REGENERIS

Independent Assessment Summary Report: Newbury Railway Station Improvement and Interchange Enhancement Scheme

A Final Report by Regeneris Consulting

10 July 2018

Thames Valley Berkshire Local Enterprise Partnership

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ii. The full business case submission sets out the case for investment in a range of improvements to both the internal and external environment and facilities at Newbury Station. In summary this includes:

- Interchange Enhancements to the south side of the station
- Additional car parking provision as part of a wider Multi-Story Car Park (MSCP) development on the north side of the station
- Enhancements to the northern forecourt with a pedestrian / cycle link to the town centre
- Station buildings/facilities enhancement, including expanded gatelines (are these on both north and south side), a new ticket hall (on the north side of the station) and new ticket machines (north & south side), new passenger facilities, and new retail / business outlets.

Review Findings

Conclusions

iii. The combination of identified physical constraints, projected growth in rail demand, and surrounding development create a strong case for intervention at Newbury Station.

iv. The proposed scheme incorporates a range of project elements, two of which (the MSCP and northern pedestrian/cyclist route) have already secured separate funding and could, seemingly, be delivered in isolation. Whilst there would appear to be benefits in delivering all the elements in unison, the interactions and co-dependencies between the individual elements is not well set out within the business case.

v. Within the business case, as presented, the car park charges and rail farebox revenue generated through delivery of the MSCP effectively subsidise the capital cost of the internal station and interchange works. The benefits presented in relation to these two scheme elements alone are insufficient to justify investment.

vi. There are also concerns whether the projected contribution that farebox revenue will make to the Public Accounts (via the rail franchising process) is an accurate representation.

Recommendations

vii. It is our conclusion that the overall evidence presented within the business case does not currently permit an unconditional approval of the scheme.

Conditions for Approval

viii. We recommend that the following series of conditions are applied before the scheme is taken forward for approval:

1) Clear demonstration, across all elements of the business case, of the co-dependencies of each component part of the scheme submission, specifically the MSCP, the northern pedestrian/cycle link, the southern interchange works, and the internal station works. This should include how all project elements are procured and managed in a co-ordinated manner.

2) Clear scheme optioneering process identifying why each element of the project should be included within the final scheme, including demonstration that each element offers value for money, either as a standalone element or by facilitating wider benefits within the overall scheme. This may be achieved through additional assessment of current operational performance of the station and the estimation of additional scheme benefits from investment.

3) Either i) a clear statement justifying the inclusion of 90% of the farebox revenue stream accruing the Public Accounts, or ii) a revision to the value included. Any justification must go beyond a simple statement referring to previous review by the DfT.

4) Either i) evidence that the project will meet the fourth scheme objective, to contribute to solutions to resolve flooding issues at the station, or ii) re-definition of the fourth scheme objective.

5) Clear demonstration that the scheme costs take into account any necessary construction cost inflation.

6) Additional written evidence to justify the projected environmental and distributional impacts presented within the AST.

7) Additional evidence within the Commercial and Management Cases to demonstrate that the optimum procurement processes have been selected.

8) That the scheme retains high or better value for money once these conditions have been met.

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 Railways (GWR) for a range of enhancements to access, interchange, and internal circulation at Newbury Station.

1.2 The report considers the evidence presented and whether it presents 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 Transports (DfT) WebTAG.

Submitted Information

1.4 The independent assessment process for the Newbury Station submission has been conducted on the following set of documentation submitted by West Berkshire Council and their consultant team (WSP):

- Option Assessment Report (May 2017)
- Appraisal Specification Report (May 2018)
- Option Assessment Report Addendum (July 2018)
- Full Business Case Report (July 2018)

1.5 In addition to these formal documents, Regeneris have engaged with WBC and their consultants between May 2018 and July 2018 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.

1.6 WBC is also preparing an Addendum to the Option Assessment Report, but this had not been received by Regeneris at the time of completing this Independent Assessment Report. Instead a short precis of the key points that will form the basis of the addendum have been provided by WBC.

Report Structure

1.7 This Independent Assessors Report responds to the formal submission of documentation, as well as the informal engagement process with WBC, to provide a review of information provided, assess it suitability and robustness against TVB LEPs assurance requirements, and provide recommendations in relation to the approval of LEP funding for the proposed scheme.

