Unlocking Station Potential

Delivery model exploration for the Railway Industry Association

July 2025

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Contents

Unlocking station potential

Our remit

The Railway Industry Association (RIA) has embarked on a collaborative exploration for how Britain's station estate might evolve. An initial discussion paper was published by RIA in April 2025 to kick-off dialogue with Government, the wider railway community and potential investors.

To support this dialogue, RIA asked Steer to:

- to examine a sample portfolio of stations with the aim of identifying the benefits that might arise from a portfolio
- to report, quantified wherever possible, the nature of station value opportunities that might exist and the degree to which they could contribute to station costs
- to illustrate the potential for wider-network applicability and its ability to improve the contribution from stations
- to help RIA identify and articulate principles for engaging the private sector with the goal of creating a sustainable programme for materially improving the station estate.

Our remit did not include consideration of broader value capture mechanisms or wider benefits such as stimulus and supporting to housing development.

What we did

We identified a portfolio of 11 stations on the north Kent coast as being appropriate to offering insights for the wider estate.

With the support of Southeastern and Network Rail we undertook research into the costs and revenues associated with the stations. We developed a high-level perspective of asset condition and probable scale of renewal liabilities.

We listened carefully to the existing identified opportunities of Southeastern and Network Rail for the portfolio and alongside this developed analysis of each of the station's catchment analysis.

Through this and site visits we identified that prioritised investment into stations of scale and opportunity were most likely to create opportunity for private sector participation, realisation of economies of scale, and formation of pipeline that could benefit the wider estate beyond the initial prioritised stations.

Using this conclusion we developed an investment concept, i.e. what should the investment seek to achieve and therefore contain to realise value. We proposed that this should be formation of high-performing inclusive intermodal hub stations capable of offering value to a wider local portfolio of stations.

Current Position: What we found

The stations had costs of around £5.5m per annum and, if their farebox contribution is acknowledge, support revenues of £55m per annum.

Whist the portfolio of 11 stations did have different levels of usage, revenues and costs there was none that came close to covering its costs if their contribution to farebox revenues was ignored.

The stations are generally in good condition and evidently well managed. However, the portfolio faces a material renewal burden over the next 15 years and a strategy which aligns required investment to value optimisation will have benefit – management as a portfolio approach could offer such a strategy.

The current station footprint and layouts provide limited opportunity to materially grow ancillary (non-farebox) revenue. Targeted investment has potential to both increase ancillary revenue and create additional value for the community and in rail farebox revenues.

The largest opportunities for realisation of further value are (a) growing ridership, (b) making better use of car parks and buildings, (c) exploiting portfolio perspectives to direct costs to best effect, and (d) realising value from housing and associated land value capture (not explored in detail in this report).

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There is a path forward to realisation of further benefit from stations

Looking Ahead: a potential way forward

We developed illustrative enhancement schemes for Margate and Whitstable to create them as high-performing inclusive intermodal hubs that would be seen as such within the station portfolio and its communities. This include changes to asset and assumptions around an enhanced operating regime.

At Margate an indicative scale of investment was £2.1m whilst at Whitstable we suggested it would be of the order of £6.5m to include provision of an accessible footbridge.

We considered the commercial benefits arising at the two stations as a result and identified potential for material uplift in farebox revenues. We assumed a modest growth in ancillary revenue in line with ridership increases. Our initial analysis identified payback for their respective schemes could be achieved within 3-8 years. Our assessment was high-level and not intended to be comprehensive – other policy outcomes and benefits are likely to arise.

Using a high-level filtering logic we scaled the opportunity across the network in England (and outside of Greater London) that might have the potential as hubs within a local portfolio and identified a further 109 locations.

Additional benefits not yet quantified – housing

We note our remit excluded items that could represent important further value contributions. Stations and the railway have a proven link to the development and realisation of sustainable homes. This enabling contribution is positive for meeting a national priority but also provides a route to further value realisation through mechanisms such as Land Value Capture and more traditional approaches such as existing developer contributions.

Potential for the private sector

Private sector participation could bring further benefits (e.g. scale, expertise, risk transfer) and potentially increase momentum and confidence toward a sustainable pipeline of investment.

Participation would strengthen an implication of prioritisation around stations/portfolio which enjoy appropriate opportunities for scale of return.

Hubs offer potential of scale and return, can have influence on a local portfolio of stations, and could provide reputational gain for Great British Railways and local partners. Securing investment in these as a priority might also secure economies of scale, capability development, and learning for the benefit of investing in the wider estate.

Opportune timing to move forward

The current station estate operates under a variety of regimes and is complex given the organisational and funding fragmentation across the network. The Government's rail reform is under development with a new Rail Bill anticipated in Autumn 2025 and Great British Railways created during 2027.

With the positive development of integrated leadership already appearing on the network (e.g. Southeastern Railway) there is the opportunity to further deepen coordination and ambition for the network's stations.

Mayoral Strategic Authorities are setting clear visions for integrated mobility networks and want to see their local stations play a stronger role in their communities. This strategic support provides further impetus, direction and momentum for change.

Together these developments and aspirations can provide greater clarity of intent and funding against which a delivery model can be positioned and leveraged.

Any investment model can also take advantage of the investment in design concepts and guidance that have been prepared, e.g. Network Rail Design Guidance, to help decision making and to support network consistency and realisation of economies of scale.

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Implications and practical next steps to build confidence and momentum

Implications

Our research indicates that material gain can be made from stations. We suggest that there are implications, regardless of delivery model, that would best aid progress and efficacy:

- When considering benefits and funding of stations, greater emphasis should be made to the farebox revenues that they facilitate. This might also include consideration of how farebox increases can be used to leverage private investment and participation.
- Continue to effectively engage with local communities to better understand and develop approaches that align with their needs and aspirations.
- Establishing clarity of intent and delivery principles through a clear station strategy will best support engagement with potential funders and investors.
- Ring-fenced or secure funding mechanisms will have the best potential for realising pipeline benefits of scale and provide confidence to investors.
- Good asset and station knowledge will both help to identify required interventions and allow for more efficient pricing of risk, lower transaction costs and enable more effective performance monitoring and incentivisation.

Potential Next Steps

To take forward the opportunities within the estate that our exploration indicates could be present we offer the following recommendations:

1. *Prioritise effort*: Initially focus further development activity toward stations that have potential to act as a Hub within a portfolio of local stations. The identification and pursuit of a variety of pathfinder projects to deepen understanding and develop practical delivery model elements would be a useful next step.
2. *Private Sector Participation*: engage with a range of private sector participants to identify their respective needs and aspirations. This could be institutional investors, local enterprises, existing sector participants and/or new players who could derive benefit from a high-performing station.
3. *Harness the political agenda*: Utilise devolution’s opportunity of new decision-making criteria and funding to target stations and schemes that address policy outcomes, e.g. housing and growth.
4. *Establish a strategy*: Work with partners to develop expectations for the network and specific stations, confirm delivery contributions that could be made, and roles that each would play.
5. *Create Ring-Fenced Funding*: work with funders through the reform process to explore how station development projects might benefit from, and contribute to, ring-fenced funding to secure confident momentum for further investment. The funding should consider the farebox contribution that station investment can make.
6. *Clearly Evaluate Progress*: Establish a robust monitoring and evaluation framework to track the progress of station development projects. Clear demonstration to funders, investors and local community of the returns and impacts will be important to sustain any delivery model.

We believe that making progress against these recommendations will help to create confidence and alignment for funders and investors through which specific proposals can then move forward.

Executive Summary

Figure: Summary of drivers and approach to successful station investment

Expectations and contributions

- Grow the number of sustainable homes (requiring densification & connectivity of potential housing stock)
- Grow the economy (through employment access, fostering local economies, harnessing new technology, etc)
- Meet Mayoral Strategic Authority ambition for placemaking & improved mobility choices
- Reduce the net cost of the railway
- Meet the needs of the leisure travel market and its discretionary nature – increase rail's attractiveness as a modal choice

Increasing challenge

- Estate aging and condition
- Resilience for climate change impacts
- Estate's accessibility deficit
- Identifying an approach that can support evolution of the entire estate

A need to bring about sustainable change across the estate

Change can occur where there is **realisable value**

New funding from benefits capture

- Land value capture for businesses & homes
- Tax and business rate contributions
- Discretionary travel farebox increase
- Other travel farebox increase
- Station ancillary/trading revenue
- Hypothecated gain ('one public estate')
- Social value contribution

Change occurs where **local communities' benefit**

Meet user expectations

- Connected places offering multimodal access to the wider railway and mobility network
- Inclusive and welcoming locations for all in the community
- Convenient amenities offering service and experience that add to the community
- Community cohesive offering support to local identity and place

Change can occur where **investment is affordable**

Reduce costs

- Complement and leverage existing funding allocations
- Prioritise investments to allow value release to fund other interventions
- Realise economies of scale

Change can occur where **delivery confidence exists** to realise value

Make attractive for investors

- Access existing finances and funds
- Stability in project scope and outputs
- Risks identified and quantifiable
- Transaction costs/barriers optimised
- Repeatable opportunity

This research offers confidence around the role and contribution of stations:

- as facilitators of farebox revenue that can be re-invested
- as locations for community amenities and ancillary revenue
- as enablers of sustainable homes and growth

But station operating costs mean that they cannot deliver this potential without recognising the significant farebox income that they help to support

Lower costs from **repeatable actions**

Consistency in approach

- Consider investments in a local portfolio context to increase choices
- Deploy network design philosophy with common design assets
- Secure consistency/alignment with non-railway environments
- Scalable design solutions to variety of contexts, use and investment cases

Greater speed and lower costs from **certainty**

Certainty of expectations

- Clear strategy and expectations (see above)
- Committed funding contributions
- Contracted and incentivised delivery
- Appropriate risk insight and allocation
- Clarity of expertise & resources required

Delivery model principles

- **Initial focus on "hubs"** that offer scale and repeatable approach for investors and potential of faster returns to fund further upgrades
- Hubs that are **demonstrably inclusive and intermodal** to secure local support and generate usage and income
- Leverage **station hubs in a local portfolio** to create greater efficiency for investment
- **Use private sector** participation to secure greater certainty and maximise opportunities beyond the railway
- Create **investment opportunitiess at individual station and portfolio level** (at a 'local' and/or 'network' level)

Private sector participation

- Contracting can create greater investment certainty where identified benefits exist
- Offers potential economy of scale and comparison from non-railway activities
- Offers access to potential scarce expertise
- Potential for adjacency value, e.g. housing development
- Prefers larger scale opportunities given transaction and risk costs
- Desires a repeatable model in which to invest its time and energy
- Used to working with 3rd party design concepts and ambitions

Executive Summary

Acknowledgements

This exploration has been made possible by the welcome support of a range of colleagues at Southeastern Railway and Network Rail to whom we also offer our sincere thanks.

Whilst our work has been supported by RIA and a Steering Group (including representatives from Railway Industry, Rail Delivery Group, Egis, Costain, Arcadis and Network Rail) this high-level and exploratory report and the opinions within it are the work of Steer.

Limitations and Disclaimers

Our work is necessarily high-level and illustrative in nature. Detailed due diligence around each station and portfolio would be naturally undertaken to better align station development with local plans and needs, and to confirm commercial and technical feasibility.

We have made to make a number of simplifying assumptions in our methodology for the purposes of reaching conclusions within the scope of our assignment. We do not believe these invalidate the overarching conclusions and principles for a forward strategy and the elements of a delivery model.

Ramsgate station

Introduction: Purpose of this exploration

RIA contributing insight to industry reform

The Railway Industry Association (RIA) formed a Station Steering Group to consider how the network's stations can best be nurtured and funded to realise their potential. Complementary to this goal was the role and creation of a pipeline of investment that could unlock greater economies of scale, drive innovation and increase the momentum and confidence of change.

RIA and the Steering Group published an initial discussion paper in April 2025 that set the context for a place-based approach to deliver better stations. It proposed private and public collaboration to look beyond one-off interventions, and plan long-term partnerships that supports the development of successful communities around stations.

Simultaneously RIA and the Steering Group commissioned Steer to build further insight to inform engagement through to their intended publication of conclusions in Autumn of 2025. The objectives of the Steer research were to:

- Explore fundable pathways for station investment.
- Identify principles and relationships that will be important in the post-reformed railway.

Research focus

Our approach was based on exploring the benefits of a portfolio when considering investment of stations.

The aim was to explore how a portfolio approach could:

- Aid Government and local community to meet their policy outcomes and wider missions.
- Deliver a more appropriate and sustainable station estate for the wider railway network.
- Create the opportunity for greater speed and/or efficiency in delivery of benefits.

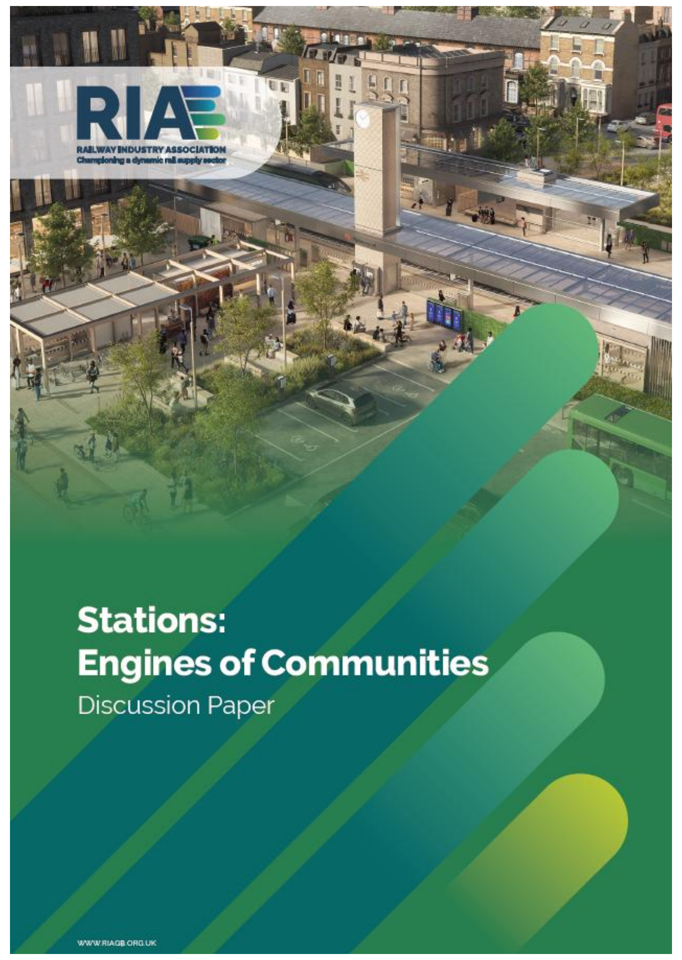
Research approach

Our methodology focused on gap identification and prioritisation. Our broad approach was to use an illustrative portfolio of stations through which to explore issues. The issues were to be identified through four activities/perspectives:

1. Understanding the current asset condition, operations and maintenance costs, and potential major capital renewals required for the portfolio of stations.
2. Considering the opportunity potential through the review of national and local government policy and identifying market demographics.
3. Developing an illustrative programme and prioritisation which shows where costs and value are likely to arise.
4. Considering the benefits and implications of scaling up the approach across the rail network.

Further and broader engagement

Using this work, and the engagement stimulated by the first discussion paper, RIA wishes to engage further and in more depth with potential funders and financiers as well as policy makers and station stakeholders to further the insight and bring forward a model of replicable principles likely to drive progress and successful outcome.



RIA "Stations: "Engines of Communities", April 2025

Introduction: The station estate – scale, income and costs

The station estate

Britain's railway network has over 2,500 railway stations. These community facilities provide access to a rail network whose purpose is to connect people to their fellow citizens, to economic opportunity and to vital social and wellbeing facilities and services.

This station estate is very varied in its form and nature. Developed over the last 150 years the stations range in size, location, context and design. Their funding and management choices over many decades has meant that the estate has significant issues. Asset condition has deteriorated whilst the use of the railway network and community expectations have changed around them:

- There is increased expectation for more accessible and inclusive stations that offer practical consideration and response to a more diverse range of needs.
- The decarbonisation and biodiversity contribution has increased not least due to legal requirements on UK Government.
- Society expects a more convenient and connected life including when travelling with seamless or assured change between transport modes.
- Tolerance of crowding has decreased since the pandemic and footfall growth is returning to the estate where, in parts, it was already deficient in capacity.
- Accountability and contribution from public services and amenities has arguably increased particularly for railways where fares have increased and as part of a Government supported system where tax burden has also increased.

Station funding

The station management model in England is not uniform with variations of responsibilities between Train Operators and Network Rail. However, simplifying for most stations, they are operated by Train Operators under contract to DfT and asset management is undertaken by Network Rail.

The Operator can realise income from their stations through things like retail trading and advertising. Their ability to realise this has been limited in part by their contract length with Government.

