



## **PTE'S ROLE ON RAIL STATIONS** Developing the Business Case

Prepared for  
PTEG  
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## **1 INTRODUCTION**

### **1.1 Purpose of study**

The study is remitted to identify and review alternative structures of responsibility for railway station sponsorship, stewardship, and service delivery, in the context of potential scope for greater devolvement of responsibility for urban rail to the PTEs. The inception meeting further refined the priorities for this study to include:

1. exploring the costs and risks of station ownership and management and the issues associated with transferring these responsibilities to the PTEs;
2. to identify potential benefits of transferring responsibility; and
3. to assist PTEG to identify a value for money argument flowing from such benefits or efficiencies generated by devolving responsibility to PTEs, rather than, for example, to the passenger train operators (TOCs).

### **1.2 Background**

#### **1.2.1 Station characteristics within PTE areas**

1. There are over 350 rail stations in PTE areas, 14% of the UK rail total. Amongst these, there are a small number of very large 'National Hub' stations which are currently operated by Network Rail and are considered outside the scope of this study. The other stations can be characterised as follows:
2. Large ('National Interchange') stations are served by multiple operators, which often account for a significant majority of passenger footfall within the PTE areas. They cater for substantial flows of both originating and inbound passengers making long distance inter-regional journeys as well as handling substantial suburban traffic.
3. Moderate-sized ('Important Feeder' / 'Medium Staffed') stations, often served by more than one TOC and catering for both local suburban and some longer distance passengers.
4. Small staffed or unstaffed stations, mostly served exclusively by the local service provider TOC, and primarily used by passengers making relatively local journeys from suburbs into the centres of large towns and cities. The majority of stations within PTE areas are in this category.

#### **1.2.2 Summary details of the station portfolio within PTE areas**

A summary of station categories, the quantum of stations and passenger footfall for each PTE within each category is provided in Section 2 of this report. A full list of stations by PTE area, showing category, footfall, SFO, and other information is provided at Appendix B.

#### **1.2.3 PTE Track record**

PTEs have substantial experience and a track record in sponsoring station enhancements, the specification of quality standards and monitoring delivery at stations within their regions. Since the privatisation of British Railways and introduction of the subsequent franchise replacement regime, the PTEs have seen their responsibility for specification and management of local rail services reduce. However, throughout this period the PTEs have continued to sponsor significant enhancement at stations, e.g. new stations, interchange facilities and new car park assets. The PTEs' contribution to rail station enhancement ranges from relatively modest incremental enhancement to major projects creating multi-modal interchange stations that have required tens of millions of pounds of PTE investment.

#### **1.2.4 PTE Relevant expertise**

The PTEs have some relevant in house expertise resulting from their responsibility for other transport assets, including land and property. PTEs own, manage, maintain and renew bus stations together with travel centres, metro systems, and park and ride facilities, including significant station parking assets. PTEs have retailing expertise and ticketing and settlement experience dealing with a multiplicity of operators.

#### **1.2.5 Scope for improvement in the quality of station provision**

Chris Green and Peter Hall published their Better Stations review, commissioned by the previous Secretary of State, around a year ago. This review identified many weaknesses with the existing situation with rail stations. The operators of the suburban stations in most of the PTE areas (London Midland and Northern Rail TOCs) were ranked 15th and 17th out of 18 respectively for service quality satisfaction, scoring an average of under 60% compared with 78% for the best in class.

### **1.3 Station roles and responsibilities**

There are a number of different roles and responsibilities undertaken at stations currently:

#### **1.3.1 Sponsorship of the station's use and development**

The sponsor is responsible for ensuring that the station is effectively supporting the area / region's transport objectives and rail passengers in the context of national and local policy. The sponsor sets the budget and provides the funding for station operation, maintenance and enhancement. The sponsor normally sets the standards and specifications that should be delivered reflecting local and national policies. There is often the need for enhancement projects and it is important that these deliver to the standards set and align with wider objectives. The sponsor is responsible for driving value for money from capital works projects and ensuring appropriate funding mechanisms are available.

#### **1.3.2 Existing sponsorship arrangements**

The DfT typically acts as sponsor for the TOCs' station delivery role; and Network Rail (NR), overseen by the ORR, sponsor their station Asset Stewardship role. Sponsorship of station enhancement activity varies depending on which party requires and funds the incremental enhancement. This could be DfT, NR, TOC, local transport authority or third party.

#### **1.3.3 Stewardship of the station assets**

This comprises long term responsibility of the station including major periodic maintenance and ensuring ongoing compliance with railway standards. Stewardship involves either outright ownership or a long lease of the asset. Stewardship may bring the opportunity to add value through investment in order to optimise whole life costs and improve the passenger environment. Commercial property developments also can be initiated at suitable station sites. Currently the stewardship role rests with NR for structural assets including renewal, but with the TOC responsible for the station, i.e. the "Station Facility Owner" (SFO) managing the asset on a day to day basis, including repair and painting responsibilities.

#### **1.3.4 Day to day management and service delivery at the station**

Station management and service delivery includes staffing, routine maintenance, and ensuring effective working arrangements with train service providers. Minor projects (e.g. signage, waiting room repair and painting) may be most efficiently developed and completed as part of this service delivery role. The 'Station Facility Owner' (SFO) discharges these roles and responsibilities. This role is normally undertaken by the primary TOC serving the station.

#### **1.3.5 Progression and delivery of minor works and major capital works**

Minor works can be progressed by the SFO TOC or by NR through call-off contractors or alternatively if there is sufficient scale of activity, by an in-house team either within the TOC or

NR. This activity may be aligned with routine maintenance, heavy cleaning and repair and painting. Major works often involve complex scheme development needing design specialists and engineering contractors qualified to working close to the operational railway. The need for specialist design, the approvals process, and possession requirements can import cost and extended timescales for schemes. Whilst the service is normally provided by third parties, it is normally managed by the SFO TOC or Network Rail. TfL has gained some direct experience of developing and managing such projects within London, and there has also been some direct experience of managing rail projects within PTEs.

## **1.4 Potential responsibility structures**

### **1.4.1 Conventional arrangements**

Conventionally since privatisation (at all but the largest stations), the TOC providing the majority of train services at the station acts as the SFO, with responsibility for the day-to-day management and service delivery at the station. Network Rail (NR) retains responsibility for the stewardship of the station structural assets.

### **1.4.2 Existing alternative arrangements**

There are, however, a number of cases where different arrangements are in place for urban heavy rail provision:

1. Liverpool South Parkway, which is owned by Merseytravel, with station standards specified by the PTE;
2. In London, TfL has responsibility for the specification and management of the London Overground concession and have required station facility enhancement and quality improvements to be delivered by their operator across the stations served by London Overground. The implementation of this approach has reached the point at which it can form the basis of a useful comparator of the benefits and risk of more local control.
3. Horwich Parkway, funded and owned by TFGM who lease the station to the primary operator, Northern;
4. Aylesbury Vale Parkway and Coleshill Parkway stations, both owned by John Laing plc, and leased to the primary train operators (Chiltern and London Midland).

## **1.5 Study approach and deliverables**

Our study work breaks down into three task areas:

1. Data collection and preliminary analysis
2. Review of current alternative structures – generated through a PTEG workshop
3. Analysis and assessment of possible options.

### **1.5.1 Review of physical and financial metrics**

We have prepared a numerate profile of PTE area stations and also collected data for non-PTE comparator purposes to inform the client workshop, where the options to be assessed were shortlisted. These use Merseytravel, TFGM and Centro as case studies together with LOROL enhancements as a benchmark. We have identified typical organisation, skills and resources, benchmarked costs and revenues associated with suburban station ownership. Although specific cost and income data is not readily available, and the client has not remitted us to approach TOCs/ NR to request such data at this stage, we have sought to make appropriate estimates, relying on our industry knowledge of the key drivers and the typical scale of such costs, incomes and charges. We have also considered the typical scale of outlays associated with major refurbishment of dilapidated assets based on LOROL experience.



### **1.5.2 Benefit potential from greater PTE responsibility**

The potential benefit that could flow from greater PTE responsibility for rail is explored specifically in the context of station sponsorship, stewardship and delivery.

### **1.5.3 Identification and allocation of risk to roles**

We have prepared a risk matrix which describes the allocation of principal risks under the existing 'conventional' UK station ownership / management structure. We have then considered which of these risk areas could fall to the PTEs for the greater role played in the various options assessed.

### **1.5.4 Statutory and contractual implications of options explored**

Specialist legal input has been provided by Eversheds LLP to inform the statutory and contractual implications of the options considered. We set out some of the pros and cons for alternative responsibility structures.

### **1.5.5 Consultation discussions**

As part of this process consultation meetings were held individually with the Office of Rail Regulation, and with Head of Stations at NR, and a telephone discussion was held with Tim Griffiths in the McNulty Rail VfM review team. Notes of specific industry consultation meetings are attached at Appendix A.

## 2 REVIEW OF EXISTING SITUATION

### 2.1 Station provision in PTE areas

#### 2.1.1 PTE stations by category

**Table 1 Station categories**

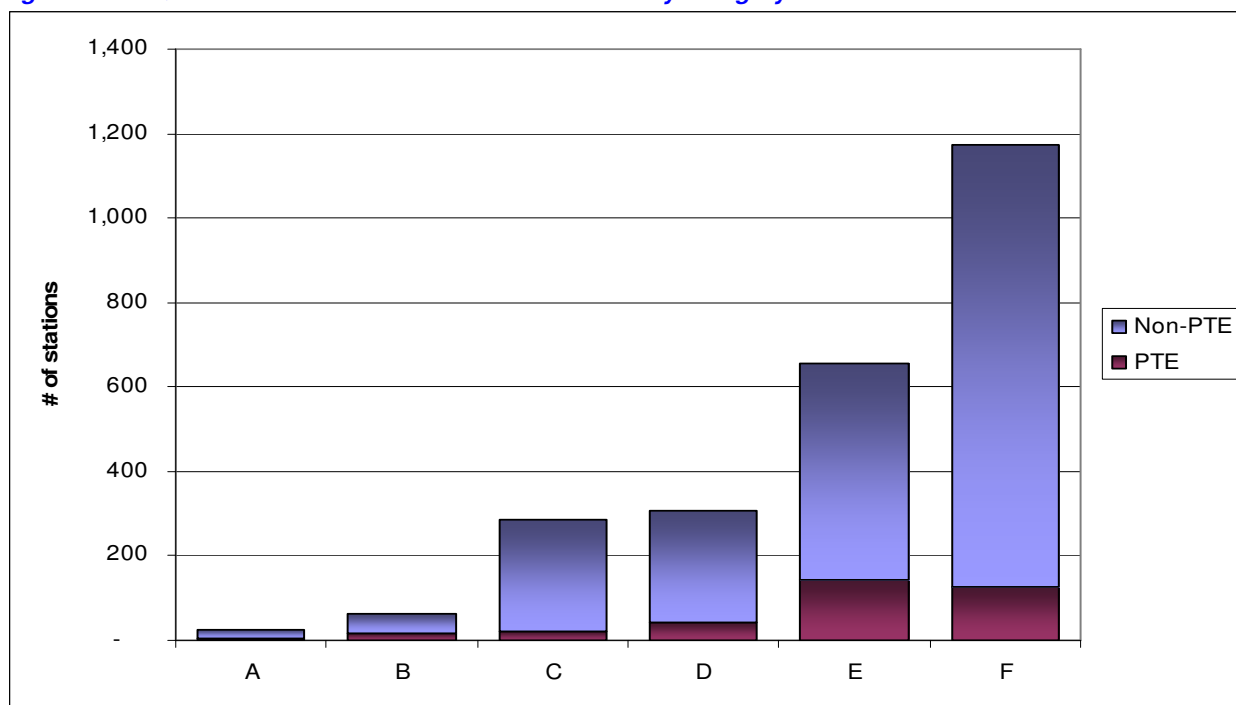
Category	Type of Station	Criteria per annum	% of PTE Stations
A	National Hub	Over 2m trips: over £20m	2%
B	Regional Interchange	Over 2m trips: over £20m	5%
C	Important Feeder	0.5 – 2m trips: £2-20m	5%
D	Medium Staffed	0.25-0.5m trips: £1-2m	11%
E	Small Staffed	Under 0.25m trips: under £1m	41%
F	Small Unstaffed	Under 0.25m trips: under £1m	36%

NR allocate stations to categories on the basis of station footfall, together with the role and the scale of the facility. Concerns have been raised that station usage statistics understate PTE area stations due to non-capture of PTE ticket products. The ORR official station usage data does now take account of travel using PTE products. Station provision across the six PTE areas is dominated by stations in the smaller station categories. The majority of the 354 stations in PTE areas (77%) fall into ‘E’ and ‘F’ categories, accounting for 27% of footfall. 17 of the PTE area stations are important “Regional Interchange” stations (Category B).

#### 2.1.2 Quantum of UK rail and PTE area stations by category

The PTE profile is similar to the overall UK rail network but with typically a greater level of staffed presence at the smaller stations (Category E). The spread of station types is illustrated below.

**Figure 1 Quantum of UK Rail and PTE Area Stations by Category**



### 2.1.3 Stations in each PTE area

**Table 2** Stations by category by PTE area

PTE Area	Station Category						Total
	A	B	C	D	E	F	
Greater Manchester	1	5	5	7	37	44	99
Merseyside	1	3	1	6	65	5	81
South Yorkshire	1	1	3	1	3	21	30
Tyne & Wear	1		1			6	8
West Midlands	1	5	5	19	35	5	70
West Yorkshire	1	3	4	7	5	46	66
Grand Total	6	17	19	40	145	127	354

In terms of quantum of stations, TFGM, Merseytravel, Centro, and West Yorkshire PTEs would have the largest portfolios of stations within their area to achieve critical mass were they to take on a greater role in stations. All PTE areas have a diverse range of stations in terms of categories. The vast majority of stations in the Centro and Merseytravel areas are in the small/medium staffed station categories (D & E), whereas in Greater Manchester, and particularly in West Yorkshire, small unstaffed stations (F) is the most prevalent category. The data covers franchised stations, i.e. excluding NR ISO stations (e.g. Birmingham New Street, Manchester Piccadilly, and Leeds).

### 2.1.4 Footfall at PTE stations

**Table 3** Footfall at PTE stations

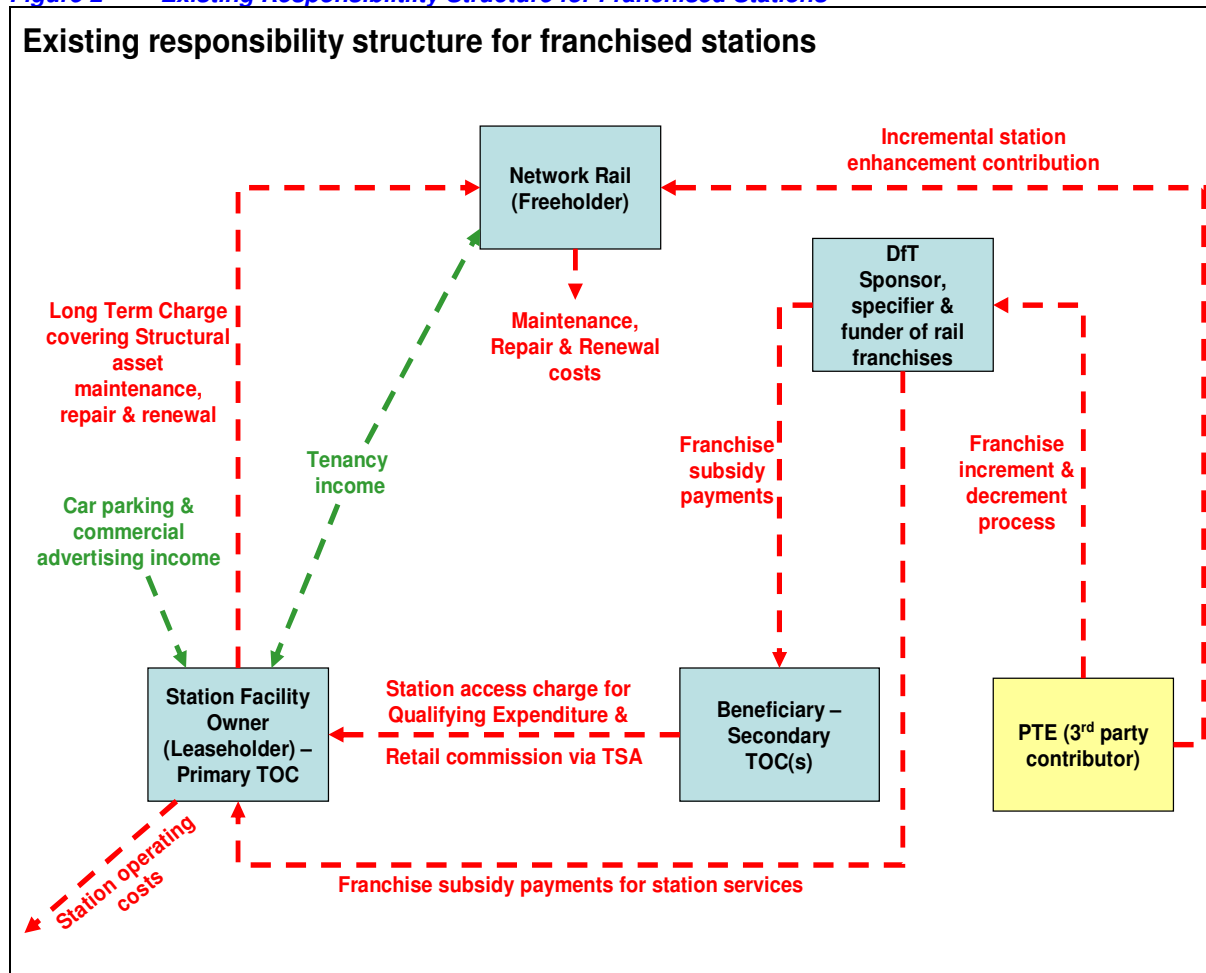
Station Category	PTE						Total
	TFGM	Merseytravel	Centro	SYLTE	WYPTE	Tyne & Wear	
A	19.8	10.8	25.3	3.7	22.0	7.2	88.8
B	12.5	23.0	21.2	7.5	5.6	-	69.8
C	11.4	0.0	6.8	3.2	7.2	0.7	29.4
D	4.5	13.1	11.6	0.3	6.2	-	35.7
E	7.3	47.2	8.3	1.1	2.8	-	66.7
F	3.9	2.0	0.2	2.1	10.4	0.5	19.0
Total	59.4	96.1	73.3	17.9	54.2	8.4	309.4

Station footfall (millions per annum) reveals the spread of passengers. A typical journey within the PTE area could involve using a small staffed station at the start of their morning peak commuter rail journey to a large national hub or regional interchange serving a central business district, with a corresponding return journey in the evening peak.

## 2.2 Existing responsibility structure

The diagram below presents the flows of costs between the various parties in the 'standard' current franchised station ownership structure.

**Figure 2 Existing Responsibility Structure for Franchised Stations**



### 2.2.1 NR

NR is the freeholder of the stations' land and property and is responsible for maintenance, repair and renewal of structural assets.

### 2.2.2 SFO

The TOC Station Facility Owner (SFO) is responsible for the day to day running costs of the station (staffing, utilities), minor repairs and upkeep. In the franchise renewal process bidders make an estimate of these costs, for which they are at risk during the franchise period. The SFO makes a payment (Long Term Charge) to NR for the long term maintenance, repair and renewal of the asset. In addition to receiving payments from other TOCs towards qualifying station expenditure and retail commission for ticket sales, the SFO may earn ancillary revenue e.g. car parking, commercial advertising and tenancy rental.

### 2.2.3 Secondary TOCs

Other TOCs that call at a station where it is not SFO make a payment to the SFO (Qualifying Expenditure) that contributes toward the operating costs of running the station. In some cases secondary TOCs pay a contribution to the Long Term Charge. These payments are generally based on the number of departures each TOC makes from the station.

### 2.2.4 DfT

DfT currently provides the sponsor role, having specified the requirements through the ITT and subsequently contractualised through the Franchise Agreement. Funding is disbursed through monthly franchise payments. DfT manages the relationship with the TOC through monthly Franchise Management meetings, and ad-hoc discussions on specific issues.

## 2.3 Stations risk matrix for the existing structure

We have reviewed the existing allocation of risk under the existing 'conventional' UK station ownership / management structure for the more common risk event areas:

**Table 4 Station Risk Matrix for Existing Structure**

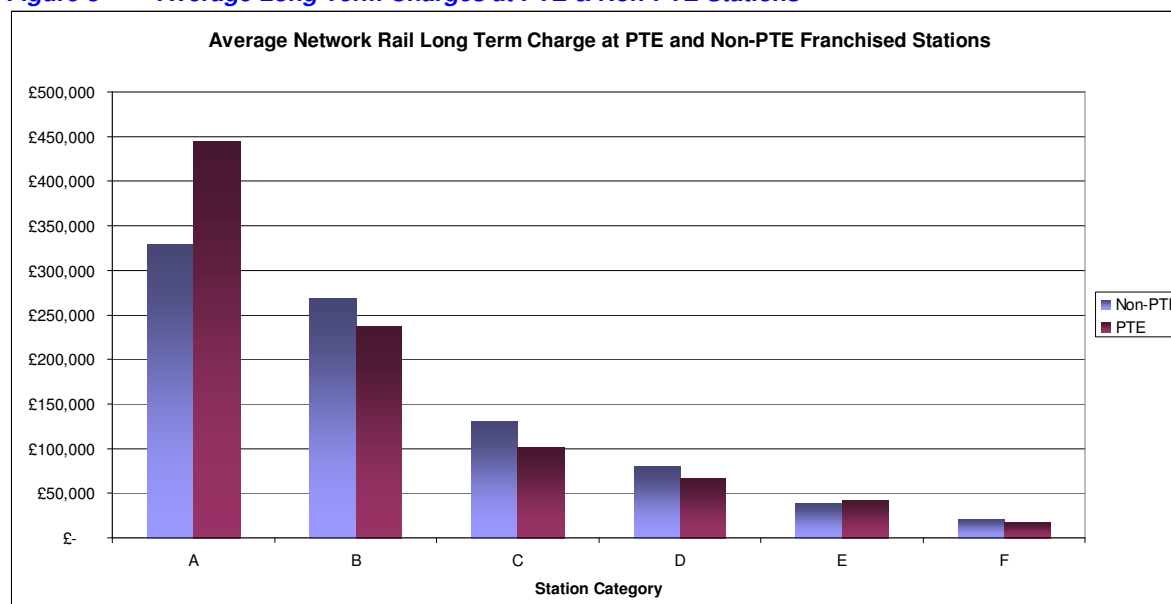
<b>Risk event area</b>	<b>“SFO” : TOC</b>	<b>“Structural asset steward” : NR</b>	<b>“Sponsor” : DfT</b>
<b>Passenger revenue loss from interruption to normal service</b>	<p>Power failure</p> <p>Industrial Relations dispute (station staff)</p> <p>The activities of the emergency services not in response to terrorism</p> <p>TOC is generally on risk (<u>except</u> if resulting from “Force Majeure” events).</p>	<p>Resulting from structural asset failure</p>	<p><i>Force Majeure</i> events: as defined in the franchise agreement, including:</p> <p>Industrial Action (including TOC and NR staff) – revenue compensation covered typically in first 4 years of franchise.</p> <p>Acts of God, war damage, enemy action, terrorism or suspected terrorism, riot or rebellion.</p> <p>Also where access to station is denied by NR for over 12 hours.</p>
<b>Asset loss or damage</b>	<p>TOC primarily on risk: e.g. Vandalism, arson, theft, graffiti</p>	<p>Resulting from structural asset failure e.g. collapse</p>	<p>Force Majeure events as above.</p>
<b>Environmental hazard, e.g. Asbestos</b>	<p>If part of self supporting canopy</p>	<p>If part of station building structure</p>	
<b>Safety and security, e.g. personal injury</b>	<p>Station staff and passenger</p>		
<b>Breach of contract obligations, e.g. material failure to deliver required service quality</b>	<p>Depends on the Service Quality regime mechanism</p>	<p>Subject to ORR scrutiny and review</p>	

These risk areas would transfer to whoever would take on each of these roles in the future.

## 2.4 Station Long Term charges

### 2.4.1 Average Long Term Charges by category

**Figure 3** Average Long Term Charges at PTE & Non-PTE Stations



TOCs pay NR a Long Term Charge to cover station maintenance, repair and renewal of the station structural assets. The Long Term Charges are agreed with the ORR for each Control Period, and are set at a level to enable NR to meet an agreed level of asset condition at the end of the relevant Control Period. Of the £131m annual national total (in 2009/10) for station Long Term charges at franchised stations, nearly 14% (£18m) were for those stations within the six PTE areas.

### 2.4.2 Long Term Charges for stations in each PTE area

**Table 5** Annual LTCs at stations within PTE areas (£000s)

Station Category	PTE					
	TFGM	Merseytravel	Centro	SYLTE	WYPTE	Tyne & Wear
A	£1,148	£762	£927	£340	£1,380	£550
B	£1,181	£935	£1,472	£524	£266	£0
C	£725	£20	£496	£261	£347	£76
D	£503	£1,632	£867	£63	£423	£0
E	£981	£2,935	£1,375	£123	£175	£0
F	£687	£245	£55	£325	£846	£111
<b>Total</b>	<b>£5,225</b>	<b>£6,529</b>	<b>£5,192</b>	<b>£1,636</b>	<b>£3,436</b>	<b>£738</b>

NR's long term charge for stations provides them with funding to maintain, repair and renew the station assets such that an agreed steady state of asset condition is met. A large proportion of the stations within PTE areas are small in scale (category E & F) and therefore each attracts relatively small long term charges. Table 4 above shows the annual Network Rail CP4 Long Term Charges for the stations within each of the PTE areas. These therefore provide a guide for the scale of cost for maintenance, repair and renewal activity that the NR role of asset stewardship would import. i.e. approximately £5m annually for each of Centro and TFGM, and £6.5m for Merseytravel. At present there is no rigid ring fencing of such funding to specific routes or station groups. However in the NR CP4 Delivery Plan, NR has made a "commitment that the stations charge will provide a reasonable expectation of spend at the [TOC SFO] portfolio level".

## 2.5 Station asset condition

### 2.5.1 Station Stewardship Measure and condition rating

**Table 6** *SSM condition ratings*

Remaining life as % of expected full life	Condition Rating
76% - 100%	1
46% - 75%	2
16% - 45%	3
1% - 15%	4
0	5

The station stewardship measure (SSM) is the new regulatory measure for station asset condition. SSM measures the asset condition of a station's building fabric and building services (including canopies, platforms and lighting). The SSM is a weighted measure of the condition ratings of each station. The condition rating for each station is assessed based on the percentage of asset life remaining, as categorised in table 6.