1.8 The report is structure as follows:

- Section 2: Option Assessment Report – provides commentary upon the OAR submitted and reviewed in 2017 by the LEPs previous Independent Assessors (WYG) and considers the Addendum produced in July 2018 and any impact this has upon the identification of a preferred scheme option.
- 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 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 May 2017, was to be reviewed by the previous LEP Independent Assessors, WYG. This set out the strategic context and drivers for a transport intervention at the station and established a set of objectives

2.2 It subsequently developed and appraised five options for enhancing interchange around Newbury Station:

- **Do Nothing (DN):** Assumes no work is undertaken other than that associated with the Market Street redevelopment and replacement of the station footbridge, which are both not dependent on this project.

  Do Minimum (DMin) interchange enhancement: Improvement works on Station Road outside the south entrance to enhance interchange by providing clearer bus stops and taxi ranks, traffic management, 20 mph speed restriction and safety works to Station Road. Relocated and improved cycle storage of increased size on south side of the station.

- **Do Moderate (DMod) interchange enhancement:** As DMin, plus relocation of NR depot access to within car park, addition of pedestrian refuge on Station Road, reconfiguration of on-street parking to afford easier access for buses.

- **Do Moderate (DMod2) interchange enhancement:** As DMod, plus relocation of NR depot away from the south car park and enhancement of Cheap Street to the east of the station.

- **Do Enhanced (DEnh) interchange enhancement:** As DMod, plus relocation of the NR depot away from the car park and the provision of a public pedestrian footbridge across the railway line from Station Road to connect with the Market Street development.

2.3 In addition, it considered four further options, proposed by GWR, for the reconfiguration of the internal layout and buildings within the station:

- **Retain as existing**

- **Reduced-scope scheme:** Focussing on refurbishment of existing buildings.

- **Moderate reconfiguration:** Opportunity to "back office" station space to less prominent parts of the station, using the prominent parts for passenger benefit.
- **Enhanced reconfiguration:** Exploit current station buildings footprint to offer small business space in Newbury, complementing the new density around the station as envisioned by the Market Street development and arranged and enhanced passenger facilities to be better integrated with surrounding development.

2.4 The OAR concluded that the **Do Enhanced (DEnh) interchange enhancement** and **Enhanced reconfiguration** option, whilst more challenging to deliver, provided the greatest potential to deliver the benefits set out within the scheme objectives.

Addendum

2.5 WBC is intending to submit an addendum to the OAR in July 2018, however, this was not available at the time of completing this report. The Addendum will reflect changes in circumstances that affected the scheme optionneering process. In particular, it will examine the reasons why the Public Access Bridge has been removed from the scheme optioneering process.

2.6 Regeneris have been provided with a precis of the key points that identify a series of issues with the deliverability of the scheme that have led to the conclusion that it should no longer be included as part of the overall package of measures.

Review

2.7 The OAR focuses solely upon options to develop the interchange elements of the south-side of the station and the internal station building and facilities. It does not encompass the other aspects, including the MSCP and northern pedestrian/cycle route.

2.8 The process for assessing the interchange elements and internal station options appears reasonable with a clear assessment against the Strategic Economic Plan, the objectives of the scheme, as well as some assessment of affordability and deliverability.

2.9 No overall assessment of value for money is presented but a discussion of costs and deliverability is presented within the conclusions.

2.10 For the purposes of initial option sifting, the approach adopted is considered acceptable.

3. Appraisal Specification Report

Overview

3.1 The Appraisal Specification Report (ASR) was submitted for assessment and reviewed by Regeneris in June 2018. It provided:

- A description of the scheme and its location;
- The objectives of the scheme;
- An overview of the challenges and issues;
- The proposed appraisal methodology, including the approach to the economic, environmental, social and public accounts assessments, and the data sources to be utilised; and
- An Appraisal Specification Summary Table.

3.2 A telecom was held with WBC and their consultants, WSP, to discuss the broad approach.

Review

3.3 Whilst not detailed in nature, the ASR was considered to demonstrate a sound approach to the business case development process and incorporated all anticipated elements.

3.4 It was recognised that, given the variety of component elements within the overall scheme, there were a number of complexities in the way that the benefit assessment would be developed and some refinement may be required to the approach as the analysis was undertaken.

4. Full Business Case

Overview

4.1 The full business case submission sets out the case for investment in a range of improvements to both the internal and external environment and facilities at Newbury Station. In summary this includes:

- Interchange Enhancements to the south side of the station
- Additional car parking provision as part of a wider Multi-Story Car Park (MSCP) development on the north side of the station
- Enhancements to the northern forecourt with a pedestrian / cycle link to the town centre
- Station buildings/facilities enhancement, including expanded gatelines (are these on both north and south side), a new ticket hall (on the north side of the station) and new ticket machines (north & south side), new passenger facilities, and new retail / business outlets.

