

Transport for Lancashire Committee

Monday, 13th April, 2015 in Former County Mess - The John of Gaunt Room, County Hall, Preston, at 2.00 pm

Agenda

- 1. Welcome and Apologies for Absence**
- 2. Minutes of the meeting held on 3rd February 2015 (Pages 1 - 4)**
- 3. Matters Arising**
- 4. Declarations of Interest**
- 5. Blackburn to Manchester Rail Corridor Improvement Scheme Full Approval Application (Pages 5 - 8)**
Presentation by Jacobs
- 6. Blackpool Bridges Major Maintenance Scheme Funding Approval Application (Pages 9 - 18)**
Presentation by Jacobs
- 7. Centenary Way Viaduct Burnley Major Maintenance Scheme Funding Approval Application (Pages 19 - 38)**
Presentation by Atkins
- 8. East Lancashire Strategic Cycle Network Scheme Funding Approval Application (Pages 39 - 58)**
Presentation by Atkins
- 9. Lancashire Strategic Transport Prospectus & Transport for the North Update (Pages 59 - 60)**
- 10. Any Other Business**
- 11. Date of Next Meeting**
Friday 5th June 2015 at 10.00am in the Former County Mess - The John of Gaunt Room, County Hall, Preston.

Transport for Lancashire Committee

Minutes of the Meeting held on Tuesday, 3rd February, 2015 at 9.30 am at the Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present

County Councillor Jennifer Mein (Chair)

Councillor Maureen Bateson
Graham Cowley

Councillor John Jones

Observers

Tom Carbery (Network Rail)
Richard Perry (Department for Transport)

Mike Sinnott (Highways Agency)

In Attendance

Brian Bailey
Simeon Butterworth (Jacobs)
Leighton Cardwell (Jacobs)
Alan Cavill
Dave Colbert

Peter Hibbert (Jacobs)
Andy Milroy (Company Services)
Tony Moreton
Hazel Walton

1. Welcome and Apologies for Absence

The Chair, County Councillor Jennifer Mein welcomed all to the meeting, in particular guests from Jacobs.

Apologies for absence were received from Bruce Parker, Steve Browne and Martin Kelly.

2. Minutes of the meeting held on 1st December 2014

Resolved: That the minutes of the last meeting held on 1st December 2014 be approved and signed by the Chair.

3. Matters Arising

None

4. Declarations of Interest

None

5. Blackburn to Manchester Rail Corridor Improvement Scheme - Conditional Approval Application

Simeon Butterworth, Peter Hibbert and Leighton Cardwell (all from Jacobs) presented a report outlining the comprehensive review they had undertaken regarding the Blackburn to Manchester Rail Corridor Improvement Scheme. The Committee were asked to endorse the scheme and request that the Lancashire Enterprise Partnership Board grant Conditional Approval to the scheme at its Board meeting to be held on 10th February 2015.

The key findings of the review were highlighted to the Committee, with Jacobs recommending the Blackburn to Manchester Rail Corridor Improvement Scheme be granted 'Conditional Approval' status to enable the scheme to progress to the Full Business Case stage, subject to the following conditions:

1. Confirmation is received (when the ITT for the new Northern Franchise is publically available) that the Manchester to Blackburn service is to be included as part of the baseline specification for the next Northern Franchise.
2. Confirmation is received (when the ITT for the new Northern Franchise is publically available) that the operational costs of the Manchester to Blackburn service will be funded as part of the next Northern Franchise, thus removing the need for BwDBC to subsidise the scheme.
3. It was reported that the scheme BCR is currently 1.47 (based on latest guidance), rising to 2.25 with the inclusion of wider economic benefits. In accordance with the LEP's Accountability Framework, the scheme should deliver high VfM (BCR >2 when incorporating both traditional and wider economic benefits), once the target scheme costs are confirmed and with optimism bias applied at 6% (consistent with the DfT's Rail Appraisal guidance for a scheme at GRIP Stage 5). This is considered the key risk associated with the scheme being granted Full Approval.
4. That the results of a more detailed environmental assessment (including consideration of noise and air quality) demonstrate that the scheme does not have a significant detrimental impact upon any sensitive receptors.
5. That the scheme opening year be confirmed, and if necessary the Business Case (including the economic assessment) be updated

accordingly.

6. That clarification be sought that any cost overspends will be met by the Scheme Promoter, Blackburn with Darwen Borough Council (in accordance with the LEP's Accountability Framework) to ensure that the scheme will be delivered in its entirety.

