

21 September 2009

Mr Alex Veitch
Integrated Transport Manager
ATOC - Association of Train Operating
Companies
40 Bernard Street
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Our Ref. 2201003

Dear Alex

C2C FRANCHISE - CASE CYCLE INVESTMENT

This letter sets out our proposal to support ATOC in developing and appraising the development of cycle investment at rail stations on the C2C Franchise.

Context

The re-letting of the current C2C franchise presents an opportunity to develop a holistic network-wide cycle implementation strategy. The work undertaken by Steer Davies Gleave on behalf of the Cycle Rail Task Force into cycle investment at rail stations will help provide the evidence base that will be required to justify the investment overall, and to ensure the investment is focused where it delivers greatest value for money.

The study would need to be completed by the end of October 2009. The results outputs of the study would need to go to the Station Champions to include in their report to the Secretary of State.

Approach

Task 1 - Develop Scheme / Franchise Objectives

The Cycle Investment work indicated that the potential economic case for cycle parking at stations was strong, but that there were instances where encouraging additional cyclists as a station access mode would result in a net revenue loss. There can therefore be a tension between the economic and financial case for cycle investment.

A first stage of the study would therefore seek to agree the objectives for the scheme, which can then help inform scheme development and appraisal.

Task 2 - Establish the Baseline - Survey Programme

We would undertake an audit of each station to examine the level of provision (number of spaces) and usage (utilisation of those spaces) of both cycle and car parking facilities. This would aim to:

- Collect and collate available information on cycle parking supply and utilisation. This would identify the scale, quality and level of use of cycle parking facilities, and whether or not there appears to be sufficient provision of cycle parking.
- Collect and collate available information on car parking supply, charges and utilisation. This would identify whether or not there is a shortage of car parking and therefore some evidence for demand suppression.

We assume that no permissions would be required to undertake this work, which would be done by observation only.

Task 3 - Develop Cycle Forecasts

- The Cycle Demand Forecasting Model developed by Steer Davies Gleave to forecast the 'potential' cycle demand, on the basis that a good standard of cycle parking is provided. It does not have a capacity constraint.
- The cycle demand forecasts would be compared to the actual demand (from Task 1) and, for stations where a high standard (sufficient volume) of cycle provision existed, a comparison would be made which could inform a recalibration of the model to better reflect the characteristics on the C2C network.
- The Cycle Demand Forecasting Model provides estimates of potential usage based on 'unconstrained' demand (i.e. there is no capacity constraint assumed for either cycle or car users). The relief of any capacity constraint will be an important consideration for the business case and we therefore propose to additionally undertake an analysis of suppressed demand at each station. This will involve modelling station choice and trip rates through our catchment modelling tool. The output of this will be an estimate of the demand expected at each station which can then be compared with actual demand to see if the station appears to be underperforming. Where underperformance is accompanied by a shortage of car and/or cycle parking this is good evidence of demand suppression.

Task 4 - Scheme Development & Appraisal

The stages above will provide a clear indication of where the greatest potential unmet demand exists, and hence where the case for investment in cycle facilities is likely to be strongest. This will help inform the development of the scheme in terms of:

- New parking facilities.
- Scheme costs (we will review seek the advice of ATOC, CE and others on this). In particular, implementing facilities at a franchise level should enable significant economies of scale to be secured).

- Scheme demand by station, based on demand forecasting but capped at the level of supply.
- Scheme Appraisal - this will be used to identify the type and scale of financial and economic impacts and benefits, including decongestion, health, absenteeism etc. The appraisal will also be used as an analytical tool to help refine and optimise the definition of the scheme.

Further Review of Research

A key finding of the Cycle Investment study was that the impact of improved cycle facilities on demand (and hence benefits) is not well understood. We will seek to obtain and review any further evidence on impact of cycle provision on demand.

Task 5 - Complementary Initiatives

The Cycle Parking at Stations and Station Travel Planning work suggests that, where improved cycle provision at stations has been implemented, there is often little or no associated marketing and awareness activity targeted at potential (rather than current) customers. This, by definition, limits the scale of potential additional users to those who will already use the station, and ignores a sizeable potential market (typically those within 1-4 km of a station) of those who might be willing to cycle if the opportunity was better advertised.

We will therefore identify (and cost) the range of complementary measures that we believe would enhance the overall value delivered by the business case.

Deliverables

The study would provide the following deliverables:

- Business Case Report. This would report the study, and set out the preferred scheme and business case for investment that would be consistent with DfT guidelines. Given the timescale of the study the business case will be preliminary in nature. The report would set out all assumptions employed in the appraisal.
- Sensitivities & Scenario Testing - There are uncertainties in any business case, but particularly for cycle investment where the evidence base is more limited. Sensitivity and scenario testing will be undertaken and reported to both understand the key individual areas of uncertainty, and their impact on the case, and through this to also assess the robustness of the overall case.
- Business Case Spreadsheet. The spreadsheet could be provided for the purpose of review and audit.

Timescale and Budget

We understand the study would need to report by the end of October. To meet this deadline would require an early approval for the work and intensive working throughout October.

An indicative budget for the study would be in the order of £30,000, excl VAT.

Yours sincerely,

Associate

cc Tony Duckenfield SDG
 Bryn Lockwood

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