4.2 The scheme is part of a wider redevelopment of the area that includes an 'Access for All' Bridge that is nearing completion and the full MSCP that serves WBC staff, residential, and town centre parking needs. The works on the northern side of the station tie in with a Masterplan to redevelop the site of the current bus station off Market Street.

4.3 The pedestrian / cycle link from the northern forecourt is being funded by the developer of the Market Street scheme (Grainger). GWR have secured funding for the rail allocation of the MSCP through the Station Commercial Project Facility and a further £450,000 toward cycle parking and the cycle hub on the south side of the station. A small contribution from WBC to manage the interchange works is also included.

4.4 The remaining funding requirement is the £6.05 million, which has been provisionally allocated by TVB LEP.

4.5 It is worth noting that, whilst this is a combined package of station enhancements, the TVB LEP contribution is effectively required to deliver the majority of the interchange enhancements alongside the internal station works.

Key Input Assumption and Parameters

4.6 The overarching business case is based upon a range of key assumptions, as follows:

- Projected growth in rail demand from Newbury Station (station entries & exits) of nearly 100% by 2038.
- The business case does not explicitly link the delivery of this growth in rail demand to the works being undertaken at Newbury Station. The rule-of-a-half has not been applied to this future growth in demand when assessing user benefits, implying that this growth would occur without the implementation of the scheme.
- The scheme enhancements could induce additional rail demand but this has been excluded from the analysis as a conservative approach.
- The analysis forecasts increased revenue streams will be generated from additional station car park users, both from car park charges and rail passenger fares. The analysis assumes that 90% of this revenue stream is transferred to the Public Accounts through the franchise process.
- Rail passenger fare revenue from other additional future station users is not included within the assessment
- Revenue will also be generated from new station retail outlets, but this is not included within the Public Accounts.

Independent Assessor Comments

4.7 The projected growth in rail demand clearly demonstrates that Newbury Station will experience a step-change in operational requirements over the next 20 years. Understanding the extent to which the station is currently constrained and the requirement for enhancements is key to developing a coherent Strategic Case for investment.

4.8 The treatment of revenue streams within the business case is critical. Only farebox revenue from car park users is included within the analysis, on the premise that this demand would not be generated without the delivery of the additional car parking provision. The business case implies that all other farebox revenue will be realised without the scheme enhancements. This would appear to be slightly inconsistent with premise that the internal station works are required to accommodate the additional growth in demand. However, not including these revenue impacts could simply be considered to be a conservative approach.

4.9 The business case applies a range of other input parameters and assumptions from DfT WebTAG and PDFH guidance. In general, these are considered to be appropriate, with any specific observations highlighted within each of the individual 'cases' reviewed below.

Strategic Case

4.10 The Strategic Case provides a detailed account of the local area, current travel forecasts, future growth in rail demand, and the wider policy context.

4.11 The physical issues with provision at the station are clearly identified, alongside the projected growth in rail passenger demand.

4.12 No static or dynamic assessments of passenger movements through the station are presented and there is no quantitative assessment of constraints at the gateline or other elements of the station layout.

4.13 The impact of 'no change' at the station is described qualitatively in terms of the pressures that would be created by additional passenger volumes. No quantitative analysis is presented.

4.14 The scheme has four overarching scheme objectives, summarised below

- Encourage sustainable access and improve interchange and facilities
- Create a vibrant and attractive gateway to Newbury Town Centre
- Modernise and replace the station's buildings to meet future demand for rail travel
- Contribute to solutions being developed to solve flooding around the station

4.15 A range of measures for success are set out. These tend to be focused upon physical outputs as opposed to behavioural outcomes.

4.16 The constraints and interdependencies of the scheme are clearly set out, alongside the key stakeholders involved in the project.

4.17 The option development process replicates the work produced within the OAR.

Independent Assessor Comments

4.18 The Strategic Case sets out a clear rationale for the overall development of the project, setting out the operational constraints of the station and its surrounds, establishing the links to wider developments in the vicinity of the station, and demonstrating the policy

context. In addition, there is clear evidence that demand for rail trips from the station is projected to growth substantially over the next 20 years.

4.19 The absence of ***quantified analysis of current capacity constraints*** within the station, in particular at the station gatelines, makes it difficult to verify the extent to which the current station layout is compromised, either now or in the future. As a result, it is not clear the extent to which the projected growth in rail demand can be accommodated within the current station layout.

