set out, there is a general discussion of data sources that will be used to assess impacts.
- 5.116 There is no discussion of **contingency planning** within the Management Case.

Summary and Conclusions

Summary

5.117 The review of the five cases has identified a series of points for further consideration. These are summarised below:

The Strategic Case demonstrates clear policy alignment overall and presents a strong case for intervention for certain elements of the scheme based upon the context of the currently vacant ticket office building and the complementary Access for All bridge that will now be completed. Ensuring that these elements can be properly integrated, through a wider reconfiguration of the station layout, as well as improved walking and cycling access to the station, will generate strategic benefits beyond the direct investment.

There are clear interdependencies between the proposed enhancements associated with this business case and the Access for All bridge that will be delivered by Network Rail. It is imperative that there can be full confidence that the Access for All bridge will be completed soon after the other station works are completed.

The proposals to expand the station car parks through decking, increases the complexity of the project, but can also be seen to align with policy to encourage public transport access to regional centres, such as Reading. This should provide benefits to both the park and ride users, but also to non-users (highways users) through decongestion benefits; however, the business case currently presents limited evidence that this will be the case and requires further assessment.

As part of the scheme option assessment process, there would have been merits in assessing a version of the scheme that focuses upon the station forecourt and walking and cycling measures alone, as this would have provided a useful comparative assessment to the full scheme proposals.

The Economic Case, in general terms, demonstrates that the overall scheme will deliver high value for money from investment. A key aspect of this is that the significant capital costs are off-set by increased revenue streams from car parking and the rail farebox that will, in the main, filter through to the DfT as part of the rail franchising process.

The key direct economic benefits that are derived from the scheme are through journey quality from releasing the benefits of the vacant ticket office and providing an enhanced station environment. Benefits through increased physical activity of individuals encouraged to cycle to the station are also important.

Decongestion benefits for the highway network are reported as very low, despite the increased park and ride capacity reducing car trips off the network. This requires further assessment.

Sensitivity tests demonstrate that the securing high occupancy of the expanded car parking facilities is critical for the overall scheme to deliver high value for money.

A reasonably robust Financial Case is presented with a breakdown of costs and risk contingencies, albeit these have been applied as a standard rate and not generated through a quantified risk register. The car park deck represents the largest element of scheme costs (77%).

The LGF funding allocation is, mainly, being sought in advance of works being completed. The GWR contribution is currently subject to final approvals; however, it is understood that the DfT/Network Rail funding for the Access for All bridge is fully secure, with a stated commitment to spend in Control Period 6 (up to 2024). The WBC contribution is also fully secured. At present, whilst both GWR and WBC will actively seek to cover any potential cost overruns that could occur on the scheme, there is not formal commitment, albeit no further funds from TVB LEP would be sought.

The Commercial Case provides reasonably detailed information, albeit there are clearly a number of elements of the scheme that are subject to development. As an example, GWR have not specifically presented a preferred procurement option.

The Management Case provides confidence that effective procedures will be in place to deliver the project with adequate governance and assurance processes. There clearly remain a number of risks to project delivery, including necessary permissions and approvals. It is also not clear how well known the ground conditions are for the car park decking scheme and the risks of cost escalations as a result.

Conclusions

- 5.118 The overall scheme is considered to align well with strategic priorities and will, in combination with opening up the existing, vacant ticket hall and integrating with the proposed Access for All bridge, deliver significant improvements to provision at Theale Railway Station, thus encouraging travel by sustainable modes.
- 5.119 The additional car park capacity will release some current constraints and enable more park and ride trips, albeit the extent to which this delivers highway decongestion benefits has not been well documented and requires further assessment work.
- 5.120 The overall economic case for the package of measure is forecast to deliver high value for money, although a significant reason for this is the additional revenue generation that will accrue to the DfT through the franchising process, as opposed to direct economic benefits within the LEP area. Many of these benefits (journey quality and physical activity) relate directly to the station forecourt, and walking and cycling measures, which represent a relatively small proportion of the scheme costs.
- 5.121 The financial case appears robust, with a reasonable contingency in place, albeit further confirmation of funding commitments is required, including in the event of cost overruns.
- 5.122 The commercial and management cases are generally considered to be acceptable, although limited in detail in some areas. A range of risks to delivery remain, including permissions/approvals, as well as detailed design work.
- 5.123 It is our conclusion that there appears to be a strong overarching case for the scheme, with good strategic alignment and high overall value for money from investment. The extent to which the additional car parking capacity will deliver direct benefit to the LEP area are not clearly demonstrated, but the overall scheme is considered to provide a good balance of measures that will encourage public transport and walking & cycling usage. There remain a number of areas of risk to delivery that need to be resolved
- 5.124 On this basis, we recommend the scheme for approval on the basis that the following conditions are met:

- 1) Further analysis of the impact the scheme will have upon decongestion of the highway network, including the number of trips removed from corridors leading into urban areas with known congested networks, which is sufficient to determine that the decongestion benefits will be higher than those currently presented within the Economic Case;
- 2) Full details of planning requirements for each individual scheme element, including when any necessary approvals or determinations will occur;
- 3) GRIP 4 Network Rail Approval in Principle, as necessary to deliver the project; and
- 4) Formal funding commitment from First Group and Network Rail for the match-funding identified by GWR, with a more detailed understanding of what processes would be undertaken in the event of any cost overruns, should they arise.

5.125 These conditions should be met at the earliest feasible date but no later than 31st October 2020.

Appendix 3

Theale Railway Station Upgrade Scheme

Executive Summary (May 2020)

West Berkshire Council

1. Executive Summary Introduction

1.1 This report sets out the business case for the Theale Railway Station Upgrade Scheme. This includes a series of enhancements to improve sustainable transport interchange, increase Park and Rail capacity and enhance customer facilities to help accommodate the forecast growth in rail travel. 1.2 The scheme will complement investment made by the wider Great Western electrification project and the proposed delivery by Network Rail of a new footbridge with the lifts via the “Access for All” initiative. The proposals are key to enabling Theale station to become a modern and attractive interchange that is able to meet the needs of all future rail passengers.

Strategic Case

1.2 The project is being jointly promoted by West Berkshire Council (WBC) as local transport authority and Great Western Railway Limited as the train operating company operating services under the Great Western franchise. 1.4 The Theale Station project takes into account GWR forecasts for growth in rail travel and expected growth in population arising from housing development in Theale and the surrounding area. It also complements investment already made by the Great Western Electrification project and the new “Access for All” footbridge with lifts, which is due to be completed at the station by the end of 2022 and is a key component of the wider plan for the station. It also builds on investment previously made through the delivery of a new station building as part of the Reading Area Local Sustainable Transport Fund project in 2014. The scheme is therefore an important component in the jigsaw of many projects coming together to make Theale station a modern and attractive transport interchange. 1.5 Theale station lies just to the south of and a five minute walk from the centre of Theale. It sits alongside several industrial estates and is a short walk from the Arlington Business Park. The station is also within a comfortable cycling distance of the Calcot area, which can access Theale via a footbridge crossing of the M4. 1.6 The project takes into account development policies favouring sustainable modes within the National Planning Policy Framework and supports the key elements and infrastructure programme within the Thames Valley Berkshire Local Enterprise Partnership’s Strategic Economic Plan and new Berkshire Local Industrial Strategy. It has a strong fit with local planning and policy documents and GWR’s corporate priorities. 1.7 An Options Assessment Report (OAR) has been prepared which sets out key objectives and the strategic appraisal framework that was applied to review the various options developed for the project.

1.3 The four objectives for the project are;

- (i) Improve passenger interchange facilities and enhance the appearance of the station.
- (ii) To enable the station to be gateway for journeys into central Reading.
- (iii) To provide a fully accessible station that allows ease of access for all rail users.
- (iv) Deliver enhancements that minimise the carbon footprint of the station.

1.4 The new station building delivered as part of the Reading LSTF project has remained dormant since its installation due to uncertainties surrounding the new Network Rail footbridge. Now that there are firm dates for the delivery of the new

bridge, this project will undertake the necessary works and modifications required to bring the new building into use in a timely manner. The new building will include a fully accessible ticket window, toilets, a waiting area and space for a retail unit. 1.9 The proposed interchange improvements will include the development of a forecourt area around the new station building which will provide a safe pedestrian route to the new footbridge, new secure and covered cycle parking, drop-off points and taxi ranks. New vehicle accesses will be provided on Brunel Road, with the upgrades at the station also being complemented by pedestrian and cycle improvements on Brunel Road and Station Road. The package of improvements will also enhance the public realm around the station by transforming the current rather drab feel to something more aesthetically appealing.

1.10 Another key component of the project will be to increase car parking capacity at the station by the provision of an upper deck. This will enable the station to accommodate the forecast passenger growth expected to occur and to allow the station to become a Park & Rail facility as envisaged in local transport strategies for the wider Reading area.