### 2.5.2 SSM condition rating targets

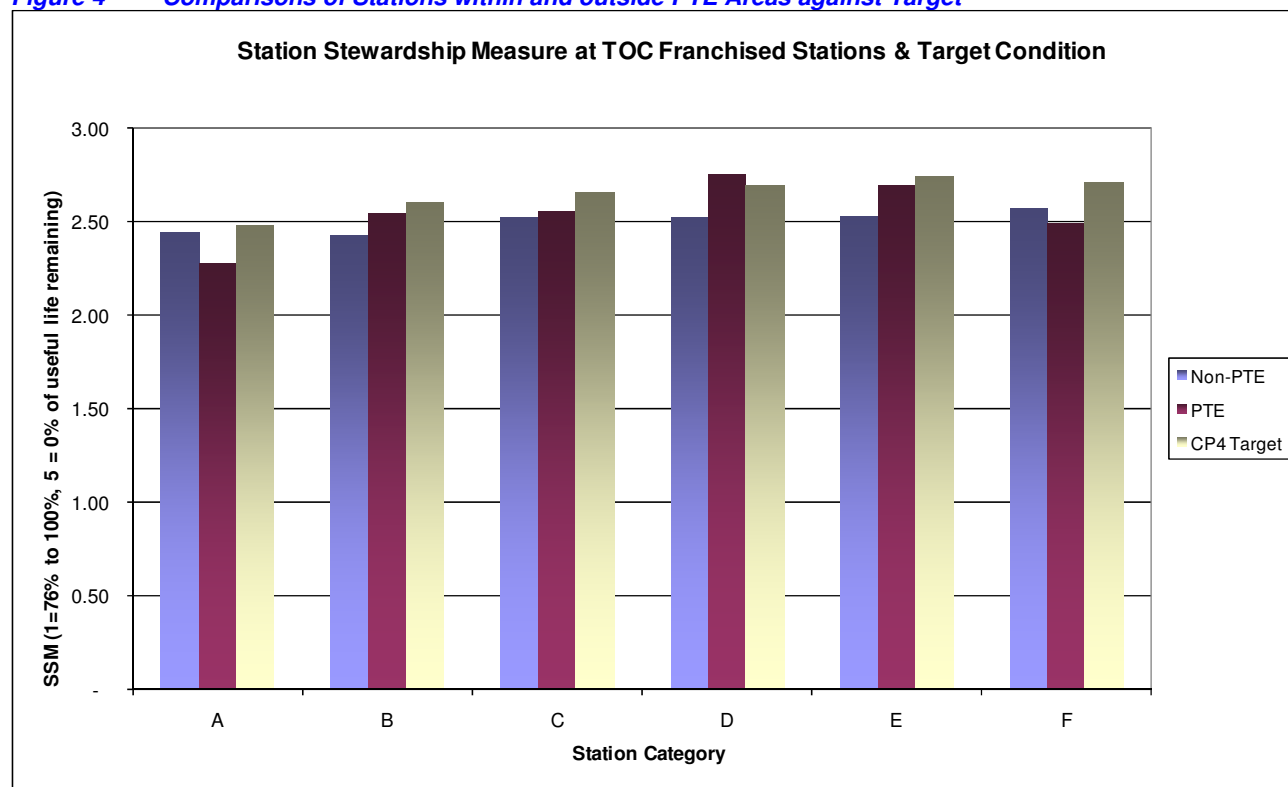
NR's maintenance and renewal programme is based on achieving targeted SSMs by the end of CP4 (2014) for each of the six station categories. The lower the SSM score the greater the asset life that remains. The targets are as shown in Table 6 below:

**Table 7** *SSM condition targets*

Station Category	Station Stewardship Measure Average Rating at End of CP4	Remaining Life - % of Expected Full Life at End of CP4
A	2.48	49%
B	2.60	45%
C	2.65	43%
D	2.69	42%
E	2.74	40%
F	2.71	41%

### 2.5.3 Comparison of stations within and outside PTE areas against target

**Figure 4** Comparisons of Stations within and outside PTE Areas against Target



Network Rail is generally ahead of the targets they need to achieve by the end of CP4. This also is the case generally for stations within the PTE areas, the exception being the Category 'D' stations, which account for 11% of PTE stations

## 2.6 SFO station operating costs

### 2.6.1 Station operating activity

The costs of the day to day running of stations fall to the SFO TOC. The activity that causes these costs includes:

1. Station staffing (ticket office retailing, platform duties)
2. Day to day short term repair and maintenance of station fabric and facilities;
3. Ticket machine, CCTV, CIS and help-point equipment maintenance;
4. Security arrangements and cash collection;
5. Cleaning;
6. Utilities: electricity, gas, and water.

### 2.6.2 Indicative operating costs

Indicative outline costs for the scale of station operating costs for each of the PTE areas is shown in the table below. These costs are based on our benchmark data where the local suburban operator is the SFO (e.g. London Midland SFO stations in the Centro area). The costs assume that stations have an adequate staff presence during traffic hours, and estimates reflect the quantum of stations within each category for each PTE area. These costs are indicative and exclude large "national hub" Network Rail managed stations (e.g. Birmingham New Street) and exclude intercity high speed operator led stations (e.g. Birmingham International). Dialogue with relevant TOCs and NR to request detailed specific cost information would be necessary to gain



a detailed understanding of the specific costs for each station within each PTE area, and build up a comprehensive estimate across all the categories.

**Table 8** *Illustrative scale of annual station operating costs at a typical station in PTE areas (£m/p.a.)*

PTE	Operating Cost (£m p.a.)
TFGM	£15
Merseytravel	£15
Centro	£12
SYLTE	£3
WYLTE	£7
Tyne & Wear	£1

### 2.6.3 Indicative administrative costs and overheads

In addition to the above costs, the HQ Station and Retail Management costs may add in the order of a further £2m per annum to cover functional management and administration, including retail accounting. If the PTE takes over station operation and retailing, then it may also become liable to incur a material proportion of other rail industry costs and charges, examples could include a proportion of BT Police costs, Rail Settlement Plan, and other central charges including a contribution to ATOC costs. Equating to 2% of TOC costs, on a pro-rata basis this might add a further £0.5m per annum for the three larger rail PTE's. Although in practice, for example, BT Police would probably seek to apportion charges, as they do with TOCs, on the basis of the quantum of crime incidents that have occurred at the relevant locations in recent years as a proportion of the total incidents.

## 2.7 SFO sources of income

### 2.7.1 Station trading tenancy

Many TOCs have a diverse portfolio of larger and smaller stations, including some serving large centres with high levels of footfall. It is at the larger stations (category C and above) that there is market potential for development of material ancillary income from station trading tenancies and commercial advertising (see Green and Hall Better Stations report). At present though a typical arrangement would see the TOC only receiving 25% of tenancy revenue at stations with NR retaining the other 75%. This together with a relatively short franchise life has limited the TOCs' incentive to invest and restructure stations to create additional tenancy opportunities.

### 2.7.2 TOCs commercial approach to station car parking

Many TOCs, away from the PTE areas, have outsourced their car parks to third party car park management specialists, tendered to the highest bidder granting the rights to maximise net revenue from the car park assets. This has led to car park tariffs being set primarily to maximise car park revenue rather than necessarily to encourage additional rail travel through modal shift.

### 2.7.3 PTEs emphasis on station car parking

Car park provision is seen as an important priority by the PTE's, and seen as key to a strategy to get people out of their cars to relieve city road congestion. For example approximately 7,000 car spaces are now provided at rail stations in the Centro area. Typically Centro has created these by leasing land from NR, and investing in their own assets that they operate and maintain. Car parking rates are set to encourage modal shift and greater use of the rail network, rather than income maximisation, therefore most spaces are provided free of charge to rail users. Similarly there are also over 4,000 parking spaces provided at rail stations in Merseyside with further expansion plans underway. There are also approximately 5,000 car parking spaces provided at stations within the TFGM area, and these are also free of charge to users.

## 2.7.4 Case study: Centro rail station free car park pricing review

Centro provide car parking at 37 stations in their area, with expansion plans set in 2010/11 adding over 500 additional spaces. As referenced above, Centro have a policy of providing free parking with the aim of encouraging rail travel and reducing road congestion. The exceptions being at Solihull and Sutton Coldfield where a small charge is made to discourage the use of these car parks by non-rail users. The McNulty scoping report in 2010 explicitly referred to the use of station car parks to raise revenue. For example an average charge introduced of £2.50 per space on weekdays, if we assume 80% average occupancy were achieved, could realise £500 income per space. On that basis, a total car park income of approximately £3.5m per annum could be realised from the Centro rail station car parks. Centro commissioned consultants to study the impact of charging at Centro station car park facilities. The study findings however concluded that “taking into account the net income generated from car parking and the loss in fares income from rail, all charging scenarios required greater public subsidy”. (Source: Centro Integrated Transport Authority: Meeting Minutes 6 September 2010). As a result Centro re-affirmed their policy that not charging for car parks offered the public sector best value for money, in the light of passenger and decongestion benefits, and shared these findings with the McNulty Review.

## 2.7.5 Indicative income from stations

Passenger revenue is allocated to passenger train operators (the TOCs) on the basis of the train journeys made on their trains. At stations income is derived from retail commission on passenger ticket sales, together with ancillary property related income. Indicative station income is shown in the table below for the PTE areas, broken down by commission on retail sales, property letting and advertising. In total they are worth around £2m a year, equating to 15% of the station operating costs that the SFO incurs. Overall income from stations could increase to approach £3m a year, were the PTE to gain all (rather than just 25%) of the Property Letting income as a result of taking over asset stewardship from NR. However, given the preponderance of Category E and F stations within PTE areas and the retention of those large city centre stations with the most profitable development potential by NR as ISO, we consider it very unlikely that PTEs could develop significant additional ancillary income from their station portfolios. Significant annual funding provision will continue to be required to fund the operation of these local stations.

**Table 9** Indicative scale of annual station income from suburban stations in PTE areas (£m)

Income Type	TFGM	Merseytravel	Centro	SYLTE	WYLTE	Tyne & Wear
Retail Commission	£1.3	£1.3	£1.1	£1.0	£0.9	£1.0
Property Letting & Advertising	£0.6	£0.6	£0.5	£0.5	£0.4	£0.5
<b>Total</b>	<b>£1.9</b>	<b>£1.9</b>	<b>£1.6</b>	<b>£1.5</b>	<b>£1.3</b>	<b>£1.5</b>

## 2.8 Indicative costs and income at a typical PTE Station

### 2.8.1 A typical station in PTE areas

We have defined the typical PTE station as a small manned station (category E), with two platform faces, ticket office, waiting rooms, footbridge, and forecourt. We have further assumed that this typical station is staffed throughout the traffic day. An overall summary of annual income and operating and maintenance costs for a typical PTE suburban station is shown in Table 10 below. Overall income for such a station is estimated to be just over £22k per annum, compared to annual expenditure of £365k per annum.

**Table 10** *Indicative summary of income and costs at a typical station with car parking*

Item of income and expenditure		£000 per annum
<b>Income</b>		
Station retail commission		£15
Property tenancy and advertising revenue		£7
Car parking receipts		£0
<b>Total Income</b>		<b>£22</b>
<b>Costs</b>		
SFO costs	Repairs & maintenance	£12
	Staff costs	£152
	Non staff	£17
Long term charge (for asset inspection and renewal)		£74
Car park operation, maintenance and renewal		£50
Enhancement spend on average		£60
<b>Total Costs</b>		<b>£365</b>

### 2.8.2 Typical income

The existing income received by the SFO would be approximately **£22k per annum**, assuming no car parking charges apply (in line with current Centro policy), and that the SFO is the TOC providing the vast majority of train services at the station. **Retail commission of £15k per annum** relates purely to commission received from other TOCs for transactions involving their ticket revenue, e.g. longer distance intercity journeys. Were the SFO, with responsibility for ticket sales at the station not the primary (TOC), to receive Commission Payments on ticket sales for journeys using the primary TOC (who is currently the SFO) then typically **a further £18k per annum of Retail Commission could be received**, to increase total Retail Commission from £15k per annum to approximately £33k per annum at a typical PTE station. Under existing leasing arrangements between the SFO and Network Rail, the **Property letting** income (excluding advertising) is typically shared on the basis of 25% of income to the SFO and 75% to NR. Were the SFO to take over responsibility for station assets and took all of the letting income, then property income could increase from just under £5k per annum to just over £19k per annum, leading to **an increase in income from property letting and advertising from £7k per annum to £22k per annum**. Together with earning retail commission from the primary TOC, being in receipt of 100% of property income could lead to **total income potentially reaching £55k per annum**. This would still be less than a quarter of the total station costs. Car parking receipts are assumed to be zero, in line with the policy of a number of PTEs, where car parking is provided to encourage trips into the city centre from car to rail. Research undertaken by Centro has shown that introducing car parking charging at their stations would lead to a net increase in cost. The study demonstrated that car parking revenue is offset by a reduction in rail farebox revenue from people switching from rail and capital, the operating and maintenance costs for ticket machines and enforcement costs.

### 2.8.3 Typical cost

Total costs for a typical PTE station for running, carrying out day to maintenance and for long term asset renewal are estimated at **£365k per annum**. The Long Term charge of £74k per annum that is currently paid to NR includes financial provision for long term asset renewal. Staff costs make up the majority of costs paid for by the SFO (**£152k of the total SFO costs of £181k**), with the balance being made up of day to day maintenance costs and other non-staff costs (security, cleaning, ticket machine maintenance, and utilities). A **car park**, typically of around 170 spaces for a typical PTE station would cost a further **£50k per annum** in operating

and maintenance costs. For example Centro provided a total of nearly 6,400 car parking spaces in 2009/10 at 34 stations at an annual cost of around £1.7m. Such a car park facility could be operated and maintained by the PTE or other party, rather than the SFO. In addition to annual and maintenance costs, such a station may attract on average, in the region of £60k per annum of enhancement expenditure from various sources, and these sources of enhancement funding are detailed in section 2.10 below. PTEs would require a significant flow of funds to enable them to take on responsibility for such stations. Currently funding is provided by DfT to the SFO as part of the overall TOC net franchise payments.

## **2.9 Transition costs and risks at transfer of responsibility**

### **2.9.1 Staff transfer and associated costs**

The options where responsibility for asset stewardship and SFO at stations would transfer to PTEs may well involve the transfer, redundancy and resettlement of existing management and staff from the railway industry. This would trigger through the TUPE process the transfer of staff on current terms and conditions and the need to make adequate provision for pension rights. The provisions of the Railway Pension Fund and the requirements of Trustees would mean that any staff transferring across would need to be “fully funded” – an up front payment would be required to top up to cover any existing shortfall. Based on recent TOC remapping, the Railway Pension top up might be of the order of a one off payment of £0.5m.

### **2.9.2 Dilapidations**

Dilapidations would need to be accurately assessed for the station assets and an appropriate financial settlement would need to be provided so that the PTE can disburse the funds to enable this backlog to be address. Although SSM condition measures suggest that NR are ahead of the CP4 target for station asset condition. The scale of any backlog of structural asset maintenance and renewal for any asset responsibility transferring from NR, associated with transfer of Asset Steward responsibility, would be subject to detailed inspection and review. For most TOCs at franchise end / commencement, dilapidations within TOC responsibility have typically been around £5m, although this depends on physical condition. The dilapidation value represents an estimate of remedial work required to restore the station assets to appropriate condition and is assessed on the basis of detailed inspections at each relevant station. The outgoing SFO will pay this sum to the incoming SFO. Therefore the PTE, before taking over such a role, would need to be compensated by the outgoing SFO.

## **2.10 Specification, funding and management of station enhancements**

### **2.10.1 Sources of funding for enhancement**

The specification and funding of station development is very complex and comprises a large number of funding sources. This was highlighted in the DfT-commissioned report “Better Rail Stations” which contains details of the current levels of funding for stations, as shown in the table below. The figures show average annual funding levels for Network Rail Control Period 4 (CP4 - the period 2009-2014). The funding covers all expenditure on station infrastructure, including maintenance / repair / renewal and also station enhancement / upgrade. It does not include day-to-day operational costs.

**Table 11 Integrated Station Funding 2009-14 Average Annual Spend**

Funding Source	Description	£m p.a.	avg	%
1. NR Operational Property	Station maintenance/repair across network	226		35%
2. Major Projects (Managed Stns)	Network Rail major station upgrades	107		16%
3. NR Enhancements	Network Rail upgrades in 5 Year Plan (CP4)	77		12%
4. DfT <i>Access for All</i>	DfT ten year fund	55		8%
5. DfT/Transport for Scotland	Specific station grants	40		6%
6. Commercial Development	Section 106 planning gains etc	39		6%
7. DfT NSIP Programme	National Stations Investment Programme	31		5%
8. TOC Investment (SFO)	Franchisee station commitments	26		4%
9. Third Party funding	External contributions	25		4%
10. NR Non Operational Property	Telecoms etc	25		4%
11. Railway Heritage Trust	Top-up funding for heritage buildings	2		0%
	<b>Total</b>	<b>653</b>		<b>100%</b>

Source: Network Rail, reported in "Better Rail Stations" (Table 21)

### 2.10.2 Categories of investment funding

In terms of the way in which the schemes covered by this station funding are defined and monitored, it is useful to consider three broad categories:

1. Maintenance and Renewal (items 1 and 10). This issue is covered in other sections of this report.
2. Major Projects (items 2 and 5). These are identified and agreed by DfT and Network Rail at a national level, and funded directly by DfT. Often these projects include modifications to track and station infrastructure over extended route sections, although some are specifically aimed at improving facilities at a particular major station (e.g. Kings Cross and Birmingham New Street).
3. Small Schemes (items 3, 4, 6, 7, 8, 9 and 11). These are for the most part planned jointly between Network Rail and the TOC SFO through the Integrated Station Planning (ISP) process, with either NR or the TOC being responsible for delivery of the scheme.

Note that some of the funding identified in the table above under these categories (especially for items 3, 6 and 9) may fall outside this process, being related to NR managed stations or major projects (e.g. Stratford, Waterloo, Victoria, Gatwick Airport).

### 2.10.3 Network Rail Major Projects and Managed stations

Total funding for major projects is approximately £160m / year based on the table above. These projects are specified and funded by DfT, Transport Scotland and also in some cases by third parties (e.g. Olympic Delivery Authority). Additional funding from third party sources and commercial developments for NR managed stations may amount to around £40m. Examples of schemes falling into these categories include:

1. King's Cross project, providing a new western concourse, allowing improved passenger circulation within the station and better connectivity with LUL and St Pancras International.
2. Birmingham New Street gateway, including significant enhancements to passenger capacity at the station with improved access, station facilities and passenger information systems.
3. The Thameslink programme, with three phased outputs to deliver increased capacity on the Thameslink routes by 2015. (redevelopment at Blackfriars, London Bridge, and Farringdon).
4. Reading redevelopment, with 5 new platforms delivering capacity and performance benefits.
5. A major upgrade to passenger facilities at Stratford, funded by Olympic Delivery Authority.

6. Commercially-funded projects at managed stations, with original CP4 plans originally including developments at London Bridge, Cannon Street, Euston, Victoria and Waterloo.

#### **2.10.4 Major scheme implications for SFO managed stations**

Major schemes involving enhancement or upgrade to routes and track layouts (e.g. Thameslink programme and Reading area redevelopment) do have impacts on TOC-managed stations, and future schemes may therefore be affected in scenarios where the PTE is playing a larger role in the station management. The nature of these schemes (involving all aspects of infrastructure as well as the stations themselves) would almost certainly require NR to continue taking the lead in the planning and implementation processes, so the role of the PTE, whatever their role in the management and operation of the station, could be to contribute in the steering group, and to incrementally sponsor aspects of the overall project to address their own compatible priorities. Network Rail's role in major projects on the rail network is typically as follows:

1. NR would probably hold the lead sponsor role (although this role would be effected through a steering group and project board comprising a number of sponsoring and key stakeholder organisations e.g. NR, TOCs, DfT, Transport Scotland, TfL, and PTEs depending on the funding arrangements). Sometimes responsibility for sponsorship may transfer to NR once a single option development is chosen and the project moves towards detailed development and design (i.e. beyond GRIP 3)
2. NR would hold responsibility for scheme development and project management.
3. NR would not directly carry out detailed design: which would be commissioned from specialist engineering design consultants.
4. NR would not directly carry out the construction: for which a tender process would procure contractors to implement the works. NR would inspect the works as part of the asset protection, assurance and acceptance process.

#### **2.10.5 Local Delivery Groups**

Local Delivery Groups (LDGs) have been established as part of the National Stations Improvement Scheme (NSIP) to develop an overall 'Integrated Station Plan' (ISP) relating to the stations within their area. There is generally one group per TOC, covering all of the stations for which that TOC is the SFO, with the group being jointly chaired by Network Rail and the TOC. We understand that typically the PTEs have no formal role in these LDGs.

#### **2.10.6 Integrated Station Planning**

As well as being accountable for the delivery of NSIP-funded station enhancement schemes, the plans developed by the LDGs include Access for All, train operator and Network Rail maintenance and renewals programmes, TOC franchise commitments, pre-planned enhancements and commercial developments. They also negotiate with third parties to identify private and public funding opportunities for the stations. Although these various programmes have different funding sources and scopes, it is considered vital to meet the objectives of all programmes (including that of improving the whole station in the most efficient and effective manner), that the programmes are considered, planned and potentially delivered together. The total budget for enhancement works covered by all of these groups together is currently an average of approximately £200m / year, which is funded through a range of different channels.

#### **2.10.7 Network Rail enhancements**

A number of station enhancements are funded by Network Rail, based on their requirement to deliver the outputs specified by the Government's High Level Output Statement (HLOS). For stations, these generally relate to platform extensions and station capacity measures to meet capacity requirements. The priorities for investment are determined by Network Rail (with consultation) through the Route Utilisation Strategy and Route Delivery Planning processes. The investment work is funded by adding the value of the works to the RAB, subsequently recovered through the Fixed Track Access Charge or the general Government grant to NR.

### **2.10.8 Access for All**

The 'Access for All' programme is a 10-year scheme funded by DfT and Transport Scotland aimed at providing step-free access (e.g. by providing lifts / ramps) and other accessibility enhancements across a range of stations throughout Great Britain. The stations included in the programme are prioritised by a national Programme Group in line with the criteria determined by the Industry Steering Group, with the final decision regarding the choice of stations lying with the DfT and Transport Scotland. Access for All 'Local Project Groups' (formed of Network Rail and the TOCs) are responsible for evaluating and agreeing the design for individual stations, although these groups usually consist of the same representatives as the NSIP LDGs, and the works are planned through the Integrated Stations Planning framework. As with the Network Rail enhancements, the funding for Access for All schemes is realised by adding the value of the works to the Network Rail RAB.

### **2.10.9 National Stations Improvement Scheme (NSIP)**

The NSIP programme has been established specifically to bring about noticeable and lasting improvements in station environments, including enhanced passenger perception of security, improved access and egress, enhanced overall presentation of the station and improved information provision and other facilities. The work is planned and coordinated by the Local Delivery Groups, overseen by a National Programme Board (including senior representatives from all train operator owning groups, Network Rail, ATOC, ORR and DfT). Stations are included on the scheme with the primary aim of targeting those with a combination of high footfall and low passenger satisfaction within Category A to D stations, although there are also a number of smaller but locally significant Category E and F stations which have been nominated to be on the list of candidate stations (e.g. where significant third party funding can be attracted and / or they form part of a geographical programme of stations work). The allocation methodology was agreed by the National Programme Board based on the DfT criteria of fair geographical spread, passenger satisfaction and footfall. A total of 269 stations have been included in the CP4 programme.

### **2.10.10 SFO (TOC) franchise agreement committed obligations**

Other works in the NSIP include various enhancements which are funded and implemented by the SFO TOC. In general, these enhancements relate to franchise commitments for specific types of enhancement or levels of investment, made as part of the original franchise bid and franchise agreement with DfT. As such the overall level (and very possibly the geographical spread) of investment over the TOC's franchise period will be defined by the franchise agreement, and the ISP process will be used to ensure that this investment is implemented in a co-ordinated manner with other schemes relating to the relevant stations and routes. In some of the more recent franchise replacements, TOCs have signed up to achieving particular NPS scores (measuring passenger satisfaction), and some refurbishment and enhancement of facilities may be required to achieve these customer satisfaction scores.

### **2.10.11 SFO (TOC) incremental commercial opportunities**

It is possible that some additional investment opportunities may be identified by the TOC in relation to the ISP, where the TOC believes that particular supplementary schemes carried out as part of the wider ISP programme at a particular station may be capable of earning a business return in terms of incremental passenger benefits.

### **2.10.12 Third-party funding**

Works funded through third parties (e.g. PTEs, TfL and Local Authorities) represent additional opportunities for enlarging the scope of station enhancement works where the authority in question has identified a particular opportunity to secure local transport benefits. There may also be opportunities in some cases for commercially-funded enhancements. There is a risk when enhancement schemes are sponsored by third parties and involve enhancement or modifications to existing railway assets, that the asset owner or steward will seize the opportunity to bundle in renewal items and insist on bringing existing assets up to fully meet the

latest standards. Where the costs of these items can be identified incrementally with funding agreed from those responsible for these existing assets, then this could represent a cost effective solution. However any third party seeking to secure enhancement works faces the risk that such costs associated with renewing existing assets, or carrying out works on adjacent assets to achieve full compliance with the latest NR standards, are loaded in to the project and concealed within the enhancement scheme cost estimates. It can require a capable and informed sponsor to identify and challenge the inclusion of such extraneous items, and scope creep, that can so often lead to cost escalation as the scheme is developed.

### **2.10.13 Case study: Liverpool South Parkway station**

Liverpool South Parkway is a new station that was built as a prestige gateway to Liverpool providing a modern transport interchange for travellers to and from John Lennon Airport as well as linking directly with the city. It has six platforms, a large concourse, car parking, bus station facilities and a range of environmental features that are designed to lower carbon emissions during its life. It replaces two former stations, Garston and Allerton. Merseytravel sponsored the Project and secured funding from the European Regional Development Fund together with contributions from the DfT and Liverpool City Council. NR insisted on undertaking the project manager role and of using one of its own approved contractors (Halcrow). In the view of the Merseytravel sponsor, this gave rise to an extremely inefficient scheme. The NR forms A and B, which are used to obtain sign-off for infrastructure changes by affected parties, had to be circulated to a very large number of participants and took much time to be completed. Often NR's representatives at project meetings were not empowered to enable the project team to make any detail decisions, and had to revert back to their functional managers, causing frustrating delays to progressing the development and design. Merseytravel's project sponsor advised that their consultants failed to understand the specification and apparently several key features on the station, which should have been picked up during project meetings, were missed. The multi-layered responsibilities and the number of contacts that had to be maintained were identified as costing time and money and even when a more senior manager took overall charge, he seemed hemmed in by NR bureaucracy. The final cost came out at twice the budget and most of the shortfall was picked up by Merseytravel who sponsored the project and own the station assets. The Merseyrail Electrics concession operator is the SFO and was on the steering group for the project but seem to have had very limited influence on the overall design. However as the latter is on a long term concession contract there should, at this stage, be little divergence of interest with landlord. For subsequent station projects such as at Sandhills, Merseytravel has taken a different approach: it has provided a fully detailed specification to NR and then secured a fixed price to which it adhered with NR responsible for managing the detailed design phase and implementation.



### **3 BENEFIT POTENTIAL**

#### **3.1 Review of relevant PTE sources**

We have sought to identify and review the potential benefit sources from greater involvement in rail stations. Those areas previously identified by the PTEs have been reviewed through discussion with the PTEG client team, and review of PTEG commissioned studies and publications. These include:

1. Enhancing the PTE role on Rail in the City Regions: Atkins for PTEG April 2010, and
2. Rail Cities in the 21st Century- the case for Devolution: PTEG.

Areas of potential benefit have been identified from devolvement of control of local railways in PTE areas in the two documents detailed above. We consider each of these benefits specifically in the context of potential impact in the specification, management and provision of stations.