4.20 The Strategic Case does not appear to make a case that the projected growth in demand cannot be accommodated within the station, rather that the level of service to passengers will diminish significantly as a result of the growth. There is no discussion as to whether the station will become physically unsafe to operate without the internal station works. Further analysis needs to be presented that considers these issues in greater detail.

4.21 The absence of detailed assessment of the operational station workings makes it difficult to verify the case for investment in internal station elements of the scheme, albeit that the level of projected growth implies that some investment will be required.

4.22 The ***case for the external interchange and access works*** around the station is much stronger, with clear evidence of the need to enhance sustainable access through improved bus interchange, as well as walking and cycling provision. Whilst the provision of additional car parking provision may appear contradictory to enhancing sustainable travel, there is a case to support this approach if it can be demonstrated that the car park users will be new park and rail passengers who would otherwise be driving the whole way to their destination. The direct evidence for this within the business case is limited.

4.23 The inclusion of the improvements to the ***MSCP*** within the business case submission is not considered to be adequately addressed within the Strategic Case. This part of the scheme has already secured funding in its entirety through the Station Commercial Project Facility fund. It would appear that this could be delivered as a separate scheme, albeit that there are clear benefits in co-ordinating it with other aspects of the construction works. Including it within the wider scheme creates a revenue source for the wider project (discussed below within the Economic Case), without additional cost, that would appear to distort the evaluation of value for money for the other scheme elements within the project. This has not been adequately dealt with within the ***scheme option development*** process, which should demonstrate that all elements of the project offer value for money from investment.

Economic Case

4.24 The Economic Case has focussed upon assessing the scheme user benefits in terms of:

- Station facility enhancements;
- Station decongestion (form the expanded gateline and new ticketing facilities); and
- Improved safety.

4.25 In addition, it has considered the non-user benefits in terms of road decongestion, noise, greenhouse gas and accident savings that result from individuals being able to travel by rail as opposed to road. The is also a loss in Central Government indirect taxes through fuel duty as a result of the lower levels of car trips.

4.26 The overall ***Present Value of Benefits*** is estimated as £3.35 million

4.27 In assessing the net costs of the scheme, the Economic Case incorporates the cost elements set out within Financial Case but off-sets them against the following revenue streams:

- Car park revenue from increased car park demand; and
- Farebox revenue from increased car park demand.

4.28 The ***Public Accounts*** presented incorporates a range of separate impacts, including:

- Central Government Grants through the Cycle Rail Fund and SCPF
- Local Government Grants through local council contributions and the LEP Local Growth Fund
- Developer Contributions from Grainger
- Revenue generated from new car park users

4.29 The inclusion of the revenue stream from new car park users off-sets a significant proportion of the costs associated with the scheme, resulting a 'Broad Transport Budget' of just £0.89 million.

4.30 The overall ***Net Present Value*** of the scheme is estimated as £2.47 million, with a ***Benefit Cost Ratio*** of 3.8 to 1.

4.31 An Appraisal Summary Table (AST) is provided and demonstrates that some consideration has been given to all of the Economic, Environmental, and Social aspects.

4.32 In addition to the businesses journey time savings (reported above), the ***Economy*** assessment projects slight benefit reliability and wider impact benefits.

4.33 The ***Environmental*** assessment identified noise, air quality and greenhouse gas benefits from the transfer of trips from road to rail. It also identifies beneficial townscape impacts and neutral impact upon the historic environment.

4.34 In addition to the commuter and other journey time savings, the journey quality benefits, and the accident benefits (reported above), the ***Social*** assessment projects slight beneficial reliability, physical activity benefits, and security benefits. All other elements are perceived as neutral.

4.35 All of the potential ***distributional impacts*** of the scheme are projected to be neutral.

4.36 A range of ***sensitivity tests*** have been included to assess the impact of key variables within the assessment of benefits. These include the level of:

- Optimism Bias
- Car Park and Rail Revenue
- Quality benefits from new facilities
- Scale of non-user impacts
- Station decongestion

4.37 The selected sensitivity tests forecast that the BCR for the scheme will generally always remain close to or above 2:1.

Independent Assessor Comments

4.38 The assessment of ***station facility enhancements*** has been undertaken by applying a range of attribute values within the Passenger Demand Forecasting Handbook. Weighted valuations have been applied for the improvements to the ticket office, waiting rooms, condition of station exterior and presence of staff. The reasoning applied for the selection of each of the valuations appears logical. An average valuation per passenger has been generated to reflect the overall impact of the station improvements. This has been applied to the volume of passengers entering the station and those interchanging.

