

# Value for Money Statement

<b>Client name</b> Durham County Council	<b>Discipline</b> Consulting	<b>Project name</b> Durham Bus Station	<b>Project number</b> 60638519
<b>Prepared by</b> Katrina Keddie	<b>Approved by</b> Gemma Paget	<b>Checked by</b> Gemma Paget	<b>Verified by</b> David Arthur

## Revision History

Revision	Revision date	Details	Authorised	Name	Position
V1	18.02.2021	Draft for Comment	GP	Gemma Paget	Associate Director

## Background to the proposal

The existing bus station is considered unattractive and does not support a modern gateway into Durham City Centre to encourage use of the bus to access employment, education and leisure opportunities. Manoeuvrability for the high frequency of buses arriving and departing the existing station is also constrained by the limited space, which impacts the efficiency of bus operations.

A set of objectives were developed for the Durham Transforming Cities Fund (TCF) programme, which reflected the North East TCF vision and objectives. The Durham TCF programme objectives are shown below.

To increase the proportion of public transport journeys, particularly along congested radial routes to Durham City Centre	To increase walking and cycling along radial routes to Durham City Centre and key employment sites	To ensure schemes support the introduction of Future Mobility Services within the City of Durham	To reduce the adverse impacts of the transport network on local air quality and carbon emissions in the City of Durham	To enhance sustainable connectivity to existing, proposed and potential development sites in the City of Durham and across the North East	To improve sustainable accessibility to Durham University
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An upgrade of the station was included in the North East TCF programme of schemes, following a sifting of a long list of options across the region. Four options were identified for the upgrade of the station:

- Option 1 (Do Nothing): No change in the facility;
- Option 2 (Do Minimum): A refurbishment of the existing building and site;
- Option 3 (Do Something): Demolition of the existing facility and rebuild on the site; and
- Option 4 (Do Maximum): Relocation of the facility to a new site (north of North Road Methodist Church) and creation of a residual commercial site at the existing location. This would require significant changes to the highway network.

During the preparation of the business case, the four options were assessed against a set of objectives identified for the Durham TCF programme, as well as deliverability criteria. Options 3 and 4 were considered to have the greatest alignment with the scheme objectives, while Option 1 would not improve the passenger experience or the operational challenges, and Option 2 would deliver limited benefits which may not sufficiently fulfil the scheme objectives. Although not costed, Option 4 was expected to have a higher cost than Option 3, and previous consultation regarding the relocation of the station had received a mixed response. The demolition of the existing station and construction of a new station at the existing site (Option 3) was, therefore, identified as the preferred option.

## To what extent does the proposal represent value for money?

The value for money assessment considers whether the expected cost of public resources to upgrade Durham Bus Station justifies the expected impact on public value (i.e. the anticipated benefit for society, the economy and environment). Alongside this, due consideration has been given to how expected impacts will vary by social groups.

The appraisal of Durham Bus Station identified the scheme is expected to deliver High value for money. The monetised appraisal generated a Benefit-to-Cost Ratio of 3.76, and Department for Transport (DfT) guidance<sup>1</sup> identifies that a Benefit-to-Cost Ratio between 2 and 4 equates to High value for money.

### What are the key impacts of the proposal on the public?

#### Costs

The capital costs for the scheme were developed alongside the refinement of the scheme design and a validation process to confirm the construction cost element. A profile of renewal and ongoing maintenance costs for the 60-year appraisal period were developed. For example, this recognised the increased annual ongoing maintenance cost associated with the upgraded station, but greater annual income expected to be generated by the commercial floorspace and anticipated uplift in use of the higher-quality toilet facilities (with no change in the existing charge).

#### Monetised Benefits

The monetised benefits are primarily associated with the improvement in journey quality for bus passengers, particularly when boarding at the station. These benefits capture the transformation to the station environment (i.e. seating, facilities), extending the coverage and quality of Closed Circuit Television (CCTV), higher quality audio announcements in the station concourse that can be heard by all, quality of on-screen displays with information provision to enhance readability, and a design which mitigates the 'greenhouse effect' in summer months with a heating system in the toilets and changing facilities. The journey quality improvements are also expected to improve the perception of bus travel and enhance this gateway to Durham City Centre, thereby supporting modal shift to public transport.

A small journey time saving is also identified due to the improved bus operations. Providing a through lane, as well as straight and longer Drive In Reverse Out bays, is expected to mitigate delays experienced by arriving buses when departing buses reverse from the stands and block the entrance.