#### **3.2 Increased Investment**

*“Where rail powers have been devolved, local and regional agencies either invest in enhanced infrastructure and services themselves, or create the conditions for the private sector to do so”:*

##### **3.2.1 PTE experience of barriers to enhancement with the existing structure**

The present responsibility structure can make station investment relatively difficult to achieve, for example: **Station RTI** - Centro's Real Time Information project is a good example of potential barriers to a PTE delivering investment at stations to achieve passenger benefits. In order to push this £4.5m project through, Centro had to agree to the assets remaining in their ownership, and to fund the ongoing maintenance costs. As getting a TOC to agree to receive investment fully funded by a PTE that incurs on-going operating costs has proven very difficult. This is due to the relatively poor commercial returns for the TOC in PTE areas. The PTEs consider that getting TOC and NR agreement would seem to limit and delay investment. A potential remedy could be for PTEs to take over the sponsorship, specification and funding of stations.

##### **3.2.2 Network Rail's GRIP Process & Approval in Principle**

NR requires enhancement schemes on its network to be project managed in accordance with its Guide to Railway Investment Projects (GRIP). GRIP is designed to minimise the risks arising from delivering projects on the operational railway. It is derived from benchmarking best practice from within the rail industry and other sectors. The GRIP project development process includes eight stages as the project progresses from initial concept to implementation on the ground. Gate reviews are undertaken at critical stages in order to provide assurance that the scheme is fit to progress into the next GRIP stage. By GRIP stage 4 the project development will have a single option identified with scope agreed, to inform the subsequent detailed design and tendering of the construction contract. Towards the completion of GRIP 4 stage, application for Approval in Principle (AIP) is sought from NR's engineers, who may require changes to the project before approval is forthcoming. A further requirement for the completion of GRIP Stage 4, is the approval of any relevant industry change consents (e.g. network, station or depot change), and NR's agreement to any proposed possessions strategy.

##### **3.2.3 Cost risk where promoter of station enhancement is treated as “third party”**

There is evidence of proactive station enhancement investment on networks where sponsorship has been devolved from central Government e.g. on Merseyrail, and on London Overground. Nevertheless there is also evidence that much has also been achieved where powers have not been devolved, e.g. TfL investment in London suburban stations. Recent investment case study work that we have carried out for TfL London Rail, does reveal that it requires very strong and competent sponsorship and project management to achieve sound value for money when a third party (e.g. PTE or LTA) seek to fund incremental investment on the existing NR infrastructure.

Where third parties promote schemes there is the risk that NR may take the opportunity to increase the “scope” of the work and attach renewal of expired assets or upgrade of existing assets to achieve their latest standards, with the effect of increasing scheme cost. Such unforeseen (and non-budgeted) requirements can emerge at the point where Approval in Principle sign off is required from NR’s engineers. An informed and well equipped sponsor is required to provide an effective challenge to NR to insure that a contribution for renewals is provided or that unnecessary scheme content is removed.

### 3.2.4 Potential benefit where the promoter of enhancement has responsibility for the assets

Based on our recent work for TfL, we believe that more efficient investment solutions are delivered when the party responsible for **specification** is close to the end consumer i.e. to the passenger needs, and when responsibility for **implementation** of the scheme (i.e. progression of detailed design and development of a chosen scheme option at GRIP 4) is handed to the party responsible for stewardship of the existing railway assets affected (Usually NR, or possibly the SFO TOC depending upon the nature of the project/ assets involved). There may be scope for PTEs to improve the probability of achieving the efficient solutions and higher VfM in their station investment proposals, were they to become custodian of the station assets and so be able to define appropriate specifications and co-ordinate with renewal programmes and have closer involvement with the SFO or SFO role.

### 3.2.5 Evidence that a business case can be made for station enhancement

TfL provides evidence that a strong business case can be made for station enhancements on London’s rail network (UK rail London suburban routes). Table 13 illustrates strong BCRs taking a 20 year appraisal period, in terms of net economic benefit. The strength of the case in London reflects relatively high footfall, relatively longer suburban journey distances, and TfL’s adoption of higher values of time (reflecting specific value for London).

**Table 12 TfL business case summary results for various improvements across stations in the London area on five London suburban TOCs**

Station Improvement	BCR Range	BCR Average
Ticket gates	Net Revenue positive	
CCTV	2.4 to 3.8	3.05
Help points	Net Revenue positive	
Deep clean	1.2 to 9.2	3.25
Cycle parking	4.9 to 16.4	1.80
Customer Information System	Net Revenue positive	

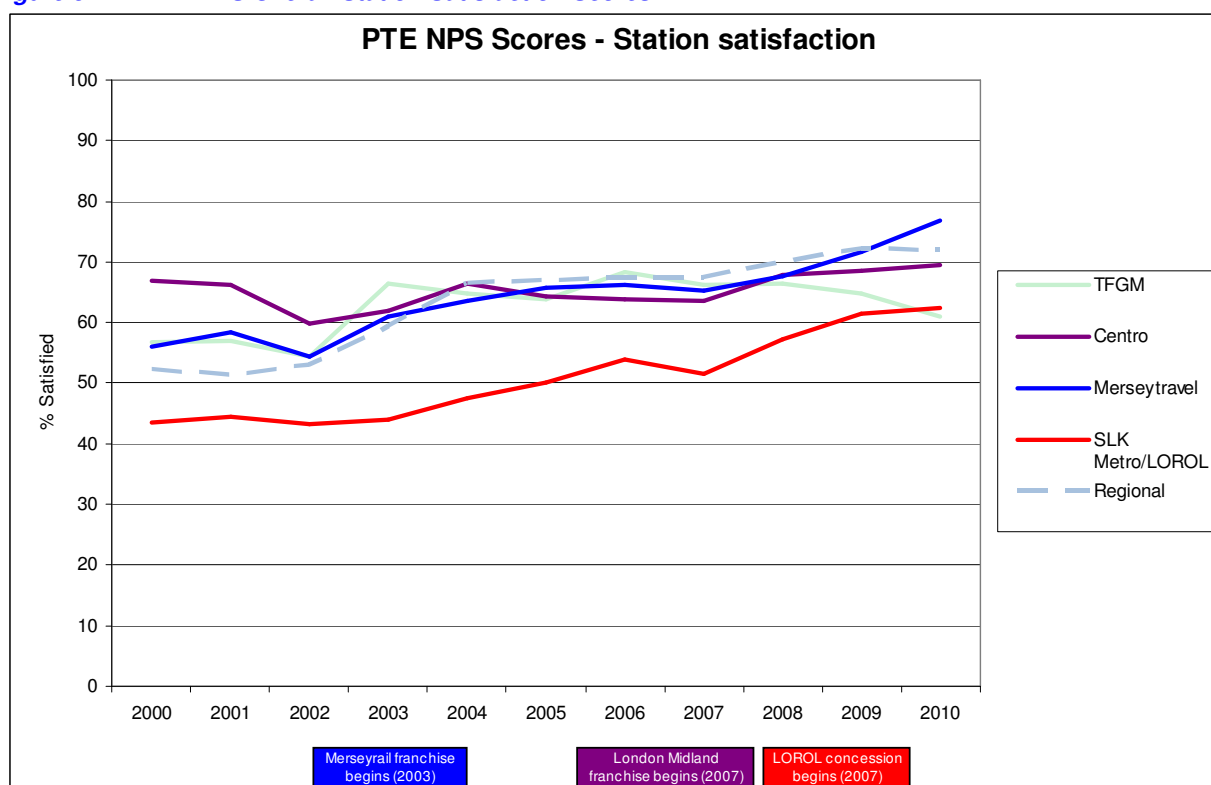
### 3.3 Focus, drive and incentivisation leading to stronger performance

*“Where rail powers have been devolved, infrastructure and service operators are more closely incentivised to improve or maintain their performance and customer service by direct support, scrutiny and challenge by local politicians and officers who are closer to passengers, understand the daily travel experience and know where improvements are required”: “The evidence suggests that devolved rail networks show strong operational performance, increases in patronage and rising customer satisfaction”:*

### 3.3.1 NPS Overall Station Satisfaction scores

The Overall Station Satisfaction score is a combined measure of all 12 NPS station criteria: (Ticket buying facilities, Provision of information about train times & platforms, Upkeep and repair of station buildings and platforms, Cleanliness, Facilities and services at the station, Attitude and helpfulness of the staff, Connections with other forms of transport, Facilities for car parking, Overall station environment, Personal security whilst using the station, The availability of staff at the station, and How request to station staff were handled.)

**Figure 5 PTE NPS Overall Station Satisfaction Scores**



### 3.3.2 Experience and results where responsibility for urban rail networks in devolved

We have reviewed NPS results for the station criteria to examine and compare customer satisfaction at Stations on Merseyrail and LOROL where rail powers have been devolved, to that at the other local rail networks. Overall there would appear to be evidence of a significant and continuous improvement in overall station satisfaction scores on Merseytravel (from 2003) and LOROL (especially since 2007) where responsibility for sponsorship and specification and franchise management has been devolved:

- Merseytravel** as sponsor of the Merseyrail concession has a close partnership with the TOC (Serco-Abellio) and holds them directly to account for service quality and customer service. Overall station passenger satisfaction on Merseyrail is the highest of the TOCs/ PTEs in the analysis. Scores relating to the physical aspects of the station have shown significant increases from 2003 when Merseytravel became the concessionaire sponsor
- TfL London Rail** as concessionaire of London Overground (LOROL) , closely monitors the TOC's performance, and makes incentive or penalty payments. A very significant increase in overall passenger satisfaction has been achieved from 2007 when TfL became sponsor (69% to 79%) given the significantly higher quality specification set for LOROL concession. This built from a relatively weak but gradually improving base position of 60% to 69% satisfaction from 2000 to 2007 under Silverlink operation. The increase in satisfaction across all the station categories, will not entirely derive solely from improvements in station facilities / staff at stations but more as a result from total route modernization including new rolling stock.

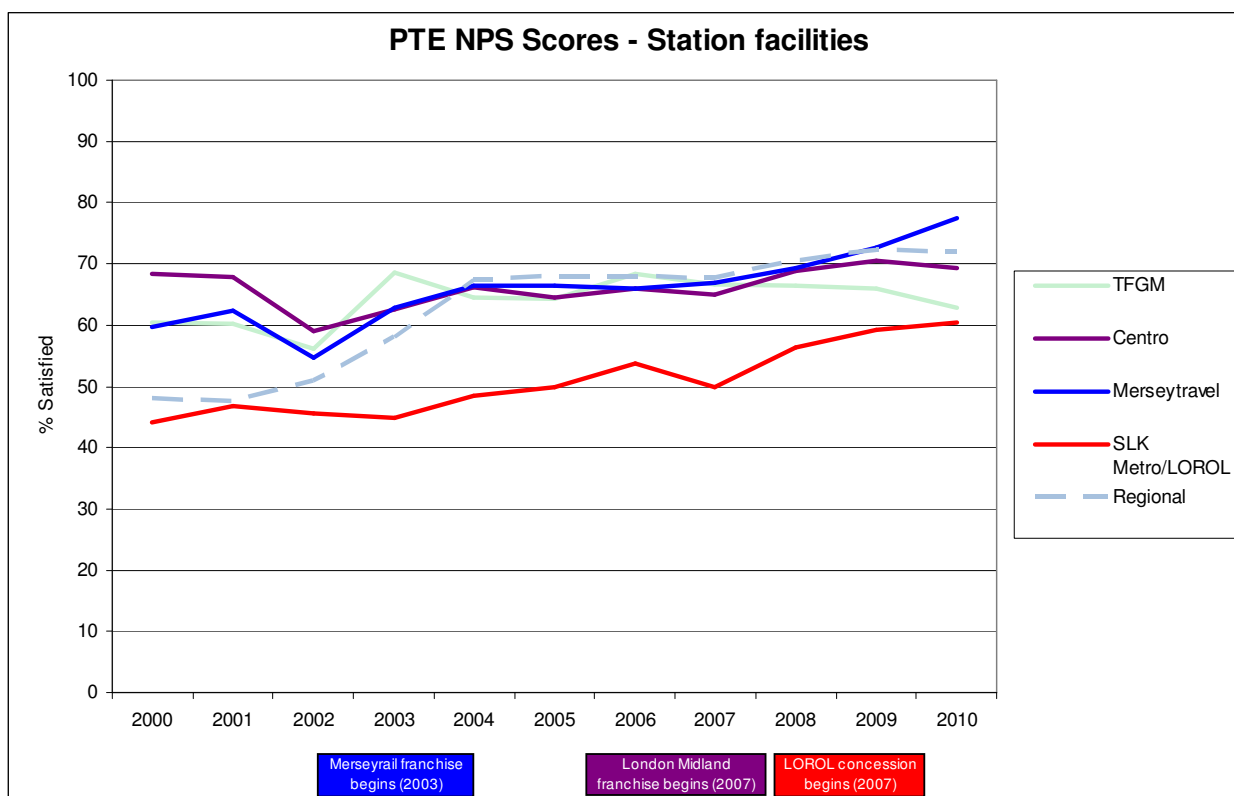
### 3.3.3 Experience and results where there is now less local responsibility

In contrast, the track record on Centro and TFGM stations, particularly in recent years under DfT sponsorship exhibits less convincing evidence of any continual improvement, underperforming compared with Regional averages:

1. **London Midland (Centro area):** There has only been a marginal increase in overall station satisfaction from 2000 to 2010, which increased from 2007 to 2009 as the 'new franchise' effects were Realised, but fell back in 2010, possibly as the effects of initial station improvements in the London Midland franchise have begun to tail off, and the TOC pursues cost saving measures. The franchise commitments by London Midland implemented in the initial years of the franchise, may mask any longer term adverse impact of Centro losing co-signatory status from 2007.
2. **TFGM area:** The stations in the TFGM area have generally performed below Merseytravel and Centro. 'Facilities and services' satisfaction had been at a similar level to the other PTEs but has deteriorated since 2006, with a large drop in satisfaction from 2009 to 2010. Performance on the other criteria measures has also deteriorated since 2007.

### 3.3.4 Station facilities and staffing trends in passenger satisfaction

Figure 6 PTE NPS Station Facilities Scores



If we review the specific categories relating to the physical facilities and staffing at the station, grouping together, i.e:

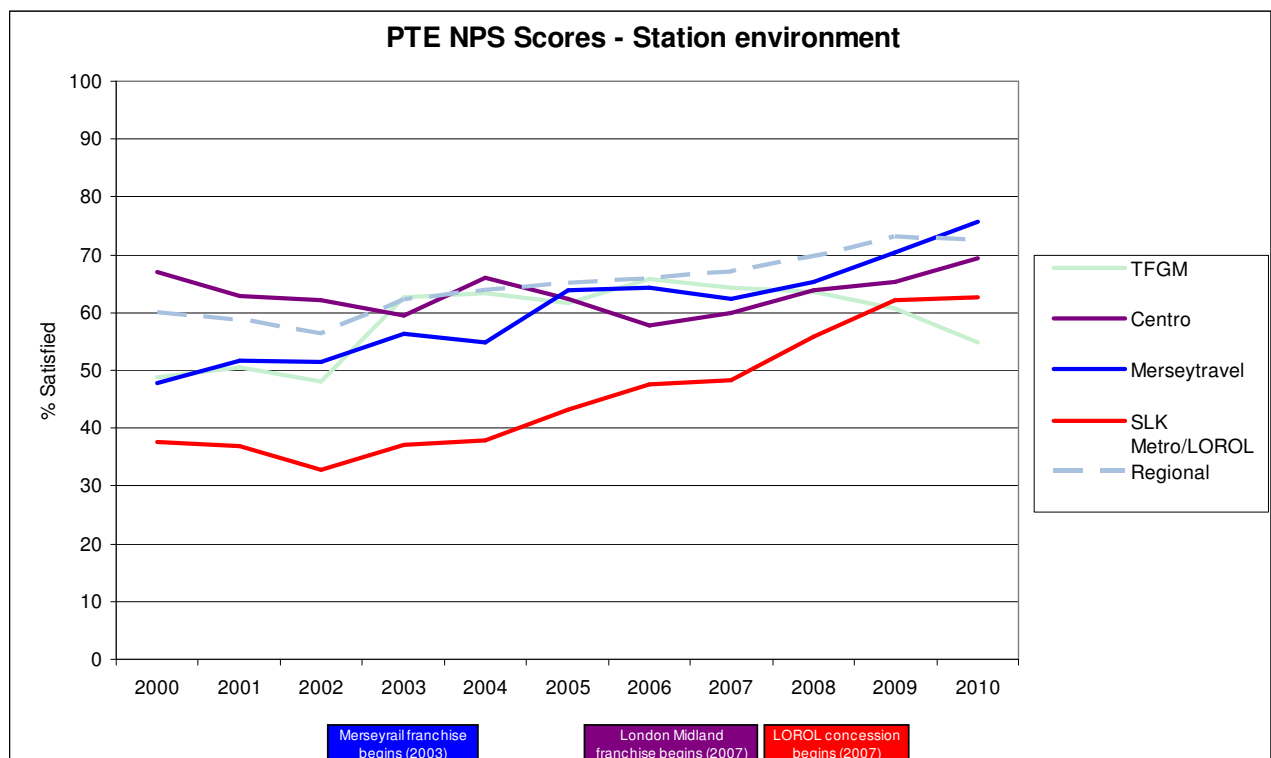
- ticket buying facilities
- provision of information
- facilities and services
- attitudes and helpfulness of staff
- security, and

- availability of staff

These measures show an improving trend for Merseyrail and LOROL in contrast to the other networks, especially the TfGM area, in recent years. The relatively healthy scores achieved in PTE areas at the beginning of the decade are believed to result from the previous situation when PTEs had greater responsibility prior to the current structure. The significant improvement in satisfaction at other regional stations also suggests that TOC franchises managed by DfT have also delivered significant improvements for passengers.

### 3.3.5 Station environment trends in passenger satisfaction

Figure 7 PTE NPS Station Environment Scores



Looking at The station environment related categories, i.e.

- upkeep/repair of the station buildings/platforms
- cleanliness, and
- the overall environment

Here also the continual improvement in passenger satisfaction achieved on Merseyrail and LOROL contrasts with variable performance elsewhere, again particularly in the Greater Manchester area.

## 3.4 Responsiveness and Flexibility to Local Priorities

*“Devolution enables local and regional aspirations, needs and challenges to be addressed in a complementary manner to overarching national goals”:*

### 3.4.1 The PTEs are well placed to address local needs

The PTEs and LTAs are much “closer to the ground” to be able to understand the needs of passengers and local transport priorities. NR and TOCs tend to focus on commercial gains and less on passenger benefits and wider transport benefits. Investment in urban transport is believed to have the potential to generate significant economic multipliers on top of “traditional” transport benefits. Locally accountable transport authorities understand the importance of

transport to the local economy and environment and prioritise accordingly. For example PTEs would prioritise funding and investment to promote park & ride facilities at stations for city centre access. Local media and voters will hold locally accountable transport authorities responsible, so there is an incentive to respond quickly to find solutions to any emerging problems, e.g. personal security issues at stations.

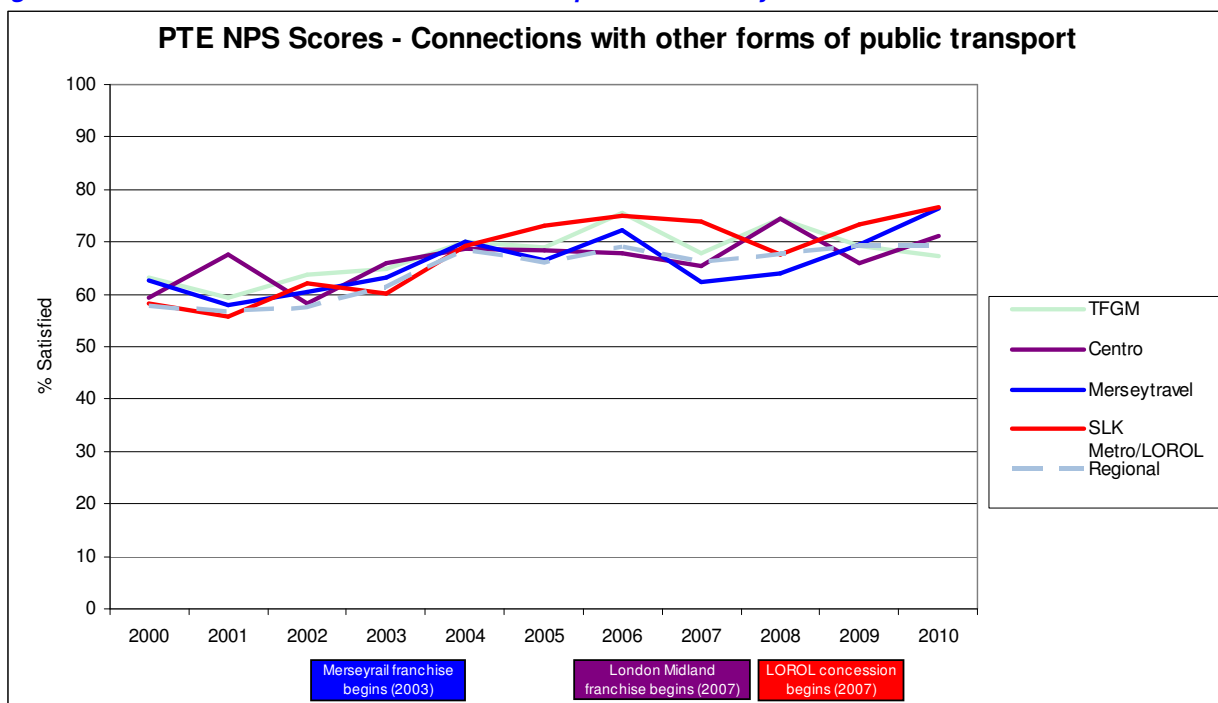
### 3.4.2 Marston Green station case study

Marston Green provides a useful example in the pursuit of such local priorities. Centro has developed a proposal to rebuild the bus interchange at the station. The interchange is on land with mixed ownership but including some leased from NR and London Midland TOC. As the proposed new interchange resulted in the loss of 12 car parking spaces both the TOC and NR were not willing to initially support the station change and minor modification process necessary to progress the project, despite Centro having provided 55 new car parking spaces at a new/ upgraded car park at the station. Centro's delivery of the project, with its important safety and integration benefits, was delayed by many months as a result of the objections from the rail industry. In the end the issue was escalated to Director level and a decision to support the change was finally obtained from the TOC SFO. The whole process could have been considerably speeded up and simplified if Centro had responsibility for the station in this case.

## 3.5 Integration

*“Devolved specification, funding and management of rail allows closer integration with other public transport modes, policies and wider transport interventions”:*

**Figure 8 PTE NPS Other Forms of Public Transport Connectivity Scores**



### 3.5.1 Results where the responsibility for urban passenger transport networks including rail is devolved

As one indication of modal interchange satisfaction, the NPS measure “connections with other forms of transport” does convey a positive trend over the past decade across each of the networks shown. Again Merseytravel and LOROL have demonstrated the best performance and improvement since 2007.

1. Merseytravel has been able to plan and deliver interchange enhancements across Merseyside. It has improved physical interchange with buses and has obtained Secure Station status for all 66 stations and station car parks across its network;
2. Transport for London implemented Oyster PAYG on all London Overground stations soon after taking over responsibility for the franchise, allowing equal access to all other public transport modes in London within a single ticketing and fare arrangement;
3. Merseytravel, and Transport for London have introduced common branding for railway stations, trains, and information and promotion alongside other public transport modes and initiatives, providing a consistent image and identity to the passenger. In contrast, TFGM for example, have been reluctant to apply branding on rail: i.e. on an activity where they do not control specification of outputs or quality.

### **3.6 Efficiencies and cost reductions**

*“There is evidence that devolution can provide for efficiencies and cost savings which can be re-invested back into benefits for passengers”:*

We consider that there may be scope for cost reduction that could be Realised by PTEs through a review of the following areas:

#### **3.6.1 Escaping costs of private sector profit margins**

Transfer of responsibility and activity to the PTE as a not for profit organisation, should provide scope for removal of profit margins. We suggest that TOC margins are typically pitched at between 3 and 8% of cost.

#### **3.6.2 Realising economies from leveraging PTE purchasing power**

Economies from leveraging PTE local purchasing capability. This could include reaping economies of scale from adding rail stations to existing PTE quantum of work, e.g. lift maintenance, specialist call off contracts e.g. graffiti removal.

#### **3.6.3 Realising efficiencies by merging activities and contracts at joint locations**

Efficiencies by merging existing activities and contracts at a jointly operated locations (i.e. public transport interchanges), where responsibility is currently split between rail and PTE organisations to improve efficiency; e.g. unified operations supervision, cleaning contracts.

#### **3.6.4 Realising efficiencies by unifying station asset stewardship role**

Efficiencies by unifying the station asset stewardship and maintenance responsibilities currently performed separately by the SFO and by NR, (and PTE's at certain station car parks) and avoidance of NR overhead costs. Further saving should be possible by unifying these activities together with similar existing PTE responsibilities, and by deploying existing PTE expertise, e.g. in-house Estates and Buildings specialists.

#### **3.6.5 Realising cost savings by deploying appropriate design standards and specifications**

There may also be scope to develop more appropriate and consistent local standards and specifications (e.g. on station specification, design standards, and asset management regimes) to reduce overall costs. There are currently significant issues around railway approvals and in the time it takes to achieve any derogation from NR standards appropriate for local circumstances.

#### **3.6.6 Estimating the magnitude of efficiencies and cost reduction**

We do not have access to the detailed information necessary to attempt to quantify the scale of potential savings. To progress such an assessment, dialogue within NR, relevant TOCs and the PTEs would be required, together with access to resources, cost and contract information.

### 3.6.7 Altringham: a case study to illustrate barriers to efficiency

A relevant example to illustrate how the existing split of responsibility may hinder efficiency is within TFGM area at Altringham. TFGM is investing £20m to further develop this location into a modern interchange facility for buses, trams and trains. Despite substantial capital investment, efficient service delivery is hampered by the three parts of the interchange complex being managed and operated by different parties:

1. Northern TOC is the SFO despite the vast majority of passengers using Metrolink, Stagecoach operates the Metrolink stop platforms, and TFGM operate the bus station;
2. There are two separate outlets for tickets and information: Northern TOC operate a rail ticket office which also caters for Metrolink, and TFGM operate a Travel Centre for bus and Metrolink;
3. Scope for cost efficiencies is being missed as a result of three separate sets of management, for example with separate contracts such as cleaning and maintenance.
4. TFGM are concerned that the interchange complex lacks a common approach to branding, quality standards and delivery, so that passengers do not enjoy a seamless experience. In Merseyside, Scotland, and London Overground, a single rail brand is maintained which has become well recognized and would not change with the replacement of a franchise operator. This avoids costs of changing signage and design whenever franchise operators are replaced and builds long term local “identity” for the community served.

## 3.7 Other areas of potential benefit

We have identified further areas where there could be benefits to be achieved from PTEs taking greater responsibility on stations:

### 3.7.1 Improved long term planning

We do consider that the PTEs would be able to take a long term view in prioritising and justifying station development plans and investment. Given that physical works have an asset life often in excess of 25 years, and payback over a similar horizon, an organisation with less emphasis on short term return would be able to prioritise and justify station plans that drive longer term wider transport economic benefits. The PTEs are well placed to consider rail station planning in the context of urban public transport strategy.