4.39 The assessment of ***station decongestion*** has considered the impact of enhanced gateline provision, as well as improved Ticket Vending Machines (TVM). A basic time savings of 1 second per user has been applied for each element. This value appears relatively arbitrary in nature and no attempt to justify this value is presented within the Economic Case.

4.40 The one second time saving associated with the enhanced gateline has been applied to all passengers entering and exiting the station. Different values of time have been applied for different ticket types (Full, Reduced, Season).

4.41 The one second time saving associated with the enhanced TVM has been applied to all non-season ticket holders entering the station.

4.42 All journey times savings have been applied in full to current and the future growth in rail patronage. This implies that the future growth in demand is not conditional upon the station improvement works, otherwise this would be induced demand and it would be expected that the rule-of-a-half would be applied to all additional rail trips.

4.43 ***Accident saving benefits*** have been calculated under the assumption that all accidents outside the station will be prevented (0.2 slight accidents pa). In addition, it has been assumed there will be a 10% reduction in accidents within the station (0.3 slight accidents pa). These appear to be value judgement, as opposed to any specific audit or case study evidence, but would appear to be reasonable in scale.

4.44 ***Non-user road decongestion and environmental benefits***, from reduced car trips through transfer to rail, have been calculated through standard DfT WebTAG processes and assuming an average trip length of 20 miles, the equivalent of the distance from Newbury to Reading. The choice of trip length appears logical but does not appear to be based upon any specific evidence. The analytical workings for the non-user benefits have also not been presented and so cannot been verified.

4.45 The ***overall net benefits*** presented within the business case, at £3.35 million are of a magnitude lower than the capital costs of the scheme, in the region on £10 million. It is only through the revenue generation of the scheme, which is projected to off-set the majority of the capital costs, that the scheme offers value for money from investment.

4.46 The business case presents an estimate of revenue that will be generated from the occupancy of the additional 164 car parking spaces that will be allocated for station usage. These figures have been provided through a previous GWR funding bid that has been approved by DfT, but is not presented in any detail and so cannot be verified.

4.47 The rail farebox revenue associated with additional car park users is also provided through the previous GWR funding bid that has been approved by DfT, but is not presented in any detail and so cannot be verified.

4.48 A key aspect of the business case is the underlying assumption that 90% of ***the revenue benefits*** generated will accrue to the Public Accounts, effectively as profit, through the franchising process. This assertion represents a pivotal aspect of the value for money case for the scheme and is not addressed in any significant detail within the business case. Whilst the majority of the revenue stream will accrue beyond the current franchise, within a newly

negotiated franchise, the principle that this revenue is all additional profit appears unlikely. To put this into context, on average, just under 75% of rail farebox revenue is used to operate the UK railway, with the other 25% utilised for further investment[1]. Additional rail demand generated at Newbury Station will place incremental requirements upon the operation of the rail network. Whilst it may not necessitate the specific requirement for an additional train services, it is, in effect, contributing to the overall requirement for train service provision and on-going operation and maintenance.

4.49 Assuming that 90% of the farebox revenue translates directly as a profit to the ***Public Accounts*** seems both unlikely and an unreasonable assumption. Further evidence is required to support the inclusion of the rail farebox revenue within the Public Accounts. One of the sensitivity tests assesses the impact of a reduction in car parking and farebox revenue of 10%. This reduces the BCR of the scheme to 1.9 to 1. This demonstrates that the value for money of the scheme is relatively sensitive to the proportion of revenue that is classified as additional to the Public Accounts. More evidence is required to support the position stated within the business case.

4.50 The ***environmental impacts*** have considered the potential positive impacts of the scheme in encouraging transfer of trips from road to rail. The assessment of townscape and historic environment is relatively high level with no discussion of how the various elements of the project might affect both criteria. For example, how will the creation of the MSCP affect townscape and will the changes to the station gateline affect the historic nature of the station entrances. Whilst the overall impacts may not change, the business case should demonstrate that all of these elements have been considered.

4.51 One of the objectives for the scheme is to ensure that it contributes to the delivery of solutions to mitigate against severe flooding at the station. This issue does not appear to be addressed within the ***water environment*** section and it is recommended that further information is sought from the scheme promotor.

4.52 There is no commentary presented on the **distributional impacts** of the scheme and so it is not possible to verify that all impacts are neutral. Further information should be provided by the scheme promotor.

[1] Source: Rail Delivery Group

Financial Case

4.53 The Financial Case sets outs in detail the scheme costs for each individual element of the overall programme of improvements and enhancements.