Economic Case

1.11 The Economic Case identifies and assesses the preferred option for the scheme against the Strategic Case objectives. It identifies the impacts of the preferred option and establishes the value for money in relation to securing a funding contribution as well as justifying the use of taxpayers' money in an efficient manner. The scheme benefits are presented as the Net Present Value (NPV – value of overall benefits) against scheme capital cost.

1.12 The proposed investment at the station, notably the additional car parking capacity, cycle parking and opening of the station ticket office is expected to provide direct benefits for station users, and indirect social benefits.

1.13 The assessment examines the benefits regarding improvement to station facilities, additional car and bicycle parking capacity with CCTV coverage, improved experience for station users with new station forecourt area with dedicated walking routes, and the commercial rental income through opening of the retail space within the new station building.

1.14 Additional car parking will be delivered through an upper deck on the existing car park. This assessment examines the impact on car park revenue arising from the additional 111 spaces being provided.

1.15 The results for the economic appraisal, consistent with DfT WebTAG demonstrate a Net Present Value (NPV) for the overall project of £1.12m and a Benefit to Cost Ratio (BCR) of 3.3:1, which is considered to be high.

Financial Case

1.16 Funding for the whole project will be provided through a number of sources in addition to the £4.0m provisionally allocated by the TVB LEP Local Growth Fund. Secured contributions amount to £6.137m, making an overall total of £10,137m for the wider investment scheme at Theale Station.

1.17 The secured contributions are a local private sector contribution from GWR and a local public sector contribution from WBC. The wider scheme costs also include an estimate of £4.0m for the new Network Rail "Access for All" footbridge with lifts.

Commercial Case

1.18 The Commercial Case is based on strategic outcomes and outputs against which alternative procurement options are assessed. The outcomes for the preferred procurement strategies must include achieving cost certainty, minimising future preparation costs, obtain contractor experience and input to the construction programme, and obtain contractor input to risk management and appraisal (including mitigation).

1.19 The main bulk of the improvements are confined within the station lease area and will be commissioned by GWR. Elements relating to improvements on the local highway and footway networks will be commissioned separately by WBC. The Commercial Case outlines the approaches of both WBC and GWR who will manage their elements according to their own corporate processes and rules. For both organisations, the relevant procurement strategy and procedures are outlined as well as preferred payment mechanisms and pricing frameworks.

Management Case

1.20 The Management Case has been developed to reflect the requirements outlined in the DfT's guidance. It examines the proposed project planning, governance structure, risk management, communications and stakeholder management, benefits realisation, contingency and assurance.

1.21 The governance model indicates that as co-promoters, both WBC and GWR will respectively identify a Project Manager to manage their elements of the project. The Project Managers will report to their own senior Project Boards, who in turn will provide oversight, scrutiny and guidance, plus authorising expenditure. Day to day running of the project will be overseen by a Project Team from WBC and GWR along with Network Rail as station landowner. 1.22 A project plan is also included which guides the project from the submission of this full business case and TVB LEP approval through to the construction and delivery of the main elements of the project. It contains key dates for the completion of the various elements of the project and is consistent with the agreed expenditure plan outlined in the Financial case.

1.23 WBC and GWR have demonstrable experience in developing and delivering projects related to their elements of the project. Both organisations have their own extensive project management methodologies to encompass all stages of project development.

1.24 A risk register for the project has been prepared by WBC and GWR, which contains an assessment for each identified risk with recommended mitigation measures. The register will be regularly reviewed throughout the duration of the project.

1.25 A robust monitoring and evaluation strategy has also been developed to accurately measure the success of the project, and to determine whether the main project objectives have been realised. Monitoring will collate data from a number of qualitative and quantitative sources and take place in three stages; immediately after construction, one-year post completion and five-year post completion.

Conclusion

1.26 The Business Case presents the assessment and appraisal for a proposal to upgrade passenger interchange and facilities at Theale station. This is to be achieved in two distinct elements; improvements to passenger interchange and facilities, and increase car parking capacity, led by Great Western Railway and the walking and cycling access improvements led by West Berkshire Council. These, plus the delivery of the Network Rail “Access for All” footbridge will make the station a modern and attractive interchange that is able to meet the needs of all future passengers.

The key elements of the proposal have undergone a series of assessments in line with Department for Transport WebTAG guidance to outline the strategic, economic, financial, commercial and management aspects of the projects. Assessment and sensitivity tests undertaken as part of the Economic Case demonstrate that the scheme can achieve a Benefit/Cost Ratio of 3.3:1, indicating a High value for money. Therefore, the scheme can be considered suitable for funding by Thames Valley Berkshire Local Enterprise Partnership.