

South Reading Mass Rapid Transit Phase 1 & 2

Full Business Case



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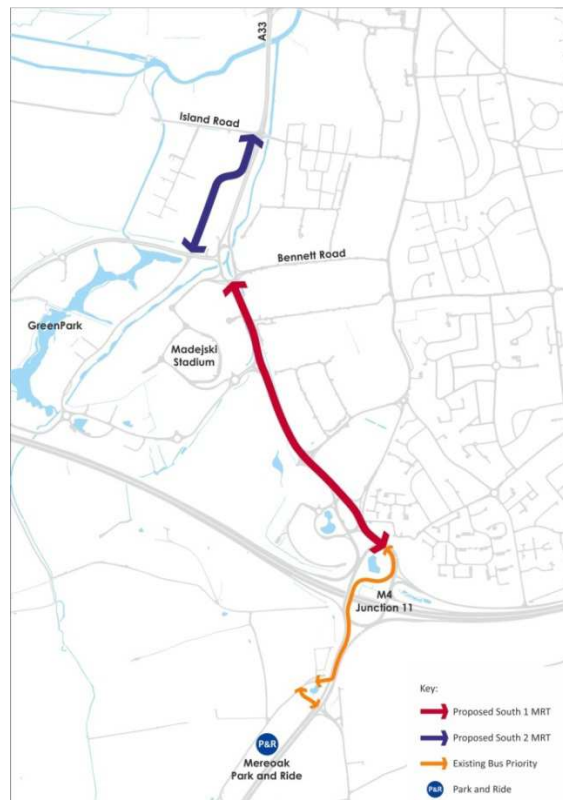
1 Executive Summary

1.1 Introduction

1.1.1 Reading Borough Council (RBC) has prepared a full business case in support of a bid for funding made to the Thames Valley Berkshire Local Enterprise Partnership (TVBLEP) for Phases 1 and 2 of a Mass Rapid Transit (MRT) scheme to the south of Reading, hereafter called the South Reading Mass Rapid Transit (SRMRT).

1.1.2 Figure 1-1 shows the location of the scheme.

Figure 1-1 Extent of South Reading MRT Phase 1 & 2



1.1.3 The scheme will provide a series of new and improved bus priority measures on the A33 to improve journey times and reliability for public transport on the main corridor into Reading. It will link central Reading to existing / proposed residential and employment areas to the south of Reading including GreenPark and Southside. It will also connect into the bus lanes through M4 Junction 11 to the new Mereook Park and Ride facility. Phase 1 of the scheme runs between M4 junction 11 and A33 junction with Longwater Avenue (GreenPark), whilst Phase 2 runs between the A33 junctions with Longwater Avenue (GreenPark) and Island Road.

1.1.4 Total scheme costs for Phase 1 and 2, are £5,560,000 including 30% contingency derived from a detailed project Quantified Risk Assessment (QRA). This excludes some items such as utility exclusions. A 15% optimism bias has been assumed.

1.1.5 The scheme has been prioritised for LTB Funds with additional funding provided from local funds and CIL / S106 obligations. In addition there have been significant contributions from the local authority to progress the scheme to date, including scheme development costs.