### 3.7.2 Bromsgrove: a case study to illustrate PTE long term planning

An example of a PTE pursuing strategic planning priorities is to be found at Bromsgrove, where the funding budget for delivery of a new station linked to the proposed route electrification encountered difficulties. The station scheme, which is just outside the PTE area, was previously due to be funded by Worcestershire through the RFA process, but when this was suspended the scheme was put at risk. In consequence NR suspended work on the electrification project to Bromsgrove primarily over uncertainty over the station project. Centro consider that electrification of this suburban route together with the new station are very important in the context of West Midlands and wider transport objectives. Centro therefore decided to attempt to fund and deliver the station, and to provide support to assist the electrification case. As potential station asset owner, Centro are seeking an agreement with DfT about the payment of a guaranteed station fixed charge related to the patronage and income generated by the project. This would allow Centro to borrow to part fund the capital cost and therefore allow the scheme to proceed. The DfT has given in principle agreement to the approach and Centro are now working up detailed commercial arrangements with them.



### **3.7.3 Capturing external funding**

TOC have experienced some difficulty in attracting available funding for local station enhancement schemes since privatisation. TOC managers believe this to be because funding bodies perceive the TOCs to be commercial profit maximising businesses. By contrast the PTEs are considered to be “not for profit” organisations. Such funding sources could include: other local authority / regional funding sources, Community Rail Partnerships, and specific grant bodies e.g. heritage bodies.

### **3.7.4 Liverpool South Parkway: a case study to illustrate diverse funding sources**

Merseytravel identified that the Liverpool South Parkway new station was the most appropriate transport solution to meet the travel needs of the area, and developed and presented the scheme as a multi-modal transport gateway to the Speke Garston regeneration area, including Liverpool’s John Lennon Airport, rather than simply as a rail station project. The inclusion of environmentally friendly aspects to the design and the multi-modal emphasis enabled the PTE as promoter of the project to successfully gain access to wider funding sources. A critical success factor is considered to be Merseytravel’s inclusive approach in steering the progression of the project, involving appropriate stakeholders from the outset, with a flexible approach to developing the project, tailoring the specification to deliver benefits attractive to the funding bodies. The total project cost was £32m, and Merseytravel led the steering group that secured the funding including:

1. Liverpool City Council £1m: recognizing the scheme’s contribution to economic development, social inclusion and regeneration.
2. DfT £6m: whose available funding criteria was met by placing emphasis on the multi-modal role of the scheme.
3. European Regional Development Fund £11m: This was secured with the Government Office of the North West playing a key role, together with the innovative environmentally friendly aspects to the design meeting ERDF criteria.
4. Merseytravel the £14m balance to meet the goal and encourage public transport in that area of Merseyside.

## **4 OPTIONS SELECTED FOR APPRAISAL**

### **4.1 Introduction**

As set out in our original proposal a workshop was set up to consider the results of the initial document review and analyses and agree which options – reflecting changes to PTEs current roles and responsibilities – should be taken forward for appraisal. The workshop was held at the Centro offices in Birmingham on 18th February. TfL were also invited to participate given their experience in this area with the development of the Overground network. The workshop participants identified three principal option areas to be considered in the detailed assessment stage of the study providing an incremental illustration building from the existing situation.

### **4.2 Option A - PTE Sponsor with Funding responsibility for stations**

PTE as sponsor specifies and funds procurement of station services, buying from the TOC who would continue as SFO; and from Network Rail as asset steward. (Although as a variant the TOC could potentially take over some of NR's existing responsibilities for longer term maintenance and renewal).

### **4.3 Option B - PTE Sponsor, Funding and Landlord**

PTE specifies and funds and takes long term lease over the station assets and contracts with delivery party (parties) to deliver station operation, and both day to day and long term asset maintenance and renewal. The TOC retains SFO responsibility as a delivery agent to PTE. Two variants of this option were to be considered:

#### **4.3.1 B1: PTE takes long lease of stations from NR, contracting with TOC for all aspects of delivery.**

TOC is employed as delivery agent to PTE for asset stewardship and remains SFO. This would enable the TOC to unify the repair, maintenance and renewal activity.

#### **4.3.2 B2: PTE takes long lease of stations from NR, contracting separately with a facilities management company, and with the TOC as SFO.**

A facilities management company would deliver the asset stewardship role currently undertaken by NR, on behalf of the PTE. The TOC would be retained as SFO and to deliver its existing role but for the PTE rather than DfT.

### **4.4 Option C - PTE Sponsor, Funding, Landlord and SFO**

PTE specifies and funds and takes long term lease over station asset and becomes delivery party themselves, undertaking aspects of station day to day management, repair and long term asset maintenance. Two variants of this option were to be considered:

#### **4.4.1 C1: TOC retained as tenant responsible for passenger commercial and platform operational duties.**

The TOC would continue to staff booking offices, provide ticket vending machines and be responsible for train dispatch (TOC role is similar to that at NR managed stations).

#### **4.4.2 C2: PTE responsible for all aspects of station service delivery, including ticket retailing and train dispatch.**

PTE would then require Safety Case, and participate in Ticketing and Settlement Agreement arrangements.

## **5 OPTION A: PTE BECOMES SPONSOR & FUNDER**

### **5.1 Existing sponsorship and specification arrangements**

#### **5.1.1 Current split responsibility**

In practice sponsorship and detailed specification at stations is a split responsibility between DfT, TOC and NR. DfT exercise a high level sponsorship and funding role centrally through franchise management overseeing the TOC, and in specification primarily at the time of franchise replacement.

#### **5.1.2 The PTEs**

The PTE does have the opportunity to propose and fund increments (and decrements) to this specification by making the case to DfT. A particular opportunity for this is provided by DfT during the franchise replacement process, where the bidders quotes for priced options are to some degree subject to competitive procurement. Where a “3rd party” proposes enhancement, e.g. a PTE, especially outside the franchise replacement process, there is the risk that the rail industry sees this as potential new money to renew existing adjacent assets or enhance the assets to meet NR’s current standards, and this can lead to scope creep and cost escalation. Alternatively there is the possibility that the rail industry would be reluctant to entertain the proposal if they were concerned about any risks to themselves in the implementation of the project.

#### **5.1.3 The TOC franchisee**

In practice the TOC can also propose amendments to specifications included in the franchise agreement (e.g. London Midland’s current reduced staffing proposals for stations), and has considerably more freedom where the franchise specification was less well defined (e.g. in the area of station quality and extent of facilities provided).

#### **5.1.4 Network Rail**

Network Rail sponsor asset replacement, and have their own design standards and control renewal programmes at stations. There is some evidence of an attempt at Integrated Station Planning where NR’s asset renewals programme could be co-ordinated alongside the TOC dilapidations and renovations programme and enhancements could be planned in at the same time in a more cost effective way. Although there are numerous examples of successful achievement in this area, the present split of responsibilities is considered to hinder holistic planning and an efficient approach, especially to refurbishment and enhancement investment.

#### **5.1.5 NR Code of Conduct, Interface Agreement and template contracts**

NR and ORR have endeavoured in recent years to put in place arrangements to ease the progression of investment schemes proposed, sponsored and funded by other parties. NR’s code of conduct was extended in 2007 to cover ‘dependent persons’ – i.e. anyone that depends on NR to realise their business aspirations or to provide or fund railway services and facilities. In addition to TOCs and freight operators, this covers property developers with rail schemes, and sponsors and funders of schemes including DfT, TfL, PTEs and local authorities. The Code requires NR to conduct its business dealings in a timely, efficient, competent and co-ordinated manner. NR sees the Code as key to ‘good, long-term working relationships with customers and stakeholders, built upon openness, fairness and trust’. The Code has been approved by the ORR as a condition of NR’s network licence. The ORR has jurisdiction to take enforcement action in respect of any non-compliance with the Code. Scheme sponsors are likely to derive most benefit from the Code during the initial stages of a project, when they do not have a contract with NR. An Interface Agreement with NR, is considered appropriate rather than relying on the Code. This sets out, usually in “heads of terms”, how the parties will co-operate, make provision for any cost-sharing arrangements, and establish necessary legal agreements. This provides a basis for PTEs to sponsor and progress the development of railway station schemes with NR. The ORR has approved a suite of nine template contracts for third-party schemes,

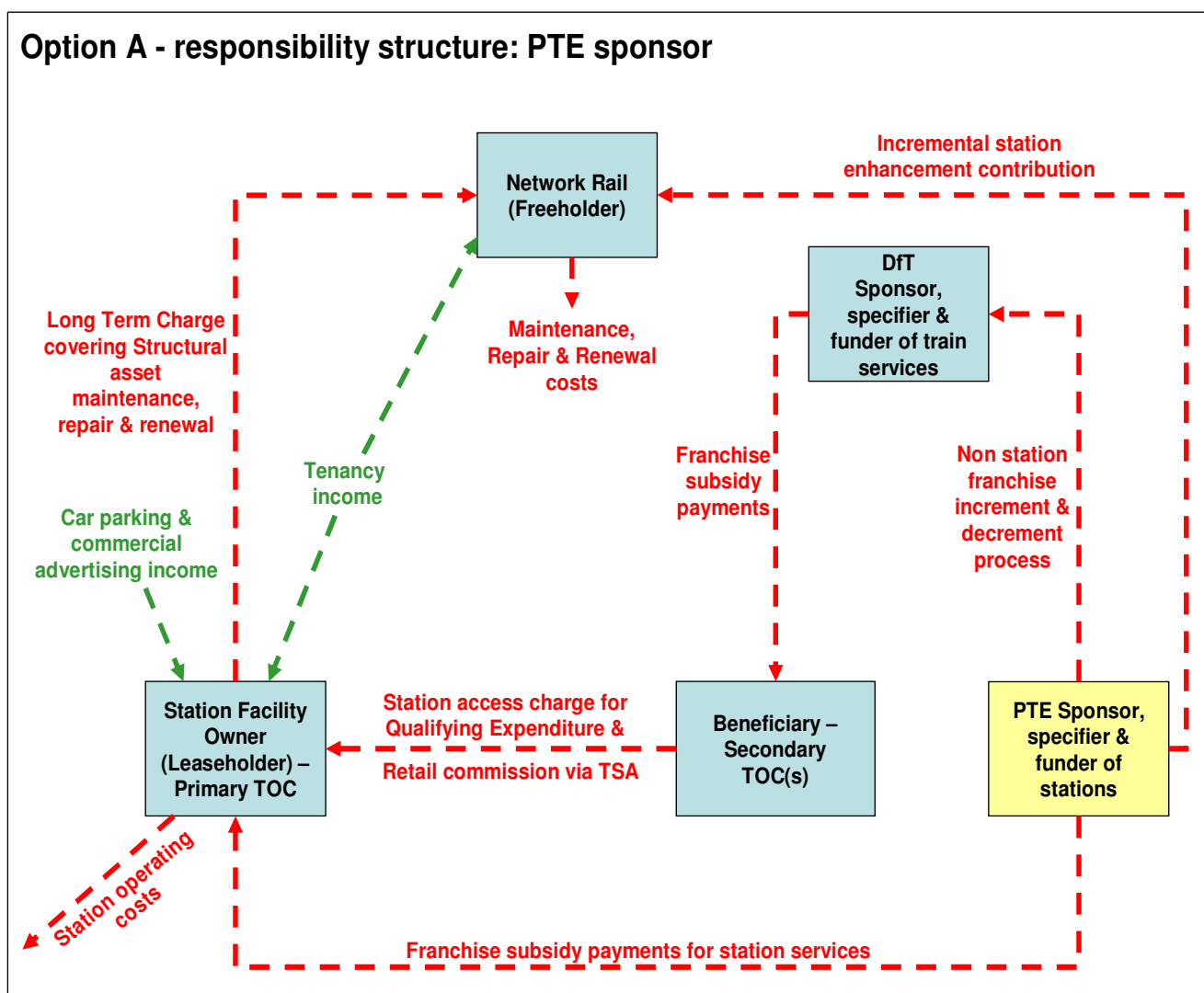
which place a limit on liability risk for NR, and which are intended to provide project sponsors and promoters with a balanced and clear framework to purchase NR services. The aim is to enable such schemes to be more readily progressed.

## 5.2 PTE taking on the sponsorship and specification (Option A)

### 5.2.1 Responsibility structure

Under Option A the PTE, as sponsor, would specify procurement of station services, buying from the Franchisee (as SFO) and from Network Rail who would retain their asset steward role and responsibility for long term maintenance. The PTE would control station specification and quality standards to be met, and as such would be able to reject any cost reduction proposals from the SFO. A topical example of this (e.g. with London Midland TOC's Centro area stations) would include any proposals to curtail station ticket office opening hours or de-staffing of stations that were not considered to represent VfM for the PTE. A diagram showing the responsibility structure arrangements for Option A is shown below.

Figure 9 Option A – Responsibility Structure: PTE Sponsor



### **5.2.2 Funding arrangements and flow of payments**

In Option A the PTE would directly fund the SFO TOC for the provision of station services. The DfT would relinquish that responsibility. Budget provision would need to be transferred to the PTE from DfT. The TOC would continue to pay the long term station access charges to NR. NR would retain their existing responsibilities as steward of the station structural assets and their maintenance and renewal. The PTE would be able to contribute incremental capital investment funding for station enhancement as now. The principle is in line with current Government policy on localism and more devolved responsibility. However, it is not clear whether there are plans to devolve associated funding sources.

### **5.2.3 Specialist skill requirements**

The sponsor and specifier role fits well with PTEs' invested knowledge and existing skills and experience in local public transport specification. The PTEs have experience in ownership and management of bus station, metro and park and ride assets. For example TFGM has a dozen large bus stations, staffed and equipped with travel centres, toilets and CCTV. It has its own Estates Department, and has experience of the transfer of assets and staff from UK rail in the context of Metrolink. PTEs have significant experience of sponsoring and specifying and developing station enhancement programmes. For example TFGM is sponsoring and funding £20m of investment at Altringham Interchange. It is acknowledged that some specialist skills and additional resources would need to be bought in. Taking over a sponsorship role for 60 to 100 suburban stations would justify provision of a dedicated Station Specification Manager, assisted by a Station Development Manager. They would act as the focal point for the PTE in station standards and specification, budgeting, sponsoring enhancement projects, and managing the relationship with TOCs, NR and DfT in relation to stations. Specialist support would also be required, either from existing specialists within the PTE, e.g. finance and planning, or from external specialists by contract/ call off arrangements e.g. for design standards and conceptual feasibility / master planning support.

### **5.2.4 Service quality monitoring**

The PTE as sponsor and specifier would be able to introduce its own service quality regime, and associated measurement and monitoring process.

Service quality would typically be monitored and assessed by deploying inspectors and mystery shopper activity. These activities could be contracted out, and there may be economies of scale in provision alongside other PTE public transport monitoring and regular surveys, as part of a larger programme or contract. This would subsume and replace the DfT SQMS survey activity.

## **5.3 Implications for Integrated Station Planning of greater PTE role**

### **5.3.1 Additional interfaces**

The implications for Integrated Station Planning would be that additional groups would be required for PTE stations (i.e. current 20 TOC-based groups could be supplemented by 5 PTE-based groups). This could trigger increased industry interactions, with additional LPG/LDG groups required to accommodate PTEs. There would also be additional interfaces on major project delivery something the McNulty industry review is seeking to reduce.

### **5.3.2 Funding incentives**

There could be greater scope to identify PTE funding enhancement opportunities, potentially offset by less appetite from the TOC to contribute investment funding where schemes can generate passenger revenue (PTEs would need to negotiate with TOCs to secure their funding contribution). TOCs could still be encouraged to commit to fund and deliver station enhancements as part of the franchise bidding process, although the schemes would need to be approved by the PTE.

### **5.3.3 PTE station asset base and charges**

A revised mechanism to enable PTEs to recover investment return would be required, where currently the value of NR schemes goes onto RAB. Given that PTE needs to earn a payback on station enhancements, this might imply splitting the RAB into station / track components, and charging separate Fixed Track Access Charges to earn a required rate of return on the relevant sub-RAB.

## **5.4 Statutory and contractual implications**

### **5.4.1 Existing example of Option A: Merseyrail**

Option A is the situation currently applicable under the Merseyrail concession where Merseytravel is the specifier of the rail services under the Concession Agreement. We understand that (with the exception of Liverpool South Parkway) the standard station legal structure applies with the Concession Operator Merseyrail leasing the stations from Network Rail under the template industry station lease co-terminus with the concession term. It is also applicable under the Northern rail franchise where each PTE used, now repealed, Railways Act 1993 specification powers to specify standards in relation to stations within its Integrated Transport Area. However the terms of a franchise agreement with multiple public sector parties may mean that in practice PTEs have less influence on the delivery of station services under the Northern franchise than under the Merseytravel Concession model. We assume here that the PTE will enjoy a sponsor and funding role in relation to stations separate from the train service provision franchisor sponsor role, the latter assumed to be retained by DfT.

### **5.4.2 Specific requirements for Option A**

Option A is likely to require the following elements:

1. The legal ownership structure in relation to a relevant station does not change.
2. Accordingly: NR would continue to own the freehold interest in the station and be responsible for the long term maintenance requirements.
3. The franchisee under a DfT let franchise agreement would have a station lease co-terminus with the franchise term and carry out some maintenance obligations under the terms of the standard NR lease.
4. The franchisee would pay the Long Term Charge in relation to the station to Network Rail in the normal way.
5. The PTE would acquire a contractual sponsorship relationship with the Franchisee. The relevant legal power is given by Section 13(4) of the Railways Act 2005 which provides that “a Passenger Transport Executive for a passenger transport area in England may enter into agreements for purposes relating to or connected with the provision, by a person who is a franchisee or franchise operator in relation to a franchise agreement of (a) services for the carriage of passengers by railway within that area and (b) station services provided for purposes connected with any such services.”
6. PTEs, of course, have wide duties and powers under the Transport Act 1968 which should be sufficient to enable them to enter into the various Options proposed if they are deemed to be appropriate.

### **5.4.3 Contractual agreement between PTE and SFO franchisee**

We assume that the bi - partite PTE/ Franchisee sponsorship agreement in relation to the station (or multiple stations in the Integrated Transport Area) would supersede any obligation in relation to station quality in the Franchise Agreement as it would seem inappropriate for the Franchisee to owe different obligations to two different public sector bodies in respect of the same station. This would lead to a consequential amendment to the franchise agreement. We would expect that the agreement would deal with all aspect of the PTE sponsorship specification such as:

1. The level of public passenger transport retailing and information services to be made available from the station - for example a requirement to provide a travel centre providing specified public passenger transport services on a multi modal basis staffed and open at specified hours;
2. Service quality standards with obligations in relation to station quality issues such as maintenance standards and rapid removal of litter and graffiti;
3. Inspection, audit and financial incentive/penalty provisions in relation to compliance with service quality standards;
4. A requirement for some investment. For reasons explained below it is likely that this structure would only be suitable for facilitating the delivery of relatively low value investments such as passenger information systems or improvements to waiting areas which can be amortised over the life of the franchise;
5. Payment arrangements. These would need to be considered carefully. The imposition of an enhanced service quality standard and a service quality audit and incentive regime are likely to increase cost and the Franchisee will expect to be paid for the incremental increase in cost arising out of the new arrangement. However it is also likely that a higher quality station will generate more revenue and this will also need to be taken into account.

#### **5.4.4 Requirement for contractual arrangement between PTE and DfT**

Clearly under this arrangement the PTE does not specify the train service. If the PTE was incurring financial liabilities under its sponsorship role we think that an agreement would be required with DfT providing for the continued provision, under the Franchise Agreement, of a train service of a specification consistent with the station specification that the PTE intends to procure and otherwise dealing with interface issues in relation to the PTE station sponsorship role and the wider DfT train service sponsorship role.

#### **5.4.5 Possible variant for Option A**

A variant of Option A could see the TOC taking on a long self repairing lease (99 years plus) from NR to enable the TOC to provide the PTE, as Sponsor, with a unified repair, maintenance and renewal solution. We understand that this is in line with proposed arrangements within the forthcoming Greater Anglia Franchise replacement currently being progressed by DfT.

#### **5.4.6 Potential advantages of Option A**

1. Option A allows the PTE to specify station quality outputs to the standard it requires without incurring liabilities as an owner of station real estate or an employer of station operation or maintenance staff. Ownership implies a long term commitment and the prospect of significant liability if, for example a defect arises in the station. The PTE also avoids the liabilities inherent in directly employing staff.
2. It is likely that as sponsor the PTE could persuade the franchisee to invest in assets amortised over the life of the franchise. If the PTE had a long term agreement with DfT under which it was agreed that it would be sponsor for a period equivalent to more than one franchise it could also reach agreement that assets amortised over a longer period would be transferred to a successor franchisee at an agreed depreciated value subject to agreement on the financial impacts of this being reached with DfT.

#### **5.4.7 Potential disadvantages of Option A**

1. The legal ownership structure of the station is not changed with the PTE essentially stepping into the shoes of DfT rather than of NR, and accordingly not having a property interest in the station. The lack of rights associated with ownership may limit the amount of control that the PTE has over the station.
2. Most major investments in stations will involve enhancement of the long term real property interest in which Network Rail, rather than the Franchisee, will have a long term interest. Because it does not deliver property ownership rights it is likely that the PTE will have no

greater ability to deliver major capital investment if Option A is adopted than is the case under the current standard structure.

## **5.5 Potential Risks in Option A**

### **5.5.1 Risk area for PTE: Force Majeure events**

In taking over the sponsorship role from DfT for stations, the PTE could expect to inherit the Franchise passenger revenue risk, and costs of any SFO asset damage, when a station cannot be open for service due to Force Majeure events. These are included in the templated franchise agreement and notably include:

1. Industrial action – including TOC and NR staff;
2. Acts of God, terrorism, riot;
3. Where NR deny access to the station for over 12 hours.

The scale of potential passenger revenue loss, and compensation to the TOC(s) could be substantial. The principal mitigations for these risks could be firstly to attempt to get DfT to indemnify the PTE for these risks, given that the risks reside with DfT at present as franchisor of the TOCs. Secondly if this were not possible then insurance could be a possible alternative mitigation.

### **5.5.2 Risk area for PTE: reliance on single supplier: the incumbent TOC**

The incumbent TOC is in a monopoly supplier situation in providing station services to the PTE. Were the PTE to require a change to the specification, then it may struggle to establish a cost effective price for any change. The principal mitigation, would be to set out a clear specification for station services within the franchise, together with a fully documented pricing of change model, held in escrow, that would form the basis for agreeing to changes to output/ service quality levels at stations.

### **5.5.3 Risk area for PTE: cost overrun with new works schemes**

In taking on responsibility for sponsorship and funding of stations, the PTE may be exposed to significant cost risk from enhancement new works schemes. This is an existing risk area for the industry. The principal mitigation for the PTE is to sponsor a programme of works, in such a way that, any cost overrun on one scheme, is balanced by revised timing and content of other elements of the programme, such that the annual investment expenditure is kept within budget.

### **5.5.4 Risk areas for TOC: SFO cost risk associated with delivering to specification and station service quality regime**

In being accountable to DfT for the passenger train operating company franchise, and to the PTE for station services delivery, the TOC would experience an increase in interfaces. The TOC is normally to a large degree on revenue risk (unless revenue is below the threshold when Cap and Collar revenue share applies), and currently enjoys some commercial freedom at the station e.g. in terms of revenue protection arrangements. The possibility of PTE sponsorship of stations causing adverse impact on passenger revenue is a relatively modest risk, although the TOC has enjoyed a somewhat greater degree of freedom at stations, since privatisation, whence the PTE lost a fair degree of control. A greater risk would be in the area of the service quality regime that PTEs would require the SFO to achieve, either in terms of the TOC under estimating the costs of achieving the required standards, or in terms of penalty payments for failure to deliver to the required standard under an onerous PTE service quality regime. Another risk for the TOC would be incurring transition costs as a result of PTEs changing the specification of what is required. The principal mitigation would be to agree a clear specification for the station services, a realistic service quality incentive regime, together with a fully documented pricing of change model to form the basis for agreeing the net cost of any changes to specification.



#### **5.5.5 Risk areas for NR**

The principal risk for NR could be the emergence of additional industry interfaces with the PTE directly involved, and that this involvement could become relatively “high maintenance” with the PTE emerging as a very pro-active challenge to ensure that NR are prioritising resources on to a particular range of suburban stations within the PTE areas. The PTE would be an additional player in the Local Delivery Group, and Integrated Station Planning process. The principal mitigation will be for both parties to understand each others needs and priorities, agree a strategy for the stations and then to work within the framework of existing industry arrangements and processes.

## **6 OPTION B: PTE BECOMES LANDLORD**

### **6.1 Existing Asset Steward and Facilities Management arrangements**

#### **6.1.1 Current split responsibility**

In practice asset stewardship and facilities management at stations is currently a split responsibility between NR and the SFO TOC. ORR are responsible for overseeing NR's performance of their responsibilities, and DfT are responsible for overseeing those of the TOC.

#### **6.1.2 NR specialist resources**

NR fulfil their asset steward role for stations by a team covering a geographic zone / operating route. NR typically deploy an Account Manager (Buildings), a legal agreement / landlord consents specialist, two building surveyors, and one Mechanical & Electrical Engineering specialist. Typically this specialist team would cover a territory of around 200 stations, i.e. more than double those in a PTE area, together with the depots and other operational property within the same geographic boundary.

#### **6.1.3 TOC facilities management typical in-house resources**

The typical TOC is SFO for a large number of stations in a range typically between 80 and 200 stations. In order to manage the property assets leased from NR (stations and depots), the larger TOCs would deploy a Head of Facilities supported by two Area Facilities Managers, two Project managers focusing on car parks and gatelines, and a further two for station equipment e.g. Customer Information systems, CCTV, and Ticket Vending Machines. In addition two further staff would have responsibility for DDA compliance and for funding respectively. This total of nine staff could typically be slimmed to five posts for the smaller TOCs. A Helpdesk would be staffed by two further staff, dealing with notification of repairs of various categories and triggering the response by direct labour or call off specialists. Call off contractors would include a specialist graffiti removal firm. A team of direct labour would cover light maintenance, painting and minor repairs, (e.g. leaking taps) and include carpenter and handyman skills. This team would be deployed in two to four pairs of staff depending on the size of the TOC portfolio. Thus the TOC would typically employ between around 11 and 18 staff depending on the scale of the business.

#### **6.1.4 TOC contracts for specialist support**

Specialist call-off contractors are retained to respond to equipment failures, e.g. CIS, TVMs, and ticket office equipment. A general call off contract for building fabric repairs is typically let on a three year contract, including broken glass, repair and planned preventative maintenance. A tenancy management specialist firm would typically be paid a retainer and commission incentive to advise on and propose developments of station trading/ retailing activity. A commercial advertising contract/ concession would be in place for poster sites at the stations. Car Parking management and maintenance is often completely contracted out to a specialist firm to manage as a stand alone profit centre.