Network Rail receives funding through its regulatory settlement for management of its controlled assets including stations.

c.2,500 stations

Facilitating each year

>£11.0bn farebox income

>£200m Network Rail property income

>£70m Train Operator property income

>£100m Car parking income

Utilising each year

£3.1bn operating costs

£6.2bn maintenance & renewal costs

£2.3bn enhancement funds

Additionally relying on

Provision of train services

Provision of industry systems

Political and taxpayer support

Indicative for scale purposes only. Source: Steer & ORR

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Introduction: Wider context for the network's stations

National Policy

The UK Government has recently reaffirmed its commitment to improving the national rail network, with a renewed focus on regional connectivity and local rail networks. As part of the 2025 Spending Review, over £10 billion has been allocated to rail infrastructure between 2026 and 2029. This includes targeted investment in key projects such as the TransPennine Route Upgrade, East West Rail, and Leeds station capacity improvements.

A further £4.7 billion is being redirected from HS2 savings into a new Local Transport Fund, aimed at upgrading stations and improving services across the Midlands and North. Specific station-led projects—such as the Rotherham Gateway scheme—illustrate the government's emphasis on regeneration, multimodal integration, and alignment with local development goals.

Government ambitions are to encourage better coordinated planning for integrated mobility networks, faster delivery of benefits, and stronger alignment with community aspirations and national policy objectives.

Alongside the drive for economic growth, the Government wishes to increase accessibility to affordable and sustainable housing where the railway and stations have a material role to play.

Proven evidence of station value

Well-planned station projects are unlocking new opportunities for housing delivery, employment growth, and economic regeneration.

- **Housing:** Station-led regeneration schemes are enabling the delivery of thousands of new homes by improving land accessibility and supporting local planning ambitions. Projects like Rotherham Gateway and emerging developments around Old Oak Common and Euston demonstrate the potential of transport hubs to catalyse residential growth.
- **Employment:** Investment in and around stations is generating significant job creation, both during construction and in long-term commercial activity. Major schemes are linked to tens of thousands of new roles across construction, retail, logistics, and services.
- **Economic Impact:** Station improvements contribute to wider economic uplift by supporting town centre regeneration, improving access to jobs, and attracting private sector investment. Previous research has estimated that every £1 spent on station infrastructure can return up to £2.50 to the broader economy[1].

Steer's previous research[2] identified that standard transport appraisal approaches might under-estimate local benefits from station investment several fold.

Selecting our portfolio for exploration

Working with RIA's Steering Group we suggested illustrative criteria and station portfolios which could provide the insight we hoped to generate.

What we were looking for:

- Stations that have sufficient footfall and context that is likely to generate commercial value potential
- Stations that represent 'lower value potential' to be representative to the reality of the network challenge
- A portfolio that combines a range of station characteristics that would aid scaling to the wider network
- A portfolio that is sufficiently contained to provide for credible quantification within the timescales and scope of our project
- A portfolio of stations that have coherence or justification as a grouping for management purposes

We selected a portfolio formed of eleven stations in North Kent which are explored further in this report. Together these stations meet the criteria above, offering a range of station use cases and potential.

[1] Rail Delivery Group - Railway industry publishes new report on the economic value of rail RIA
[2] Steer original research for Network Rail Station_Investment_Report.pdf

Portfolio: North Kent Coast

High-level summary

The eleven stations in the North Kent Coast portfolio we selected:

- Operate in different local contexts but notable that it includes significantly deprived communities
- Serve a total population catchment of 190,000 people
- Have varying levels and nature of rail use - significant seasonal summer demand as well as some commuting flows
- Facilitate >5 million rail journeys annually
- Help to secure £53m annual farebox revenue per annum
- Generate an additional £0.7m ancillary revenue per annum
- Absorb operating costs of £5.5m per annum
- Vary in asset age, scale and design
- Require material renewals over the next 15 years
- Have limited unused railway land to leverage
- Will see further green and brown field housing development around them

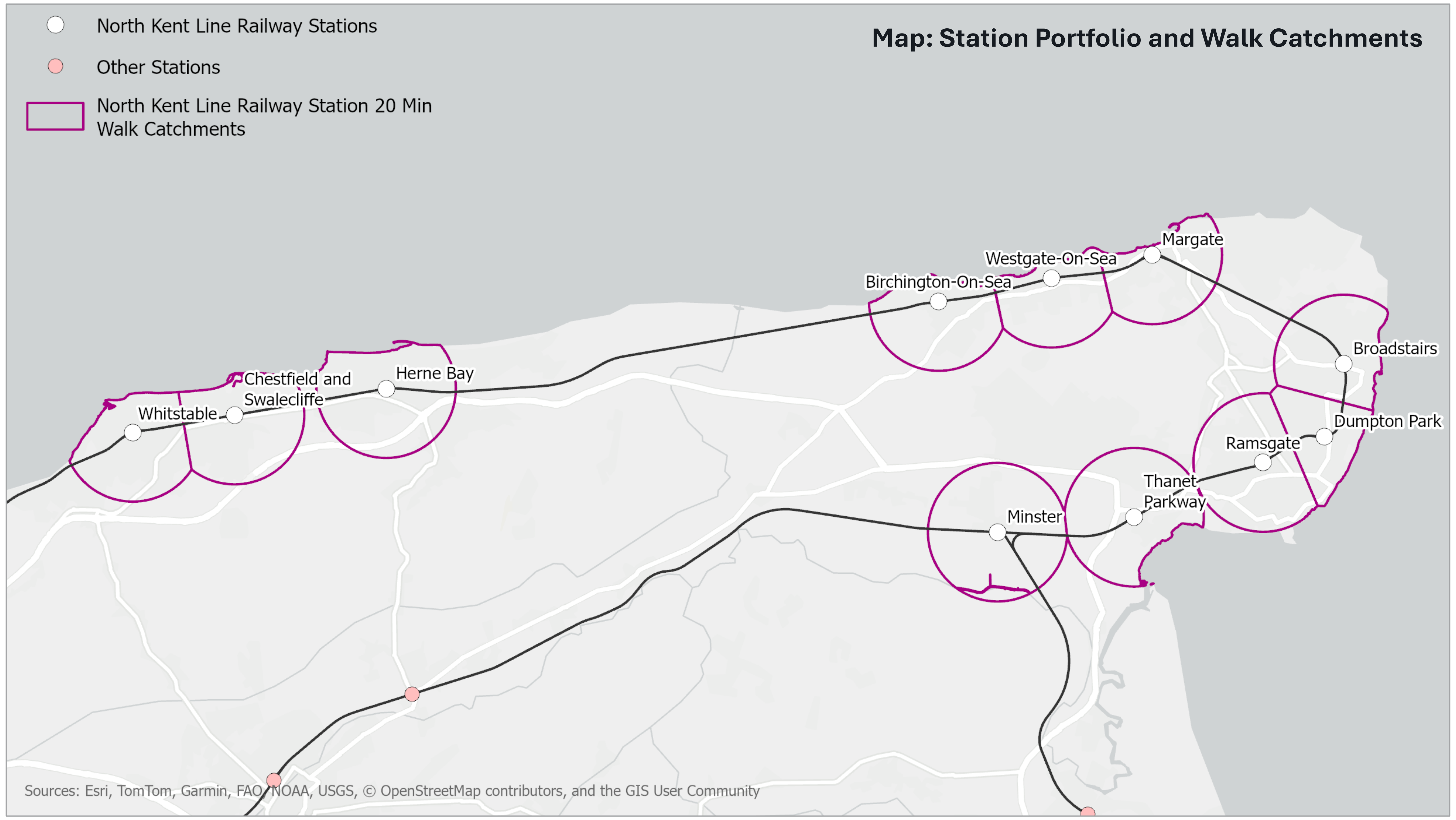

Table: Current provision of amenities at portfolio stations

	Whitstable	Chestfield & Swalecliffe	Herne Bay	Birchington on Sea	Westgate on Sea	Margate	Broadstairs	Dumpton Park	Ramsgate	Thanet Parkway	Minster
Staffed	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	x
Shops	✓	x	✓	x	x	✓	✓	x	✓	x	x
Toilets	✓	x	✓	✓	x	✓	✓	x	✓	✓	x
Car park	✓	x	✓	✓	x	✓	✓	✓	✓	✓	✓
Cycle storage	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
Step free access	x	x	x	x	x	✓	x	x	✓	✓	x

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Portfolio: In Pictures


Image: Whitstable

Image: Chestfield & Swalecliffe


Image: Herne Bay


Image: Birchington on Sea


Image: Westgate on Sea

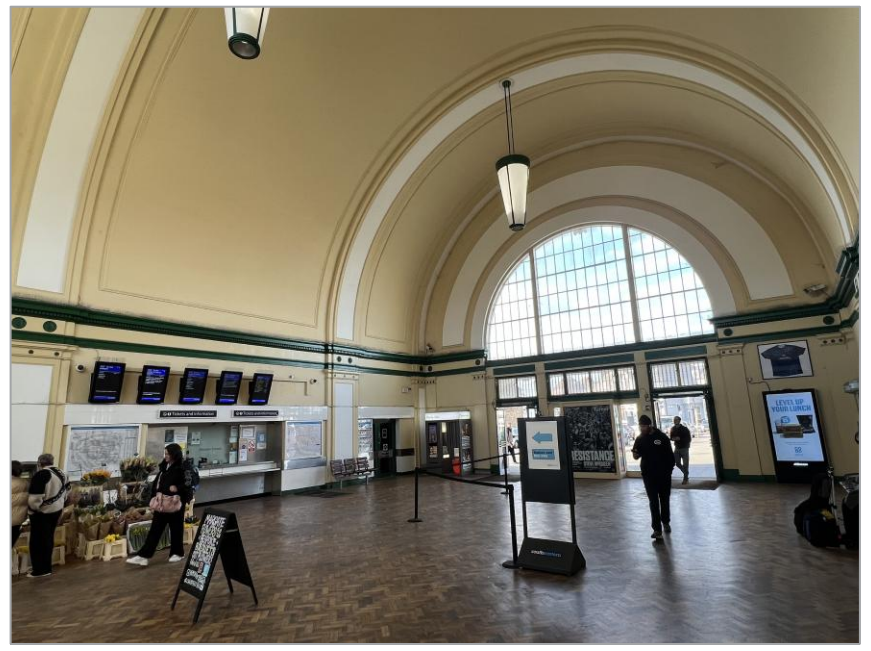
Image: Margate


Image: Broadstairs

Image: Dumpton Park

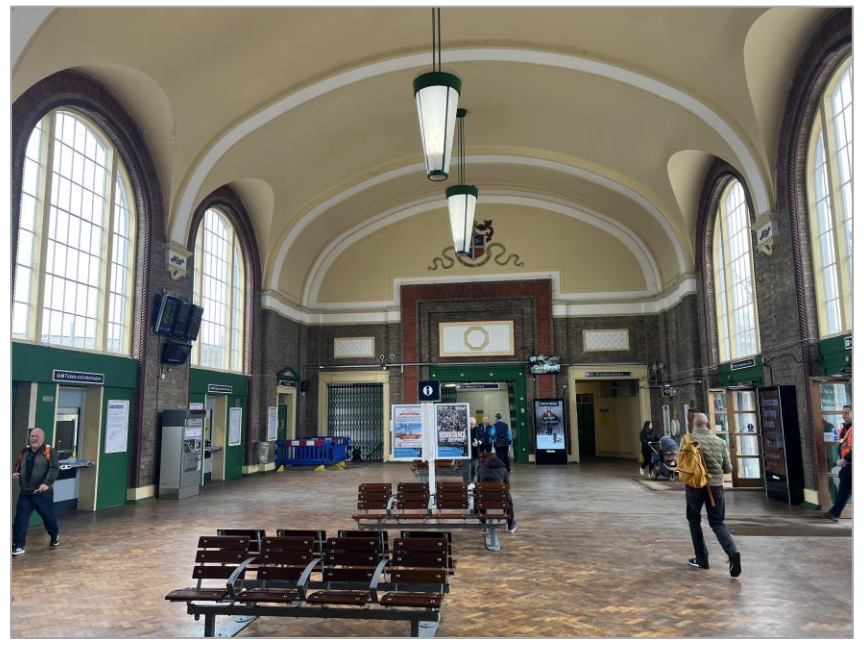
Image: Ramsgate


Image: Thanet Parkway


Image: Minster

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Portfolio: Summary of our approach, methodology and assumptions

With our selected illustrative portfolio our approach was to understand the stations from a range of perspectives:

1. **Station community context:** the context of their communities and in which they need to operate and serve. Alongside station visits we undertook desktop research into local published policy and geospatial analysis of the station catchment. Definition of station catchment was pursuant to a methodology developed by Steer based around a 20-minute access walk-time for each station.
2. **The station economics:** drawing on the positive engagement with Southeastern and Network Rail we were able to draw together the commercial perspectives of the stations to include revenues associated or generated at the station and costs associated with the stations. This report respects the commercial confidentiality necessary around a trading estate and therefore individual trading positions of stations are not disclosed in this report.
3. **Station condition & capabilities:** we developed an understanding of current station capabilities (provision of amenities) drawing from Southeastern information and the DfT commissioned national accessibility survey. For asset condition we drew upon detailed information provided by Network Rail on the Percentage Asset Remaining Life for each of the stations and focussed on core asset groups of platforms, bridges and roofs where material cost would be likely to be found.

Portfolio analysis for station finances and asset data

Station costs

Commercial data was provided by Southeastern on the operating costs of their stations in the previous financial year (24/25). Much of the data was provided at an Operator level, rather than by individual station. Steer has analysed this data and allocated appropriate costs to the 11 stations within the portfolio. These costs include:

- Staff – these include gateline, passenger assistance, dispatch, and ticket retailing staff. These have been allocated based on the number of full-time employees at each station
- Security and policing – these costs have been allocated based on footfall at each station
- Cleaning – these costs have been allocated equally across the 11 stations
- Station assets – these include CCTV, PA and information system costs, and gateline maintenance. These have been allocated based on footfall at each station
- Utilities – these costs have been provided at a station level
- Car parking – these costs have been allocated equally across the stations with car parks
- Other station maintenance – these costs include property rent and repair costs, and have been provided at a station level

Asset perspective

Asset data was provided by Network Rail on the current condition of station assets, anticipated renewals and capital works, known enhancements, and additional Network Rail property near the stations.

Percentage Asset Remaining Life (PARL) data was used to identify the key areas that may require major capital works at the 11 stations within the next 15 years.

The CP7 Design Guidance was used to approximate the cost of the works required at these stations. These costs have been assumed as being recovered equally over a 15-year period.

Asset costs have been included in the yearly operations and maintenance costs for each station within the portfolio.

Limitations

Our work has been illustrative and indicative only. Given our scope and focus of this preliminary study we have not sought to develop a detailed bottom-up cost allocation based on activity at each station.

- We note that cost allocation decisions can be material in reaching conclusions for any specific station and this is the case in this analysis.
- Our analysis is a snap-shot in time and illustrative only. We have not provided for inflation and other impacts that can be material. Similarly, we have not included a cost of capital for investment in this high-level analysis.

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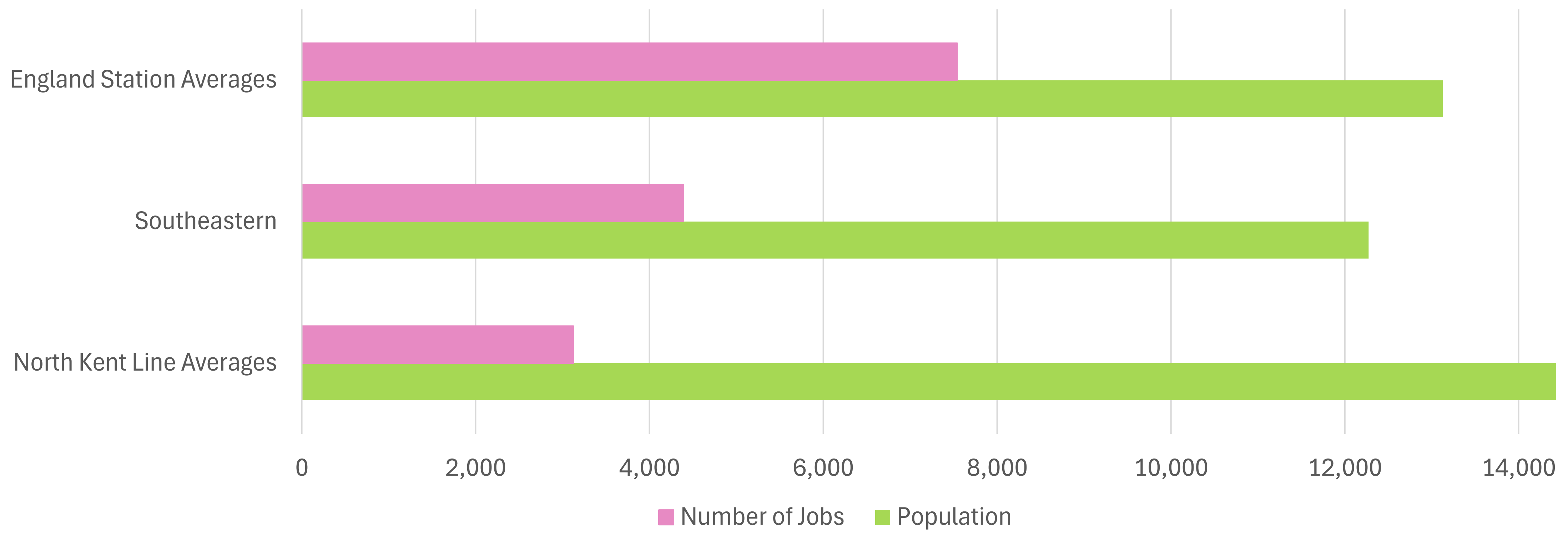
Portfolio: Catchment analysis – population and jobs

The maps below and the table (right) shows the population density and job availability across the North Kent Line.

