



NEW STATIONS FUND 3 – GUIDANCE NOTE FOR APPLICANTS

This document provides guidance on the New Stations Fund 3 (NSF3) for potential applicants and other interested parties. The Guidance Note should be read in conjunction with the other NSF3 documentation:

- New Stations Fund 3 Application Form
- New Stations Fund 3 Funding from Network Rail Agreement
- New Stations Fund 3 Principles and Governance

Introduction

The Department for Transport (DfT) has approved a £20m funding facility to be used to part-fund the delivery of brand new, or the re-opening of previously closed stations, during the remainder of Control Period 6 (CP6, 1st April 2019- 31st March 2024).

This funding will be distributed through a competition to ensure that all promoters of New Stations, who meet the conditions, have an equal opportunity of securing a funding contribution. The conditions of the NSF3 are set out in full in the New Stations Fund 3 Principles and Governance (see Network Rail's [website](#)) The NSF3 Awards Panel made up of cross-industry representatives will recommend those station proposals to be funded by the NSF3.

This competition is open to any third party promoter meeting the conditions of the fund. The closing date for applications is Friday 5 June 2020.

Applicants may find the following documents helpful in developing their applications:

- [Investment Framework Consolidated Policy & Guidelines](#)
- [Business Case Guidance](#)
- [DfT WebTAG](#)

Conditions

(a) The New Stations Fund 3 (NSF3) is to fund capital expenditure on brand new or re-opened stations for heavy rail services in England and Wales that are promoted by third parties. This excludes improvements or refurbishment at existing stations, the funding of new or reopened lines (even if associated with a "New Station") or the relocation of existing stations.

(b) The aim of the NSF3 is to fund New Station projects to improve access to the rail network and to generate new rail journeys without material revenue abstraction from other Train Operating Company (TOC) services or from public transport alternatives. The proposed New Station must fit with the needs of the existing network and not substantially increase existing passenger journey times.



(c) A proposed station which would be located on a new or reopened line can only be considered for NSF3 funding if the funds have already separately been committed for the construction of the new or reopened railway line itself.

(d) Only projects bringing incremental benefit may qualify for NSF3 funding. Incremental benefit can take the form of an increase in services available for new passenger journeys or increased financial revenues as a result of the existence of New Station and its facilities. To qualify as incremental, NSF3 Projects must also be in addition to Franchise commitments and committed Network Rail and other funded projects, maintenance and renewal work.

(e) NSF3 Projects include detailed development and implementation of services and works to construct New Stations, deliver any supporting commercial arrangements and requirements to enable services to be operated by TOCs to call at those stations and for those stations to be managed under appropriate agreed lease arrangements with Network Rail as outlined in paragraph 3.8 of Schedule 1 in the NSF3 Funding From Network Rail Agreement

(f) NSF3 Projects must complete GRIP Stage 7 by the 29th February 2024.

(g) The NSF3 funding award is made at June 2020 prices and will not be increased by RPI.

(h) It is not expected that NSF3 Projects will generate sufficient revenues to cover full financial costs of construction. Where NSF3 Projects generate revenues beyond the breakeven point in the financial business case, it should be assumed that such revenues will be returned to the NSF3 and used to fund the cost of the NSF3 Programme.

(i) The competition covers England and Wales. Railway investment in Scotland is funded separately.

(j) There is an expectation that the NSF3 shall provide no more than 75 per cent of the Project Costs of a New Station, with the rest of the funding (defined as the “Match Funding”) being provided by the Recipient either as a direct funding contribution, development services in the form of a GRIP Stage 3 design with Approval in Principle and associated products or secured by the Recipient from third parties contributing to the NSF3 Project via appropriate third party contribution letters. The Recipient will be responsible for securing any Match Funding in accordance with these principles and governance arrangements prior to the commencement of the NSF3 Project and for any funding risk associated with any part of the Match Funding. The NSF3 award will be a capped amount per station (including contingency funds) approved by the NSF3 Awards Panel (the “Capped NSF3 Funding”).

(k) NSF3 funding is to be used only as capital expenditure in the delivery of the NSF3 Project.