- 1.1.1 A value for money assessment has been undertaken for the scheme. In line with Government advice, the appraisal considers the economic case over 60 years of operation. The opening year of the scheme is 2018 and hence the horizon year is 2077. It has been assumed that the infrastructure measures of the scheme will continue to be in place over the whole of the 60 year appraisal period. All prices and values are converted to 2010 values.
- 1.1.2 The Economic Case set out for the scheme, demonstrates that the proposed SRMRT Phase 1 and 2 offers good value for money and meets the scheme objectives. It presents the costs of delivering the scheme and quantifies, where possible, the key benefits that the scheme will deliver. It should be noted that some significant benefits, for example weekend usage, of the scheme cannot be readily quantified and so are not included in the economic case, but are nevertheless likely effects. These will potentially improve the value for money of the scheme.
- 1.1.3 The scheme will generate Present Value Benefits (PVB) of £19.611m compared to Present Value Costs (PVC) of £5.515m. This gives a Net Present Value (Benefits – Costs) of £14.096m demonstrating that benefits of the scheme outweigh the costs of the scheme. The economic appraisal of the SRMRT scheme gives a BCR of 3.55 which provides high value for money.
- 1.1.4 The A33 corridor is the main strategic route for vehicles travelling to and from Reading Town Centre to the south of Reading linking to major employment locations, major housing developments and M4 junction 11. It carries high volumes of traffic between the M4/A33 and Town Centre providing access to over 50,000 Town Centre jobs. The route is also the main access for the major south Reading employment area of 10,000 jobs and 1,600 homes.
- 1.1.5 There is planned growth of some 7,500 jobs and 1,500 homes along the corridor, further three strategic development locations are planned south of the M4 junction 11 (2,500 homes), South Wokingham (2,500 homes) and North Wokingham (1,500 homes), which have planning obligations to the delivery of express bus or mass rapid transit services. Around 50% of the traffic on this corridor is forecast to be associated with planned development by 2026.
- 1.1.6 This scheme is a long established element of Reading's strategy to deliver economic growth and housing and has been included in Reading's three Local Transport Plans and adopted Core Strategy.
- 1.1.7 The scheme will create more capacity for movement along the corridor to help remove the transport barriers to development growth, caused by the heavily congested highway network, in particular the A33 corridor. It will also help connect people to jobs in this area and in Reading Town Centre as well as improve access to Reading railway station.
- 1.1.8 This business case has been developed in line with Treasury's advice on evidence-based decision making set out in the Green Book and use its best practice five case model approach. The methodology has been agreed via the Appraisal Specification Report.
- 1.1.9 The scheme meets a key objective of the Thames Valley Berkshire's Strategic Economy Plan (SEP) which is to improve urban connectivity, linking employment and residential areas to mainline railway stations.

1.2 Precip and Structure of this Business Case

- 1.2.1 This business case report is split into 7 sections to demonstrate the potential benefits of SRMRT Phase 1 and 2 in improving urban connectivity and helping to connect people to jobs in this area and Reading Town Centre, as well as improving access to Reading railway station.
- 1.2.2 **Section 2: Background** summarises current travel conditions along the A33 Corridor of Reading and sets out planned growth in the vicinity of the corridor. This confirms that the scheme is a long established element of Reading's strategy to deliver economic growth and housing, and has been included in Reading's three Local Transport Plans and adopted Core Strategy.

- 1.2.3 **Section 3: Strategic Case** sets out the rationale for the bid package, its components, how it supports economic growth and why it is the best way of meeting local transport objectives. It details how the planned SRMRT Phase 1 and 2 fits into the policy context with reference to national, regional and local policies.
- 1.2.4 **Section 4: Economic Case** demonstrates that the scheme has value for money. This includes a checklist of required appraisal and modelling material and explains the modelling and appraisal process used to demonstrate value for money. This sets out the results of the assessment of the impacts of the scheme and its resulting value for money in an appraisal summary table (AST).
- 1.2.5 **Section 5: Financial Case** summarises the detailed derivation of cost estimates, local contribution and financial sustainability. It sets out the funding for the scheme on the basis of the indicative funding profile. Under the funding mechanism, the Local Transport Board (LTB) would provide 80% of the scheme funding with the private sector providing 20%.
- 1.2.6 **Section 6: Commercial Case** sets out the procurement strategy for delivering the scheme and how risks will be shared between partners. It provides evidence on the commercial viability of the proposal and the procurement strategy that will be used to engage the market. There are a number of procurement methods for the works. Different solutions may suit the scheme and the associated highway works.
- 1.2.7 **Section 7: Management Case** sets out how Reading Borough Council will deliver the scheme covering governance, project plan, risk management and benefit realisation.