#### **6.1.5 The PTEs**

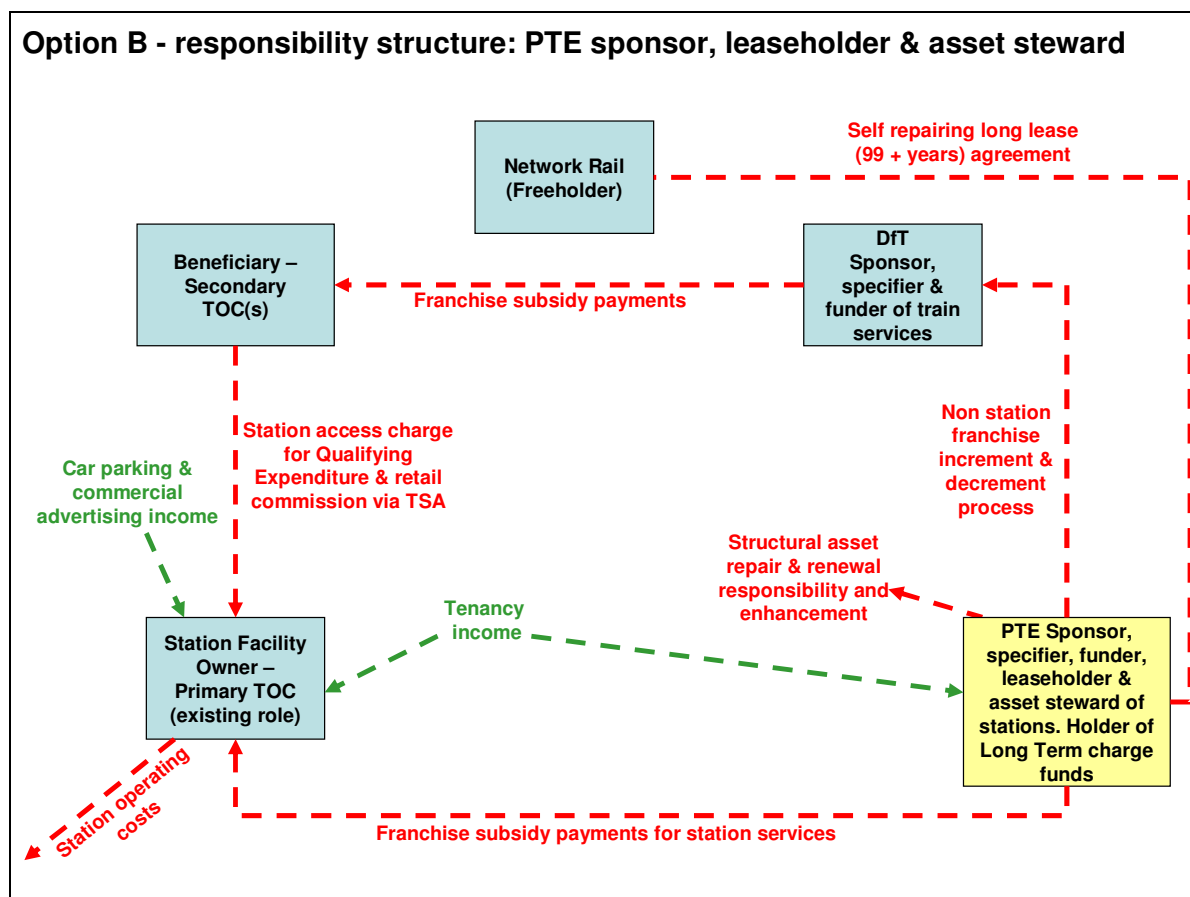
The PTE does currently have the opportunity to develop their own transport interchange and park and ride facilities adjacent to stations either by leasing (or purchasing) land from NR or adjacent land owners. There are many examples where the PTE have invested in creating such assets, retaining responsibility directly for facilities management and asset stewardship. For example Park and Ride facilities at West Midlands stations are owned and managed by Centro.

## 6.2 Option B: PTE takes stations on long lease

### 6.2.1 Responsibility structure

Under Option B the PTE, as sponsor and specifier, would also take on the station assets on a long lease from NR. The PTE would become responsible for ensuring structural asset repair and renewal is carried out. A diagram showing the responsibility structure arrangements for Option B is shown below.

**Figure 10 Option B PTE Responsibility Structure: PTE Sponsor, Leaseholder & Asset Steward**



### 6.2.2 Long Term Charge and flows of payments

There is no long term charge levied by NR; instead the equivalent budget is held by the PTE, who would hold the budget for maintenance and renewal works contracts. In Option B the PTE would disburse funds to their delivery partner for maintenance and renewal (In Option B1: the SFO, or in Option B2: a separate building maintenance/ asset management company). The PTE would provide payments to the SFO to the extent that subsidy was required by the TOC to discharge the specified station services.

## 6.3 Statutory and contractual implications

### 6.3.1 Existing example of Option B: Liverpool South Parkway

This new interchange station is owned by Merseytravel, who retain responsibility for asset stewardship, maintaining and renewing the station assets, and outsourcing specialist activity from contractors.

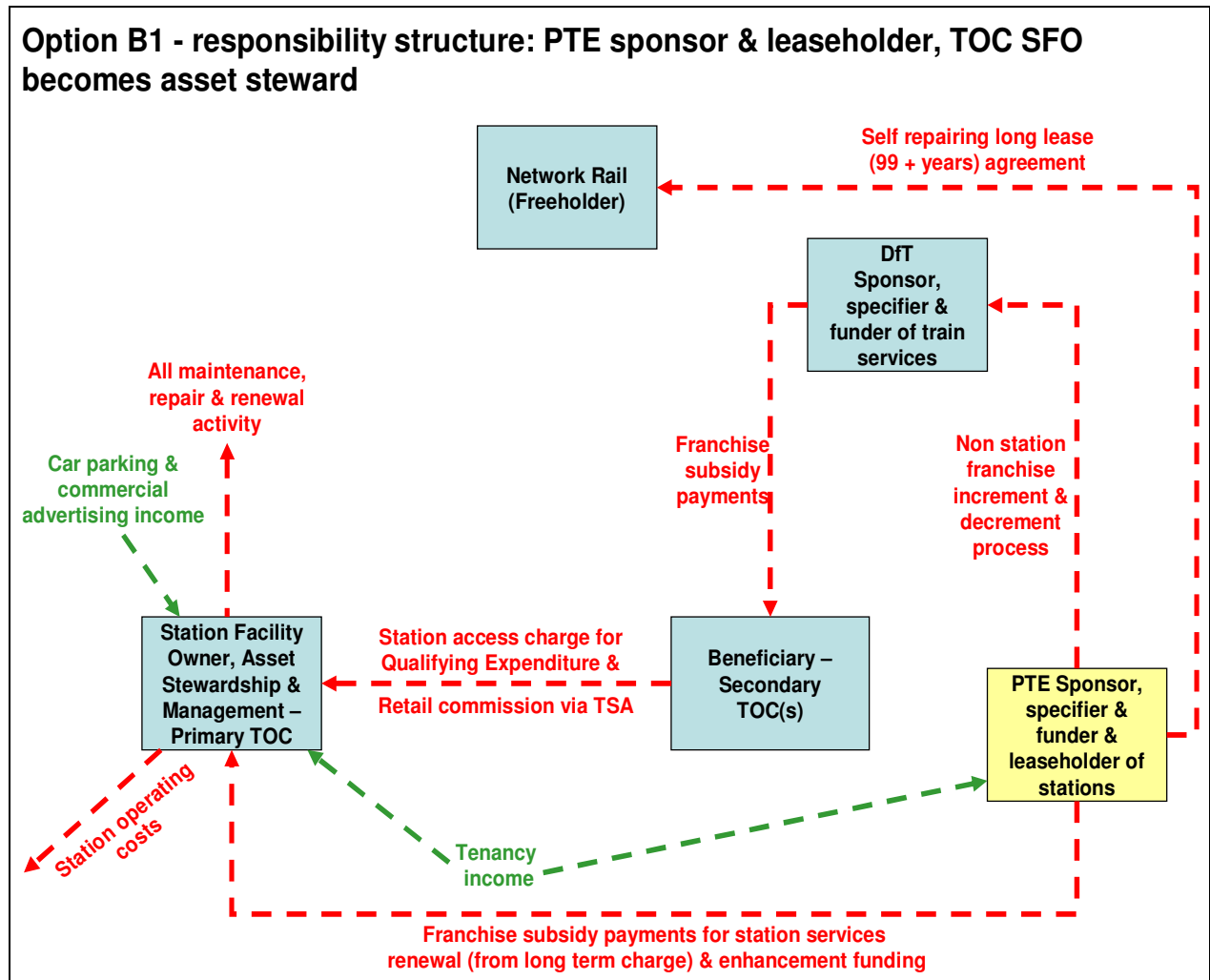
### **6.3.2 Option B**

Under this option the PTE would essentially step into the shoes of Network Rail under the existing station structure by taking a long term (probably 99 year plus) sub lease of the station from Network Rail. The Long Term Charge would be paid to the PTE by train operators. The Franchisee would fulfill the role of service delivery party responsible for day to day and long term asset maintenance through the grant of an under lease co-terminus with the term of the relevant franchise. As the current structure provides that long term maintenance responsibility resides with Network Rail the terms of the sub lease would need to be varied from the current standard form to transfer long term maintenance obligations to the franchisee. It is suggested that this Option is incremental to Option A and that a Sponsor contract would be required to deliver the station quality standards discussed above. Under Option B the Franchisee would be Station Facility Owner for the purposes of the regulated access regime. Options B1 and B2 described below illustrate two different ways in which the PTE could outsource it's responsibility for provision of asset maintenance repair and renewal.

### **6.3.3 Option B1 PTE outsources facilities management and maintenance to TOC**

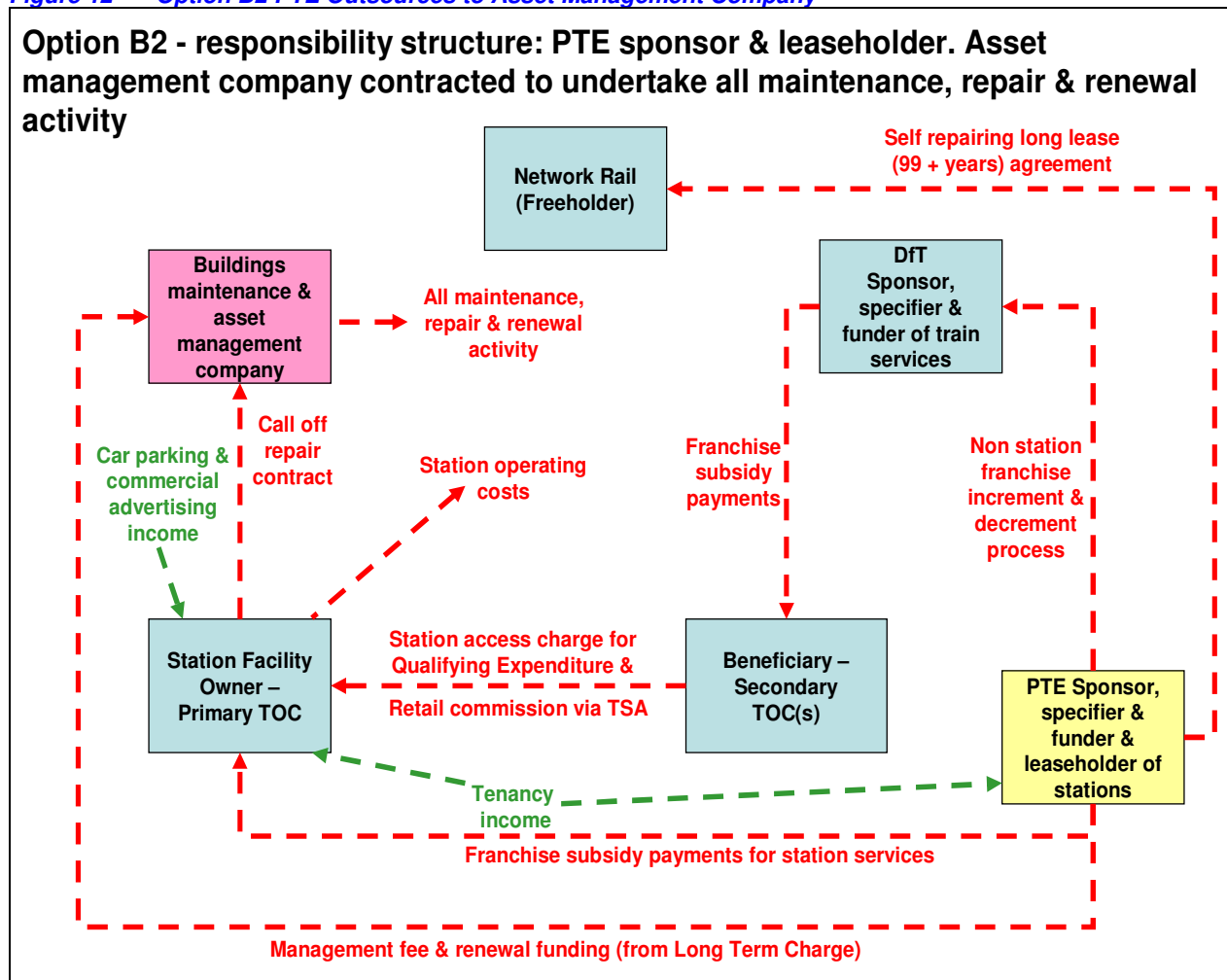
Option B1 is a version of Option B where the Franchisee takes a long under lease from the PTE and discharges the asset management and maintenance role. This under lease will be assigned to successor franchisees. This would probably involve the Long Term Charge being payable to the Franchisee. Greater rights of the tenant are inherent in long term leases and we suggest that this variant option, which is effectively a transfer of responsibility for stations to the Franchisee, would require a strong and capable sponsor to ensure that the PTE objectives and priorities were followed. Under this Option again the Franchisee would be Station Facility Owner for the purposes of the regulated access regime. This amalgamation of the two roles currently undertaken stations, ie by the franchisee and Network Rail is in line with rail industry study conclusions into delivering greater efficiency.

Figure 11 Option B1 Responsibility Structure: PTE Sponsor & Leaseholder, TOC SFO becomes Asset Steward



6.3.4 Option B2 PTE outsources to asset management company

Figure 12 Option B2 PTE Outsources to Asset Management Company



This alternative B option also involves the PTE effectively stepping into the NR position under the existing station structure by taking a long term sub lease of the station from Network Rail. However the buildings management and asset maintenance function would be placed with a facilities management company (Option B2), rather than with the Franchisee (Option B1). Although this could work on the basis of the facilities management company having an under lease we think that this would be inconsistent with facilities management market practice and that the PTE may prefer the greater control it would have in consequence of the service delivery partner not having an interest in land. Accordingly we would expect that both station operation and day to day and long term asset maintenance obligations could be delivered under a facilities management contract. We suggest that under this option a bi partite agreement would again be required with DfT in relation to the train service specification that would be required at the station. Under Option B2 the PTE could possibly become the licensed Station Facility Owner for the purposes of the regulated access regime, although the prime TOC is more likely to retain the SFO role. Otherwise the relevant station access agreements and station access conditions would also need to be varied, such variation would require the consent of the Office of Rail Regulation. Implications of the PTE becoming the SFO are discussed in our consideration of the issues around Option C. The tax (including SDLT) implications of all options involving transfers of land will need to be considered further if this option is to be developed.

### **6.3.5 Potential advantages of the B Options**

1. Under the B options the PTE will have greater control over the station and will acquire control of capital assets leased from NR. A long term property interest in a station through a long lease gives greater control than a sponsor agreement with a franchisee. PTE directly funded investment would be more attractive as the PTE would increase the value of the capital asset and retain control over it, for the duration of the lease term, rather than funding the improvement of NR's asset. In principle such rights may permit the PTE to give a long term security interest (for the duration of the long lease term) to third party investors over the station. This could facilitate station investment funded by such investors. The PTE could be in a position to develop enhancement schemes based on redevelopment of the station with investment partners that may involve additional types of land use such as retail or residential. However this would very much depend on the rights granted to the PTE by NR within the lease. We consider it unlikely that NR would hand over the opportunity to gain from commercial redevelopment of land or air rights above the station and railway infrastructure. The PTE would probably have to negotiate with NR for each specific investment opportunity, and based on previous experience NR are likely to seek to retain a large proportion of any commercial value generated for assets other than those provided directly for railway passenger use and benefit.
2. Sub contracting under both options (B1 and B2) allows the PTE to sub contract delivery responsibility. The PTE may feel that delivery is not a core activity and that it is better to outsource this exercising contractual rights to ensure that its requirements are delivered. Sub contracting avoids the PTE acquiring liabilities to employees.

### **6.3.6 Potential disadvantages of the B Options**

1. In the B options full responsibility for repair, refurbishment and renewal would fall to the PTE (who may chose the TOC SFO as their delivery agent), currently such responsibility for asset maintenance, repair and renewal is segmented between NR and the TOC – such that the PTE would need dilapidation surveys carried out to assess any shortfall or deficiency arising both from the TOC and from NR's responsibility. Under Option B and B1 the under lease rights of the Franchisee limit PTE control over the station because the Franchisee has an interest in land with the rights associated with that. It is possible that the Franchisee will not have fulfilled its obligations with regard to repair under the under lease at the end of the franchise. There will need to be dilapidations surveys and the Franchisee may need to carry out specified repairs or compensate the PTE as its landlord. This may be a time consuming and difficult exercise - especially if the Franchisee has an under lease in respect of a number of stations. Franchisees are normally relatively thinly capitalised and there is a danger that a Franchisee who has entered into such an arrangement will not be able to meet its financial obligations leaving the liability in relation to its non performance with the PTE. Accordingly we expect that the PTE would require the SFO TOC to make provision for bond or guarantee protection, to mitigate any risk to the PTE in relation to this liability. DfT currently has similar protection in place as a requirement the TOC Franchise Agreement.
2. Although the PTE will have a greater control where there is a facilities management company without an interest in land the PTE is still relying on a third party for delivery of services at the station and lacks the complete control inherent in direct delivery. This risk can be mitigated by an effectively negotiated and drafted contract. There will be TUPE issues at the end of the franchise or facilities management agreement with employees passing with their accumulated employment rights to the successor service delivery partner. However this is a standard business risk and falls on the out going and incoming service delivery partner.
3. An employee transfer issue that is unique to the railway industry is the Railway Pension Scheme. This is an industry wide arrangement created pursuant to the Railways Act 1993 which is open to all employees within the railway industry. Members who were employed by British Rail prior to 5th November 1993 have special rights as “protected persons” - they essentially have the right to continue to obtain pension benefits no less favourable than those offered by British Rail. A Franchisee taking on the role envisaged in Option B1 would

already be an employer under a Section of the Railway Pension Scheme and no new issue would arise. However if there is a transfer to a Facilities Management company it would have to establish a new section of the Railway Pension Scheme and transfer transferring staff to it. It is possible that pension rights are not fully funded at the date of transfer. Full funding would be required in relation to protected persons and we expect that the facilities management company would want any deficit in relation to other employees to be made up. This would add a cost to the arrangement and there is a question of how it would be met. The Facilities Management company would also want liability issues under the Railway Pension Scheme at the end of its contract to be clearly provided for in the Agreement so that it was sure that it had a manageable risk profile that did not extend beyond the term of its contract. Although it is theoretically possible to offer a defined contribution scheme under the Railway Pension Scheme (but not to protected employees) trying to do so may give rise to industrial relations issues. We expect that a Facilities Management company would be unused to a defined benefits scheme and may be reluctant to become involved in one

4. Transaction costs are likely to be higher than under Option A because of the costs associated with the sub lease from Network Rail and potentially an under lease to the Franchisee under Option B1. However such additional transaction costs would be less of an overall burden were franchise lengths to be significantly extended as proposed. The normal real property transfer issues will arise including what price (if any) is payable for the transfer of the capital value represented by the long term station lease and what is the condition of the station and is it consistent with the proposed capital value?
5. If a Facilities Management company is contracted under Option B2 it faces risks it cannot control in the event of disruption to the train service. This issue is discussed further in relation to the disadvantages of Option C.
6. Under Option B2 the PTE has the risk as SFO more fully considered in relation to Option C.

## **6.4 Potential Risks in Option B**

In taking over the asset stewardship role, the PTE could expect to inherit a number of risk areas from NR and the TOC:

### **6.4.1 Risk area for PTE: structural asset failure at station**

If there were a structural asset failure at a station, then the PTE would have to compensate the TOC(s) for loss of franchise passenger revenue, and for any resultant TOC asset damage. Occasionally cases occur of unexpected asset failure or defects that require relatively rapid action to enable the affected station to remain operational. We offer two examples in recent years of this kind of situation:

1. Frost damage to Bordersley station – Bordersley station serves Birmingham city football stadium. The station had to be unexpectedly closed for four weeks in December 2010, due to urgent repairs being required to platform coping stones damaged by severe frost conditions. Severe winter weather with soil freezing may lead to heave that can affect platforms, buildings, forecourts, car parks and approach roads. Several stations have apparently been affected.
2. Defective platform canopy structures at Derby station – the canopies were constructed in the 1950's of pre-stressed concrete. In 2005 engineers discovered faults in the concrete, and structural assessment revealed that the canopies could not be repaired. Replacement steel canopies formed part of a major refurbishment programme (£18m) to the six platform faces completed in 2008.

The primary mitigation for these asset risks is a regular and rigorous inspection regime for all station assets, together with a programme of preventative maintenance as appropriate. Secondly insurance cover is a potential mitigation, although this normally would normally be put in place to apply over a certain, relatively high, threshold (typically over £5m).



**6.4.2 Risk area for PTE: cost escalation for station renovation and renewal works**

As station renovation and refurbishment schemes are developed, the scale of required remedial/ renewal works may not be initially apparent until detailed structural examination can be carried out, that may require a possession. It is not unusual for initial budget estimates for this kind of work to prove to be underestimates.

The primary mitigation for this project cost escalation risk, is to ensure appropriate contingency sums are built in to budgeting for station refurbishment and renewal projects

**6.4.3 Risk area for PTE: breach of contract obligations to maintain asset base in reasonable condition**

The PTE would potentially incur penalties/ remedies resulting from breach of contract obligations if it were found by ORR to have failed to maintain the station asset base in reasonable condition. The PTE would be subject to ORR (and their Reporter's) scrutiny and review.

Again the primary mitigation for these risks is a regular and rigorous inspection regime for all station assets, together with a programme of preventative maintenance as appropriate.

**6.4.4 Risk area for PTE: environmental hazards including asbestos**

The PTE would inherit the risk of costs and claims resulting from environmental hazards, if part of station building structure. An example is the unforeseen cost escalation for a renovation or new works project of discovering or disturbing hazardous materials, a principal example being asbestos, requiring specialist attention.

## **7 OPTION C: PTE BECOMES SFO RESPONSIBLE FOR DELIVERY**

### **7.1 Asset steward & facilities management**

#### **7.1.1 Scope for PTE to combine these activities**

There could be scope for the PTE to effectively combine the activity currently carried out by NR and the TOC, together potentially with their relevant existing property responsibilities, e.g. car parks and bus stations to provide an effective and efficient solution to asset stewardship. On this basis we could envisage that for example Centro, TFGM and Merseytravel may require a Station facilities management and stewardship team of between around 10 to 16 specialist staff, depending on scope for integration with their existing activity, supported by similar specialist call off contract arrangements (described in 6.1.2 and 6.1.3) to discharge the responsibilities currently carried out by NR and the TOC SFO. We examine the implications of the PTE taking over the asset steward and facilities management responsibility and directly fulfilling the SFO role in our Option C1.

#### **7.1.2 Residual NR and TOC responsibilities**

NR and the TOC would however to retain a residual capability for other operational property, e.g. the TOC would require a Depot Facilities Manager and support/ call off contracts, and NR would retain responsibility for lineside buildings. New interfaces would be created between PTE and the ORR, NR and TOC. This net increase in interfaces be offset by potential efficiency gains from merging the station maintenance / asset stewardship role.

### **7.2 Station operator and retailer**

#### **7.2.1 TOC station management and retail operations**

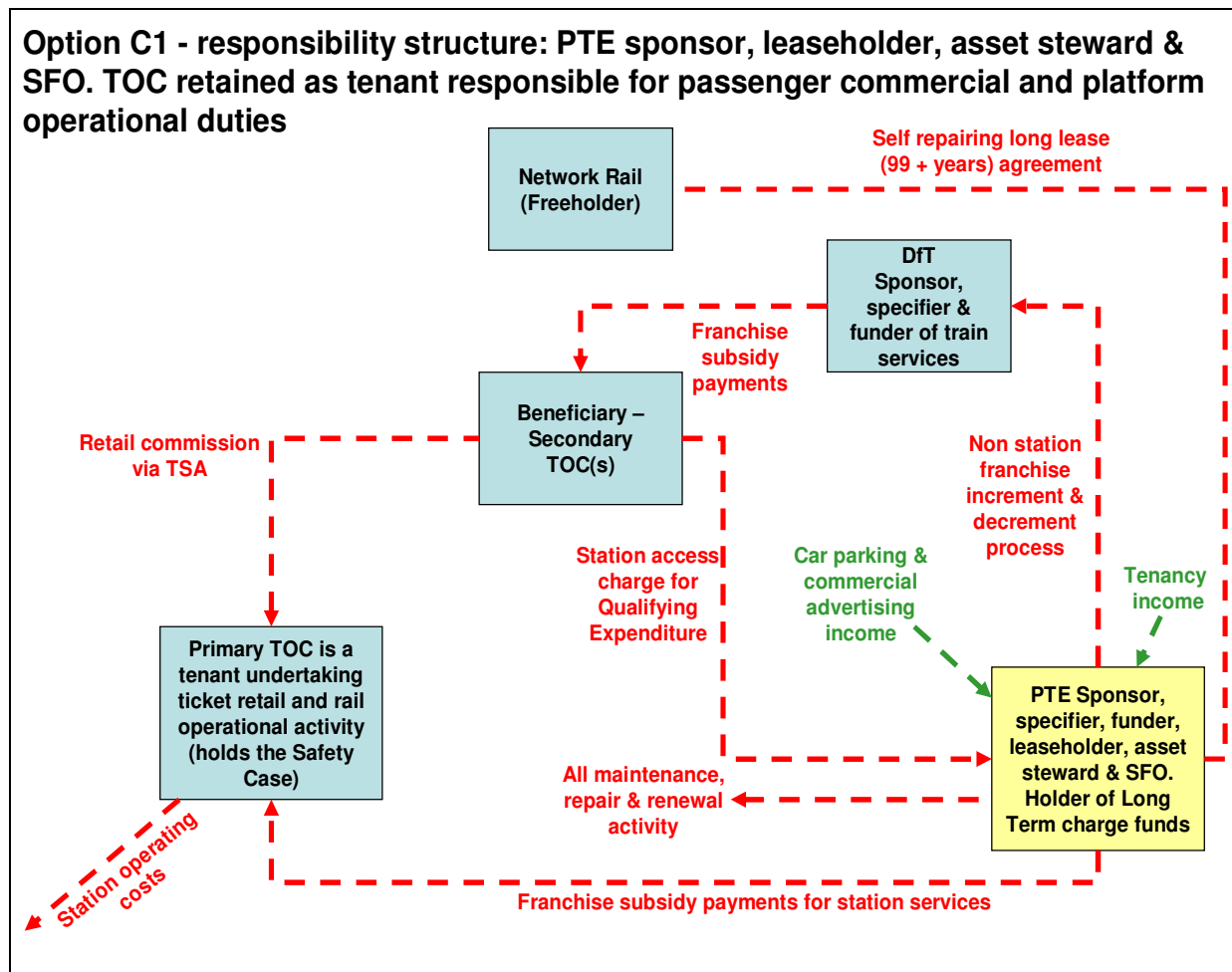
A typical TOC would appoint a Director Stations and Retail who would be part of the TOC executive leadership team and would head the stations functional department. Also at TOC HQ in addition to the Head of Facilities (covered in 5.3.2 above) there would typically be a stations delivery manager, a retail development manager, retail analyst, and team admin support. Other HQ and support staff would provide finance, HR and Payroll support. Typically this would comprise a retail accounting team of 6 staff, 1 HR specialist, and payroll activity (this may be contracted out but could incrementally represent two posts). In terms of line management route station managers would report to the stations delivery manager, each having responsibility for approximately 20 stations & around 50 station staff. So for example in the Centro area routes we might expect there to be around four route station managers, and two relief managers to cover rest day/ holidays/ sickness. These managers would have out of hours on-call responsibilities. Overall therefore TOC retail management and station operation HQ support for a stations business the scale of the Centro area could typically expect to require a team of 20 posts for retail management and HQ retail support. We examine the implications of the PTE taking over the Asset steward and SFO role (as in Option C1), together with delivery of all passenger retailing and customer service delivery at stations as well in our Option C2.