(l) The applicant should contact Network Rail’s relevant Route Enhancements Manager or Principle Programme Sponsor (see Appendix A for contact details) to ensure alignment with future Route Utilisation Strategies and/ or Route Studies. The Applicant should also write to



the relevant DfT Commercial Manager to inform them of their intention to apply (see Appendix A for contact details) and submit confirmation of both of these with their bid.

(m) Proposals must include written confirmation of support that the proposed station and train timetable can be supported by Network Rail as the timetable planner.

Business Case

Applicants must adhere to the requirements of the DfT’s five point business case approach setting out the following information:

Strategic Case

The strategic case is used to set out a clear rationale for the scheme, supporting the need for investment. The following table sets out the expectations of the information to be provided.

Table 1.1 - Strategic Case Requirements	
Theme	Overview of Requirement
Business strategy	The applicant should provide a summary of the strategic direction of their organisation that supports the need for this investment. It should identify how this scheme will support local transport objectives including links to Route Utilisation Strategies and/ or Route Studies.
Impact of no provision	The applicant should detail what the consequences of not providing a new station in this location would be – it should include information about population and employment within specified catchments of the new station (and thus how many people would remain without access to a rail station should this station not be funded).
Objectives	The applicant should establish Specific, Measurable, Achievable, Realistic and Time-bound objectives (SMART) that the scheme will aim to deliver – this should focus around providing access to the rail network for people who do not have it and generating new rail journeys. Who, how many and by when will these be realised from the New Station? It would be ideal for the applicant to consider travel trends in the area using sources such as Census travel to work data.
Measures for success	Linked to the objectives, the applicant should provide clear measurement indicators for when the scheme is deemed a success.
Constraints	The applicant should identify any potential constraints that may impact on this scheme being a success – e.g. capability to deliver; engineering feasibility; planning approvals; land acquisition (this is not an exhaustive list).



Inter-dependencies	The applicant should clearly identify where the success of the new station is related to other schemes e.g. the realisation of housing or employment development sites.
Stakeholders	The applicant should provide a clear indication of all stakeholders involved and outline general support or conflicts identified between demands.

Economic Case

The economic case is used to identify the key economic impacts of the scheme, and its overall value for money. The following table sets out the expectations of the information to be provided.

Table 1.2 – Economic Case Requirements	
Theme	Overview of Requirement
Assumptions	<p>The applicant should provide a clear overview of the assumptions used for developing assumptions for producing the value for money assessments including benefit cost ratio (BCR) and net present value (NPV) of the new station. Applicants are advised to utilise WebTAG guidance¹.</p> <p>The socio economic appraisal should be over 60 years.</p> <p>Business cases should be calculated at October 2016 prices, excluding inflation.</p>
Passenger demand forecasts	<p>The applicant should clearly identify passenger demand forecasts for the new station. Applicants should provide clarity in their assumptions with regards to demand forecasting, setting out clearly the sources of data utilised to develop such assumptions (MOIRA/LENNON).</p> <p>The applicant should clearly identify the annual demand for the new station; with clarity between passengers ‘new to rail’ compared with ‘abstracted from other services’. Where abstraction occurs, the applicant must consider whether this is a true revenue benefit for the financial case.</p> <p>The applicant should provide clarity on the expected profile of demand, i.e. whether demand will ‘ramp-up’ from opening or show steady growth. The applicant should be clear when the full demand value predicted will be achieved.</p>