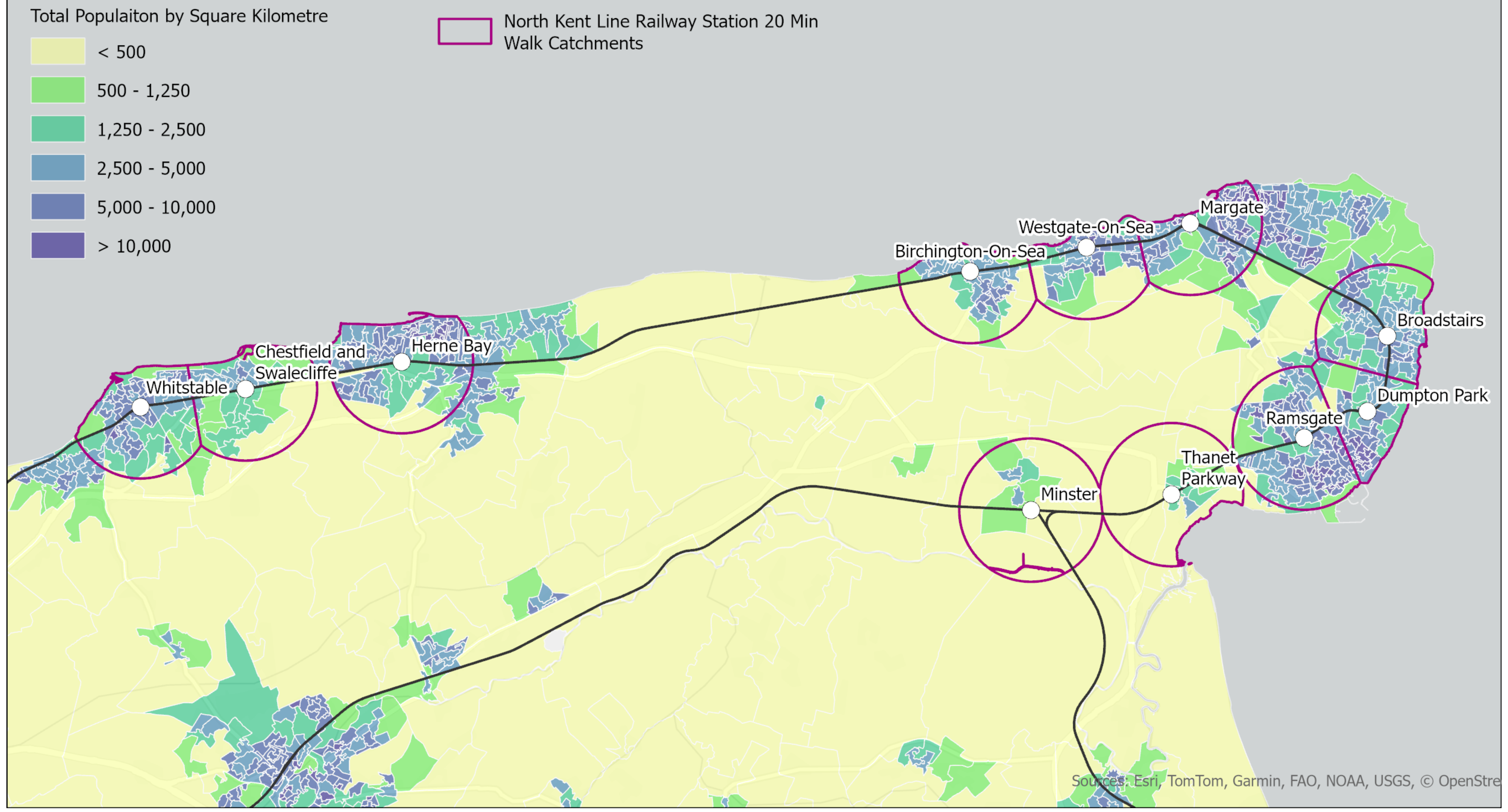
On average, the station catchments have a high population density within the catchments compared to England and the Southeastern average but has fewer jobs.

The largest job sectors in the area are: Medical (16%), Retail (13%), Accommodation and Food Services (12.5%), Education (10%) and Manufacturing (7.5%). These would all typically be lower paid jobs.

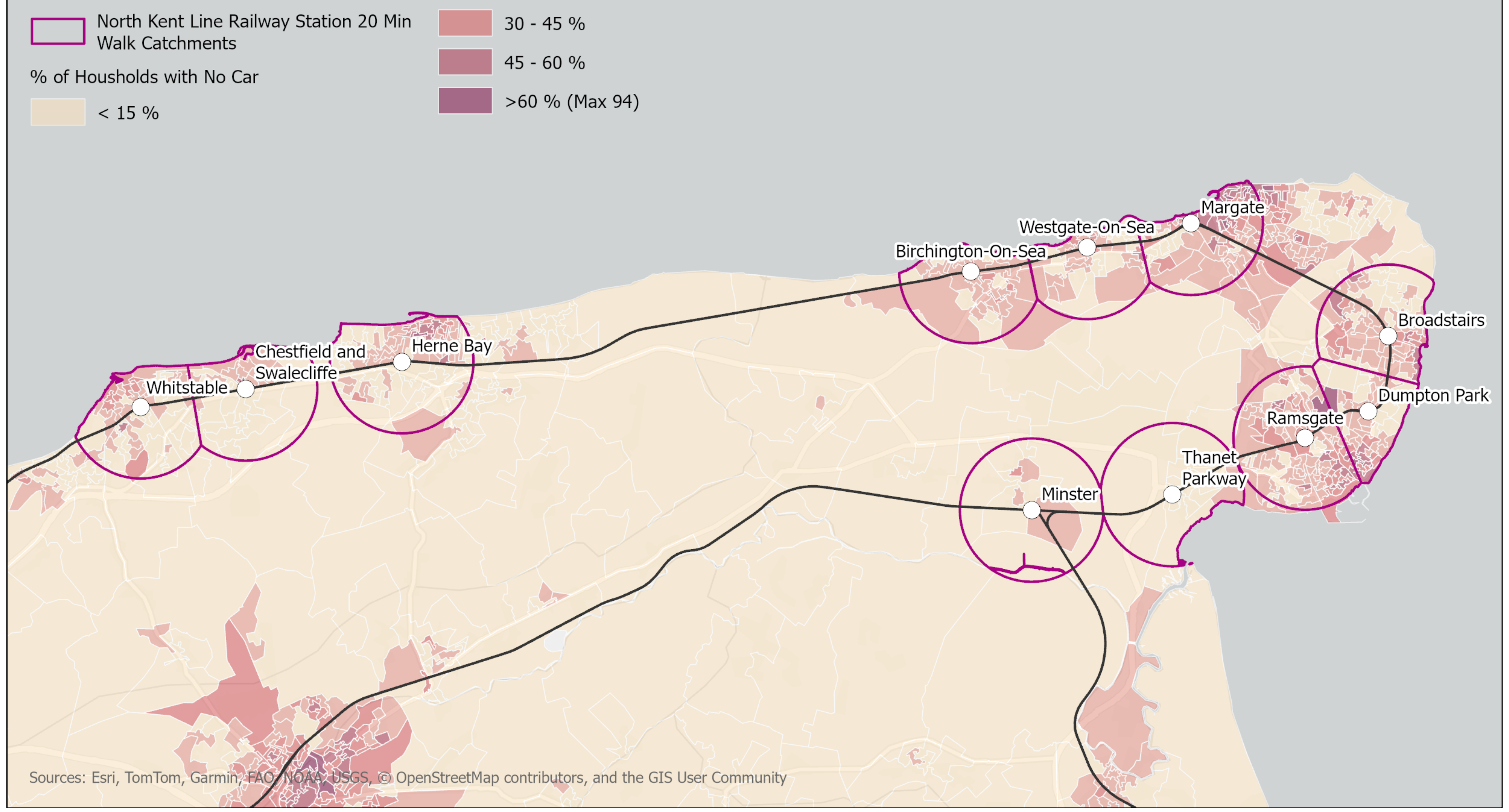
Figure: Comparison of Population and Jobs in Catchment



Map: Population Density



Map: Access to Private Car



Portfolio: Catchment analysis – bus stop density and points of interest

The map below shows the density of bus stops around the area. It shows that the Ramsgate and Margate have the highest density of bus stops with services travelling along the coast.

The bus density is less on the west of the route but there are connections to Canterbury.

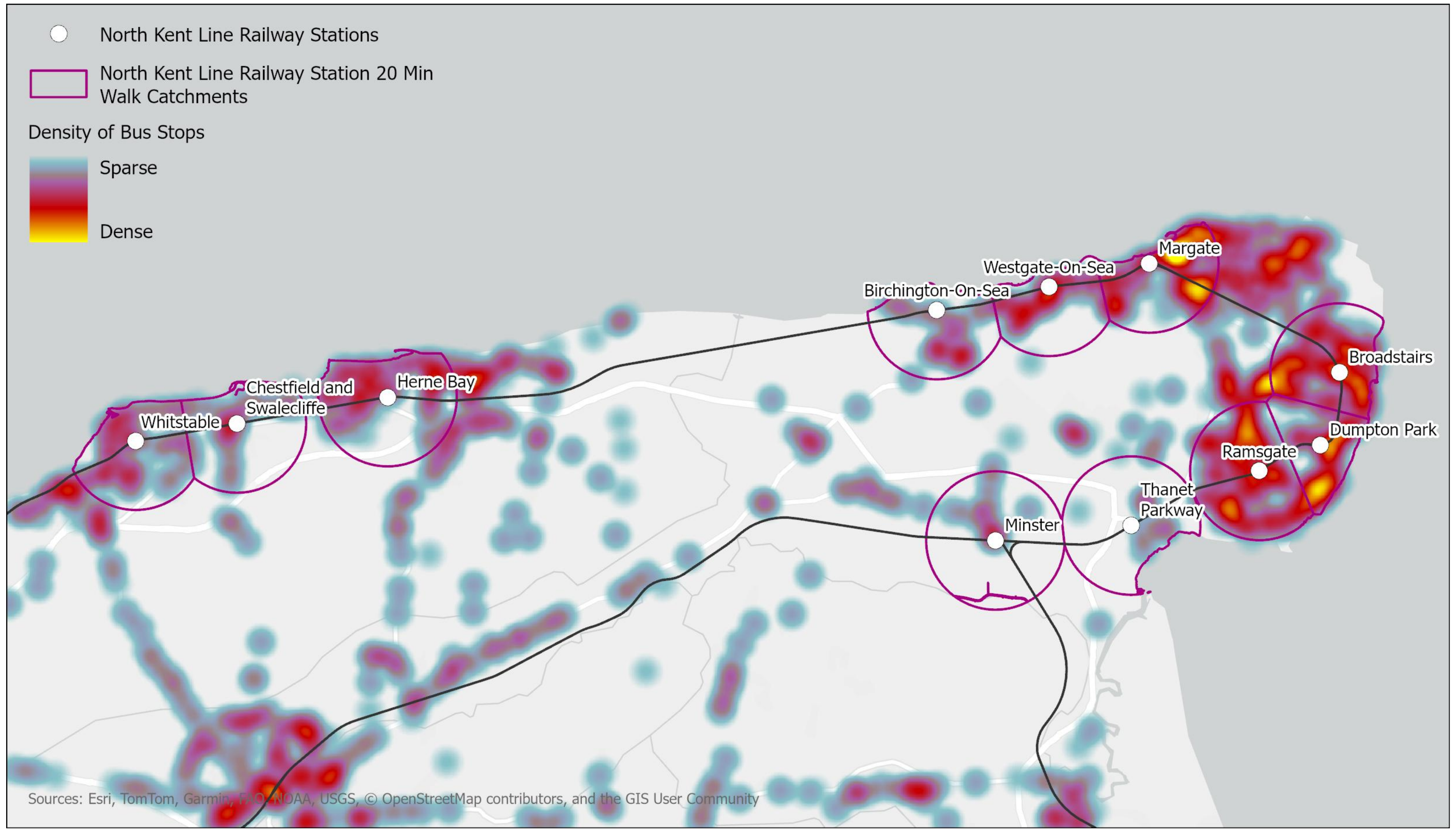
This suggests that the bus density is good to support local trips and connections to the rail stations are good. Despite this our earlier analysis shows that car usage is high as a means of travel to work.

Almost all the stations are within walking distance to the Kent coast and therefore experience seasonal demand.

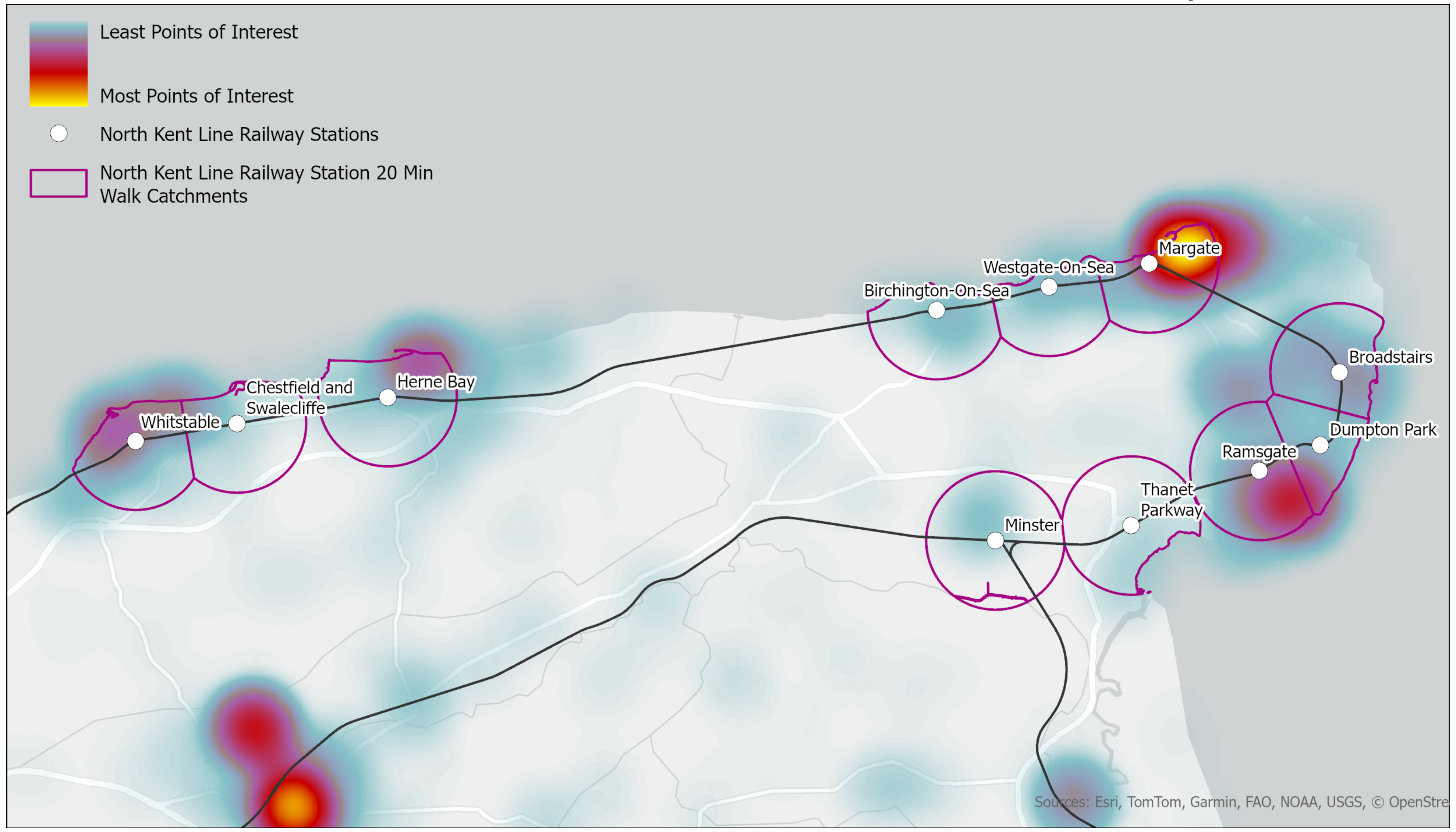
Margate clearly dominates with identifiable places of interest with many local attractions. Ramsgate has the second highest number of points of interest followed by Whitstable and Herne Bay.

A point of interest is a location that could act as a destination such as a school, hospital, shops, visitor attractions, cinemas etc.

Map: Bus Stop Provision



Map: Points of Interest



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Portfolio: Catchment analysis – travel habits

The map below shows that the population within the catchment of the North Kent Line typically have low use of bus and rail as a method of travelling to work. This is consistent with the travel habits of the wider population within Kent and across similar regions within the UK. Kent's travel is dominated by car use, with around 75–80% of trips made by private vehicle, especially in rural areas. Public transport accounts for roughly 8–10% of journeys, with higher usage in urban centres and commuter towns, while walking and cycling are mainly used for short local trips.