### **7.3 Option C1: PTE delivers facilities management & asset steward role**

#### **7.3.1 Responsibility structure**

The PTE would take over full responsibility as sponsor, funder, asset steward and SFO. The TOC would be a tenant responsible for ticket retailing and would retain the safety case with responsibility for rail operational duties on platform e.g. train dispatch.

Figure 13 Operation C1 Responsibility Structure: PTE delivers Facilities Management & Asset Steward Role



### 7.3.2 Long Term Charge and flows of payments

There is no long term charge levied by NR; instead the equivalent budget is held by the PTE who would directly manage the maintenance and renewal works contracts. The PTE would provide payments to the tenant TOC to the extent that subsidy were required by the TOC to discharge the specified station services. The PTE would enjoy ancillary income from any commercial advertising and tenancies and any other revenue streams e.g. from car parking or taxi licences.

### 7.3.3 PTE liability as SFO in Option C1

In taking over the SFO role from the prime TOC, the PTE could expect to inherit the following risks from the SFO:

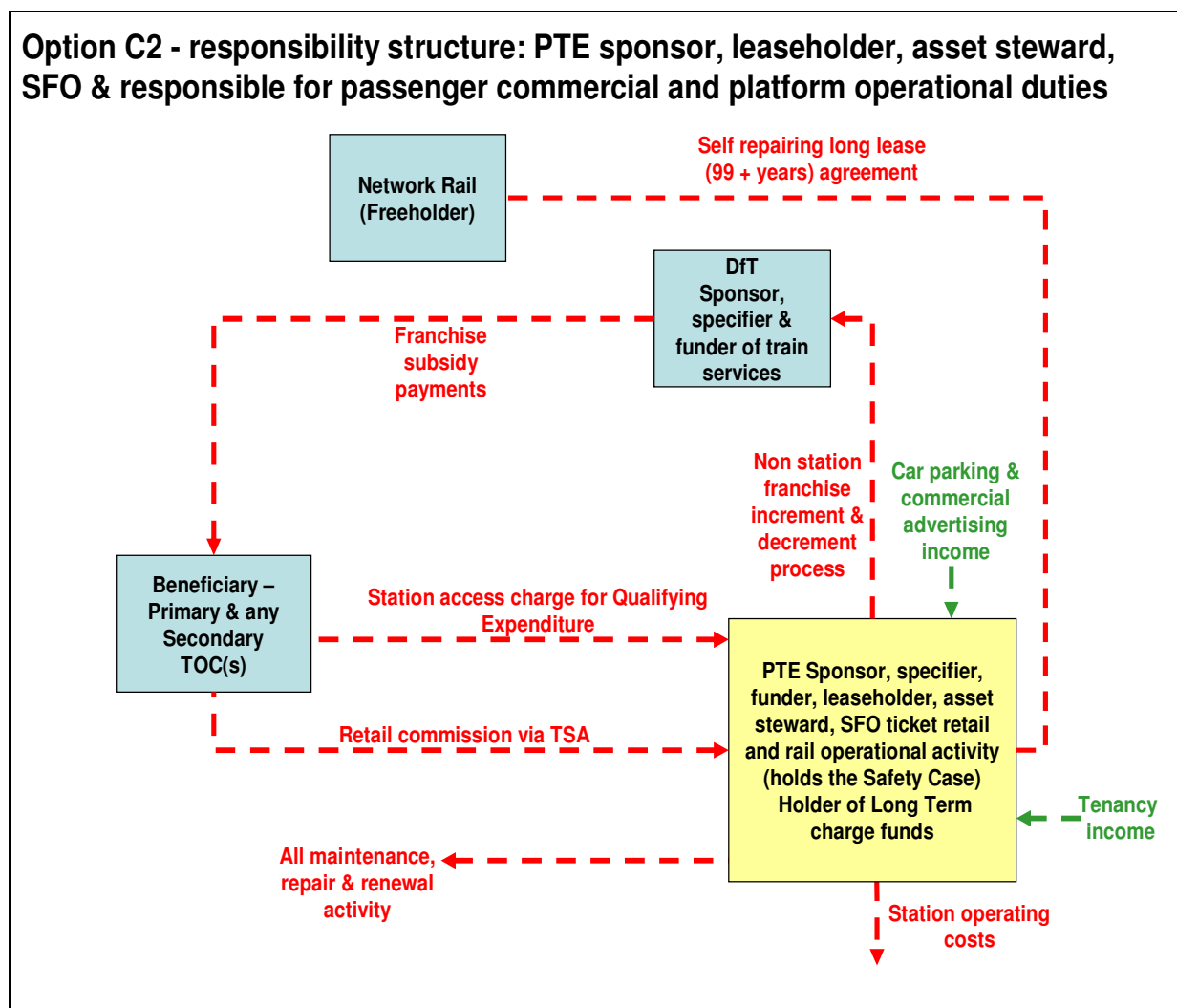
1. Generally on risk for interruption to normal service, leading to TOC seeking compensation for loss of passenger revenue, e.g. power failure meaning that trains can not call, or that ticket office has to be closed;
2. Station asset loss or damage for example as a result of vandalism, arson, theft, and graffiti;
3. Safety and security liability for staff and passengers when on station premises, e.g. personal injury;
4. Breach of contract obligations; e.g. failure to deliver required quality standards – this will depend on the service quality regime.

## 7.4 Option C2: PTE delivers station operator and retailer role in addition to facilities management & asset steward role

### 7.4.1 Responsibility structure

Option C2 is similar to Option C1 except that the PTE would also directly deliver the train dispatch and ticket retailing role by deploying own managed staff. This is similar to the role performed by the PTE's, e.g. Centro, in the management and operation of their large Bus Stations and associated Travel Centre outlets.

**Figure 14** Option C2 – Responsibility Structure: PTE delivers additional Station Operator/Retailer to Facilities Management & Asset Steward Role



### 7.4.2 Funding arrangements and flow of payments

In Option C2 funding arrangements and payments would be similar to Option C1 except that the PTE would be directly financially responsible for all of the SFO activity including the provision of retailing and station delivery. The PTE would receive station access charge income from train operators calling at the station, together with retail commission for ticket revenue transactions at the station.

### **7.4.3 Commercial implications for the TOC with Option C2**

It is likely however that the TOC would need to retain a material Retail functional capability both in terms of the on-train ticketing, revenue protection activity, and interface with the PTE, especially assuming that the TOC would retain a very significant share of passenger revenue risk. There would be additional interface introduced between PTE and TOC in the retailing, revenue protection, and accounting of passenger revenue for the routes affected. Whichever party takes the revenue risk, the other would need to charge commission costs (for marketing/retailing / revenue protection activity) to ensure appropriate commercial incentives.

## **7.5 Statutory and contractual implications**

### **7.5.1 Existing examples of Option C: UK Airport interchange stations**

The rail link to Heathrow Airport is owned and operated by BAA including the railway and stations at Heathrow. BAA responsibility for asset stewardship, maintaining and renewing the station assets, with outsourcing activity to specialist contractors. BAA directly operate all aspects of operations and customer service delivery and retailing. They also operate the trains and have full TOC stations rather than just an SFO role. At Prestwick Airport in Scotland, the railway station is owned and operated independently by Prestwick Airport. Lengthy negotiations between the Airport and ScotRail with significant involvement of the ORR were required to achieve the required contractual arrangements, including bespoke access agreements and access charge. At Southend Airport, Stobart who lease and operate the Airport have constructed a new station to serve the airport. We understand that the Airport intend to operate the station independently, although at present trains are not calling at the new station because commercial and contractual arrangements are not yet agreed between the Airport, the TOC and DfT.

### **7.5.2 Option C1**

With Option C1, the PTE essentially take on the same role in relation to a station that Network Rail has in relation to a Managed Station - it is essentially Option B2 without sub contracting to a facilities management company. Under this option the PTE would takes a long term property interest in the station - probably a 99 year plus lease. Accordingly the station would be substantially operated and maintained by the PTE, but the TOC franchisee would retain the responsibility for train dispatch and ticket retailing - probably through a tenancy agreement, e.g. for the ticket office and the TOC would provide staffing for these roles as required. The Long Term Charge funding would be held by the PTE. As SFO the PTE would enter into regulated station access agreements with the TOC Franchisee and any other train operator using the station and receive access charges. We expect that it would charge a rent for the use of station facilities such as the Travel Centre.

### **7.5.3 Option C2**

We assume that the PTE would operate as an agent of the TOC Franchisee, obtaining a revenue stream through station access charges (Option C1 and C2), and in Option C2 additionally through commission on ticket sales. Clearly the commercial terms of this would have to be agreed and contractualised - relevant considerations would be the additional cost arising out of paying the commission compared to costs savings to the Franchisee from no longer having to operate the station and the revenue implications of the PTEs proposals for operating the station. Ticket retailing would involve the PTE obtaining a retail licence from ATOC to allow it retail fares as a third party ATOC retailing agent. The PTE would require a safety case when taking on responsibility for platform activities including train dispatch.

#### **7.5.4 Station Licence**

The PTE would require a station licence. Accordingly it would have to:

1. have the required level of insurance against third party liabilities;
2. be party to the claims allocation and handling regime;
3. comply with provisions requiring a Disabled People's Protection Policy;
4. have an approved complaints procedure;
5. liaise with the RPC;
6. comply with relevant Group Standards;
7. have an appropriate environmental policy; and
8. pay the required annual fee to ORR.

Under both sub options we again expect legal agreements with both DfT in relation to the train service specification and the Franchisee in relation to the use of the station.

#### **7.5.5 Potential advantages the C Options**

1. Option C gives a very high level of control with Option C2 giving the highest level possible. It may be particularly suitable for stations with high levels of usage which play a major role in the delivery of public passenger transport in the relevant Integrated Transport Area (including stations which are a multi modal hub).
2. The PTE may consider it is important to be able to fully control the delivery of services from the station and develop it in accordance with its vision. This could enable it to more fully realize the areas of benefit discussed in Section 3.

#### **7.5.6 Potential disadvantages of the C Options**

1. The PTE takes all of the risk associated with delivering station services as a licensed operator including employee liabilities.
2. We described above the position under the Railway Pension Scheme. The PTE would have to establish a section of the Railway Pension Scheme and would become responsible for relevant liabilities. The funding issue at the commencement of the franchise would apply. This would become a significant long term liability of the PTE.
3. Transaction costs will be higher than under Option A for the reasons described above.
4. Option C and particularly Option C2 is likely to involve the PTE engaging in activity that would lead to the PTE acquiring the responsibilities and potential liabilities associated with train operation including the requirement to have and comply with a safety case and otherwise comply with the provisions of laws and regulations relating to rail safety.
5. A station is, of course, normally an integrated part of a wider railway business. However if a station is controlled by a PTE this is not the case and it faces certain commercial risks that it cannot control unless relevant contractual agreements are reached.

### **7.6 Potential Risks in Option C**

In taking over the SFO role, the PTE could expect to inherit a number of risk areas from the TOC:

#### **7.6.1 Risk areas for PTE: SFO cost risk for asset loss or damage.**

The PTE as SFO would become on risk as now for the impact of vandalism, arson, theft and graffiti. We understand that TOCs annual provision for vandalism repair is typically quite modest (under £100k). The mitigations include staff presence, gating, CCTV to reduce the probability of a risk event occurring and insurance arrangements to compensate for the damage.

#### **7.6.2 Risk areas for PTE: utility cost escalation.**

In recent years there has been a large increase in utility costs, primarily energy bills. The PTE as SFO would become on risk for such future cost escalation. For example typically gas prices at stations have risen by 60% in the past two years. Given the relatively small proportion of overall station cost, utility cost escalation is a relatively modest financial risk, compared with the costs of maintenance and renewal of the station assets. Mitigations could include energy efficiency measures and long term procurement deals with suppliers.

#### **7.6.3 Risk areas for PTE in Option C2 from service disruption caused by Network Rail**

These commercial risk areas relate to disruption to the train service as a result of failure by Network Rail to grant uninterrupted access to the station as a result for example as a result of a fault in the network. A franchisee has a level of protection under its regulated access agreement in relation to certain types of disruption through the performance payment regime. Addressing this risk area would not be straightforward. With regard to risk of Network Rail disruption we expect that the PTE will be obtaining revenue through the receipt of commission on the sale of the Franchisees (and other train operator) fares. If the service were disrupted this revenue flow could diminish. It could ask for a share of the performance payment received from Network Rail by the Franchisee but we think that it will be difficult to calculate this compensation or get the Franchisee to agree to pay it.

#### **7.6.4 Risks areas for PTE in Option C2 from service disruption caused by TOC**

With regard to disruption caused by the Franchisee, the most likely would be as a result of industrial action and we think it is highly unlikely that the Franchisee would agree to provide protection in relation to this risk given the high level of its own potential exposure to it. Generally we think it would be difficult to persuade the Franchisee to take the additional risk associated with such a compensation regime. Clearly the PTE would have station access agreements with the Franchisee and other train operators giving rise to an income flow in addition to commission on tickets and these charges should generally remain payable notwithstanding such disruptions.

#### **7.6.5 Risks to TOC in Option C2 from train dispatch delays caused by PTE**

If the PTE was responsible for train dispatch there may be an issue about liability of the Franchisee under track access or franchise agreement performance provisions if delay to train dispatch causes delay to the Franchisees services. We think it is likely that the Franchisee would seek protection against the risk but we also think that it might be challenging to create a workable regime. The scale of the risk would depend upon the nature of the station as we would expect that train crew would deal with dispatch on relatively short trains using straight platforms.

#### **7.6.6 Risk to TOC in Option C2 from losing direct control of customer service and revenue collection**

The TOC would be reluctant to lose control of customer service interface and passenger revenue retailing at stations were they to remain significantly on risk for passenger revenue and for achieving customer satisfaction targets (NPS) within their Franchise Agreement. The TOCs could seek mitigation in terms of a revenue sharing mechanism with PTEs in this scenario.

## **8 ALTERNATIVE STRUCTURE OPTION SELECTION & DEPLOYMENT**

### **8.1 Deliverability**

#### **8.1.1 Option feasibility**

From a practical perspective, we consider that each of the options included in the report offer potentially practicable structures to deliver provision of rail station facilities and services. In other words with the commitment of the parties, together with appropriate contractual arrangements and resources each of the options appears capable of delivering a desired outcome.

Working with Eversheds to examine the legal statutory and contractual implications, we believe that workable agreements and mechanisms can be put in place for each of the options that we have defined and examined within this study report.

#### **8.1.2 Commitment from PTE and rail industry parties**

A critical success factor for each option is the willingness of the parties affected to positively commit to making any revised arrangements work well. In addition to sound commercial and contractual arrangements, this will require adequate funding provision and sufficient staff resources of appropriate calibre and experience to deliver the required outcomes. To further develop potential options and examine the VfM case in detail for transferring the sponsorship and stewardship roles for stations within a PTE boundary to the relevant PTE, will require the active support of both Network Rail and the relevant TOC(s).

### **8.2 Weighing potential against risk**

#### **8.2.1 Sponsor and specification (Option A)**

Analysis of Centro and TFGM area stations in terms of passenger satisfaction, reveals a number of areas where service quality is currently performing poorly against industry benchmarks and particularly compared with what is delivered on Merseyrail where sponsorship and specification has been devolved to Merseytravel. There would seem to be a prima facie case for PTE's playing a more major role in the sponsorship and stewardship of their station portfolios. This is based on the success of organisations like TfL and Merseytravel raising the standard and performance of their stations, through playing such a role. With responsibility across the whole local network, financial risk areas can be mitigated by having the control to revise output specifications and programmes for enhancement projects.

#### **8.2.2 Long leaseholder and asset steward (B options)**

Of the B options, B1 has the clear advantage of securing unified responsibility for facilities management and maintenance with the TOC SFO responsible for the day to day operation of the station. With appropriate contractual arrangements the TOC can be incentivized to deliver as the PTE's agent. It is unclear whether the PTE would in practice derive any significant potential net gain from Option B1 beyond that gained from taking on the sponsorship and specification role in option A. This is because NR are unlikely to agree to relinquish a sizeable share of any land or air rights and property development gain at the station. On the other hand the PTE would become on cost risk for: renovation and renewal activity; asset failure and any revenue compensation to TOC if station has to be closed; breach of contract obligations to maintain asset base in reasonable condition; and environmental hazards including asbestos. Option B1 is probably worth pursuing to more detailed appraisal, and to establish more precisely what rights NR would grant along with a long lease to exploit and develop the land and property assets.



### **8.2.3 SFO service delivery (C options)**

As SFO, the PTE would take on significant risk areas at stations from the TOC without any compensatory upside, e.g. growth in passenger revenue which would be retained by the train operator. The major risks include temporary closure triggering TOC compensation, asset loss or damage e.g. from vandalism and arson, safety liability for staff and passengers, and breach of contract obligations; depending on service quality regime. The C options provide the greatest level of control and would be most suited to locations that are relatively important to the PTE e.g. in terms of transport integration, and high footfall multi-user stations. Generally we consider that of the C Options, it is Option C1 that should be explored further. Option C2 would require safety case and imports significantly more operational and commercial risk for the PTE and for the TOC, together with additional interfaces for the industry and for passengers compared with the existing arrangements.

## **8.3 Option deployment potential**

### **8.3.1 Sole operator local suburban rail stations**

At the relatively small and straightforward suburban rail stations, the PTE is likely to be able to adequately determine priorities and specification by taking on the sponsorship and funding responsibility (Option A). Placing responsibility for facilities management and SFO service delivery with the local train operating company would ensure that industry and passenger interfaces are minimized. An important part of this role would be the Service Quality regime where the operator would be incentivized to meet the PTE specified standards. Alternatively pursuit of Option B1 where the PTE takes on the long lease of the assets from NR, whilst procuring SFO facilities management and service delivery from the TOC could afford the PTE greater control to develop the land and property assets. The risk areas identified in taking on this role would be mitigated through the scale of the portfolio, adequate contingency budget, and insurance arrangements.

### **8.3.2 Major multi-operator public transport interchange hubs**

The characteristics of the major interchange terminals and scope for integration and co-ordination benefits across the modes, may more readily justify more direct involvement of the PTE in terms of facilities management and service delivery. Examples described in this report, e.g. Altringham and Liverpool South Parkway evidence the barriers with existing fragmented responsibility and what can be achieved with an integrated approach led by the PTE. We consider that it is these key hubs where the greatest potential for the PTEs to take on more direct responsibility for service delivery exists.

### **8.3.3 Critical mass**

A sufficiently sizeable portfolio of stations would be required to make adoption of the B and C options viable, particularly in order to derive sufficient scale for an efficient solution and sufficient spread of risk across a large portfolio of assets and locations. Similarly to provide effective sponsorship and specification, including effective prioritization across its area, the PTE would need to establish the role across its network of local stations generally rather than in a piecemeal fashion for bolt on incremental projects or new stations only. We suggest therefore that it would be most appropriate for the selected option to be applied across all the local suburban stations within the PTE. The exception would be the major public transport interchange terminals where the C options could, subject to more detailed appraisal, be found to be most advantageous to the PTEs and the public purse overall.

## 9 POTENTIAL BUSINESS CASE

### 9.1 Background context

#### 9.1.1 Limitation of available data for this study

Our proposal was to develop a business case for the three options detailed in the previous chapter to show the incremental benefit of a PTE taking on more roles and responsibilities in the area of station sponsorship and stewardship. For each option the change would be applied to a specific PTE. Unfortunately, it became clear during the study that the commercial and financial information necessary to develop these business cases was neither available nor public. Such a study would require the detailed cooperation of TOCs and Network Rail as well as the PTEs.

#### 9.1.2 Approach adopted to develop indicative business cases for the case study areas

As an alternative we have looked to develop a more generic business case for PTEs capturing the benefits identified earlier in the study by our analysis and discussions. We illustrate what could be achieved through examining the three case study areas, Merseytravel, Centro, and TFGM areas, examining their existing stations' performance in terms of passenger satisfaction (using NPS scores), and comparing against the best in class score achieved across individual suburban rail route in UK rail, to identify areas for improvement and scope for enhancement activity. We assume that PTEs would take on further responsibility to be able to effectively define their own specifications with regard to the facilities provided at the station (e.g. waiting rooms, CCTV, information) and achieve appropriate standards of delivery in the operation of the station (staffing levels, cleanliness). The PTE is assumed to take on responsibility for stations and to be in a position to plan and ensure delivery of station facilities and services, with upgrades and renewal works to meet passengers' needs and local priorities.

## 9.2 Scope for quality improvements at stations to deliver VfM

### 9.2.1 NPS Individual station criteria satisfaction scores for case study areas

The individual satisfaction scores for each of the twelve NPS station criteria are shown as the percentage of passenger respondents "satisfied" in Table 15. show stations results for each of our three PTE case study areas together with the best in class individual suburban route score across UK rail. Scores of less than 55% satisfied, highlighting particular areas for improvement are shown in red. Relative strengths (over 75% satisfied) are shown in green:

**Table 13** *Indicative NPS individual station attribute scores: Autumn 2010 (Wave 23)*

NPS Attribute (percentage of passenger respondents satisfied)	C	M	T	B
Ticket buying facilities	78	85	73	86
Provision of information about train times & platforms	85	90	78	90
Upkeep and repair of station buildings and platforms	70	78	50	82
Cleanliness	72	81	63	87
Facilities and services at the station	50	47	32	70
Attitude and helpfulness of the staff	73	86	64	86
Connections with other forms of transport	69	78	70	88
Facilities for car parking	43	43	38	71
Overall station environment	66	77	54	81
Personal security whilst using the station	61	69	50	73
The availability of staff at the station	58	78	56	80
How request to station staff were handled	79	96	89	96

### **9.2.2 Park and ride facility expansion**

Many passengers appear not to be satisfied with car parking facilities across all three case study areas. Further enhancement and expansion to rail station car parking is a clear priority. We are aware that further park and ride expansion proposals are being developed and progressed as part of park and ride strategies within the three PTE areas. These are often progressed adjacent to but separate from the SFO station boundaries, and can be progressed and managed separately from the station itself. We are also aware that of all aspects of station enhancement, car parking is one that is subject to individual site constraints, including land availability planning and highway consents, requiring bespoke design solutions and appraisal. Therefore for the purposes of this incremental appraisal, we assume that such parking enhancement where viable and demonstrating VFM would be progressed anyway, and in the context of the potential impact of PTEs taking on greater responsibility for the stations themselves, we have concentrated on enhancement within the core station structure and passenger facility areas.

### **9.2.3 Priorities for incremental quality enhancement assumed for each case study**

Clearly Merseytravel stations are performing (in terms of passenger satisfaction) much better than those in the Centro area in many of the NPS attributes TfGM area stations have the weakest performance of the three PTE case studies in the majority of NPS attributes.

In the Merseytravel case study we have assumed a package of enhancements to further improve and provide station facilities and services, supported by enhanced cleaning activity. In the Centro and TfGM case studies we have assumed a similar package of enhancement, with the addition of measures to further improve personal security.

## **9.3 Quantifying the potential benefits**

### **9.3.1 Developing an outline business case**

From earlier work we know that both LOROL and Merseytravel have significantly improved their station quality, and raised the attractiveness of their network to travellers through a coordinated approach to sponsoring station improvements and funding the same. Below we have used standard rail and DfT assessment parameters to show that if further improvements were applied to the current station portfolio within the Centro, Merseytravel, and TfGM suburban rail networks then positive CBA results, for a 20-year appraisal period, can be achieved. The types of improvements appropriate for stations within the Centro, Merseytravel, and TfGM case study areas, would directly enable further passenger growth, and drive economic benefits for both existing users (in terms of the utility provided by the enhanced station environment) and to non-railway users such as road decongestion and environmental benefits from modal shift from road to rail. Significant recent research, including TfGM (Valuation of Station Facilities, 2005) evidence, has informed the latest PDFH recommendations on the potential demand impacts of station improvements, and in passengers' willingness to pay for such improvements. These have informed the outline business case which we have developed for a package of station improvements in line with those priorities identified in the NPS analysis (within the limitations of the basis of incremental upgrades that have recommended values in the PDFH):

We assume that to achieve the step change in quality, that an incremental spend equivalent to £50k per annum is incurred. This could be a mix of additional operating expenditure, maintenance and renovation activity and the annual amortized cost of capital enhancement works to provide new or enhanced facilities. This is broadly in line with the additional station expenditure related to quality enhancement encountered on LOROL. Details of the assumed improvements assumed and their values are included in Appendix C.

### **9.3.2 Key business case inputs and assumptions**

The key inputs and assumptions include:

1. The standard PDFH values are applied to station footfall to forecast the level of demand growth. Station footfall and numbers of stations are specific to each PTE Case study area.

2. Passenger one-way trip length is assumed to average 12 km for Merseytravel and 16km for Centro and TFGM local stations.
3. The quality improvements also generate benefits for existing users, through improved willingness to pay. Values used are from the current PDFH (tables C8.6 to C8.13);
4. These improvements also generate benefits to non users, as a percentage of the additional passengers are diverted from road and therefore reduce the costs of congestion and accidents on that mode. DfT WebTag values typical for metropolitan areas are adopted.
5. Demand growth is capped at 2% per annum and frozen altogether from 2026 onwards in line with current DfT WebTag rail appraisal guidelines;
6. A discount rate of 3.5% is applied as defined in the Treasury's Green Book.

## 9.4 Business case outline appraisal

### 9.4.1 Summary of quantified appraisal results

The outline appraisal results suggest that such a package delivering a step change in station quality has the potential to yield a good economic business case, with a DfT BCR measure of over 2.0 for Centro and for TFGM. The benefits achieved on Merseytravel area stations are less pronounced because the stations start from a base position where they already score well for a number of attributes, including for example personal security, and the average trip distance is relatively short, limiting the scale of the benefits. The PTE case study BCRs are lower than TfL have calculated for station improvements in the London area (section 3.1) where passenger footfall, journey length and values of time inputs and assumptions are somewhat greater. Annual cash flow values from which the NPVs in the table are derived are shown in Appendix C.

**Table 14** *Quantified Appraisal Results*

£ NPV (£m)	Merseytravel	Centro	TFGM
<b>Net Financial Effect</b>	<b>-47</b>	<b>-30</b>	<b>-43</b>
Incremental annual spend	-72	-55	-77
Additional revenue	25	25	34
<b>Economic Benefits</b>	<b>68</b>	<b>69</b>	<b>92</b>
Unpriced benefit - users	38	37	49
Unpriced benefit - new users	0	0	0
Unpriced benefit - non users	36	37	50
Indirect Govt Effect	-6	-6	-8
<b>Net Economic Effect</b>	<b>21</b>	<b>39</b>	<b>49</b>
<b>BCR</b>	<b>1.44</b>	<b>2.30</b>	<b>2.13</b>

### 9.4.2 Unquantified benefits

There are some further benefit areas that are not quantified in the business cases including: the long term strategic benefits of integrated planning; prioritising local needs when resources are scarce, and establishing a consistent brand and associated standards (often on a multimodal basis).

