

Richard Tyndall
Thames Valley Berkshire Local Enterprise
Partnership

Your contact is: Ruth Leuilette, Deputy Head of Highways & Transport

Dear Richard

Re: Reading GreenPark Station - Value for Money Statement

This letter is provided in support of the Major Scheme Business Case produced by Reading Borough Council for the Reading GreenPark Station scheme.

Value for Money Categorisation

The evidence provided within the Full Business Case report for the Reading GreenPark Station scheme proves that the monetised benefits which can be deemed to be having an effect on the public accounts can provide a **High VfM** category.

Present Value of Benefits and Costs

A value for money assessment has been undertaken for the scheme. For rail schemes such as this, the additional revenue obtained from new passengers is offset against the costs of the scheme. In this instance the Net Present Value (benefits - costs) is a more valuable metric and this ranges from **£24.5m to £51.6m** (based on low and high mode share estimates) over the 60-year assessment period demonstrating that the scheme is financially positive and provides High Value for Money based on DfT criteria.

For GreenPark Station the additional revenue over the 60-year period will more than cover the operating costs of the service over this period, hence we end up with a negative Present Value of Costs and negative BCR. This provides a **Benefit Cost Ratio (BCR) of between -0.60 to -1.61**, reflecting its high value for money.

Non-monetised, Environmental, Social and Distributional Impacts

Further social and environmental benefits have been derived from qualitative assessment, and whilst these will not provide a monetised benefit for use in this appraisal, the impacts are considered when deriving the Value for Money presented by the scheme:

- The impact to Noise is considered to be **neutral**;
- The impact to Local air quality is considered to be **neutral**;
- The impact to Landscape is considered to be **neutral**;
- The impact to Townscape is considered to be **neutral**;
- The impact to the Historic Environment is considered to be **neutral**;
- The impact on Biodiversity is considered to be possible **slight to moderate adverse**;
- The impact on the Water Environment is considered to be **negligible**;
- The impact on Severance is considered **neutral**;
- The impact on Personal Security is considered **slight beneficial**; and
- The impact on Accessibility is considered to be **beneficial**.

Key Risks, Sensitivities and Uncertainties

A number of assumptions were used in the preparation of the economic forecast for the Reading GreenPark Station scheme. To demonstrate the level of robustness of the economic case to variations in these assumptions, low and high patronage forecasts were undertaken. Even in the 'worst case' under the low patronage forecast, the remaining benefits mean that the BCR for the scheme is **-0.60** and therefore still represents a **High VfM**.

Key risks for the scheme include planning related delay, changes to the scheme funding and scheme cost over time, and construction delays due to unforeseen challenges. The Business Case includes a Risk Management Plan which details the organisation for identifying, controlling and mitigating for risk throughout the lifecycle of the project.

Certification of the Senior Responsible Officer

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

Yours sincerely

Ruth Leuillette
Deputy Head of Highways & Transport