Car availability in the area is broadly consistent with national and regional trends.

Map: Method of Travel to Work

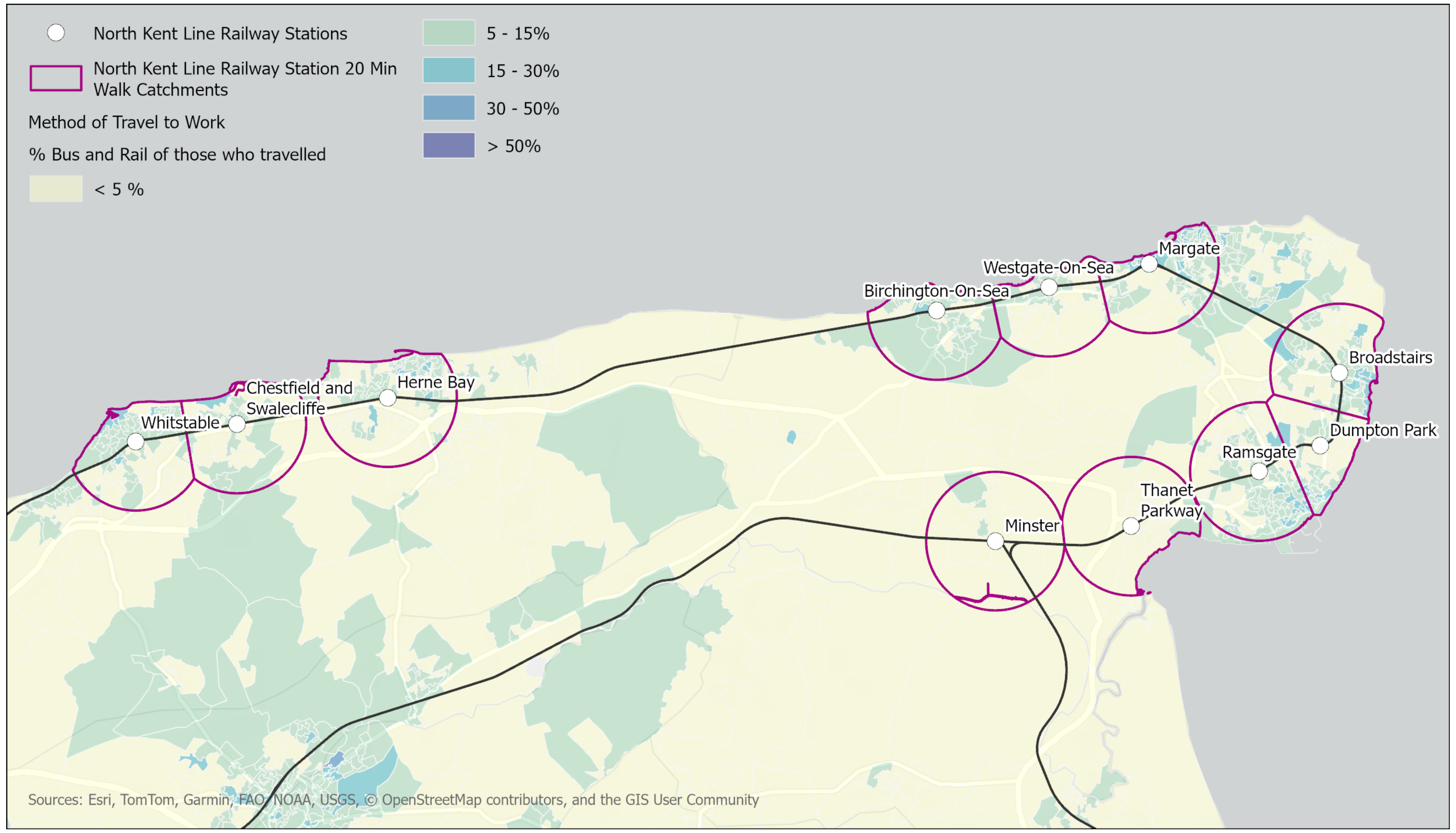
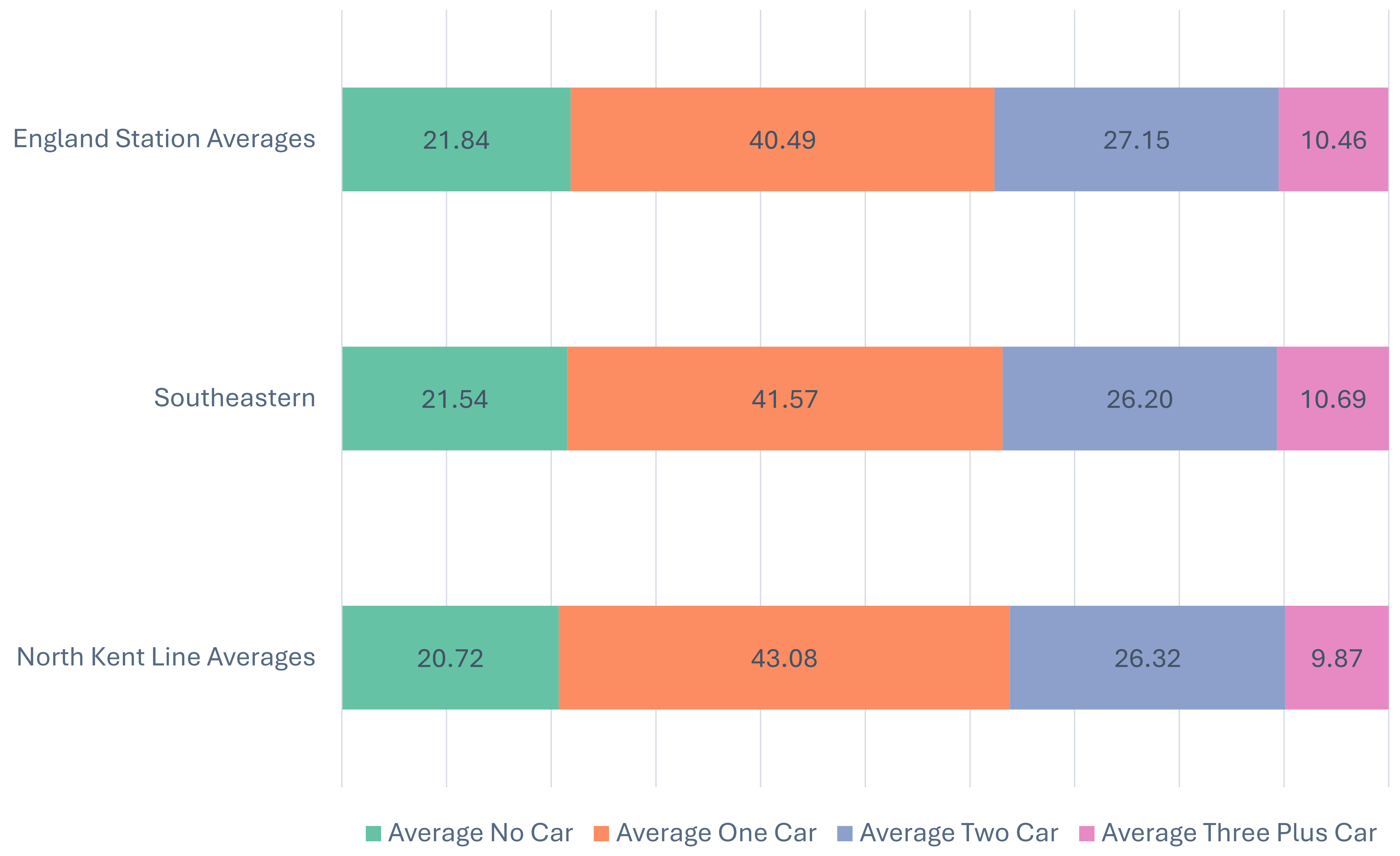


Figure: Comparison of Car Availability



Portfolio: Catchment analysis – community need and interest

The map and figure show the levels of deprivation across the North Kent Line and compares to national and region trends.

There are some specific stations such as Margate and Ramsgate that do see significant deprivation in their station catchment, whilst Chestfield and Swalecliffe, Dumpton Park, Whitstable and Thanet Parkway see lower levels of deprivation.

The deprivation deciles are made up of several indicators and we have compared each indicator against the England and local region (with 1 = high deprivation and 10 = low deprivation). The analysis shows that along the North Kent Line there are local needs around income, employment, education skills and training, health deprivation and crime – all of which show high levels of deprivation compared with regional and national averages.

Map: Index of Multiple Deprivation

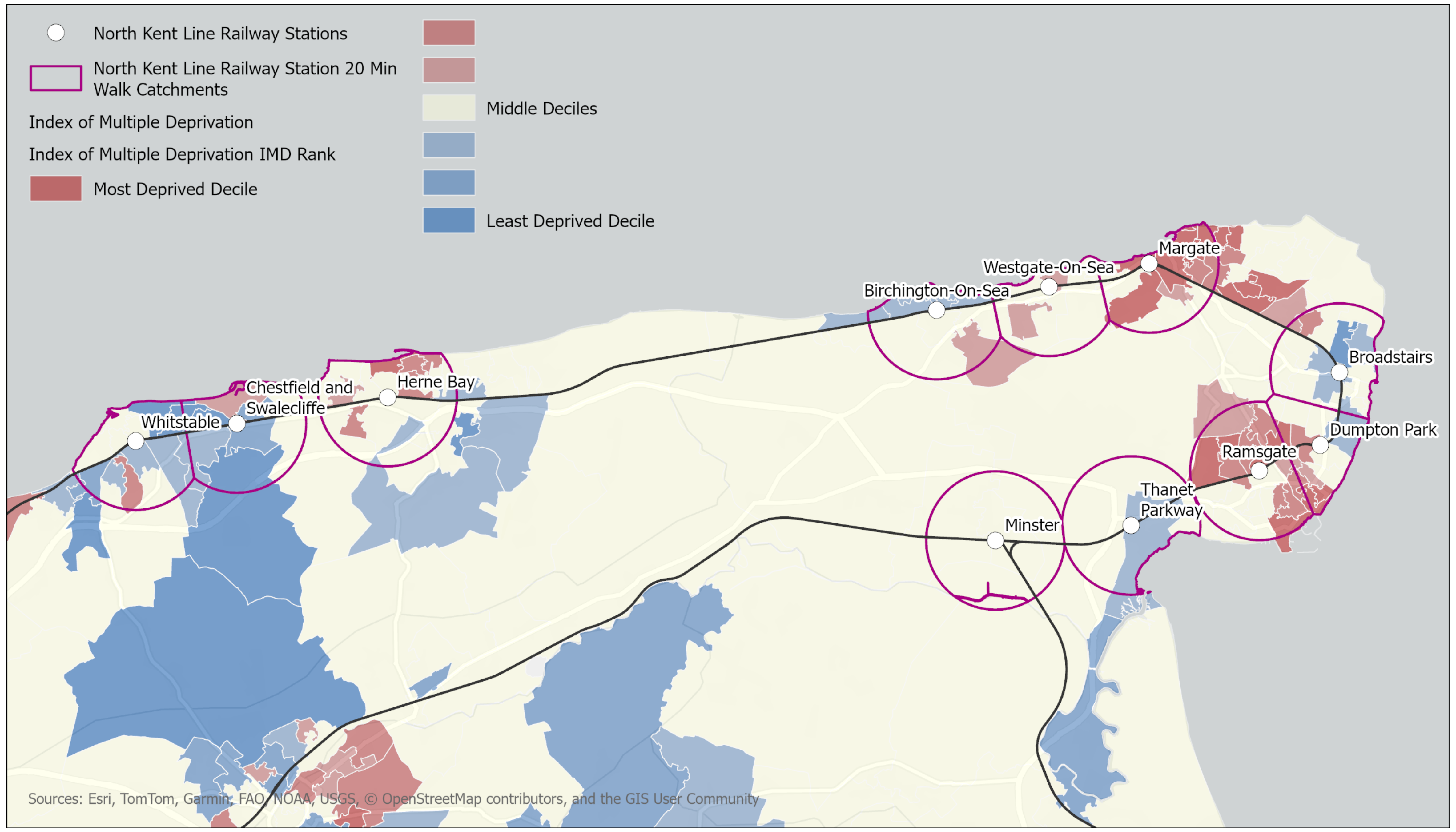
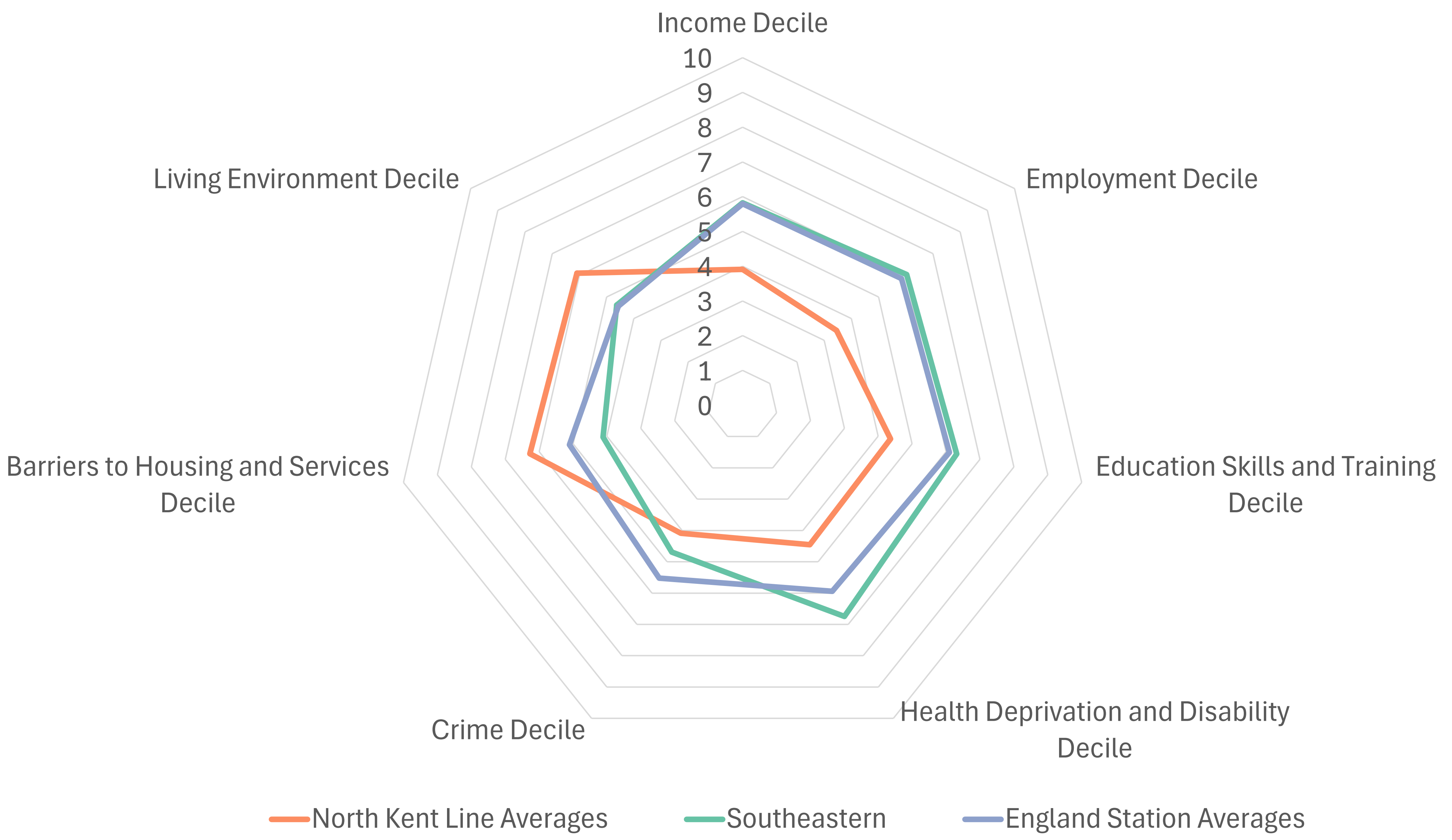


Figure: Comparison of Deprivation



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Portfolio: Financial analysis – cost

The majority of annual costs across the 11 stations are attributed to asset management. This includes renewals and maintenance of significant assets. Further detail on the asset analysis undertaken is provided in subsequent sections.

Staff make up the second largest area of cost across the stations. 9 of the 11 stations are staffed, with some staff working across more than one station. Other costs include cleaning and security, which is sub-contracted.

Thanet Parkway and Dumpton Park have significantly higher costs per footfall due to the relatively low passenger numbers compared to the other stations in the portfolio.