## **10 CONCLUSIONS AND KEY ISSUES**

### **10.1 Existing situation**

1. PTEs collectively have some 14% of the stations on the rail network. The majority of these stations are small (category D&E). In terms of asset condition (SSM condition rating) they are generally not significantly different to non PTE area stations of a similar category; although the condition of Category E stations are worse in PTE areas and below the required target level for CP4.
2. The current responsibility structure for stations is complex, normally involving Network Rail as steward and a TOC as SFO. Improvement in a station can be sponsored by the DfT, Network Rail a TOC (via a franchise commitment) or a third party.
3. Funding of station developments is complex and there are multiple funding sources available for various aspects of station improvement and maintenance – eleven separate sources were identified in the Integrated Station Funding programme 2009-14.
4. In general terms current station income only covers a small proportion of station costs.
5. The industry is trying to move to improve some of the current problems, for example with the establishment of Local Delivery Groups to progress the development of Integrated Station Plans for each station, and the initiation of policy of passing more responsibility onto the TOCs with full repair, maintenance and renewal obligations.

### **10.2 Devolved sponsorship and specification**

1. There is some evidence that devolved responsibility has enabled through enhanced specification, significant improvements to passenger satisfaction levels (e.g. as measured by Passenger Focus NPS research). Merseytravel and London Overground have the best performing stations as measured by NPS customer service measures and have seen the most dramatic improvements over recent years.
2. There are a number of different alternative structures through which PTEs can be more involved in the management of their stations, these range from setting the specification through to becoming the landlord and managing the delivery of all changes. All these options would involve the PTE taking on varying degrees of risk in return for varying degrees of control, and some may require changes to the current regulatory regime.
3. No fundamental increase in the devolved responsibility of PTEs to their station portfolio is likely to be successful without the transfer of associated funding at the same time.
4. Current government policy through its localism agenda would, in principle support devolution at a local level. The McNulty review has also commented that there would be benefit from reducing the number of interfaces managing stations.
5. Whilst it has been possible to demonstrate there is a positive business case for a higher station specification – one key aim of the PTEs – to deliver improved customer benefits and a positive CBA. It has not been possible to develop a more comprehensive business case to show the benefit for a PTE taking more responsibility for the development and enhancement of its stations, because the detailed information and costs and revenues is not publicly available. Such an analysis will need the active support and involvement of Network Rail and the TOCs associated with these stations.

### **10.3 A role in asset stewardship and facilities management**

1. It is the major multi-modal interchange terminals that appear to offer the greatest potential for the PTEs to take on a more direct role in the stewardship and management of stations.
2. In addition to integration benefits, scope for interface reduction and efficiencies and economies may potentially be realized by unifying the management of the entire multi modal facility, replacing existing fragmented arrangements. Again at this stage the detailed

revenue and cost data was not available to demonstrate the quantitative impact such a change could deliver.

## **10.4 Key Issues**

Four issues emerge that appear key to success:

1. The willingness of the parties affected to positively commit to making any revised arrangements work well. This will require the active support and co-operation of the DfT, Network Rail and the relevant TOCs.
2. That without the access to appropriate funds, much of the potential benefit could not be realized, so there is a need to transfer budget funding along with a more active role.
3. The movement of PTEs into a more active role in stations generally would bring risks. In the area of stewardship and delivery of their stations, in particular, such risks include the areas of cost escalation, asset failure, safety claims, operator compensation for non-delivery, and regulatory penalties for performance breach.
4. The successful performance of these roles critically relies on the calibre of the resources undertaking them, so the PTEs would need to further invest in quality expertise, for example, regarding the specification, development and delivery of investment and refurbishment projects.

## **10.5 Next Steps**

More work is needed to understand fully the implications and benefits of the various options for ownership and responsibility transfer. This would clearly need to take account of the emerging wider role of PTEs in the delivery of rail franchises. In principle all options should be deliverable, and at this stage there is insufficient information available to rule out any of them.

Therefore, the PTEs should propose a detailed study of the VfM impacts of transferring the sponsorship and stewardship roles for stations. The study should focus on a group of stations on the same line of route, selected from each of Centro and TFGM areas, and examine the impacts of transferring sponsorship, stewardship and facilities and management roles for these stations. In order to fully understand the resulting costs and benefits to the PTE, and other parties from transferring responsibilities, detailed cost data from both Network Rail and the TOCs should be obtained. The study should also involve consultation with both parties to gain a full appreciation of the risks, issues, costs and benefits of each option.

## **APPENDIX A – NOTES FROM CONSULTATION MEETINGS**

Meeting with ORR 17th February 2011

Present: Brian Kogan, Gerry Leighton

- Do not think current situation ideal. It would be more efficient if one party had complete responsibility for the maintenance and operation of the station. Agnostic as to which party would be best. Current approach results in confusion, inefficiency and poor delivery.
- Currently working with DfT to look at what changes need to be made to;
  - Contracts (access)
  - Licences
- Currently Network Rail owns most stations and has a network licence which covers all. If we issue licences at the station level how do we ensure that the stewardship obligations are effectively dealt with?
- DfT wishes to run a number of pilots to trial different methods. The work PTEG is doing fits into that approach and is welcomed. It is especially welcomed at interchanges, where the PTE may have responsibility for other modes as well as rail.
- Does not need to be one answer – horses for courses. In fact do not believe there is one simple answer.
- DfT looking for specific trial on Greater Anglia to let TOC take stewardship responsibility.
- However, very wary of TOC boast that they can do it better and cheaper than Network Rail.
- TOCs have done some good work through NCIPs scheme; however, stations are not their core business and worry about where they will fit in their “pecking order” for funds. Also TOCs tend to lose interest towards the end of their franchise. It might be better if a third party professional – whose primary interest is stations provides this role.
- For operator licence preparing approach similar to HS1 where there is a need to develop an asset management plan by station, with specific long term asset condition policies.
- Network Rail currently have a crude measure of asset quality (A-F). need to have something to measure against, if you are going to develop asset management plans.
- Funding – trying to help (prompt) DfT to take a view on what they want to by, in terms of station quality and facilities. The default always seems to be the status quo. If below the DfT generally want to bring it up. If above, they generally want to maintain that level.
- TfL seem to specifically want to improve overall station quality, for example the Overground stations. They make a specific business case to justify and fund this.
- Working on licence, currently struggling to define what should be included in the licence and therefore enforceable and what should be in associated detailed documentation –to avoid triggering licence change process every time a change is made or it becomes easy to be in breach of your licence conditions.
- Moving towards defining licences in terms of outputs rather than inputs. This is simplifying the process. Reference was made to the Borders railway and the ORR regulatory statement consultation document released recently.
- Money – how is the money to be transferred away from Network Rail, should other parties provide the service? New value will be captured through TOC charge.

## Meeting with Network Rail 17th February 2011

Present: Mike Goggin, Gabrielle Ormandy

- Currently working with DfT on Greater Anglia model. [note document released on ATOC website relating to a Bidders Update for GA franchise]
- No one size fits all – horses for courses
- Need to ask what is trying to be achieved. Is it that the PTEs want specification rights? If so do they really want to take responsibility for a number of other issues and roles.
- Network Rail station strengths are dealing with;
  - Large complex stations
  - Areas where significant capacity is required
  - Areas where significant enhancement of the network is required
  - Developments rights are significant
  - High risks, e.g. associated with heritage sites
  - National or network significant -going well beyond the local area.
- Network Rail recognises that as new models come on stream they will need to operate in a competitive market.
- Recognise that PTEG (Geoff Inskip visit) is looking for greater local accountability and control. Need local access to funds.
- New station access conditions are being developed, ORR will push these out for consultation in near future. 2 principle changes proposed;
  - Make station change process easier, through reducing the right to object (for example needing compensation does not give automatic right to object to a scheme.)
  - Introduction of concept of Strategic Funders – these will have the right to post changes in their own name, rather than as now go through Network Rail. PTEs are seen as Strategic Funders and their network will be taken into account in meeting any required threshold. Developers also seen as strategic funders.
- Issues –
  - need to work through issue of asset knowledge and asset risk.
  - Ability to borrow, currently Network Rail borrows against its RAB, how will this be dealt with in future.
  - Network Rail has freehold title, PTE would have leasehold title, does this just create another interface?
- McNulty advocating increased collaboration, more sharing of risk and reward in development partnerships.
- Current model of split on both asset and activity needs to move to split only on asset to tackle current inefficiency.
- Integrated Station Plans (ISP) developed during CP4 for all stations. These are expected to show expected maintenance and renewal expenditure for each station per CP (these drive long term charge). Plus they should show planned enhancements and any third party projects – e.g. from franchise commitment.



- Funding –
  - transition costs not funded for any changes, e.g. Merseytravel project
  - £50m in long term charges for CP can be accrued in first 2 years.
- New GA approach where franchisee has lease for duration of franchise. Will have the development rights within station footprint, e.g. more retail. However, no air rights and no adjacent property rights, e.g. car parks will be available.
- Concerned over PTEs being currently equipped to take on these new roles.
- Network Rail has set up commercial maintenance team to compete in open market, e.g. in car park delivery. No plans to develop free standing competitive station delivery company.
- Issues for PTEs to reflect on;
  - Work on interchanges, area where PTEs can really add value.
  - Work on added value, currently not good, e.g. maximising retail and branding.
  - Recognise that if get into asset responsibility, will get involved in other areas, e.g. possession planning, e.g. footbridge over live railway.
  - No evidence that maintenance renewal can be done better under another model.

## APPENDIX B – PTE AREA STATION PROFILES

### Centro

TLC	Station Name	Station Facility Owner	0910 Entries & Exits	CP4 Long Term Charge (09/10 prices)	Better Stations Station Category	SSM
ACG	Acocks Green	London Midland Trains	384,260	£35,236	E	2.87
ADD	Adderley Park	London Midland Trains	29,614	£22,342	E	2.37
AST	Aston	London Midland Trains	344,792	£44,097	E	2.99
BKW	Berkswell	London Midland Trains	195,632	£31,203	E	3.04
BSC	Bescot Stadium	London Midland Trains	83,552	£37,959	E	0.00
BBS	Birmingham Bordesley	London Midland Trains	7,410	£0	F	0.00
BHI	Birmingham International	Virgin Trains (West Coast)	4,228,378	£497,042	B	2.43
BMO	Birmingham Moor Street	Chiltern Railways	4,259,185	£108,502	B	2.15
BSW	Birmingham Snow Hill	London Midland Trains	3,579,270	£229,398	B	2.89
BKT	Blake Street	London Midland Trains	331,756	£35,369	D	3.55
BLX	Bloxwich	London Midland Trains	42,602	£10,984	F	2.42
BWN	Bloxwich North	London Midland Trains	42,904	£12,676	F	2.35
BRV	Bournville	London Midland Trains	772,234	£29,933	D	2.94
BUL	Butlers Lane	London Midland Trains	193,526	£24,075	E	2.70
CNL	Canley	London Midland Trains	185,742	£48,310	E	2.39
CRD	Chester Road	London Midland Trains	563,680	£30,969	D	0.00
CSY	Coseley	London Midland Trains	265,916	£30,969	E	2.34
COV	Coventry	Virgin Trains (West Coast)	4,807,512	£341,052	B	2.49
CRA	Cradley Heath	London Midland Trains	660,426	£29,551	D	2.93
DDG	Dorridge	London Midland Trains	603,230	£68,741	D	2.76
DUD	Duddeston	London Midland Trains	138,058	£32,922	E	2.84
DDP	Dudley Port	London Midland Trains	297,118	£38,094	E	2.64
EWD	Earlswood (West Midlands)	London Midland Trains	35,578	£16,778	F	2.61
ERD	Erdington	London Midland Trains	575,628	£30,969	D	2.33
FWY	Five Ways	London Midland Trains	1,043,350	£55,530	D	2.85
FOK	Four Oaks	London Midland Trains	541,006	£70,744	D	3.02
GVH	Gravelly Hill	London Midland Trains	402,866	£37,959	E	2.35
HLG	Hall Green	London Midland Trains	330,532	£51,777	E	2.78
HIA	Hampton-In-Arden	London Midland Trains	94,040	£43,234	E	2.82
HSD	Hamstead	London Midland Trains	136,516	£21,141	E	2.26
HNK	Hinckley	East Midlands Trains	273,510	£34,953	E	2.60
JEQ	Jewellery Quarter	London Midland Trains	293,888	£71,958	E	2.51
KNN	King's Norton	London Midland Trains	785,224	£71,320	D	2.89
LGG	Langley Green	London Midland Trains	133,946	£30,845	E	2.65
LEH	Lea Hall	London Midland Trains	266,262	£36,250	E	2.86
LOB	Longbridge	London Midland Trains	624,998	£43,877	D	2.48
LYE	Lye	London Midland Trains	102,816	£27,062	E	2.90
MGN	Marston Green	London Midland Trains	354,144	£44,860	D	2.22
NFD	Northfield	London Midland Trains	565,338	£36,916	D	3.04
OHL	Old Hill	London Midland Trains	167,516	£37,959	E	2.31

OLT	Olton	London Midland Trains	352,290	£50,241	D	3.37
PRY	Perry Barr	London Midland Trains	370,314	£31,045	E	2.37
ROW	Rowley Regis	London Midland Trains	720,824	£36,158	E	3.01
SAD	Sandwell & Dudley	London Midland Trains	556,818	£92,087	D	3.15
SLY	Selly Oak	London Midland Trains	1,597,942	£44,513	D	2.75
SRL	Shirley	London Midland Trains	365,898	£39,037	D	2.76
SMA	Small Heath	London Midland Trains	80,246	£55,668	E	3.03
SGB	Smethwick Galton Bridge	London Midland Trains	322,712	£115,589	E	2.18
SMR	Smethwick Rolfe Street	London Midland Trains	181,866	£26,511	E	2.57
SOL	Solihull	London Midland Trains	1,487,994	£73,898	C	2.68
SRI	Spring Road	London Midland Trains	165,482	£22,419	E	3.00
SCF	Stechford	London Midland Trains	202,440	£55,197	E	2.73
SBJ	Stourbridge Junction	London Midland Trains	1,159,270	£198,218	C	3.35
SBT	Stourbridge Town	London Midland Trains	557,502	£15,489	D	3.24
SUT	Sutton Coldfield	London Midland Trains	1,184,736	£69,167	C	2.17
TAB	Tame Bridge Parkway	London Midland Trains	372,092	£25,153	E	2.25
THW	The Hawthorns	London Midland Trains	323,144	£60,107	E	2.62
THL	Tile Hill	London Midland Trains	328,368	£44,704	E	2.86
TIP	Tipton	London Midland Trains	149,808	£22,782	E	2.71
TYS	Tyseley	London Midland Trains	163,428	£65,529	E	3.10
UNI	University	London Midland Trains	2,062,826	£75,972	C	2.61
WSL	Walsall	London Midland Trains	948,452	£78,593	C	2.28
WTE	Whitlock's End	London Midland Trains	66,842	£14,567	F	2.40
WMR	Widney Manor	London Midland Trains	272,772	£46,344	D	2.74
WTT	Witton	London Midland Trains	170,228	£27,107	E	2.21
WVH	Wolverhampton	Virgin Trains (West Coast)	4,280,096	£295,734	B	3.09
WYL	Wylde Green	London Midland Trains	441,280	£30,969	D	0.00
WYT	Wythall	London Midland Trains	44,796	£20,618	E	3.02
YRD	Yardley Wood	London Midland Trains	351,714	£27,602	E	2.68

**TFGM**

TLC	Station Name	Station Facility Owner	0910 Entries & Exits	CP4 Long Term Charge (09/10 prices)	Better Stations Station Category	SSM
ALT	Altrincham	Northern Rail	264,932	£133,440	C	2.84
ADK	Ardwick	Northern Rail	754	£25,123	F	2.86
ABY	Ashburys	Northern Rail	68,558	£29,976	F	2.93
AHN	Ashton-Under-Lyne	Northern Rail	461,086	£33,353	E	2.57
ATN	Atherton	Northern Rail	367,554	£39,786	E	2.90
BLV	Belle Vue	Northern Rail	12,256	£10,742	F	2.72
BLK	Blackrod	Northern Rail	384,178	£20,097	F	2.10
BON	Bolton	Northern Rail	2,833,866	£217,065	C	2.57
BML	Bramhall	Northern Rail	226,048	£23,225	E	2.60
BDY	Bredbury	Northern Rail	158,626	£34,992	E	0.00
BNT	Brinnington	Northern Rail	70,816	£34,992	B	0.00
BDB	Broadbottom	Northern Rail	119,014	£34,992	E	0.00
BMC	Bromley Cross	Northern Rail	322,000	£24,747	D	2.43
BYN	Bryn	Northern Rail	128,994	£11,292	F	2.76
BNA	Burnage	Northern Rail	158,674	£22,097	E	2.45
CAS	Castleton	Northern Rail	120,382	£19,146	F	2.66
CSR	Chassen Road	Northern Rail	33,400	£22,590	F	3.16
CHU	Cheadle Hulme	Northern Rail	552,382	£86,304	D	2.79
CLI	Clifton	Northern Rail	278	£13,335	F	2.95
DSY	Daisy Hill	Northern Rail	216,216	£21,183	E	2.73
DVN	Davenport	Northern Rail	202,128	£31,226	E	2.88
DNN	Dean Lane	Northern Rail	31,742	£10,986	F	2.70
DGT	Deansgate	Northern Rail	300,355	£57,268	D	2.53
DTN	Denton	Northern Rail	496	£9,674	F	3.09
DKR	Derker	Northern Rail	24,528	£9,647	F	1.32
EDY	East Didsbury	Northern Rail	272,656	£28,549	E	0.00
ECC	Eccles	Northern Rail	112,288	£21,241	E	2.11
FLS	Failsworth	Northern Rail	54,638	£10,707	F	2.71
FRF	Fairfield	Northern Rail	10,832	£22,820	F	3.08
FNW	Farnworth	Northern Rail	36,564	£20,439	E	2.56
FLI	Flixton	Northern Rail	70,718	£31,112	E	3.10
FLF	Flowery Field	Northern Rail	168,334	£17,606	F	2.51
GST	Gathurst	Northern Rail	73,388	£25,906	F	2.98
GTY	Gatley	Northern Rail	238,096	£23,334	E	2.47
GDL	Godley	Northern Rail	62,072	£10,603	F	3.01
GTO	Gorton	Northern Rail	99,472	£27,185	E	2.75
GNF	Greenfield	Northern Rail	255,938	£32,231	E	2.69
GUI	Guide Bridge	Northern Rail	209,494	£25,222	E	2.78

HGF	Hag Fold	Northern Rail	59,308	£12,195	E	2.66
HAL	Hale	Northern Rail	144,776	£40,103	E	3.21
HID	Hall I' Th' Wood	Northern Rail	70,792	£10,031	F	1.85
HTY	Hattersley	Northern Rail	42,572	£34,992	E	2.49
HAZ	Hazel Grove	Northern Rail	526,680	£92,360	D	2.49
HDG	Heald Green	Northern Rail	379,956	£31,640	E	3.03
HTC	Heaton Chapel	Northern Rail	494,252	£24,561	E	2.52
HIN	Hindley	Northern Rail	233,576	£25,669	E	3.17
HOD	Hollinwood	Northern Rail	50,328	£15,691	F	2.33
HWI	Horwich Parkway	Northern Rail	462,000	£0	F	2.32
HUP	Humphrey Park	Northern Rail	23,820	£10,212	F	2.82
HYC	Hyde Central	Northern Rail	53,458	£20,893	F	2.86
HYT	Hyde North	Northern Rail	34,614	£22,202	F	2.68
INC	Ince	Northern Rail	14,872	£18,105	F	3.09
IRL	Irlam	Northern Rail	177,304	£15,667	F	2.94
KSL	Kearsley	Northern Rail	32,492	£13,823	F	2.48
LVM	Levenshulme	Northern Rail	327,568	£15,564	E	2.63
LTL	Littleborough	Northern Rail	344,284	£21,251	F	3.20
LOT	Lostock Parkway	Northern Rail	209,168	£16,251	F	2.40
MIA	Manchester Airport	First TransPennine Express	2,620,252	£231,411	B	2.17
MCO	Manchester Oxford Road	Northern Rail	6,124,762	£168,524	C	2.83
MAN	Manchester Piccadilly	Network Rail	19,841,402	£1,148,160	A	0.00
MCV	Manchester Victoria	Northern Rail	5,869,855	£318,339	B	2.88
MPL	Marple	Northern Rail	407,170	£71,719	D	0.00
MAU	Mauldeth Road	Northern Rail	239,796	£14,591	E	2.49
MDL	Middlewood	Northern Rail	19,028	£13,335	F	2.31
MIH	Mills Hill	Northern Rail	256,506	£12,118	F	2.53
MLR	Milnrow	Northern Rail	55,406	£11,688	F	2.48
MSD	Moorside	Northern Rail	35,358	£21,181	E	2.75
MSS	Moses Gate	Northern Rail	16,656	£13,335	F	3.02
MSL	Mossley (Greater Manchester)	Northern Rail	275,794	£34,992	E	2.54
MSO	Moston	Northern Rail	89,032	£20,231	F	2.77
NVR	Navigation Road	Northern Rail	82,612	£13,410	F	3.13
NHY	New Hey	Northern Rail	26,360	£8,951	F	1.97
NWN	Newton For Hyde	Northern Rail	159,832	£25,424	E	3.05
OLM	Oldham Mumps	Northern Rail	224,428	£36,309	E	2.17
OLW	Oldham Werneth	Northern Rail	33,974	£11,612	F	2.03
ORR	Orrell	Northern Rail	94,428	£17,143	F	2.92
PAT	Patricroft	Northern Rail	33,766	£13,335	F	3.02
PEM	Pemberton	Northern Rail	45,314	£12,358	F	2.76

RDN	Reddish North	Northern Rail	119,690	£30,776	F	2.59
RDS	Reddish South	Northern Rail	76	£8,040	E	3.08
RCD	Rochdale	Northern Rail	1,001,526	£178,051	C	2.86
RML	Romiley	Northern Rail	252,812	£28,549	E	2.54
RSH	Rose Hill (Marple)	Northern Rail	97,780	£24,385	E	2.89
RRB	Ryder Brow	Northern Rail	22,892	£9,077	F	3.07
SFD	Salford	Northern Rail	225,668	£41,378	E	3.03
SLD	Salford Crescent	Northern Rail	1,135,150	£27,520	C	2.25
SHA	Shaw and Crompton	Northern Rail	213,480	£26,726	E	2.18
SMB	Smithy Bridge	Northern Rail	134,410	£11,112	F	2.57
SYB	Stalybridge	First TransPennine Express	932,976	£84,738	D	2.74
SPT	Stockport	Virgin Trains (West Coast)	2,933,346	£346,787	B	2.13
SNN	Swinton (Greater Manchester)	Northern Rail	106,418	£23,277	E	2.87
TRA	Trafford Park	Northern Rail	44,596	£19,917	F	3.19
URM	Urmston	Northern Rail	243,650	£28,040	E	2.76
WKD	Walkden	Northern Rail	238,940	£22,120	E	2.72
WHG	Westhoughton	Northern Rail	175,710	£14,989	F	2.55
WGN	Wigan North Western	Virgin Trains (West Coast)	960,121	£249,886	B	2.25
WGW	Wigan Wallgate	Northern Rail	1,454,429	£85,650	D	2.56
WLY	Woodley	Northern Rail	35,744	£19,506	F	2.39
WSR	Woodsmoor	Northern Rail	148,902	£11,309	E	2.46

## Merseytravel

TLC	Station Name	Station Facility Owner	0910 Entries & Exits	CP4 Long Term Charge (09/10 prices)	Better Stations Station Category	SSM
AIG	Aigburth	Merseyrail	696,992	£36,108	E	2.86
ANS	Ainsdale	Merseyrail	955,328	£39,566	E	3.08
AIN	Aintree	Merseyrail	1,173,276	£62,326	E	2.26
AUG	Aughton Park	Merseyrail	109,592	£25,270	E	2.45
BAC	Bache	Merseyrail	187,704	£32,801	F	2.42
BAH	Bank Hall	Merseyrail	171,010	£23,797	E	3.27
BEB	Bebington	Merseyrail	1,136,626	£37,519	E	2.96
BID	Bidston	Merseyrail	262,836	£38,012	E	2.62
BDL	Birkdale	Merseyrail	783,066	£40,158	E	2.85
BKC	Birkenhead Central	Merseyrail	960,376	£98,639	E	2.90
BKQ	Birkenhead Hamilton Square	Merseyrail	2,429,424	£247,946	D	0.00
BKN	Birkenhead North	Merseyrail	821,990	£64,684	E	2.50
BKP	Birkenhead Park	Merseyrail	1,040,640	£27,444	E	2.50
BLN	Blundellsands & Crosby	Merseyrail	1,717,962	£33,423	E	3.04
BNW	Bootle New Strand	Merseyrail	909,922	£20,733	E	3.01
BOT	Bootle Oriel Road	Merseyrail	511,614	£44,243	E	2.29
BGE	Broad Green	Northern Rail	594,678	£24,338	E	2.86
BOM	Bromborough	Merseyrail	841,946	£36,949	E	3.21
BMR	Bromborough Rake	Merseyrail	375,418	£25,478	E	3.18
BRW	Brunswick	Merseyrail	979,312	£43,326	F	1.61
CPU	Capenhurst	Merseyrail	122,192	£34,584	F	2.62
CTR	Chester	Arriva Trains Wales	2,989,704	£343,096	B	2.66
CNP	Conway Park	Merseyrail	1,686,954	£87,623	E	2.33
CSG	Cressington	Merseyrail	424,174	£41,190	E	2.63
ERL	Earlestown	Northern Rail	394,374	£69,160	E	2.48
ERA	Eastham Rake	Merseyrail	468,994	£46,633	E	3.06
ECL	Eccleston Park	Northern Rail	151,376	£20,828	E	2.36
EDG	Edge Hill	Northern Rail	102,600	£62,887	E	2.22
ELP	Ellesmere Port	Merseyrail	266,276	£39,695	E	2.45
FAZ	Fazakerley	Merseyrail	832,474	£31,849	E	2.52
FBY	Formby	Merseyrail	1,576,974	£37,880	E	2.80
FRE	Freshfield	Merseyrail	798,444	£42,744	E	2.38
GSW	Garswood	Northern Rail	295,446	£25,793	E	2.51
GNL	Green Lane	Merseyrail	660,096	£32,463	E	2.75
HED	Halewood	Northern Rail	98,992	£28,580	E	3.02
HLR	Hall Road	Merseyrail	270,198	£32,351	E	2.98
HSW	Heswall	Arriva Trains Wales	45,180	£12,970	F	2.95
HTO	Hightown	Merseyrail	409,956	£23,896	E	2.90
HIL	Hillside	Merseyrail	579,460	£29,086	E	2.78
HOO	Hooton	Merseyrail	527,666	£66,104	E	3.22
HGN	Hough Green	Northern Rail	146,728	£27,206	E	3.10