Based on the monetised benefits and the scheme costs, the Benefit-to-Cost Ratio for the scheme is **3.76**, which equates to **High** value for money.

#### Non-Monetised Impacts

The following non-monetised impacts are also expected as a result of the station upgrade:

- *Regeneration*: Benefit associated with the improved aesthetic to support wider regeneration efforts on North Road.
- *Environment*: Benefit associated with the green roof and green wall included within the design.
- *Inclusive*: Benefit associated with provision for those hard of hearing and with visual impairments.
- *Reliability*: Benefit for bus operators and bus passengers with the improved bus operations.
- *Bus Operator Revenue*: Benefit associated with any modal shift to the bus.
- *Reduction in Retail Space*: The new station will include a reduced retail presence which is likely to have an adverse impact.

While the value for money category can be adjusted based on non-monetised impacts, these are expected to be small – as such, it has been concluded that the value for money is expected to remain as **High**.

### Why do these impacts place the proposal in the reported category?

The economic appraisal of the upgraded station highlights the primary benefit is expected for Society (i.e. Social) due to the journey quality improvements which have been monetised in the appraisal and the non-monetised benefit associated with the inclusive design supporting all users. The upgrade to the station will have a large beneficial impact on 'traveller care' with greater information provision, additional toilet facilities and more seating provision. Electronic information screens above each bus boarding door and display screens in the main circulatory space in the station will help to mitigate potential frustration and stress regarding uncertainty of bus departure times.

<sup>1</sup> Value for Money Framework, DfT (2017)

The Economy will benefit from more efficient bus operations with a small journey time saving monetised in the appraisal, with this supplemented by non-monetised benefits associated with journey time reliability and modal shift to the bus generating additional revenue for operators. Wider regeneration proposals along North Road are also expected to benefit from the improved station aesthetic and facilities, with this non-monetised benefit further strengthening the value for money.

The upgraded station will be located on the same site as the existing facility so the impact on the Environment is anticipated to be very small. The scheme design includes measures to positively contribute to the local environment with a pleasant aesthetic for the local townscape and installation of a green roof and green wall. While these benefits have not been monetised in the appraisal, they are not deemed significant enough to impact the value for money category.

### **How confident can we be in the value for money reported category?**

A series of sensitivity tests have been undertaken to supplement the appraisal and provide confidence regarding the value for money. These tests included changes in the capital costs, changes in the demand, and changes in the benefits captured. The Benefit-to-Cost Ratio remained above 3 in all tests, with variations in station demand causing the most significant changes in the Benefit-to-Cost Ratio (of 3.01 to 4.51). The sensitivity testing also confirmed that the journey time saving benefits were a small component of the benefits, with their exclusion resulting in a small reduction in the Benefit-to-Cost Ratio to 3.57.

The annual demand at Durham Bus Station was a key input to the economic appraisal. To estimate this demand, boarding data for four weeks in October 2019 was annualised to reflect annual boarders and it was assumed there would be the same number of alighting passengers. The use of data from October is recognised as being a 'neutral' month outside of the demand fluctuations typically associated with summer and winter months, as well as being cognisant of school term time. In addition, a key uncertainty within the economic appraisal has been the unknown medium to longer-term impacts of COVID-19 on daily life and travel behaviour, including the effect on Durham Bus Station when the upgraded station opens. The inclusion of a sensitivity test of station demand being +/- 20% seeks to reflect the potential impact of a variation in demand. A 20% reduction in demand resulted in the Benefit-to-Cost Ratio falling to 3.01 and, therefore, remains within the range of High value for money.

The approach taken to the assessment of costs and benefits has been undertaken in line with DfT (Department for Transport) Transport Appraisal Guidance. All costs were treated in line with the guidance, including a suitable level of optimism bias and appropriate adjustments to enable the costs to be presented in 2010 prices and values. A bespoke spreadsheet was developed to monetise the journey quality and journey time saving over the appraisal period. Segmented values of soft bus interventions from the Transport Appraisal Guidance Databook informed the journey quality benefits alongside a review of the existing facility and scheme designs to determine a suitable level of benefit to be captured as a result of the upgrade. A survey of Durham Bus Station departures in October 2019 informed the assumed journey time saving.

Finally, the economic appraisal has been through a thorough independent review by consultants appointed to review the business case by Transport North East. This has confirmed a sound approach has been taken.