Figure: Cost per passenger

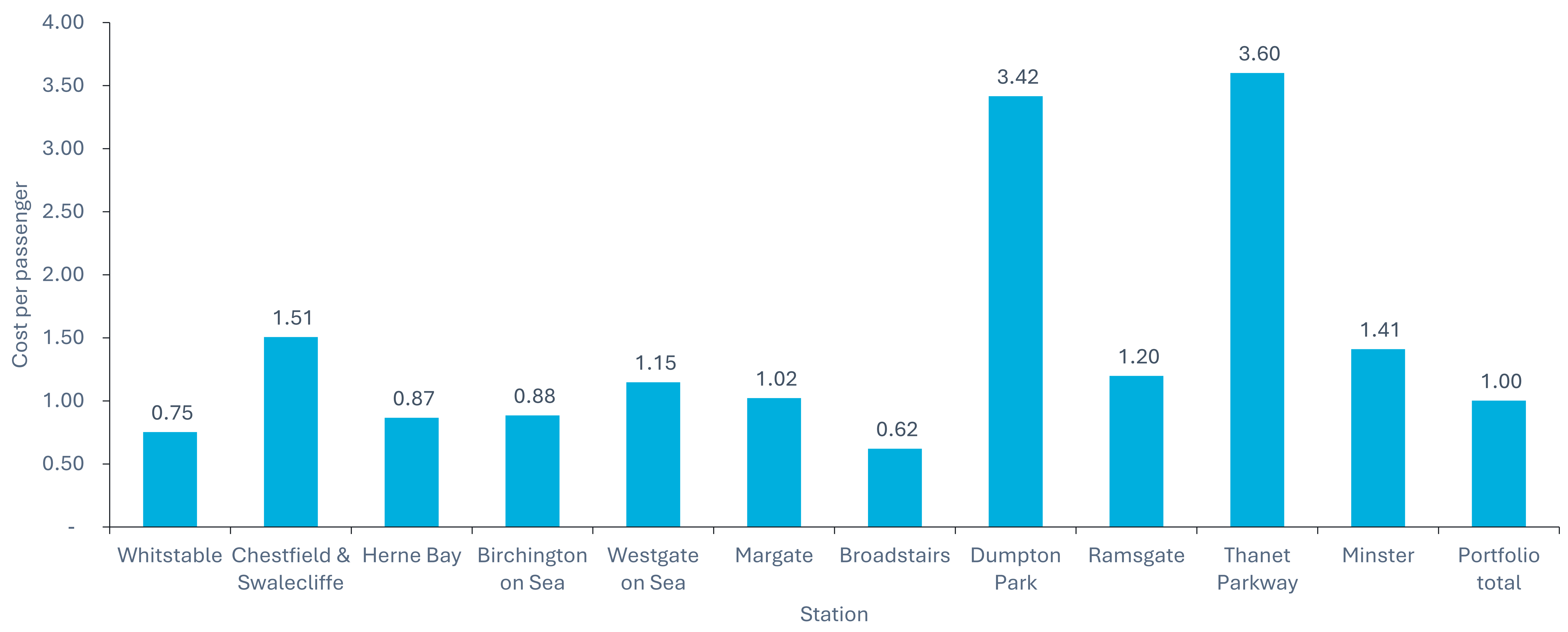
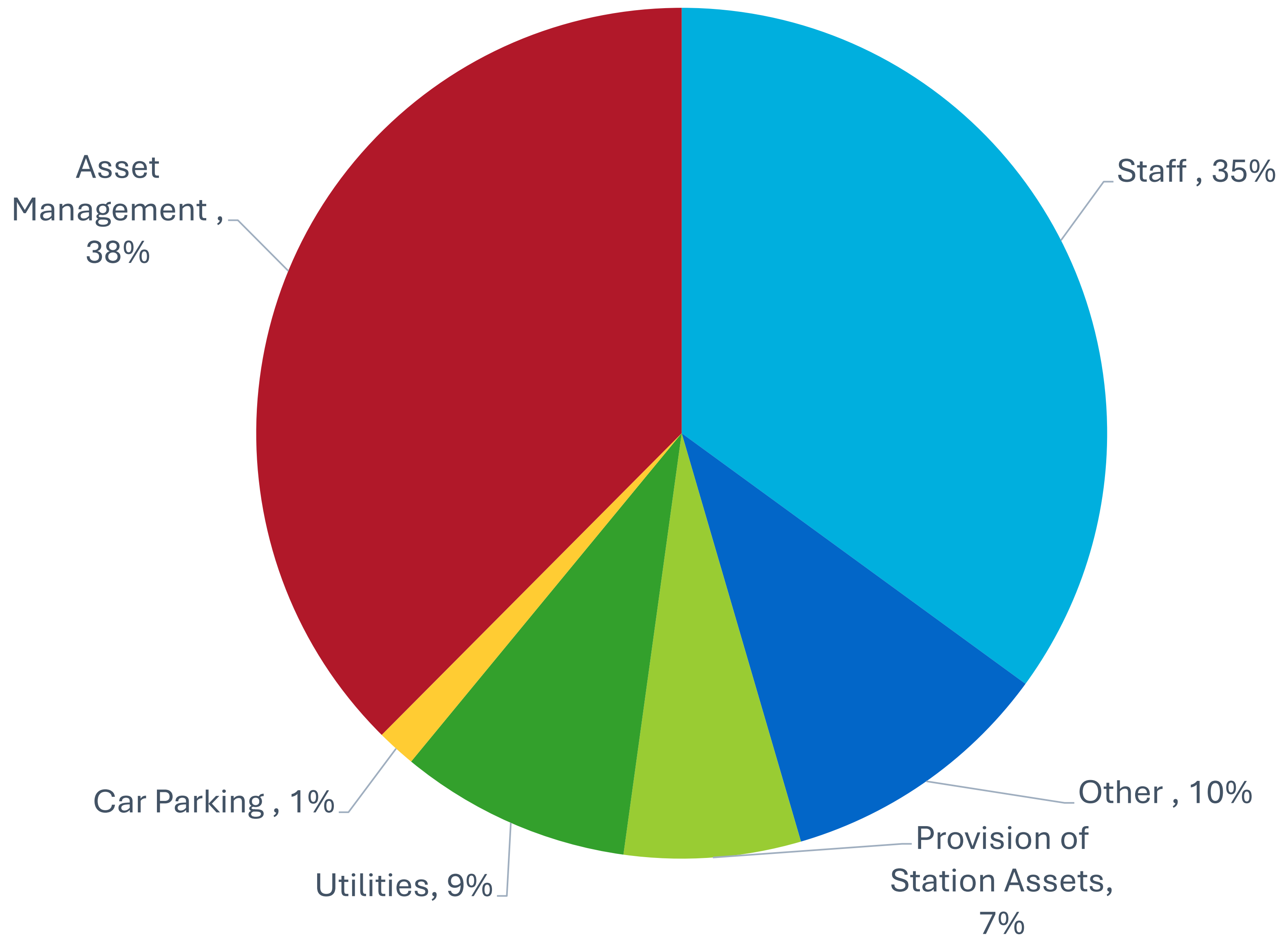


Figure: Indicative annual cost breakdown



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Portfolio: Financial analysis – revenue

There are 3 main sources of income for the 11 stations alongside farebox revenue. These are retail, car parking, and ancillary revenue, which includes advertising and other property income.

Thanet Parkway has significantly higher income per station footfall due to the relatively low passenger numbers compared to the other stations in the portfolio.

Car parking and retail income provide a significant proportion of the annual income for the portfolio. This is even more substantial given 9 of the 11 stations have car parks, and only 5 of the 11 stations have retail facilities.

Figure: Income per passenger

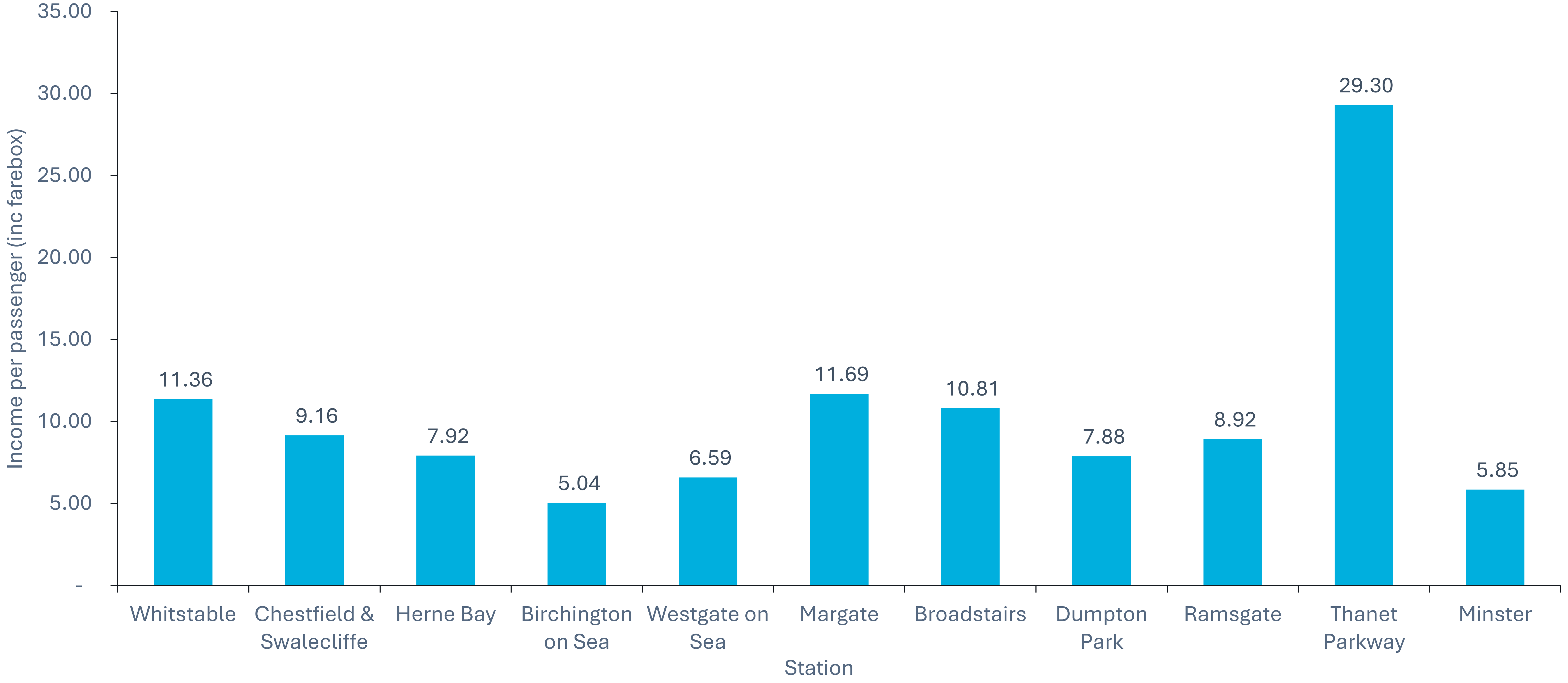
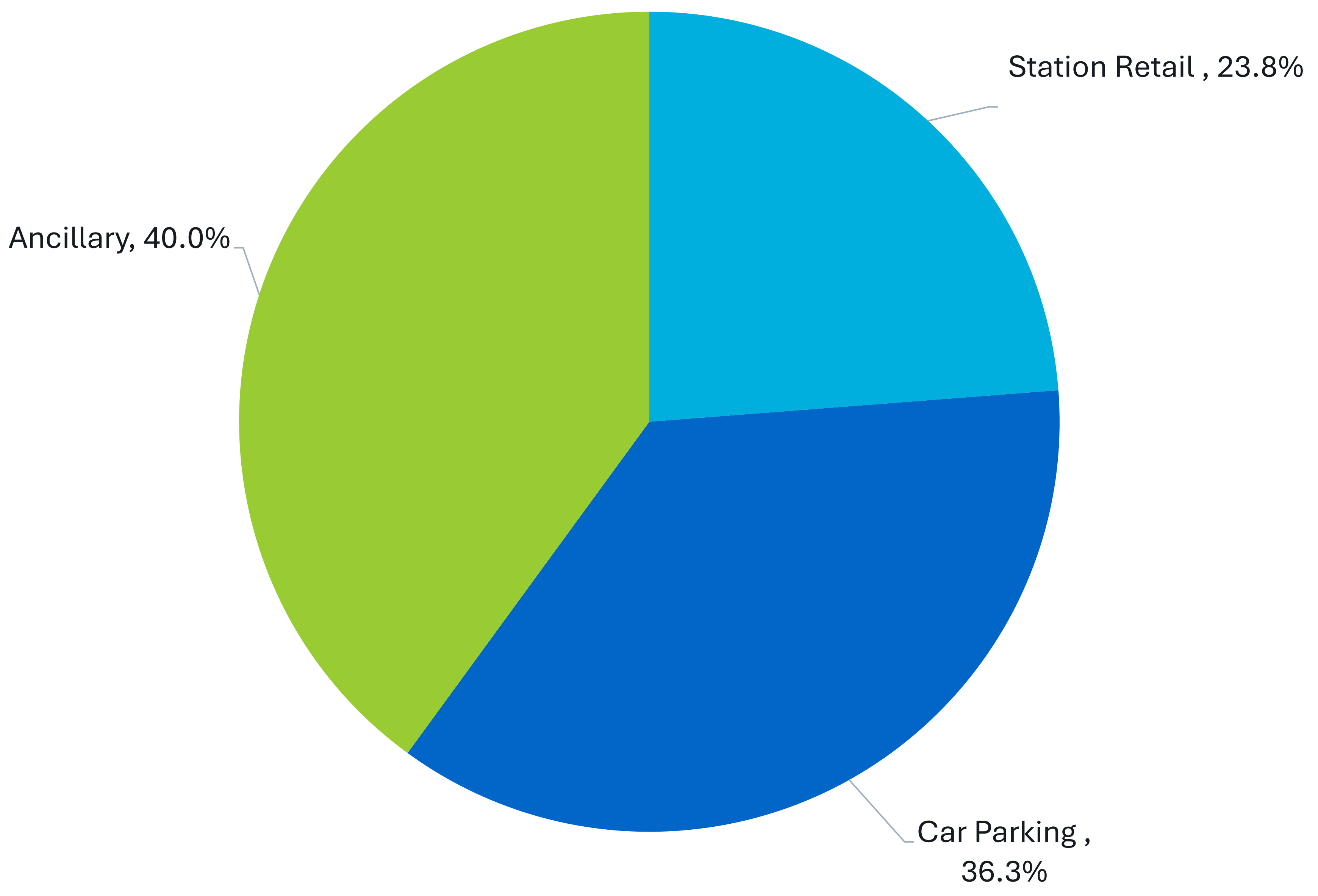


Figure: Indicative annual income breakdown



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Portfolio: Asset analysis

Station assets across the portfolio are generally well presented and have been in receipt of funding after a period of uncertainty caused by franchising interruption. Recent upgrades include a station waiting room and booking hall restoration at Margate, new lifts installed at Herne Bay and a new station at Thanet Parkway.

Percentage Asset Remaining Life (PARL) is reasonable across the portfolio. The analysis concludes that Margate requires significant renewals and civil works over the next 15 years. Although Dumpton Park and Broadstairs has the lowest PARL within the portfolio, the work required is not as substantial due to the size of and number of platforms at these stations.