¹ <http://www.dft.gov.uk/webtag>



	<p>The applicant should provide information on the types of trips likely to be made from the new station, and where possible, the type of ticket likely to be purchased. This should reflect average length of train trip; class of passenger; and ticket type (season, one-off etc).</p> <p>The forecasts should be submitted as an appendix utilising the spreadsheets provided in the form. The spreadsheets should be submitted 'unlocked' to allow review.</p> <p>All data sources and assumptions made in the calculation of passenger demand forecasts should be clearly outlined and explained.</p>
Sensitivity and risk profile	<p>The applicant should provide some evidence of sensitivity testing. This should include the impacts of the cost of the station exceeding expectations; or levels of demand not being realised. The scope of the sensitivity test should be suitable for the case of the New Station being proposed.</p>
Wider revenue	<p>The applicant should clearly set out any additional revenue that may be generated from the opening of the New Station e.g. car park tariffs, retail provisions etc.</p>
Other impacts	<p>The applicant should consider wider impacts that the new station may induce – this may include (but is by no means exhaustive):</p> <ul style="list-style-type: none"> - Reduced travel distances to a rail station (reduction in road veh/km); - Environmental impacts – noise and air quality; and - Wider economic benefits – gross value added.

Commercial Case

The commercial case is used to summarise the preferred approach to scheme procurement and justifies the commercial and legal viability of such an approach. The following table sets out the expectations of the information to be provided.

Table 1.3 – Commercial Case Requirements	
Theme	Overview of Requirement
Procurement strategy	<p>The applicant should set out the planned strategy for procurement and contracting. This should be clearly aligned to the GRIP process.</p> <p>The applicant should specify the form of contract, including the agreed payment terms, defining the reasons and the choice of contract.</p>
Risk management	<p>The applicant should provide a risk register that provides a clear assessment of all risks related to the project.</p>



	The risks should be attributed to clear owners, set out against the risk register to show where the responsibilities for managing risks lie.
Contract management and station ownership	<p>The applicant should provide a clear identification of construction timescales; station hand over and lease dates.</p> <p>The applicant should clearly state who will become the Station Facility Owner and by what date.</p> <p>The applicant should provide information regarding the leasing arrangements with the SFO to ensure that the ongoing operation and maintenance of the station have been designated to a responsible owner.</p>

Financial Case

The financial case is used to present evidence of the scheme’s affordability including revenue impacts, outturn and maintenance costs. The following table sets out the expectations of the information to be provided.

Table 1.4 – Financial Case Requirements	
Theme	Overview of Requirement
Capital costs	The applicant should provide a clear indication of capital costs detailing the total scheme costs, alongside a profile of when costs are incurred. The costs should be calculated at current prices, excluding inflation.
Operating costs	The applicant should provide a clear indication of operating costs including station access charges. The applicant should set out costs for repair, maintenance and ongoing operational costs that will be attributed to the station.
Other costs	The applicant should detail any other costs borne by the applicant, including, but not limited to those that result from the payment terms, financial cost and risk allocation contingency, Network Rail programme management and Sponsor costs.
Revenue	<p>The applicant should clearly set out the expected generated income revenue, including revenue from those ‘new to rail’ compared with ‘abstracted from other services’.</p> <p>The applicant should consider the revenue lost through longer journey times for 30 years.</p> <p>The financial summary should clearly identify the benefit being attributed to the fund. The additional funder(s) should be stated including their financial contributions and how any benefits are to be shared.</p>



Funding cover	The applicant should provide an analysis of the budget/funding cover for the project setting out the levels of funding by source, date (including any third-party contributions). This should set out the anticipated impact against the organisation’s balance sheet with a signed commitment to underwriting scheme costs.
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Management Case

The management case is used to set out the mechanisms for delivering the project successfully, on time and budget – with suitable governance and risk management processes in place. The following table sets out the expectations of the information to be provided.

Table 1.5 – Management Case Requirements	
Theme	Overview of Requirement
Programme	The applicant should clearly set out the programme for project delivery including key milestones and decision points (including approval milestones). Critical path actions should be clearly identified. This should identify timescales for related planning applications and approvals, track access periods and consultation periods.
Governance, organisational structure and roles	The applicant must provide a clear organization chart identifying partners involved, their roles on the project and the lines of accountability. The applicant must show clear support from Network Rail and the TOC whose trains are planned to call there and is designated as the senior financial officer. Where the TOC has a franchise, which could expire before the station opens, the promoter must have discussed the proposal with DfT prior to submitting the application. The relevant DfT Franchise Commercial Manager should have been notified and a letter should be provided from the relevant individual as part of the application submission confirming that they have been informed.
Communications	The applicant must show planned consultation periods, ensuring an appropriate level of stakeholder engagement has been/will be carried out with affected parties.
Monitoring and evaluation for the realisation of benefits	The applicant must set out a clear monitoring and evaluation plan that will be subsequently used one year and five years after opening to assess the success of the scheme. The applicant must show what existing information will be utilised to understand the base case and for benchmarking the scheme success against. The applicant must ensure that the data sources and criteria used relate to the objectives and measures for success as set out in the strategic case so the scheme success can be fully understood.

