

Ben Smith
Head of Commissioning|Communities
Email address Ben.Smith@rbwm.gov.uk
Phone number 01628 796147

13 November 2017

Mr R Tyndall
Thames Valley Berkshire LEP
100 Longwater Avenue
Green Park
Reading
RG2 6GP

Dear Richard

Maidenhead Station – Value for Money Statement

This letter is provided in support of the Business Case produced by the Royal Borough of Windsor and Maidenhead for the Maidenhead Station Access scheme.

Value for Money Categorisation

The evidence produced within the Full Business Case report for the Maidenhead Station Access scheme proves that the monetised benefits which can be deemed to be having an effect on the public accounts represent 'Very High Value for Money' as per the definitions in the Department for Transport's Value for Money Framework¹.

Present Value of Benefits and Costs

A value for money assessment has been undertaken. For schemes such as this, that include additional rail revenue benefits, a standard benefits cost ratio (BCR) is not appropriate and so instead a 'Net Present Value (NPV) / Capital Cost' approach has been adopted to summarise the overall economic impact of the scheme.

The present Value of Benefits (PVB) is calculated as £6.487m. This indicates that overall the scheme has a significant positive economic impact. In turn, the NPV is calculated as £12.040m, taking into account the positive revenue gains of the scheme.

The end NPV / k is calculated as 2.35, indicating a positive rate of return on scheme investment.

Non-monetised, Environmental, Social and Distributional Impacts

Further social and environmental benefits have been derived from qualitative assessment, and whilst these will not provide a monetised benefit for use in this

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630704/value-for-money-framework.pdf

appraisal, the impacts are considered when deriving the Value for Money presented by the scheme:

Indicator	Scheme Impact
Noise	Slight positive
Local air quality	Neutral
Landscape	Neutral
Townscape	Strong positive
Historic Environment	Slight positive
Biodiversity	Neutral
Water Environment	Slight positive
Security	Strong positive
Accessibility	Strong positive
Severance	Neutral

The proposed scheme is considered to represent 'Very High Value for Money', since it generates benefits to wider society and 'pays for itself' in the long-term, with outlays being less than revenues and cost savings combined.

Key Risks, Sensitivities and Uncertainties

The business case includes a Quantified Risk Assessment, which identifies key risks and sets out how these will be controlled and mitigated throughout the life of the project. Key risks include:

- Changes to scheme funding and scheme cost over time
- Construction delays due to unforeseen circumstances
- Failure to secure the necessary regulatory approvals
- Failure to agree car parking reimbursement
- Failure to secure stakeholder support

In developing the economic business case careful selection of multipliers and judicious use of sensitivity testing has ensured that the business case is robust as summarised below.

In the core scenario, the TUBA core hours to daily impact has been increased from a value of 1.5 in the previous economic analysis, to a current value of 6.7. This is a substantial increase and is considered to be at the upper end for the multiplier. Therefore sensitivity tests to further increase it have not been considered.

Potentially, the impacts of the junction works might be considered beyond 20 years. Extending the TUBA assessment to 30 years, would generate an end NPV / k of 1.42. However, this does not include an increase of other benefits. If all scheme lifespans are increased, the net benefit increases and therefore so would the NPV / k, above the core value of 2.35.

The core scenario moves the overall station security and CCTV levels 20% along the spectrum, which results in a passenger demand response and gain in revenue. It could be that the perceived change or elasticity response is lower or greater. However, only these station user changes have been considered - other aspect of the scheme could result in a positive demand shift to rail use and generate additional revenue, which would have a positive effect on the business case.

Adopting a security / CCTV elasticity response multiplier of 15% would generate an end NPV / k of 1.93. Adopting a security / CCTV elasticity response multiplier of 25%

would generate an end NPV / k of 2.77. If the scheme analysis does not consider the increased fare at all, the BCR would be 1.66 indicating that the scheme still represents value for money, even under this extreme test.

Certification of the Senior Responsible Officer

I certify the Value for Money Statement provided within this letter to be a true reflection of the work undertaken in preparing the Business Case for the Maidenhead Station Access scheme.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ben Smith', written in a cursive style.

Ben Smith
Head of Commissioning|Communities