Figure: Percentage Asset Remaining Life (PARL)

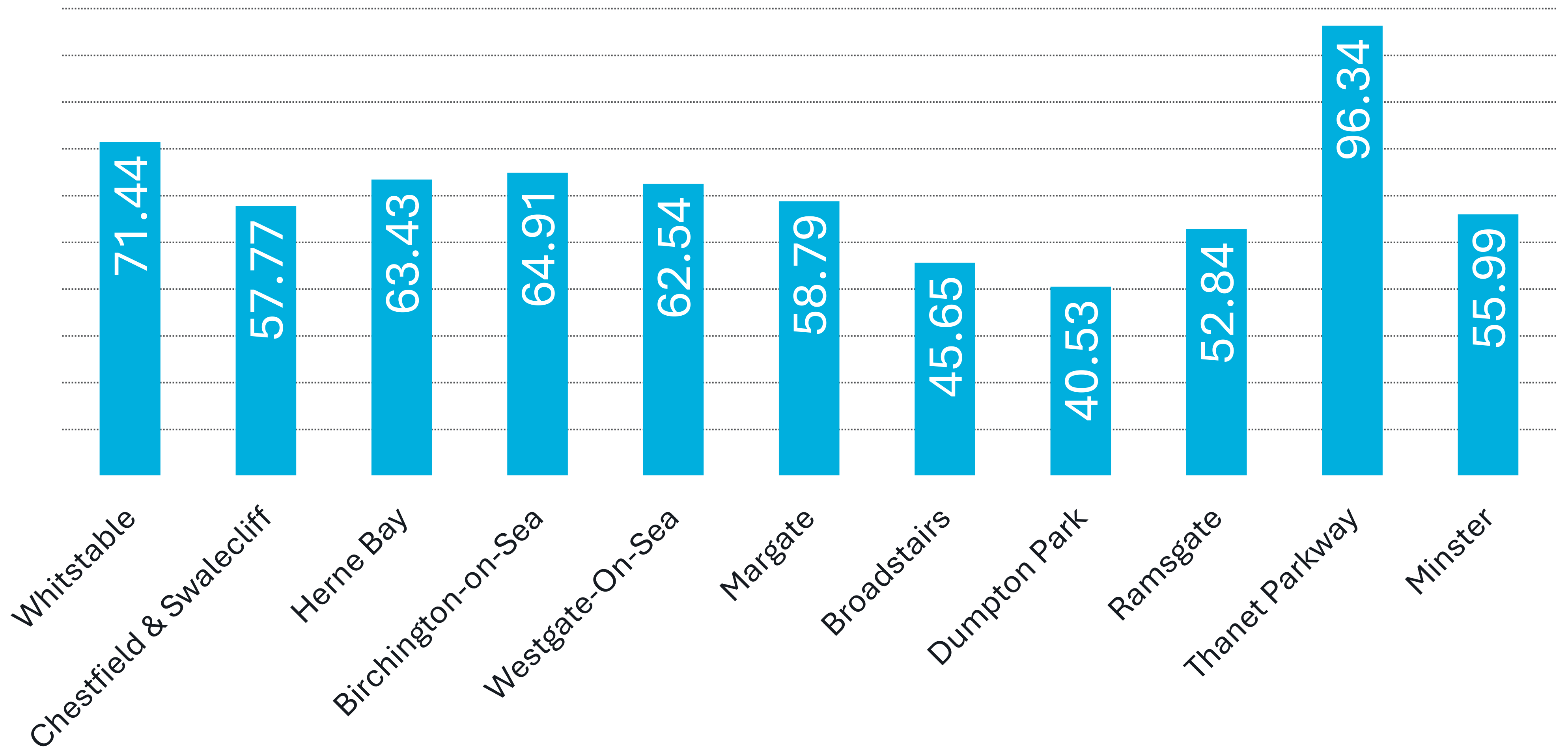

Figure: illustrative future asset management cost burden (next 15 years)

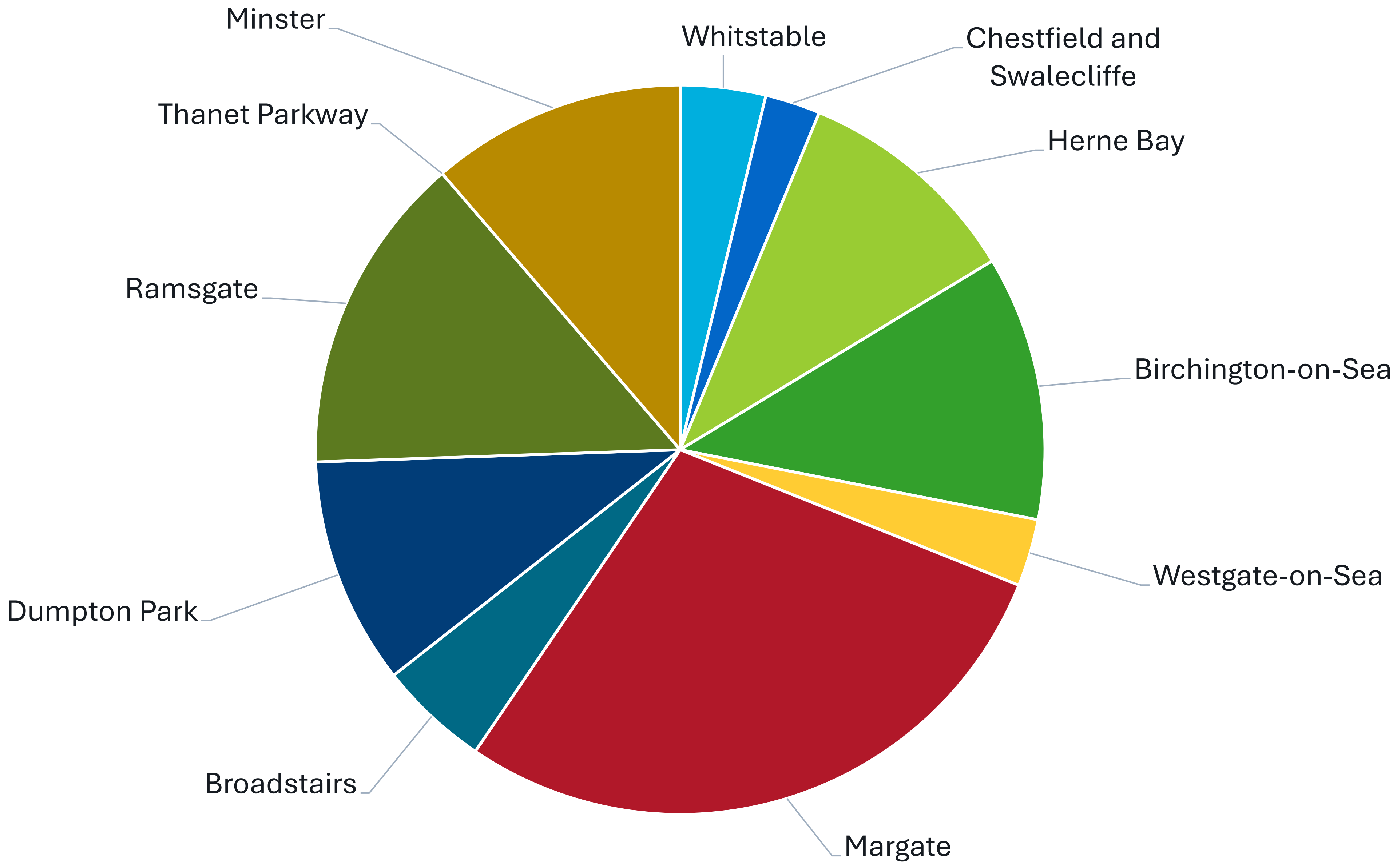

Table: Illustrative renewal-type interventions in next 15 years

Station	Platform	Footbridge	Roofing
Birchington on Sea	Y	Y	
Broadstairs	Y		Y
Chestfield & Swalecliff	Y		
Dumpton Park	Y	Y	Y
Herne Bay	Y		Y
Margate	Y		Y
Minster	Y	Y	
Ramsgate	Y		Y
Thanet Parkway			
Westgate on Sea		Y	Y
Whitstable	Y	Y	Y

Y indicates where a renewal may be required at a specific station

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Portfolio: Summary of analysis

The financial analysis of the portfolio concludes that approximately 13% of operating cost is recovered through revenue streams outside of farebox. This ranges significantly from 7% to 23% across the portfolio.

Less used stations have a material cost per passenger and have the burden of fixed costs across the network, such as policing, and the limited opportunity to recover these costs through additional ticket revenue.

Asset costs and renewal provision are substantial across the portfolio and are subject to the asset management policy and strategy. The timings of these costs and the trade-offs versus other interventions also have an impact on the total operating cost of the portfolio.

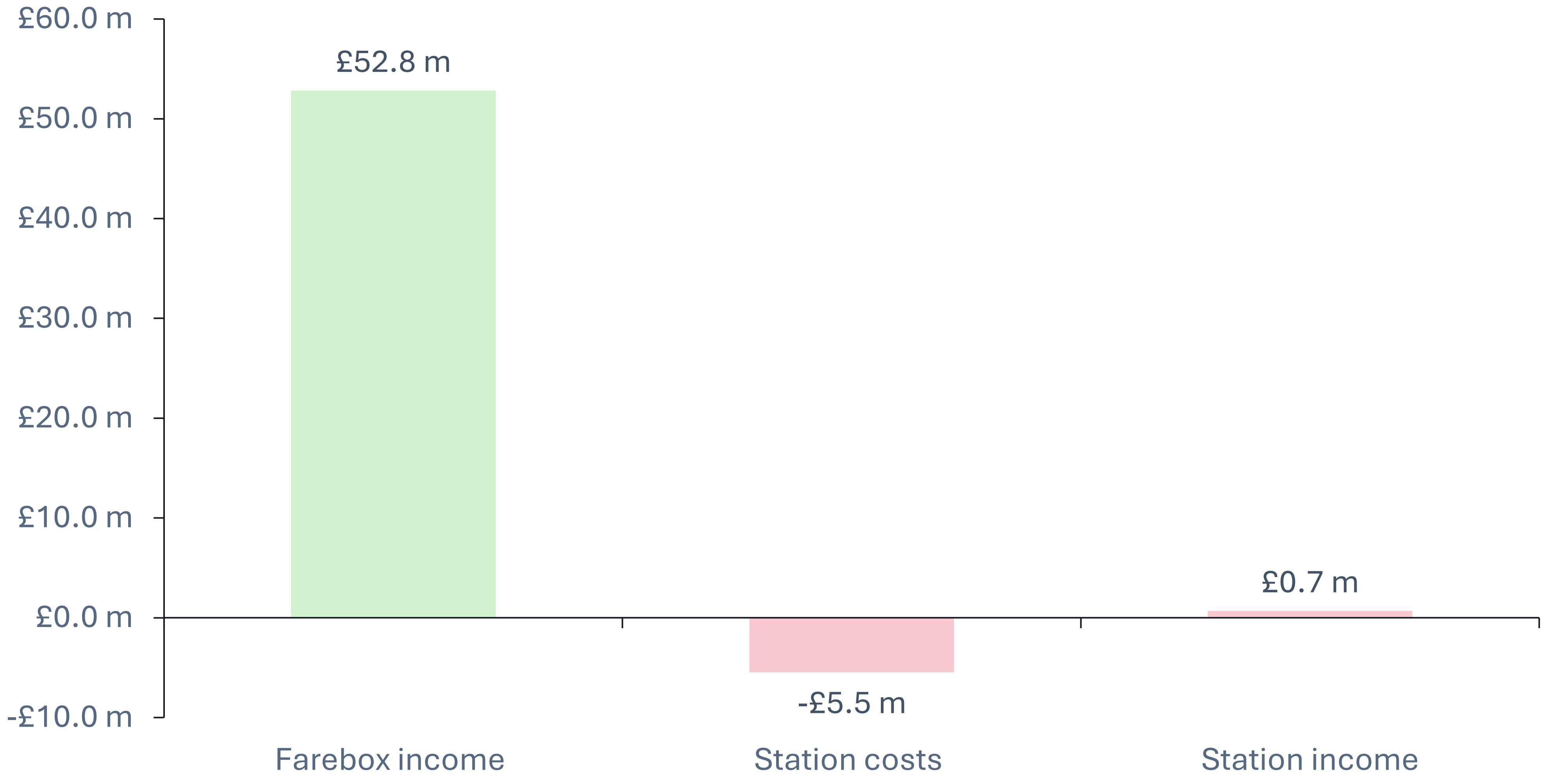
Within the portfolio, we identified that there could be broadly three categories of stations:

1. Low footfall, low cost – these are local stations with relatively low footfall and lower cost. This includes Minster and Thanet Parkway
2. More footfall, more cost – these are larger stations in terms of footfall and with increased costs. Their asset size is usually more modest (when compared to the next category) or not required by the level of use they currently have. This includes Whitstable and Herne Bay
3. High footfall, high cost – these are typically high footfall locations in towns and have high costs. These stations tend to be large in asset scale and have significant station activity focussed on them, e.g. station staffing, train crew, management, etc. This includes Margate and Ramsgate.

Table: Summary of portfolio analysis

Portfolio indicative metrics	
Annual Operating Cost	£3.5m
Annual Renewal Provision	£2.0m
Total Annual Costs & Provisions	£5.5m
Annual station income (ex. farebox)	£0.7m
Income as % contribution to Operating Costs	13%
Total Operating Cost per Passenger	£1.00
Renewals Provision per Passenger	£0.37

Figure: Summary of portfolio income and costs



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Investment Considerations: How can additional value be secured from stations?

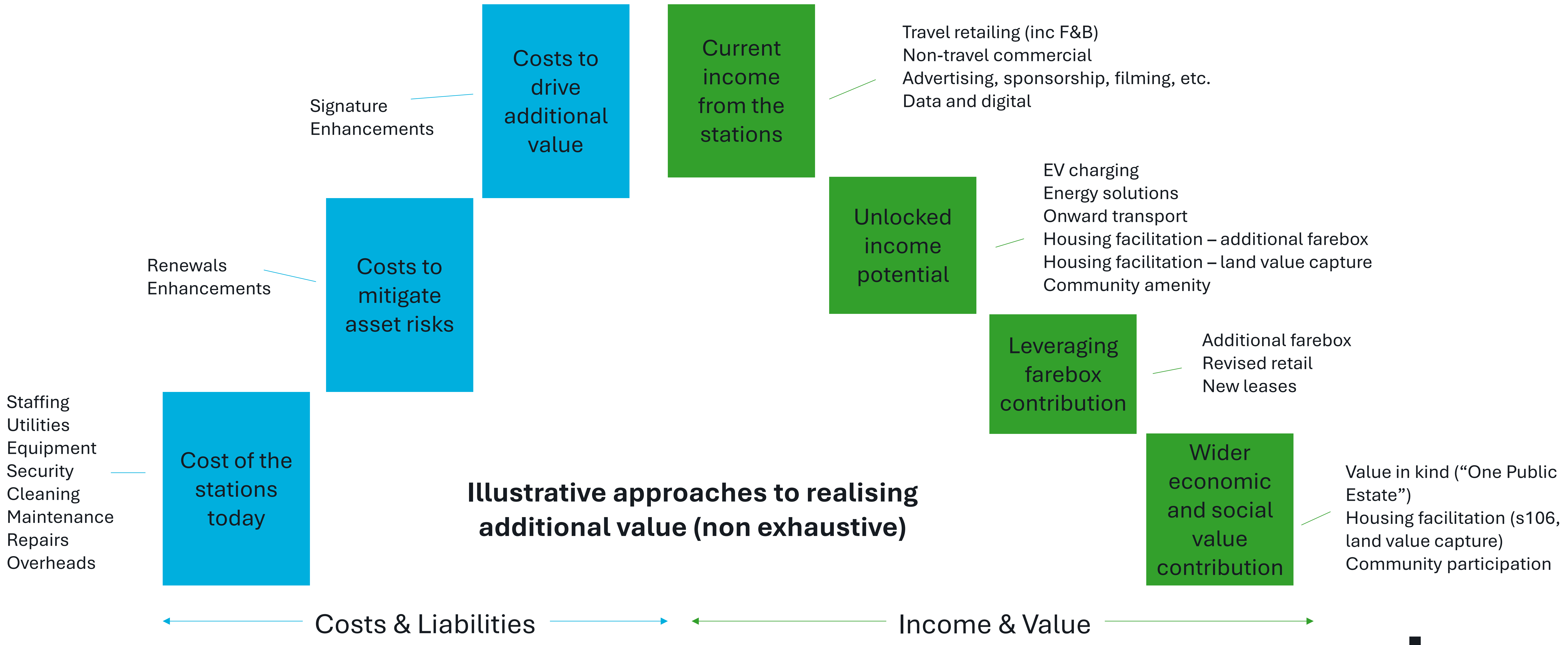
The analysis of the portfolio confirmed that there is little potential, if farebox revenue contribution is excluded, for the stations to self-finance their operation. Our assessment confirms that the property and land at most of the stations is limited. Whilst there is some unused space it is limited, and it is unlikely to make a material contribution to sustainable investment.

However, despite this conclusion there remains the important contribution that a well performing station can make to its local community, to passengers and to railway finances.

The contribution can best be realised through the optimisation or effectiveness of the operating costs and capital investments are made in the station portfolio. **What investments and at which stations are they most likely to realise value?**

The diagram below illustrates the systematic consideration of cost and value should be focused around:

- Supporting additional travel demand, e.g. facilitation of local housing
- Securing additional travel from existing community and users, e.g. through amenity & experience enhancement
- Securing additional ancillary revenue, e.g. through new or revised offers and amenities
- Maximising value from current costs invested, e.g. prioritised investment
- Optimising operating costs, e.g. ensuring value for support costs allocated
- Managing the estate and its operation to efficiently hold risk, e.g. careful consideration of how to influence the timing and form of renewals and enhancements to meet asset condition or change in use requirements



Investment Considerations: Working with known issues & leveraging new approaches

Inherent challenges to overcome

To bring about additional value from the station estate, whether commercial or meeting community needs, requires embracing the current paradigm for stations with challenges including:

- **Constrained public funding**: the Government's Comprehensive Spending Review and fiscal events continue to mean that public sector funds are likely to be constrained for some considerable time. This is an issue for both central Government and for other potential contributors like Local Authorities.
- **Railway funding and imperatives**: the railway understands that customer demand is largely driven by punctual performance of train services and ticket prices. As funding is constrained and Great British Railways will set out to deliver effective management of the network's services to secure and grow demand. The management imperative may tend to therefore favour operational assets and activities with immediate proximity to 'core' service delivery.
- **Imbalance between asset risks and return:** some station assets are material in terms of their cost for renewal should an asset risk arise. Contrary to that, in most cases the ancillary value that can be unlocked by investment is more modest, e.g. rent on an additional retail unit.
- **Station complexity**: railway stations are a relatively complex operating asset and entity when compared to some other assets and enterprises. As described earlier, across the estate there is a diverse set of asset forms, condition and use. There are operational, commercial and customer interfaces with safety, commercial and operational implications if not understood and managed effectively. Whilst moving toward Great British Railways has the potential to reduce the number or impact of some interfaces many will continue to remain material considerations.
- **Diffuse benefits**: few would dispute the benefits that a station can provide its local community but quantifying, capturing and leveraging these benefits to fund interventions in the station estate or the railway is not always simple. Benefits tend to be diffused and spread across a range of beneficiaries and some benefits, e.g. farebox and ancillary revenues, are already expected to be committed to contributing to the wider costs of railway service provision.