Further guidance on completing the business case can be found at <https://www.gov.uk/government/publications/transport-business-case>



Format of proposals

Applicants are required to submit their applications for NSF3 funding using the Application Form www.networkrail.co.uk/NSFon the [Network Rail Website](http://www.networkrail.co.uk).

Applications should be developed in accordance with the New Stations Fund 3 Commercial Principles and Governance.

Completed documentation is to be sent to the Department for Transport by Friday 5 June 2020, using the following email address: Newstationsfund@dft.gov.uk

Please Note: The DfT and Network Rail under the Freedom of Information Act 2000 may have to release information supplied as part of an application to the NSF3. Applicants should make any third parties supplying letters of support or information aware that these may have to be released into the public domain. If an NSF3 party receives a request for the disclosure of information relating to the NSF3 Project (the "Project Information") under the Freedom of Information Act 2000 and/or the Environmental Information Regulations 2004 (individually referred to as the "Information Act" and together referred to as the "Information Acts") it shall comply with such request in accordance with the relevant Information Act to the extent it is obliged to do so and provided that no exemption from disclosure in the relevant Information Act applies. Prior to making such disclosure it shall give the other party the reasonable opportunity to make representations as to why the disclosure should not be made (including but not limited to any exemptions from disclosure that may apply) and shall inform the other party of any disclosure made. For the purpose of Paragraph 43(2) of the Freedom of Information Act 2000, the parties acknowledge and agree that the disclosure of any commercially sensitive Project Information is likely to prejudice the interests of the parties.

Reporting

Network Rail will have the responsibility for the overall programme administration and reporting of the projects funded by this Fund with regular reporting to the DfT and ORR.

Reporting will be on a periodic basis (4 weekly) with the Recipient providing reports to the Steering Group (SG) to allow effective governance oversight and to highlight any and all delivery issues to the SG.

Reports should:

- (a) include information relating to progress of the Project including cost, programme and key risks;
- (b) provide key financial information including, for each Project, an initial budget, cost of work done and an updated forecast of the Anticipated Final Cost (AFC);
- (c) identify a list of potential scope, schedule or cost impacts for discussion;
- (d) maintain a log recording agreed changes to the Projects made by the SG;
- (e) identify management actions to mitigate cost over-runs; and
- (f) include a register of significant stakeholder issues.

Each Promoter will periodically be invited to attend a SG meeting to provide an overview of progress and highlight issues and examples of best practice.



A template example for presentations to SG meetings is provided in Appendix B to ensure the relevant focus at the presentations.

Further Information

For further information please email Newstationsfund@dft.gov.uk?
See further contact details in the Appendix A of this document.