HYK	Hoylake	Merseyrail	566,462	£63,232	E	2.33
HNX	Hunt's Cross	Merseyrail	1,190,934	£64,956	E	2.99
HUY	Huyton	Northern Rail	1,150,702	£35,276	D	3.06
KIR	Kirkby (Merseyside)	Merseyrail	2,050,590	£30,639	E	3.00
KKD	Kirkdale	Merseyrail	1,085,418	£58,156	E	1.83
LEG	Lea Green	Northern Rail	442,548	£29,882	E	3.14
LSW	Leasowe	Merseyrail	920,418	£42,573	E	2.41
LTT	Little Sutton	Merseyrail	106,302	£24,759	F	2.68
LVC	Liverpool Central	Merseyrail	18,413,982	£549,958	B	2.71
LVJ	Liverpool James Street	Merseyrail	3,365,420	£203,230	E	0.00
LIV	Liverpool Lime Street	Network Rail	10,840,051	£761,760	A	2.16
LIV	Liverpool Lime Street Low Level	Merseyrail	0	£201,719	D	2.16
LSP	Liverpool South Parkway	Merseyrail	581,898	£0	B	2.38
MAG	Maghull	Merseyrail	1,999,436	£54,859	E	2.41
MNR	Manor Road	Merseyrail	340,312	£32,819	E	2.68
MEO	Meols	Merseyrail	590,664	£49,906	E	2.65
MEC	Meols Cop	Northern Rail	57,592	£19,558	F	2.83
MRF	Moorfields	Merseyrail	4,445,984	£781,493	D	2.75
MRT	Moreton (Merseyside)	Merseyrail	700,338	£39,479	E	2.71
MSH	Mossley Hill	Northern Rail	275,158	£55,655	E	3.09
NBN	New Brighton	Merseyrail	981,788	£35,618	E	2.73
NLW	Newton-Le-Willows	Northern Rail	549,908	£24,574	E	2.97
ORN	Old Roan	Merseyrail	861,176	£54,730	E	2.86
OMS	Ormskirk	Merseyrail	998,858	£61,236	D	2.06
OPK	Orrell Park	Merseyrail	1,170,676	£32,920	E	2.68
OVE	Overpool	Merseyrail	104,290	£16,356	F	2.68
PSL	Port Sunlight	Merseyrail	644,244	£29,784	E	3.04
PSC	Prescot	Northern Rail	457,630	£32,863	E	2.86
RNF	Rainford	Northern Rail	47,484	£19,932	C	2.81
RNH	Rainhill	Northern Rail	436,290	£39,948	D	2.45
RIL	Rice Lane	Merseyrail	307,116	£31,757	E	2.67
ROB	Roby	Northern Rail	306,424	£21,893	E	2.66
RFY	Rock Ferry	Merseyrail	952,524	£77,638	E	2.94
SDL	Sandhills	Merseyrail	446,210	£25,787	E	2.62
SFL	Seaforth & Litherland	Merseyrail	766,468	£26,792	E	2.47
SOP	Southport	Merseyrail	2,949,656	£190,208	D	2.67
SPI	Spital	Merseyrail	311,300	£36,167	E	3.02
SNH	St.Helens Central	Northern Rail	684,958	£74,348	D	2.66
SHJ	St.Helens Junction	Northern Rail	229,662	£38,539	E	2.72
STM	St.Michaels	Merseyrail	506,288	£26,936	E	2.60
THH	Thatto Heath	Northern Rail	148,188	£23,227	E	2.88
TWN	Town Green	Merseyrail	239,100	£41,673	E	2.74
UPT	Upton	Arriva Trains Wales	21,036	£12,128	F	3.09
WLG	Wallasey Grove Road	Merseyrail	445,210	£44,272	E	2.67
WLV	Wallasey Village	Merseyrail	375,442	£26,027	E	2.71
WAO	Walton (Merseyside)	Merseyrail	162,612	£38,652	E	2.58
WLO	Waterloo (Merseyside)	Merseyrail	1,022,416	£41,673	B	2.50



WAV	Wavertree Technology Park	Northern Rail	327,632	£48,976	F	2.86
WSA	West Allerton	Northern Rail	40,478	£54,528	E	3.05
WKI	West Kirby	Merseyrail	786,404	£28,539	E	3.02
WHN	Whiston	Northern Rail	213,762	£32,222	E	2.52

**SYPTE**

<b>TLC</b>	<b>Station Name</b>	<b>Station Facility Owner</b>	<b>0910 Entries &amp; Exits</b>	<b>CP4 Long Term Charge (09/10 prices)</b>	<b>Better Stations Station Category</b>	<b>SSM</b>
AWK	Adwick	Northern Rail	244,904	£31,246	F	2.04
BNY	Barnsley	Northern Rail	1,336,314	£82,714	C	2.02
BYK	Bentley (S. Yorks)	Northern Rail	153,550	£13,335	F	1.78
BTD	Bolton-On-Dearne	Northern Rail	63,374	£13,335	F	2.58
CLN	Chapelton	Northern Rail	271,026	£8,806	F	2.33
CNS	Conisbrough	Northern Rail	78,928	£23,041	F	2.67
DAN	Darnall	Northern Rail	9,488	£13,335	F	2.52
DRT	Darton	Northern Rail	146,496	£22,694	F	2.20
DOD	Dodworth	Northern Rail	30,182	£10,054	F	1.78
DON	Doncaster	East Coast	3,676,152	£339,849	A	1.70
DOR	Dore	Northern Rail	85,626	£10,054	F	2.15
ELR	Elsecar	Northern Rail	126,628	£13,335	F	2.25
GOE	Goldthorpe	Northern Rail	48,648	£11,220	F	2.41
HFS	Hatfield & Stainforth	Northern Rail	86,736	£20,760	C	1.49
KKS	Kirk Sandall	Northern Rail	142,924	£20,790	F	1.68
KIV	Kiveton Bridge	Northern Rail	57,264	£18,144	F	1.88
KVP	Kiveton Park	Northern Rail	46,224	£14,607	F	2.29
MHS	Meadowhall	Northern Rail	1,812,254	£157,050	C	2.18
MEX	Mexborough	Northern Rail	306,692	£63,369	D	2.38
PNS	Penistone	Northern Rail	122,404	£22,820	F	2.51
RMC	Rotherham Central	Northern Rail	646,892	£40,705	E	2.65
SHF	Sheffield	East Midlands Trains	7,538,058	£523,861	B	2.43
SRO	Shireoaks	Northern Rail	26,650	£13,335	F	2.17
SLK	Silkstone Common	Northern Rail	29,320	£10,054	F	1.98
SWN	Swinton (South Yorkshire)	Northern Rail	356,608	£47,215	E	2.50
TNN	Thorne North	Northern Rail	135,324	£34,992	E	0.00
TNS	Thorne South	Northern Rail	112,842	£10,005	F	2.18
THC	Thurnscoe	Northern Rail	59,944	£8,900	F	1.97
WOM	Wombwell	Northern Rail	175,068	£13,541	F	1.98
WDH	Woodhouse	Northern Rail	21,662	£22,645	F	2.48

**WYPTE**

TLC	Station Name	Station Facility Owner	0910 Entries & Exits	CP4 Long Term Charge (09/10 prices)	Better Stations Station Category	SSM
BLD	Baildon	Northern Rail	213,690	£10,054	F	1.89
BTL	Batley	Northern Rail	241,766	£18,703	F	1.87
BEY	Ben Rhydding	Northern Rail	174,100	£22,622	F	2.27
BBW	Berry Brow	Northern Rail	30,246	£7,710	F	2.48
BIY	Bingley	Northern Rail	1,040,072	£47,300	D	3.13
BDQ	Bradford Forster Square	Northern Rail	1,955,024	£96,472	C	3.03
BDI	Bradford Interchange	Northern Rail	2,274,096	£134,776	C	0.00
BLE	Bramley (West Yorkshire)	Northern Rail	252,986	£13,477	F	2.38
BGH	Brighouse	Northern Rail	179,500	£0	B	2.60
BHS	Brockholes	Northern Rail	49,622	£8,817	D	3.12
BUY	Burley Park	Northern Rail	544,494	£11,037	F	2.67
BUW	Burley-In-Wharfedale	Northern Rail	396,738	£23,078	F	2.70
CFD	Castleford	Northern Rail	359,410	£18,757	F	2.02
COT	Cottingley	Northern Rail	77,562	£16,785	F	2.27
CRG	Cross Gates	Northern Rail	416,596	£34,992	E	2.56
CFL	Crossflatts	Northern Rail	305,758	£25,159	F	2.74
DHN	Deighton	Northern Rail	48,104	£10,828	F	3.00
DBD	Denby Dale	Northern Rail	126,086	£10,054	F	2.37
DEW	Dewsbury	First TransPennine Express	1,271,144	£85,619	D	2.34
EGF	East Garforth	Northern Rail	239,362	£10,605	F	2.36
FEA	Featherstone	Northern Rail	74,126	£11,770	F	2.21
FZW	Fitzwilliam	Northern Rail	178,518	£26,809	F	2.26
FZH	Frizinghall	Northern Rail	353,326	£13,335	F	2.44
GRF	Garforth	Northern Rail	612,514	£37,004	E	2.21
GLH	Glasshoughton	Northern Rail	143,674	£0	F	1.74
GSY	Guiseley	Northern Rail	894,340	£20,790	D	1.84
HFX	Halifax	Northern Rail	1,459,316	£80,423	C	2.55
HDY	Headingley	Northern Rail	323,522	£13,335	F	2.11
HBD	Hebden Bridge	Northern Rail	627,456	£28,549	E	2.58
HOY	Honley	Northern Rail	56,646	£8,599	F	2.84
HRS	Horsforth	Northern Rail	849,286	£13,335	F	2.43
HUD	Huddersfield	First TransPennine Express	3,578,080	£121,499	B	2.82
ILK	Ilkley	Northern Rail	1,220,634	£37,877	D	2.55
KEI	Keighley	Northern Rail	1,513,122	£34,992	C	0.00
KNO	Knottingley	Northern Rail	155,536	£22,920	F	2.76
LDS	Leeds	Network Rail	21,978,372	£1,380,000	A	2.28
LCK	Lockwood	Northern Rail	37,594	£10,054	F	2.47
MSN	Marsden	Northern Rail	168,410	£40,356	F	2.91
MNN	Menston	Northern Rail	460,892	£37,013	E	2.49
MIK	Micklefield	Northern Rail	179,302	£16,645	F	2.03
MIR	Mirfield	Northern Rail	281,122	£45,982	F	3.02
MRP	Moorthorpe	Northern Rail	182,908	£17,736	F	2.92

MLY	Morley	Northern Rail	270,722	£20,790	F	2.49
MYT	Mytholmroyd	Northern Rail	133,194	£10,587	F	3.14
NPD	New Pudsey	Northern Rail	643,100	£37,249	E	2.10
NOR	Normanton	Northern Rail	191,218	£15,750	F	2.00
OUT	Outwood	Northern Rail	299,434	£23,789	F	2.28
PFR	Pontefract Baghill	Northern Rail	4,078	£13,335	F	1.67
PFM	Pontefract Monkhill	Northern Rail	161,008	£24,535	F	2.79
POT	Pontefract Tanshelf	Northern Rail	43,340	£17,286	F	2.93
RVN	Ravensthorpe	Northern Rail	19,884	£18,505	F	3.47
SAE	Saltaire	Northern Rail	602,928	£11,900	F	2.41
SNA	Sandal And Agbrigg	Northern Rail	158,610	£22,820	F	1.76
SPY	Shepley	Northern Rail	64,926	£13,335	F	2.47
SHY	ShIPLEY	Northern Rail	1,303,096	£188,333	D	2.59
SWT	Slaithwaite	Northern Rail	182,364	£15,297	F	2.65
SES	South Elmsall	Northern Rail	351,194	£16,370	F	1.88
SOW	Sowerby Bridge	Northern Rail	258,918	£37,076	F	2.36
SON	Steeton & Silsden	Northern Rail	680,632	£26,786	F	1.98
SSM	Stocksmoor	Northern Rail	25,564	£11,835	F	3.21
SHC	Streethouse	Northern Rail	29,490	£14,962	F	2.02
TOD	Todmorden	Northern Rail	459,426	£33,898	D	3.31
WKK	Wakefield Kirkgate	Northern Rail	529,972	£53,447	F	3.33
WKF	Wakefield Westgate	East Coast	1,866,320	£144,013	B	2.77
WDN	Walsden	Northern Rail	95,548	£18,404	F	2.63
WDS	Woodlesford	Northern Rail	295,452	£19,410	F	2.08

**NEXUS**

TLC	Station Name	Station Facility Owner	0910 Entries & Exits	CP4 Long Term Charge (09/10 prices)	Better Stations Station Category	SSM
BLO	Blaydon	Northern Rail	2,752	£19,462	F	2.94
DOT	Dunston	Northern Rail	2,312	£9,431	F	1.82
HEW	Heworth	Northern Rail	18,054	£20,790	F	2.34
MAS	Manors	Northern Rail	2,998	£20,790	F	2.16
MCE	MetroCentre	Northern Rail	373,436	£20,790	F	2.36
NCL	Newcastle	East Coast	7,163,284	£550,346	A	2.51
SUN	Sunderland	Northern Rail	690,568	£76,394	C	2.77
WYM	Wylam	Northern Rail	104,738	£19,829	F	2.06

## APPENDIX C – GLOSSARY OF TERMS

Asset stewardship	Body responsible for legal ownership of station (through either outright ownership or a long lease of the asset)
BT Police	British Transport Police
Centro	West Midlands Integrated Transport Authority
Force majeure	Common clause in contracts that essentially frees both parties from liability following an event out of the control of both parties
Franchise Agreement	The agreement between the DfT and a train company setting out the terms and conditions for operations and service levels
Franchised stations	Stations which are operated and managed by train companies
Local Delivery Groups (LDG)	Joint groups formed to deliver local projects with one LDG for each train operator. Chaired jointly by NR and TOC
Long Term Charge	Charge payable by TOCs to Network Rail to cover long term station maintenance and renewal
LOROL	London Overground Rail Operations Ltd operator of the London Overground
McNulty study	Sir Roy McNulty's Rail Value for Money Study examining opportunities to reduce the cost base of the UK railway
Merseytravel	Merseyside Integrated Transport Authority, specifier of the Merseyrail franchise
National Passenger Survey (NPS)	A six monthly survey of customer satisfaction conducted by Passenger Focus
National Stations Improvement Scheme (NSIP)	Funding created by DfT specifically for upgrade schemes at stations through triggering third party investment
Network Rail	Not for profit organisation which operates and maintains railway and operates 18 major stations
NEXUS	Tyne and Wear area Integrated Transport Authority
ORR	Office of Rail Regulation, a non-ministerial government department which regulates Network Rail's stewardship of the national rail network
Passenger Focus	Established Railways Act 2005 to ensure users' views are fully represented when decisions are taken that affect the rail network
PTE	Passenger Transport Executive, public bodies which are responsible for planning and developing public transport in seven of Britain's major conurbations
PTEG	Passenger Transport Executive Group
RAB	Regulatory Asset Base – held by NR and monitored by ORR.
Rail Settlement Plan	Body responsible for distributing the passenger revenue received from the sale of non-company specific train tickets
Service delivery	Body responsible for day to day running of stations (TOCs in the case of franchised stations)
SFO	Station Facility Owner (generally the lead TOC at franchised stations)
Sponsor	Body responsible, funding and specifying station facilities and operation
Station Access Agreement	A bilateral agreement between a Station Facility Owner and another train company for access, services and charges
Station Change	Rules which are incorporated in Station Access Conditions governing the processes by which NR and SFOs can make material changes to station

fabric and facilities

SYLTE	South Yorkshire PTE
TFGM	Transport for Greater Manchester (PTE), Greater Manchester Integrated Transport Authority
TfL	Transport for London, London transport authority and sponsor and specifier of the LOROL franchise
TOC	Train Operating Company, that operates rail services under franchise agreements under the DfT and leases stations from Network Rail
VfM	Value for Money
WYPTE	West Yorkshire PTE

## APPENDIX D – BUSINESS CASE DISCOUNTED CASH FLOW ANALYSIS

Scheme Impacts (£m) - Merseytravel																						
	NPV	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Financial</b>	<b>-£47.28</b>	<b>£0.00</b>	<b>£0.00</b>	<b>-£3.87</b>	<b>-£3.43</b>	<b>-£3.13</b>	<b>-£3.15</b>	<b>-£3.16</b>	<b>-£3.18</b>	<b>-£3.19</b>	<b>-£3.20</b>	<b>-£3.22</b>	<b>-£3.23</b>	<b>-£3.25</b>	<b>-£3.26</b>	<b>-£3.27</b>	<b>-£3.29</b>	<b>-£3.34</b>	<b>-£3.39</b>	<b>-£3.45</b>	<b>-£3.50</b>	<b>-£3.56</b>
Incremental annual spend	-£71.81	£0.00	£0.00	-£4.64	-£4.69	-£4.73	-£4.78	-£4.83	-£4.88	-£4.93	-£4.98	-£5.03	-£5.08	-£5.13	-£5.18	-£5.23	-£5.28	-£5.34	-£5.39	-£5.44	-£5.50	-£5.55
Additional revenue	£24.53	£0.00	£0.00	£0.77	£1.26	£1.60	£1.64	£1.67	£1.70	£1.74	£1.77	£1.81	£1.84	£1.88	£1.92	£1.96	£1.99	£1.99	£1.99	£1.99	£1.99	£1.99
<b>Economic Benefits</b>	<b>£68.25</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£2.96</b>	<b>£3.63</b>	<b>£4.14</b>	<b>£4.25</b>	<b>£4.37</b>	<b>£4.50</b>	<b>£4.63</b>	<b>£4.76</b>	<b>£4.89</b>	<b>£5.02</b>	<b>£5.16</b>	<b>£5.30</b>	<b>£5.44</b>	<b>£5.59</b>	<b>£5.63</b>	<b>£5.67</b>	<b>£5.71</b>	<b>£5.75</b>	<b>£5.80</b>
Unpriced benefit - users	£37.63	£0.00	£0.00	£1.99	£2.06	£2.14	£2.21	£2.29	£2.38	£2.46	£2.55	£2.63	£2.72	£2.81	£2.90	£3.00	£3.10	£3.14	£3.18	£3.22	£3.26	£3.31
Unpriced benefit - new users	£0.24	£0.00	£0.00	£0.01	£0.01	£0.01	£0.01	£0.01	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02
Unpriced benefit - non users	£36.09	£0.00	£0.00	£1.13	£1.85	£2.36	£2.41	£2.46	£2.50	£2.55	£2.61	£2.66	£2.71	£2.77	£2.82	£2.88	£2.93	£2.93	£2.93	£2.93	£2.93	£2.93
Indirect Govt Effect	-£5.72	£0.00	£0.00	-£0.18	-£0.29	-£0.37	-£0.38	-£0.39	-£0.40	-£0.40	-£0.41	-£0.42	-£0.43	-£0.44	-£0.45	-£0.46	-£0.46	-£0.46	-£0.46	-£0.46	-£0.46	-£0.46
<b>Net Financial Effect</b>	<b>-£47.28</b>																					
<b>Net Economic Effect (NPV)</b>	<b>£20.97</b>																					
<b>BCR</b>	<b>1.44</b>																					

Scheme Impacts (£m) - Centro																						
	NPV	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Financial</b>	<b>-£29.87</b>	<b>£0.00</b>	<b>£0.00</b>	<b>-£2.77</b>	<b>-£2.30</b>	<b>-£1.98</b>	<b>-£1.99</b>	<b>-£1.99</b>	<b>-£1.99</b>	<b>-£1.99</b>	<b>-£2.00</b>	<b>-£2.00</b>	<b>-£2.00</b>	<b>-£2.00</b>	<b>-£2.00</b>	<b>-£2.00</b>	<b>-£2.00</b>	<b>-£2.04</b>	<b>-£2.08</b>	<b>-£2.12</b>	<b>-£2.17</b>	<b>-£2.21</b>
Incremental annual spend	-£55.24	£0.00	£0.00	-£3.57	-£3.61	-£3.64	-£3.68	-£3.72	-£3.75	-£3.79	-£3.83	-£3.87	-£3.90	-£3.94	-£3.98	-£4.02	-£4.06	-£4.10	-£4.15	-£4.19	-£4.23	-£4.27
Additional revenue	£25.37	£0.00	£0.00	£0.80	£1.30	£1.66	£1.69	£1.73	£1.76	£1.80	£1.83	£1.87	£1.91	£1.94	£1.98	£2.02	£2.06	£2.06	£2.06	£2.06	£2.06	£2.06
<b>Economic Benefits</b>	<b>£68.66</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£2.96</b>	<b>£3.65</b>	<b>£4.17</b>	<b>£4.29</b>	<b>£4.41</b>	<b>£4.53</b>	<b>£4.66</b>	<b>£4.79</b>	<b>£4.92</b>	<b>£5.05</b>	<b>£5.19</b>	<b>£5.33</b>	<b>£5.47</b>	<b>£5.62</b>	<b>£5.66</b>	<b>£5.70</b>	<b>£5.74</b>	<b>£5.78</b>	<b>£5.83</b>
Unpriced benefit - users	£36.88	£0.00	£0.00	£1.95	£2.02	£2.09	£2.17	£2.25	£2.33	£2.41	£2.50	£2.58	£2.67	£2.75	£2.84	£2.94	£3.04	£3.07	£3.11	£3.15	£3.19	£3.24
Unpriced benefit - new users	£0.37	£0.00	£0.00	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.02	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03
Unpriced benefit - non users	£37.32	£0.00	£0.00	£1.17	£1.91	£2.44	£2.49	£2.54	£2.59	£2.64	£2.70	£2.75	£2.80	£2.86	£2.92	£2.98	£3.04	£3.04	£3.04	£3.04	£3.04	£3.04
Indirect Govt Effect	-£5.91	£0.00	£0.00	-£0.19	-£0.30	-£0.39	-£0.39	-£0.40	-£0.41	-£0.42	-£0.43	-£0.44	-£0.44	-£0.45	-£0.46	-£0.47	-£0.48	-£0.48	-£0.48	-£0.48	-£0.48	-£0.48
<b>Net Financial Effect</b>	<b>-£29.87</b>																					
<b>Net Economic Effect (NPV)</b>	<b>£38.79</b>																					
<b>BCR</b>	<b>2.30</b>																					



Scheme Impacts (£m) - TFGM																						
	NPV	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Financial</b>	<b>-£43.30</b>	<b>£0.00</b>	<b>£0.00</b>	<b>-£3.93</b>	<b>-£3.30</b>	<b>-£2.87</b>	<b>-£2.88</b>	<b>-£2.89</b>	<b>-£2.89</b>	<b>-£2.90</b>	<b>-£2.90</b>	<b>-£2.91</b>	<b>-£2.91</b>	<b>-£2.91</b>	<b>-£2.92</b>	<b>-£2.92</b>	<b>-£2.92</b>	<b>-£2.98</b>	<b>-£3.04</b>	<b>-£3.09</b>	<b>-£3.15</b>	<b>-£3.21</b>
Incremental annual spend	-£77.33	£0.00	£0.00	-£5.00	-£5.05	-£5.10	-£5.15	-£5.20	-£5.25	-£5.31	-£5.36	-£5.41	-£5.47	-£5.52	-£5.58	-£5.63	-£5.69	-£5.75	-£5.80	-£5.86	-£5.92	-£5.98
Additional revenue	£34.03	£0.00	£0.00	£1.07	£1.75	£2.23	£2.27	£2.32	£2.36	£2.41	£2.46	£2.51	£2.56	£2.61	£2.66	£2.71	£2.77	£2.77	£2.77	£2.77	£2.77	£2.77
<b>Economic Benefits</b>	<b>£92.10</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£3.96</b>	<b>£4.90</b>	<b>£5.59</b>	<b>£5.75</b>	<b>£5.91</b>	<b>£6.08</b>	<b>£6.25</b>	<b>£6.43</b>	<b>£6.60</b>	<b>£6.78</b>	<b>£6.96</b>	<b>£7.15</b>	<b>£7.34</b>	<b>£7.54</b>	<b>£7.59</b>	<b>£7.64</b>	<b>£7.70</b>	<b>£7.75</b>	<b>£7.82</b>
Unpriced benefit - users	£49.47	£0.00	£0.00	£2.61	£2.71	£2.81	£2.91	£3.01	£3.12	£3.24	£3.35	£3.46	£3.58	£3.69	£3.82	£3.94	£4.07	£4.12	£4.18	£4.23	£4.28	£4.35
Unpriced benefit - new users	£0.49	£0.00	£0.00	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.03	£0.04	£0.04	£0.04	£0.04	£0.04	£0.04	£0.04	£0.04	£0.04	£0.04
Unpriced benefit - non users	£50.07	£0.00	£0.00	£1.57	£2.57	£3.27	£3.34	£3.41	£3.47	£3.54	£3.62	£3.69	£3.76	£3.84	£3.91	£3.99	£4.07	£4.07	£4.07	£4.07	£4.07	£4.07
Indirect Govt Effect	-£7.93	£0.00	£0.00	-£0.25	-£0.41	-£0.52	-£0.53	-£0.54	-£0.55	-£0.56	-£0.57	-£0.58	-£0.60	-£0.61	-£0.62	-£0.63	-£0.64	-£0.64	-£0.64	-£0.64	-£0.64	-£0.64
<b>Net Financial Effect</b>	<b>-£43.30</b>																					
<b>Net Economic Effect (NPV)</b>	<b>£48.80</b>																					
<b>BCR</b>	<b>2.13</b>																					

The table below details demand uplifts and willingness to pay values for a number of station improvements, by improvement type and level of improvement. These are taken from Tables C8.6 to C8.13 of PDFH version 5. The improvements used in our business cases for station improvements have been based on a package of achievable improvements that have been identified areas of shortfall in the NPS scores for each of the PTE areas (see **Error! Reference source not found.** for more detail). For Centro and TFGM these are upgrade A for cleanliness, C for waiting facilities and A for security. For Merseytravel the improvements built into the business case are upgrade A for cleanliness and E for waiting facilities (a hybrid of PDFH upgrades A and C on the basis the standard of the existing station facilities are generally higher than for the other case study areas.

In line with PDFH recommendations, based on analysis of actual demand impacts following station improvements, the demand uplift resulting from the package of improvements modeled has been capped at 2% (in the case of Merseytravel the demand uplift is below the 2% cap). The willingness to pay values drive the existing station user economic benefits, representing the additional utility users experience due to the station improvements.

Attribute	Upgrade	Level from	Level to	WTP (pence)	Business/Leisure
Cleanliness	A	Some litter in the station	No litter	1.8	0.90%
Passenger information	A	No information about service disruptions	Hand written notices showing service disruptions	10.7	5.40%
Passenger information	B	Hand written notices showing service disruptions	Electronic display showing service disruptions	2.2	1.10%
Passenger information	C	Poster timetables	Poster timetables and electronic display	6.4	4.70%
Waiting facilities	A	Poor condition seats provided	Good condition seats provided	3.3	1.70%
Waiting facilities	B	No waiting room or area protected from weather	Wind shelters in some places, providing some protection	3.8	1.90%
Waiting facilities	C	Wind shelters in some places, providing some protection	Waiting room, providing all round protection	0.3	0.02%
Waiting facilities	D	No Kiosk	Provide Kiosk	2.3	1.70%
Waiting facilities	E	Existing seats and waiting area hybrid of A & C	Improved seats and waiting area hybrid of A & C	1.8	0.86%
Security	A	Insecure	Secure	5	10.10%
Security	B	No CCTV	CCTV	11.5	8%

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