Features of probable successful approach

There is a risk that without a revised delivery model station investment will get reduced or frustrated. Even if it is not reduced then investment would remain wholly dependent upon aligning public sector interests and navigating the varying governance and funding processes in place.

In that context an alternative delivery model that is sympathetic to the challenges but provides for a period of 'quiet enjoyment' to move forward with investment might be advantageous.

Such a model will be successful where it can demonstrate that:

- It will produce change that delivers for the local community and in doing so secures their active participation and support.
- Is considered within a coherent strategy for the local network with measurable outcomes against which to judge performance and to give confidence.
- Offers repeatable principles for delivery that can be used across the wider network to aid implementation and reduce transaction costs and risks.
- Provides opportunity for legacy learning or application that benefits stations in the wider network.

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Investment Considerations: Private sector could bring about greater certainty

Improved stability and certainty through contracts

One potential mechanism to secure a revised delivery model is to create a more comprehensive role for the private sector.

Any such successful model involving the private sector should deliver clear advantage over its alternatives. Those benefits are likely to be manifested in certainty and speed of delivery and efficiency in construction and in operation.

Whilst the shape and nature of a role for the private sector could vary (see table for illustration of three alternatives), any private sector model would require clarity around roles, risks, financial flows and benefits for all parties.

These disciplines, the route to expertise and the distancing from public sector funding cycles may be advantageous to railway funders with limited railway assets/interests and therefore access to scales of economy.

Opportune timing

A private sector model could be advantageous for exploration at this time given:

- The UK Government has signalled more interest in private sector investment in its 10-year National Infrastructure Strategy.
- The end of rail franchising the railway industry might benefit from a clear additional mechanism and narrative for private sector participation.

Table: Example characteristics of three different and illustrative private sector models

Approach	"Transfer of a station portfolio", e.g. an entire operator portfolio	"Transfer and participation of significant scheme(s) pursuant to a strategy", e.g. creation of a network of Inclusive Intermodal Hubs	"Disaggregated asset transfer" e.g. renewables, Electric Vehicle Charging Infrastructure, etc.
Pros	• Potential for greater clarity of accountability • Economies of scale compared to smaller scale transfers/ participation • Increased potential to simplify change process and oversight • Increased potential for standardised design deployment • Cross subsidisation across the transferred portfolio • Pathfinder demonstration capability • Potential alignment with GBR's Mayoral Partnership Framework	• Risk transfer for assets more achievable • Potential economies of scale • Pathfinder/demonstration capability • Potential Local Authority and business participation • Could be aligned with GBR's Mayoral Partnership Framework	• Specialism readily available • Potential ready-made financing models • Agility, e.g. plug-n-play capability • Escapability • 'High Street' environment might apply negating navigation of railway and platform train risks
Cons	• Risk transfer more challenging - requires good data as well as secure public sector funding stream • Platform Train Interface accountability and risk can be complex • 'Quiet enjoyment' unlikely at all stations - railway induced change will come at a price • Fewer interested private sector parties given scale • More than one Local Authority potentially involved • Novel arrangement in UK railways (international parallels exist)	• Benefit realisation depends upon ongoing service, management and collaboration • Platform Train Interface accountability and risk can be complex • Impact on residual GBR capabilities/efficiencies • Novel at a portfolio level but could draw on lessons from ISOs, Managed Station-Lite and privately developed stations	• Likely to require wider station asset change/knowledge • System integration • Fragmentation challenge for future change • Risk transfer on benefits limited • Maybe less relevant/consistent to GBR's Mayoral Partnership Framework

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Investment Considerations: Securing private sector investment & participation

Understanding the private sector

The 'private sector' is not a single, homogenous entity. It may be that different types of actors in the private sector have different things to contribute to station opportunities and investment.

Private sector participants who might be interested could include:

- Institutional investors.
- Local housing developers.
- Local enterprises, e.g. tourist attractions.
- Transport operators.

Engaging the private sector will offer the potential to be able to bring its different attributes to the opportunity and issues faced at the station/in the portfolio including:

- Access to scarce expertise at better value.
- Scale and comparison benefits from beyond the rail environment.
- Competitive tension and benchmarking to secure better value.
- Potential financing sources less tied to political or railway funding cycles and constraints.

The requirements for securing engagement

Whatever the nature of the private sector participant they are likely to have a common set of expectations for participation including:

- **Appropriate scale**: an opportunity that is commensurate with their investment strategy and capability, e. g. institutional investors are likely to want opportunities with material scale, whilst a local enterprise will probably be constrained by their investment capability.
- **Strategic fit**: an opportunity and participation that is consistent with their investment philosophy, e.g. does it have the clear ESG credentials or local participation that they might be part of their investment strategy.
- **Appropriateness**: that there is a well-founded proposition for the risks that are proposed to be transferred and the ability to understand and price those risks by the private sector.
- **Reward:** that the reward and incentivisation strategy, and cost of pursuit, is competitive for the potential deployment of private sector capital and resources compared to other alternatives.

What the sector can do to facilitate engagement

To secure private sector insight that will help refine the principles of any delivery model, and therefore help to increase the potential participation, the industry could take several practical steps including:

- **Undertake market engagement** with a variety of private sector players to provide different perspectives on the station opportunity. This should have the aim of warming and educating the sector and with the aim of drawing insight to reflect and revise delivery models.
- **Clearly establishing and setting strategic intent** for the station/portfolio so that the ask of investors/participants is clear for them to judge their contribution and fit.
- **Improving clarity and confidence in agility**, i.e. in the ability for the sector to move forward at speed, e.g. proactive navigation of governance pathways, draft forms of contract, establish data rooms, etc.
- **Reduce risk uncertainty** that the private sector is being asked to undertake, e.g. by identifying appropriate lower risk schemes, undertaking surveys, etc.

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Investment Considerations: Prioritisation will be important

A diverse estate within a variety of contexts

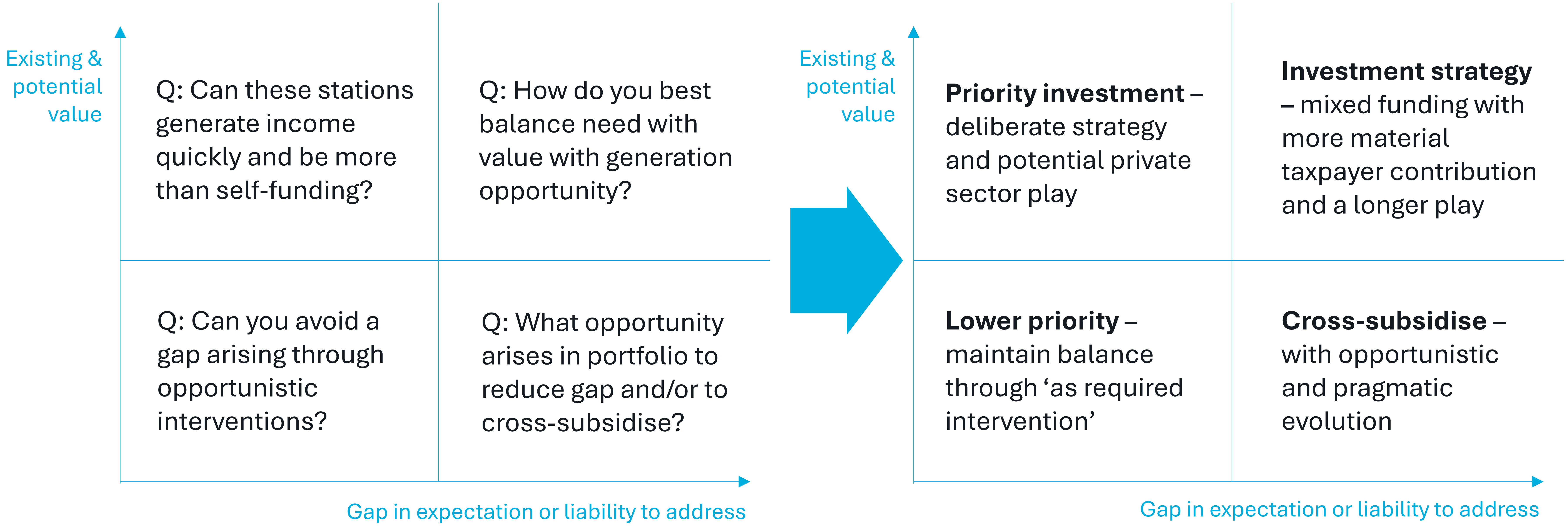
As noted previously, the station estate consists of a very varied set of assets deployed and operated in different ways to meet the divergent needs and potential of their local communities and the network as a whole.

While some stations offer good experiences and appear well suited to their role and context, others have clear divergence between their current performance and their potential.

Best value progress

Moving forward with optimal value is likely to come from:

- Securing additional economic, commercial or social value at early stage to increase confidence in the approach.
- Provide for improved commercial returns that could be used as ‘seed corn’ funding of further developments.
- Using prioritisation to establish tactics to focus efforts that will use scarce resources.



Additional private sector benefits

Subject to the form and nature of private sector participation, there are benefits or characteristics which local funders and the railway might enjoy because of securing private sector participation including:

- Offering the potential for a strengthening tie-in to facilitation of local housing.
- Deepening of relationships with key local economic players through the nature of participants and their associated local investments and activities.
- Increasing the need for enduring certainty over funding sources to contract with private sector.
- Development of improved asset knowledge to efficiently transfer risk.
- Provision of a clear exposition of the railway and local network strategy and consequential requirements for stations.

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Illustrative Approach: Two tactics to drive progress and value

Noting the requirements for progress, and potential involvement of the private sector, approaches which can efficiently deliver upon those requirements are most likely to realise progress and value.

Two illustrative and complementary tactics emerged from our work and dialogue with RIA and its Steering Group.

At its heart both of these tactics recognise and embrace prioritisation to secure benefits within a local area. There is an interaction or symbiosis between the two tactics.

The first tactic recognises that optimisation of the current estate might provide a performance benefit when judged for the portfolio as a whole.

The second tactic is drawn from railway economics and recognises that some stations do, or have the potential, to play a strong role in their communities and could create commercial return.

They could perhaps offer local economic, social and commercial value as well become sustainable mobility hubs that increases rail farebox income.

1 Station Portfolio Value Optimisation

- **What:** Make best use of the existing portfolio through:
  - Adapting existing space to higher-value uses
  - Leveraging existing passing footfall and destination patronage to use the station and its amenities
  - Removing or reducing assets and activities which incur cost but offer little economic, social or commercial value in return
  - Increase the value generated for others by the station's presence and/or its railway services through ensuring alignment with local plans and building mechanisms and relationships than can secure those benefits
- **Where:** an agile approach tailored to station potential usage, role and context but perhaps best realised in integrated and sustained approach (compared to historic ad hoc approaches).
- **This portfolio:** further optimise costs at low use/potential stations (x4) and invest and better utilise current space (x5)

2 Creation of Inclusive Intermodal Hubs

- **What:** Create demonstrably high-performing locations that support strong community identity and stimulate railway vibrancy and value
  - able to deliver meaningful output change at a portfolio level
  - seek to defer investment from other locations for better benefit and able to act as pathfinders
- **Where:** Higher footfall locations with strong potential for growth and ideally
  - stations with high-profile in the region
  - accessible to other communities – via rail and other modes including public transport
- **This portfolio:** stations might be
  - Margate
  - Whitstable

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Illustrative Approach: Tactic 1 – Optimisation of the existing station portfolio

Focusing on the first approach, to maximise the value and efficiency of a portfolio, starts with two principles:

1. **Principle of value-driven operation and transformation** to ensure that each station respects and contributes to the network's financial and operational necessities, whilst also adding to the economic and social outcomes the railway is intended to generate
2. **Principle of prioritisation** to ensure that benefits are realised quickly to help fund further investment.

Both tactics are seek to realise that judging and managing the performance and contribution of a portfolio of stations in a local area is likely to lead to better value decisions as opposed to discrete decisions for each individual station in an area. For example, it maybe that prioritising the material enhancement of one station could bring about greater value and more quickly that seeking to invest or maintain the entire portfolio at the same level.

Secondly, that additional value is likely to be realised through an integrated and sustained programme of investment and optimisation, replacing historic ad hoc approaches with local strategic coordination and continuity of effort. This produces the benefit of scale, reduces 'transaction' costs and increases the confidence of third parties to participate and invest.

Practical elements of this tactic or approach, many of which are already deployed, include:

- Adapting existing spaces to higher-value uses: Investing in underutilised areas within stations for commercial, community, or wider mobility-related functions. Opportunities might include converting redundant rooms into retail units, co-working spaces, health services, or affordable housing – depending on local need and viability.
- Leveraging existing footfall and destination patronage: Stations that experience consistent or peak footfall should be optimised to attract passing users to engage more with station amenities, such as cafés, local markets, pop-ups, or events. This not only generates ancillary revenue but also enhances station vibrancy and community engagement.
- Reducing low-value assets and activities: Reducing resources consumed by maintaining infrastructure or services that have relatively low economic, social, or commercial return, for use at other, higher-value, activities or locations.
- Enhancing wider value creation: Ensuring alignment between station activities and broader local and regional development plans (e.g., housing, tourism, or regeneration strategies) may increase wider range of positive outcomes. This requires active engagement with planning authorities, local stakeholders, and third-party delivery partners to identify opportunities and unlock benefits.
- A Tailored, Place-Based Approach: Recognising the distinct nature of each station, an approach that remains agile and responsive to the unique potential of each location. Rather than applying a one-size-fits-all model, interventions should reflect local demographics, transport patterns, land use, and stakeholder priorities.

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Illustrative Approach: Tactic 2 – Value from Inclusive Intermodal Hubs

The second tactic of the proposed approach illustrates the potential that could be seen from the creation of visibly high performing community locations – the primary objectives should be on demonstrating community contribution. This will come through both acting as a focus for local mobility as well as providing a gateway to the community with which it can both engage and derive pride.

The industry has invested significant time and energy in the development of design guidance and concepts. Mayoral Strategic Authorities are now also developing their own strategies and approaches.

These provide a good source to establishing changes that should offer network consistency, create the potential for economies of scale, and ideally deliver local acceptance and support for change.

A high-performing hub will seek to deliver benefit for all members of the community, even those who are not rail users. Those benefits might come from improvements in the community's welfare (access to housing, education, health, etc.) or facilitation of local economic activity (e.g. station businesses and welcoming tourists). The railway will benefit through increase revenues as well as greater effectiveness for the investment in rail services and the station.

Illustrative characteristics and outcomes from a community hub

Facilitation and support to local economic growth, housing and welfare strategies and plans

Demonstrably inclusive places that attract demand and facilitate easy use of the railway

Established as the focus for inclusive multimodal interchange within a geographic area

Seen as high-performing, positively contributing and community worthy locations

Illustrative attributes for a high-performing and respected intermodal community hub

- Inclusive characteristics include
  - Provision and welcome for all by design and operation
  - Attractive amenities and environment
  - Visible staff to support and welcome
- Intermodal characteristics include
  - Cohesively-integrated into wider mobility network
  - Provision e-mobility choices
- Visible community characteristics include
  - Community participation
  - Clear good environmental performance
  - Reflection & contribution to local identity
  - "A station to be proud of"

Illustrative guidance to frame response, provide network coherence and potential economies

Network Rail Principles of Good Design and Station Design Principles

Network Rail Design Guidance for Small & Medium Stations (inc. HUB Concept)

Topic specific design guidance, e.g. parking & mobility, toilets, facilities, etc.

National Stations Accessibility Audit – Benchmarking Framework

National and Mayoral strategies and network approaches

Benefits for community that contribute to railway economics

- Community benefit
  - Sustainable mobility
  - Housing facilitation
  - Welfare benefit
  - Accessibility benefit
  - Land value
  - Economic value
- Railway benefit
  - Patronage increase
  - More journeys per person
  - More spend per person
  - Efficiency improvement
  - Partnering gain
  - Reputational gain

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Portfolio Illustration: ‘Inclusive Intermodal Hub’

To understand the potential benefits of this approach, the gap between the current station facilities and the ideal requirements must be assessed. With costs estimated, the future potential revenues that could be generated can be identified

Table: Illustrative ‘Inclusive Intermodal Hub’ enhancements

Requirement	Margate	Whitstable
Consistent lighting	✓	✓
CCTV	✓	✓
Staff assistance	✓	✓
Step free access		✓
Wi-Fi	✓	✓
Simple navigation	✓	✓
Tactile maps	✓	✓
Printed local info	✓	✓
Water fountain	✓	✓
Visual information	✓	✓
Boarding point/ level interchange	✓	✓
Quite areas	✓	✓
Blue badge EV space	✓	✓
Assistance dog facilities	✓	✓
Pedestrian access	✓	✓
Changing places toilet		✓
Environment improvements	✓	✓
Quality improvements	✓	✓
Public transport interchange	✓	✓

Methodology for analysing potential costs and revenues of ‘Inclusive Intermodal Hubs’

Costs

A gap analysis was undertaken to compare the current facilities and services at Margate and Whitstable with an ideal list of amenities required for an Inclusive Intermodal Hub, developed from design guidance and government policy.

The operational and maintenance costs of these items were then estimated using industry knowledge and best practice.