4.54 It provides specific breakdown for the two elements for which LEP funding are sought, specifically the interchange enhancement works on the south side of the station and the internal station building and facilities improvements.

4.55 The profile of spend is set out over a three-year period for each element of the project works.

4.56 Alongside the LEP funding ask, the breakdown in the funding package will include contributions from:

- Cycle Rail Fund
- Station Commercial Project Facility
- Grainger;
- WBC

4.57 A comparison of spend and available funding has been made across the life of the project, with a slight deficit identified within the period 2019/20. This would be managed by WBC and GWR.

4.58 There remains potential to secure further local contributions towards the scheme, including S106 contributions from developments within the Newbury area.

Independent Assessor Comments

4.59 The interchange costs include a 20% contingency, whilst the internal station works includes 14% risk allowances. These would appear to be reasonable contingency levels.

4.60 The business case implies that the costs are in 2015 price base, but this has not been verified. No specific allowance has been included for inflation over the programme. If the costs presented are in 2015 prices and, given the majority of works will not take place until 2019 and 2020, then there is a risk that they are likely to underestimate the overall scheme costs.

Commercial Case

4.61 The Commercial Case sets out the approach to procurement and managing the commercial delivery of the project.

4.62 It establishes an Outputs Based Specification against which procurement options will be assessed.

4.63 It sets out the procurement strategy that WBC will adopt to deliver the interchange elements on the south side of the station, along with the procurement strategy GWR will follow to deliver the internal station works. Each considers the range of options and mechanisms for procurement, alongside risk management aspects.

Independent Assessor Comments

4.64 The internal and external station works will be procured separately and led by GWR and WBC, respectively. Each organisation will follow established procedures. From the evidence presented it would appear that these are robust, however, there is limited evidence to confirm that they will offer the best value for money through the procurement process. No alternative approaches are discussed and/or discounted within the documentation. Further evidence could be presented to demonstrate the approaches adopted are optimum.

Management Case

4.65 The Management Case provides evidence of how each element of the project managed through the detailed design and implementation stage.

4.66 Evidence is presented where WBC and GWR have successfully delivered similar types of schemes previously.

4.67 A range of programme and project dependencies, although this is relatively high level in nature.

4.68 The internal station works will be managed by GWR and the external southern forecourt works will be managed by WBC. The works associated with the MSCP are not explicitly identified within the Management Case but it is assumed they are being led by the developer, Grainger.

4.69 Governance and organisational structures and roles are presented for GWR and WBC with an overall governance framework for the project presented.

4.70 WBC and GWR will apply their own existing assurance procedures to manage the respective processes.

4.71 A high-level communications and stakeholder management plan is presented, with reference that it will be developed further by WBC and GWR.

4.72 The individual WBC and GWR Project Managers will be responsible for project reporting to their Project Boards. Limited detail is provided in relation to the direct management arrangements for co-ordination of different project elements.

4.73 An overview of the individual project workstreams, alongside the key issues of project co-ordination and continuing to provide a good rail service to passengers.

4.74 A risk register is provided that examines the likelihood of an event occurring and the potential severity of that event. It also identifies mitigation measures.

4.75 Evidence is provided around the certainty of the development occurring around the station.

4.76 The forms of contract to be used by WBC and GWR are presented.

4.77 A benefits realisation and monitoring and evaluation plan are set out with both output and outcome indicators. No specific targets have been set.

4.78 The Commercial Case makes no reference to the MSCP or northern pedestrian/cycle link, further implying that these elements of the project are peripheral to the other scheme elements.

Independent Assessor Comments

4.79 The Management Case considers all the required elements, albeit some aspects are relatively short on detail. In particular, it is considered that more information could be provided to demonstrate how the various aspects of the project will be co-ordinated.

4.80 The Management Case makes no reference to the MSCP or northern pedestrian/cycle link, further implying that these elements of the project are peripheral to the other scheme elements.