Appendix A – Contact List

NSF3 Steering Group Contact List			
Name	Role	E-mail	Telephone
Tina Odedra	Programme Advisor, Rail Infrastructure North	Tina.odedra@dft.gov.uk	07825 364 239
Jon Ratcliffe	Senior Commercial Scheme Sponsor	Jon.Ratcliffe@networkrail.co.uk	07795 646 998
Neil Priest	Programme Client, Rail Infrastructure North	Neil.Priest@dft.gsi.gov.uk	07920 295 306
Network Rail Contact List			
Name	Role	E-mail	Mobile Number
Steve Vidler	Senior Sponsor	_Steve.Vidler@networkrail.co.uk	07889010070
Stephen Hind	Route Enhancements Manager London North Eastern	Stephen.Hind@networkrail.co.uk	07515 620 062
Ed Akers	Principal Programme Sponsor	Edward.Akers@networkrail.co.uk	07825767165
Patrick Cawley	Director Route Sponsorship, London North Western	Patrick.Cawley@networkrail.co.uk	07876 445 146
Paul Harwood	Investment Director, South East Route	Paul.HARWOOD@networkrail.co.uk	07799864430
Dale Crutcher	Senior Commercial Scheme Sponsor	Dale.crutcher@networkrail.co.uk	07801907765
Rory Jee	Route Enhancements Manager Wessex	Rory.Jee@networkrail.co.uk	07710940469
Francis McGarry	Director Route Business Development	Francis.McGarry@networkrail.co.uk	07920155806
Becki Cooke	Corporate Commercial Manager	Rebecca.Cooke@networkrail.co.uk	07739786668
James Bradley	Lead Strategic Planner	James.Bradley3@networkrail.co.uk	07713 302 190
DfT Commercial Manager Contact List			
Name	Role	Mobile Number	
Peter West	Commercial Manager - ATW	07500097397	
Graeme Frizzell	Commercial Manager - Essex Thameside	07979 540329	
John Macquarrie	Senior Commercial Manager - Cross Country	07774080206	
Graeme Frizzell	Senior Commercial Manager - Chiltern	07979 540329	
Archna Patel	Senior Commercial Manager - West Coast	07926290266	
Stuart Nicholls	Commercial Manager - LNER	07464 654789	
John Macquarrie	Senior Commercial Manager - East Midlands / West Midland	07774080206	
Peter West	Commercial Manager - Great Western	07500097397	
Graeme Frizzell	Commercial Manager - East Anglia	07979 540329	
David Lindsey	Senior Commercial Manager - GTR	07823552156	
Adam Timewell	Commercial Manager - Northern	07585 997549	
Chris Roberts	Commercial Manager - TPE	07585 997530	
Charles Corn	Senior Commercial Manager - Southeastern	07977 420638	
David Allsop	Commercial Manager - South West Trains	07887 641265	



Appendix B – Steering Group Report


Period XX – MM YYYY

New Stations Fund 3: XXXX

Sponsor: [Contact name- contact number]
Recipient: [TOC /Third Party; Contact name(s) – contact number]

Project Synopsis:

GRIP Level: X Oracle X Location of works –XX Funding Category: NSF3 /XX Expected Completion Date: DD MM YYYY



1 Periodic Update (commentary)

2 Project Status

Current

R A G

Previous

4 Project Milestones – baseline vs. actual

Milestone	Baseline	Revised	Actual*

*Further details on delayed milestones can be found in section B

3 Financials

Authority (£m)	Project Budget (£m)	Funder	COWD to Date (£m)	AFC this Period (£m)	AFC Last Period (£m)	Contingency %
£XXm	£XXm	NSF3	£XXm	£XXm	£XXm	XX% (of £XXm)
£XXm	£XXm	XX	£XXm	£XXm	£XXm	XX% (of £XXm)

5 Key Risks & Issues

	Description	Probability	Pot. Impact	Progress/Support Required	Status	Date
Risks		H M L	H M L		R A G	
		H M L	H M L		R A G	
		H M L	H M L		R A G	
Issues			Priority H M L		R A G	
			H M L		R A G	
			H M L		R A G	



Period XX – MM YYYY

New Stations Fund 3: XXXX



Department
for Transport



6 Background

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7 Funding Breakdown

Funding	Funding Source
EXX	New Stations Fund 3
EXX	TOC/ Local Authority/ 3 rd Party
EXX	Anticipated Final Cost

Stage Gate Payments

GRIP 4/ 5
GRIP 7

8 Risks and Issues Additional Detail

Further details on the top three project risks as at: DD MM YYYY:

Risk...	Because of...	Resulting in...	Probability	Most Likely Cost	Mitigation

For further details please see appended summary risk register.

9 Items to Note

Delayed Milestones	Baseline	Expected	Comments



Period XX – MM YYYY

New Stations Fund 3: XXXX

Photographs / Artists Impressions



Department
for Transport



10

Before

11

During

12

After