Revenue

A demand increase was assumed due to improvements in station facilities using the Passenger Demand Forecasting Handbook (PDFH). PDFH suggests various demand uplifts as a result of changes in station facilities, based on geography and type of travel. A scaling factor was then applied to this uplift to account for optimism bias. This results in an 11% and 13% demand increase at Margate and Whitstable, respectively.

Increased revenue due to the provision of EV changing was calculated by assuming a specific number of charging spaces at each station car park, with a 12.5% yearly utilisation rate. It is assumed that a third party would install, operate and maintain the spaces, with the Station Operator receiving a percentage of revenue generated.

Increased revenue due to the provision of PV infrastructure was calculated by assuming that PV canopies would be installed at the station car parks, with an average of 2kW of power generated per parking space. The government currently spends approximately £0.15 per kWh to buy additional energy generated through the Smart Export Guarantee. This was used to estimate the potential additional revenue from the installation of PV canopies.

Limitations and assumptions

The figures used to estimate the total cost of creating Inclusive Intermodal Hubs at Margate and Whitstable are estimates only, and actual capital and operational costs can vary significantly depending on current asset condition and material costs. A 35% project management and risk contingency has been included in the total costs.

PDFH suggested demand uplifts vary depending on the existing and proposed condition of the station improvements implemented. An average figure has been used for the purpose of this analysis.

Additional revenue from EV charging and PV infrastructure can fluctuate depending on utilisation and efficiency. An average figure has been assumed across the year.

This analysis is designed to be illustrative of the potential costs and benefits of creating Inclusive Intermodal Hubs.

Portfolio Illustration: 'Inclusive Intermodal Hub' costs and payback

Margate

Making Margate a high-performing Inclusive Intermodal Hub would require improvements to station facilities, accessibility of information, environmental performance, and improved links to public transport.

A £2.4m investment scope might generate an additional £1.5m in farebox revenue, due to an excepted increase in demand of 11%. This additional footfall could provide a further £0.01m increase in ancillary revenue from retail and car parking.

The provision of 20 EV charging spaces, and photo-voltaic (PV) canopies across half of the car park spaces (or on the station roof) might provide further revenue of £0.18m per year.

These theoretical uplifts in income indicate the potential for a very healthy payback period of just a couple of years.

Whitstable

Whitstable's transformation would require substantially more investment than at Margate, this is due to the need for a new footbridge with lifts.

It is estimated that a £7.3m investment might generate an additional £1.1m in farebox revenue from a 13% increase in journeys. This additional footfall might also generate a further £0.1m increase in ancillary revenue from retail and car parking.

The provision of 10 EV charging spaces at Whitstable, and PV canopies across half of the available car park space (or alternatively on the station roofs) might provide additional revenue of £0.09m per year.

Using these illustrative assumptions, we suggest a payback period for the investment required would be approximately 6+ years.

Figure: Illustrative costs and revenues - Margate

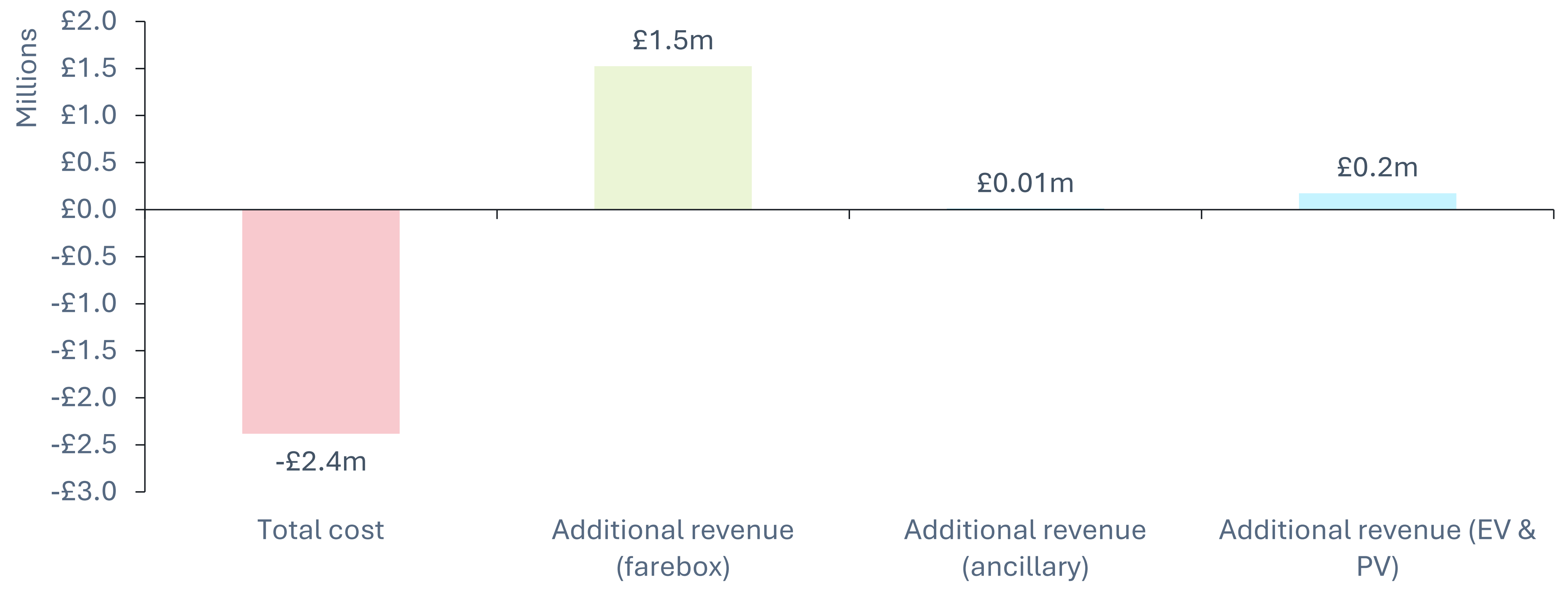
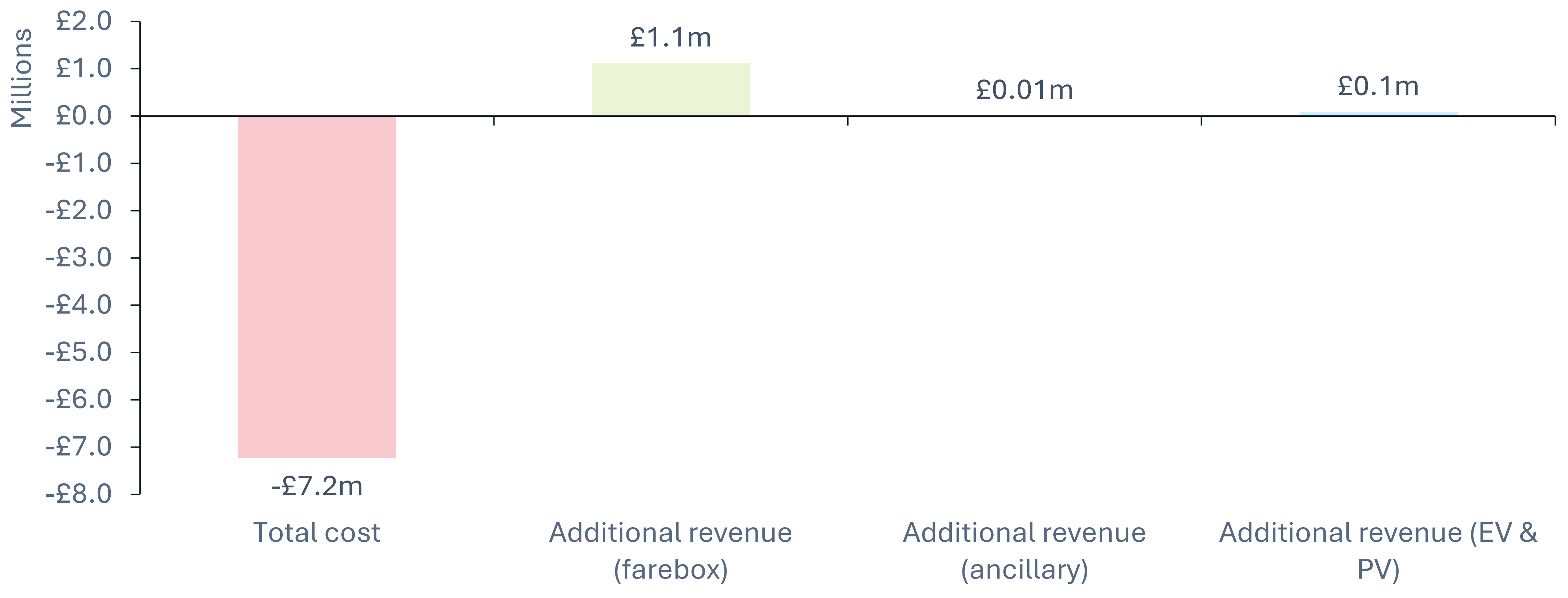


Figure: Illustrative costs and revenues - Whitstable



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Network illustration: Replicating the approach across the network

We suggest that to realise the potential from the estate will be achieved where:

- **Prioritisation is pursued** so the finite resources of the industry and its funders are deployed to locations where material value may best be found
- **Economies of scale can be realised** through the potential creation of a model or set of principles that allows a pipeline of opportunity to be fostered
- **Increased certainty can be created** through positive participation and locking in of funding and financing. This is likely to be where the private sector can see sources of return and/or local funders can identify local or national funding sources.

We have therefore sought to identify the scale of the number of stations that could fall within a strategy of development. This is high-level and analysis for illustration of scale/number only.

Candidate stations and portfolios should be selected with appropriate due diligence of local context and future potential.

Methodology for scaling potential for hubs across the network

To investigate the feasibility of scaling a methodology was developed to identify stations that may be suitable to become a Hub. Several factors were considered:

- Population – total population within 20-minute walking catchment of the station.
- Index of Multiple Deprivation – considering income, employment levels, health deprivation and disability, education, crime, barriers to housing, and living environment conditions of the local population.
- Interchanges – the number of rail interchanges from the station.
- Public transport nodes – the number of bus stops, airports, trams and taxi ranks within 400m of the station.
- Entries and exits – total footfall for the station.
- Distance to other stations – the total number of rail stations within 5 miles (urban) or 10 miles (rural).

These criteria were individually ranked for each station in England and then summed together. These total rankings were then used to filter the most suitable stations. The filtering process involved three steps:

1. The highest ranked station within each local authority was selected. This was to ensure an even distribution across England.
2. Footfall was filtered as 'greater or equal to 250,000', this was to ensure that stations selected had substantial current demand, and therefore the case for providing additional investment could be supported by existing demand.
3. The number of other rail stations within the specified distance was filtered to 'greater than or equal to 30', as Hubs would need to have the ability to abstract demand from local stations.

Stations within London were not considered for this exercise, as it was deemed unlikely that passengers would travel further to another station that was an 'Inclusive Intermodal Hub', rather than using a local station.

Stations within Wales and Scotland were also not considered as part of our scope given policy ambitions and approaches may be different.

Limitations and Assumptions

This exercise is intended to provide an indication of the potential scale of the opportunity that has been explored within this report. It is not designed to create a definitive list of stations that should be prioritised for investment.

There may be some stations which have been discounted during this process but could be considered as prime candidates for an 'Inclusive Intermodal Hub'. Every station should be considered individually, with the benefits and trade-offs evaluated appropriately.

Sensitivity Testing

The sensitivity of the adopted approach has been tested by adjusting the upper and lower bounds of the filters that have been used. This testing has concluded in the filters being modified in order to create a realistic and manageable list of potential stations that could be 'Inclusive Intermodal Hubs'

Further analysis would need to be undertaken to confirm the suitability of stations, and the criteria required for an 'Inclusive Intermodal Hub'.

Network illustration: What would a scaled-up approach for England imply

Deploying the approach on the previous page created an initial prioritisation of stations. With the application of geographical proximity being one of the filtering criteria the number of potential stations in England (excluding Greater London) initially identified was 111.

These stations might represent an initial area in which to examine the local station network to see if there are better candidates who could perform the role of an Inclusive Intermodal Hub, or which would be more likely to facilitate benefit or secure investment.

These stations would be successful if they are clearly able to demonstrate that investment will realise material benefits by:

- Serving a community and its needs.
- Supporting sustainable housing growth.
- Acting as an appropriate gateway for railway network relevant for journeys.
- Support sustainable mobility in the local area.
- Effectively creating or enhancing revenue streams.
- Provide further portfolio potential through adjacency to other stations.

The methodology we used for scaling is detailed on the previous page and summarised as:

- Rank the stations according to potential and need.
- Set a de minimis threshold to focus on important or locations with more potential.
- Further filter to stations that could operate as a hub within a portfolio.

We note that the approach we have taken should not be considered to be definitive or exhaustive. There will be other stations on the network, outside a local portfolio, whose case for investment or potential for securing financing could be stronger.

Analysis and due diligence should be undertaken to assess whether any station or portfolio identified would be suitable. We suggest a number of factors are likely to drive decision making and successful outcomes:

- The current accessibility of the station and platforms and connectivity to the wider area.
- The condition of existing station assets and future liabilities to maintain status quo capability/performance.
- Land availability for car parking and public transport interchange.
- Planned and future station investments.
- Housing development potential of local catchment.

Figure: Scaling up approach

Reflections on our exploration

The time is right to change approach

The expectations for the role and performance of stations are continuing to increase. Local stakeholders expect contributions to their local challenges and central Government looks set to enable this with increasing devolution in decision making.

The current status quo for station development is unlikely to move the dial in either attracting funds or delivering for communities. Whilst rail reform is happening its material delivery remains 2+ years away. In the meantime, there is the opportunity to develop mechanisms that are “GBR-ready” to realise change.

Station potential continues to be demonstrated

Stations are a critical contributor to farebox revenues. This income could play a more direct role in station investment decisions and financing.

Sustainable housing and economic growth remain an enduring UK-wide policy priority. Some station investments can aid realisation of both, and Government funding contributions and policy decisions provide a more positive environment.

Clear security of funding and financing is important to deliver agile investment and offer the potential of economies of scale.

Implications

To secure progress and efficacy in investment there are several tactics that appear worthy of further development:

- Prioritise energy at this stage into stations which have the potential to offer portfolio benefits as a hub and whose role as a hub can create material benefit.
- Seek to create increased certainty of investment through a clear station strategy that offers a coherent approach to funders and financiers.
- Create a pipeline of investment and a delivery model to increase the attraction to the private sector to invest time in exploring station investment in what maybe a foreign environment for them.
- Explore potential public sector funding contributions, ideally ring-fenced, that could seed private sector investment.
- Creating a delivery model based around a set of clearly-established principles that can be applied in a context sensitive manner. Any such a model should provide:
  - Clarity of required outputs and performance
  - Understanding of risk transfer
  - Certainty of funding and payment mechanisms

We suggest that there are some implications, regardless of any delivery model, that would continue to best aid progress and efficacy in station investment. Many of these are underway and we state them here as important ‘no regret’ actions to facilitate progress:

- Increasing the narrative of the contribution of stations to the network’s journeys and the farebox income created as a result.
- Continue to invest in effective engagement with local communities to align with their needs and aspirations. This is both through Community Rail Partnerships and bringing to life the opportunity of GBR’s partnership framework.
- Continuing to improve and communicate asset and station knowledge to help to identify potential points of intervention and allow for more efficient pricing of risk, lower transaction costs and enabler smarter performance monitoring and incentivisation.
- Creation and deployment of objective monitoring and evaluation mechanisms to increase the evidence case for station investment and ideally build confidence of station potential with local communities.

Suggested next steps

Moving forward

RIA's programme of activity already set out further dialogue and engagement with local and national decision makers. Engagement with a range of private sector participants and contributors – regional as well as national – could provide further insight to help inform station strategy and support design of delivery model principles.

Potential Next Steps

To take forward the opportunities that our exploration indicates could be present within the estate we offer the following illustrative next steps for development:

1. *Pathfinder development*: initially prioritise further development activity toward stations that have potential to act as a hub within a portfolio of local stations. The identification and pursuit of a variety of pathfinder projects to deepen understanding and develop practical delivery model elements would be a useful next step.
2. *Hub investment case*: using a candidate station develop a quantified investment case for the creation and potential of an inclusive intermodal hub.
3. *Private sector participation*: engage with a range of private sector participants to identify their respective needs and aspirations. This could be institutional investors, local enterprises, existing sector participants and/or new players who could derive benefit from a high-performing station.
4. *Harness the political agenda*: utilise devolution's opportunity of new decision-making criteria and funding to target stations and schemes that address policy outcomes, e.g. housing and growth.
5. *Establish a strategy*: work with partners to develop network expectations, delivery contributions, and roles. This will help to create confidence and alignment for funders and investors.
6. *Create ring-fenced funding*: work with funders through the reform process to explore how station development projects might benefit from, and contribute to, ring-fenced funding to secure confident momentum for further investment. The funding should consider the farebox contribution that station investment can make.
7. *Build on design guidance*: Network Rail and others have developed a range of products to aid decisions around station investment and management. Their potential should be assured by ensuring clear communication of the guidance and concepts to relevant funders.
8. *Clearly evaluate progress*: establish a robust monitoring and evaluation framework to track the progress of station development projects. Clear demonstration to funders, investors and local community of the returns and impacts will be important to sustain any delivery model.

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