Summary and Conclusions

Summary

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

- The value for money case is strongly dependent upon the revenue stream generated by additional car park users from the new MSCP and their associated farebox revenue
- The MSCP element has secured separate funding and so could be delivered in isolation. The Strategic Case does not demonstrate that the internal station building works are required to accommodate these additional trips.
- The case has not been made as to whether 90% of the farebox revenue generated will, effectively, go through to the Public Accounts as profit as no consideration of general rail operating costs has been included
- If a value for money assessment of the individual scheme elements were undertaken, there would appear to be insufficient projected benefits to justify the investment in the internal station works, along with the interchange elements.
- No static or dynamic analysis at pinch-points around the stations have been undertaken. For example, no discussion of station gateline capacity has been presented.
- The projected decongestion benefits from the internal station works whilst based on entirely reasonable analytical processes, are reliant upon underlying un-evidenced input assumptions upon the level of time savings.
- The Strategic Case needs to provide a much clearer representation of the current and future operational constraints at the station and the extent to which investment is required to accommodate the projected growth in rail demand.
- The Environmental impacts presented within the business case are relatively high level in nature and more evidence could be presented. In particular, one of the objectives of the scheme relates to issues of flooding but this is not discussed in relation to water environment.

- The distributional impacts of the scheme are all neutral. This may well be the case, but no evidence is presented to support this finding.
- Confirmation of the price base for the scheme cost estimates is required and whether an allowance for construction cost inflation should be applied.
- The Commercial and Management Cases focus solely upon the internal station works and interchange works to the south of the station, with limited reference to the MSCP and northern pedestrian/cycle link. This reinforces the impression that these are standalone schemes.
- The procurement and management arrangements will follow current GWR and WBC processes. Further detail to demonstrate that these are optimal process, and that there will be sufficient overall co-ordination between the project elements, is required.

Conclusions

4.82 The combination of identified physical constraints, projected growth in rail demand, and surrounding development create a strong case for intervention at Newbury Station. The scheme objectives to i) encourage sustainable access and improve interchange facilities, ii) create a new gateway to the town, iii) meet the needs of further rail travellers, and iv) help resolve the flooding issues at the station, all meet key local, regional and national policy agendas.

4.83 The proposed scheme incorporates a range of project elements, two of which (the MSCP and northern pedestrian/cyclist route) have already secured separate funding and could, seemingly, be delivered in isolation. Whilst there would appear to be benefits in delivering all the elements in unison, the interactions and co-dependencies between the individual elements is not well set out. Much of the business case focusses upon the interchange and internal station works, giving the impression that the other elements are not integral to the scheme.

4.84 The exception is within the Financial and Economic Cases. Within these, it is the inclusion of the MSCP element that is fundamental to generating a positive value for money outcome. Specifically, the inclusion of the car park charges and rail farebox revenue streams, effectively, subsidise the capital costs of the wider scheme.

4.85 In basic scheme optioneering terms, it is not considered that the case for investment within the internal station building and interchange works is made through the evidence

presented within the business case submission. This takes into account both the monetised aspects of the appraisal, as well as the non-monetised elements set out within the AST, which generally report a series of slight beneficial or neutral benefits.

4.86 Furthermore, there are concerns about the assumptions made in relation to the contribution that farebox revenue will make to the Public Accounts through franchising process, taking into account the proportion of national farebox revenue that is accrued simply to run the rail network itself.

4.87 It is our conclusion that the overall evidence presented within the business case does not currently permit an unconditional approval of the scheme.

Conditions for Approval

4.88 We recommend that the following series of conditions are applied before the scheme is taken forward for approval:

1) Clear demonstration, across all elements of the business case, of the co-dependencies of each component part of the scheme submission, specifically the MSCP, the northern pedestrian/cycle link, the southern interchange works, and the internal station works. This should include how all project elements are procured and managed in a co-ordinated manner.

2) Clear scheme optioneering process identifying why each element of the project should be included within the final scheme, including demonstration that each element offers value for money, either as a standalone element or by facilitating wider benefits within the overall scheme. This may be achieved through additional assessment of current operational performance of the station and the estimation of additional scheme benefits from investment.

3) Either i) a clear statement justifying the inclusion of 90% of the farebox revenue stream accruing the Public Accounts, or ii) a revision to the value included. Any justification must go beyond a simple statement referring to previous review by the DfT.

4) Either i) evidence that the project will meet the fourth scheme objective, to contribute to solutions to resolve flooding issues at the station, or ii) re-definition of the fourth scheme objective.

5) Clear demonstration that the scheme costs take into account any necessary construction cost inflation.

6) Additional written evidence to justify the projected environmental and distributional impacts presented within the AST.

7) Additional evidence within the Commercial and Management Cases to demonstrate that the optimum procurement processes have been selected.

8) That the scheme retains high or better value for money once these conditions have been met.

APPENDIX A - Business Case Checklist

Strategic Case		Addressed with Submission?	Comments or Observations
Business Strategy	Context for the Business Case in terms of strategic aims	✓	
Problem Identified	Evidence base underpinning stated problems	n/a	no clear section establishing the key problems
Impact of not changing	What are the imacts	✓	
Drivers for Change	Internal & extenral drivers for change	✓	
Objectives	Establish SMART objectives	✓	Furher consideraton of Objective 4 required
Measures for Success	Set out what constitutes success	✓	
Scope	What will the project deliver, what is out of scope	✓	Need to be clear if MSCP and ped/cycle link are park of core scope
Constraints	Any internal / external constaints	✓	
Inter-dependencies	Internal / external factors upon which scheme is dependent	✓	
Stakeholders	Key stakeholders and their contribution to the projects	✓	
Options Considered	Set out all options considered	✓	Further work demonstrating value of each project element required

Economic Case		Addressed with Submission?	Comments or Observations
Introduction	Approach to assessing value for money	✓	
Options Appraised	Confirmation of options appraised	✓	OAR provided but awaiting addendum
Assumptions	Confirm core assumptions and parameters applied	✓	
Sensitivity & Risk Profiles	How will changes to parameters affect NPV & associated risk of this occuring	✓	
Appraisal Summary Table	Summary of costs and benefits	✓	Additional reference text required to justify impacts
Economy	Business Users & Transport Provider Imacts	✓	Monetised, based on savings of 1 sec per passenger
	Wider Impacts	✓	
Environment	Noise & Air Quality	✓	Monetised, based on minor reduction in car trips
	Greenhouse Gases	✓	Monetised, based on minor reduction in car trips
	Landscape, Townscape, & Historic Environment	✓	Improved townscape through urban realm enhancements
	Biodiversity & Water Environment	✓	Neutral, despite one of the objectives being to assit with flooding.
Social	Commuter & Other User Impacts	✓	Monetised, based on savings of 1 sec per passenger
	Physical Activity	✓	
	Journey Quality	✓	Monetised, based on PDFH values
	Accidents, Safety & Security	✓	Monetised, based on assessment of accident reduction
	Accessibility & Severance	✓	
	Affordability	✓	
	Option & Non-use Values	✓	
Pubic Accounts	Broad Transport Budget	✓	Includes 90% farebox revenue from new car park users
	Indirect Taxt Revenues	✓	
Value for Money Statement	Standard NPV & BCR, adjusted values, non-monetised, categories	✓	Positive BCR dependent upon farebox revenue

Financial Case		Addressed with Submission?	Comments or Observations
Introduction	Approach to assessing affordability	✓	
Costs	Details of whole life costs, including profile, responsibility & risk	✓	Clarification of base year and inflation required
Budget / Funding Cover	Budget/funding cover for the project, with any other funding sources	✓	
Accounting Implications	Expected impact upon organisations balance sheet	✓	

APPENDIX A - Business Case Checklist

Commercial Case		Addressed with Submission?	Comments or Observations
Introduction	Approach taken to assess commercial viability	✓	
Output-based Specification	Requirements in terms of outputs and outcomes	✓	
Procurment Strategy	Procurement/purchasing options	✓	Only single options are presented with no justification of why they are preferred
Sourcing Options	Options for sourcing of provision	✓	
Payment Mechanisms	Proposed payment mechanisms with providers e.g. linked to performance etc.	✓	
Pricing Framework & Charging Mechanism	Incentives, deductions, performance targets	✓	
Risk Allocation & Transfer	How risks will be apportioned or shared to achieve value for money	✓	
Contract Length	Scenarios for contract length		
Human Resource Issues	Implications for HR, e.g. TUPE	n/a	
Contract Management	High level view of implementation timescales, support required, management process	✓	

Manangement Case		Addressed with Submission?	Comments or Observations
Introduction	Approach taken to assess if scheme is deliverable	✓	
Evidence of Similar Projects	Evidence of delivery of similar projects	✓	
Programme / Project Dependencies	Deliverables & decisions from other projects	✓	
Governance	Key roles, accountabilities	✓	More detail of coordination of management between elements
Programme / Project Plan	Milestones, critical path	✓	
Assurances & Approvals	Approval milestones	✓	
Communication & Stakeholders	Communications strategy	✓	
Project Reporting	Reporting arrangements	✓	
Implementation	Key works streams	✓	
Key Issues	Issues likley to affect delivery and implementation	✓	
Contract Management	Outline arrangements, including continuity between contractor and operator	✓	
Risk Management	Arrangemetns	✓	
Benefits Realisation	Managing realisation of benefits	✓	
Monitoring & Evaluation	Arrangemetns	✓	
Contingency	Contingency management plans	n/a	
Options	Summarise overall project management approach	n/a	