The Committee sought clarification that the level of optimism bias incorporated into the review was 6%. It was also noted by the Committee that addressing the first two conditions would significantly reduce project risk.

Resolved: The Committee endorsed the review findings and requested that the Lancashire Enterprise Partnership (LEP) be minded to grant the scheme Conditional Approval at the LEP Board meeting on the 10th February 2015.

6. Lancashire Strategic Transport Prospectus

Dave Colbert, Specialist Advisor Transport Planning, Lancashire County Council presented a report (circulated) regarding a draft Lancashire Strategic Transport Prospectus.

It was highlighted to the Committee that the prospectus builds on work already undertaken in developing the five area-based highways and transport masterplans and the Lancashire Strategic Economic Plan, and sets out a clear proposition that will facilitate engagement with the various organisations Lancashire needs to influence if it is to benefit fully from the current momentum to significantly enhance connectivity across the North. Many of the strategic priorities contained therein will require the support and commitment of external organisations such as Network Rail, the Highways Agency and neighbouring city region combined authorities if they are to be successfully delivered.

It was further noted that Lancashire needs to be in a position to influence development of the government-led transport strategy for the North announced by the Chancellor of the Exchequer in October 2014. An interim report is due in March 2015 with a full report scheduled for March 2016. The prospectus will also enable both the Lancashire Enterprise Partnership and the three local transport authorities to engage positively with the incoming government following the 2015 General Election.

The Committee noted and thanked Mr Colbert for the work to date and suggested a number of amendments to the draft Prospectus. It was suggested that more emphasis be added for Lancashire as a place and what it has to offer. It was also suggested that the Prospectus emphasises the key benefits to Government, wider economic benefits, and tourism.

Resolved: The Committee:

- 1) Noted the contents of the report; and

- 2) Agreed the attached Strategic Transport Prospectus, subject to the incorporation of minor amendments as highlighted, and recommended that it be submitted to the Lancashire Enterprise Partnership Board for approval.

7. Public Transport Issues and Opportunities: Update

Tony Moreton, Assistant Director Sustainable Transport, Lancashire County Council presented a report (circulated) which provided an updated on Public Transport Issues and Opportunities.

Further to previous updates reported to the Committee it was highlighted that following consultation with stakeholders held over the summer of 2014, in December 2014, the County Council's Cabinet Member for Highways and Transport approved an amended set of criteria for assessing subsidised bus services. The criteria were circulated to Committee Members with the report. This approach is available for other local transport authorities to consider following, either individually or within the context of more formal joint working such as an integrated transport authority (ITA) or combined authority.

It was further reported that there are a number of options available where enhanced joint working between local transport authorities could assist with delivering better public transport services; these were set out in the previous report to Members. The Coalition Government's preferred approach to authorities seeking greater devolution of transport powers and funding is the combined authority model. However, given the impending General Election, it is not possible to foresee what the situation will be post 7th May 2015. Further consideration will therefore need to take place within the wider context of any incoming Government's devolution agenda.

Resolved: The Committee noted the Public Transport Issues and Opportunities update as presented.

8. Any Other Business

None.

9. Date of Next Meeting

It was noted that the next meeting of the Committee would be held on the 13th April 2015 at 2pm, in the Former County Mess, County Hall, Preston.

Agenda Item 5

Date 13th April 2015

To Transport for Lancashire (TfL)

From Jacobs

Subject Blackburn to Manchester Rail Corridor Improvement Scheme

Introduction

The purpose of the review is to inform TfL's recommendation on whether the Blackburn to Manchester Rail Corridor Improvement Scheme should be granted **Full Approval** status at the LEP Board meeting on the 21st April 2015. This would subsequently enable the scheme to draw down Growth Deal funds and proceed to implementation.

Scheme Description

The Blackburn to Manchester Rail Corridor Improvements Scheme will deliver a half-hourly service between Blackburn and Manchester throughout the day through the addition of 7 journeys between these stations each day Monday – Saturday. This increased service level will cater for the current demand and improve the economic relationship between East Lancashire and Greater Manchester.

In order to deliver a robust half hourly service throughout the day an extension to the passing loop (double track) at Darwen is required. The project, as identified by Network Rail as the preferred solution through the GRIP process, is to extend the double track section known as the Darwen loop on the Bolton to Blackburn Line, with associated works at structures along that part of the route. In addition, the scheme includes enhancement works at selected stations on the line (including stations north of Blackburn).

Scheme Milestones

Table 1 summarises the key milestones in the approval process for the scheme.

Date	Task
December 2014	BwDBC completed the Outline Business Case for the scheme.
February 2015	Jacobs undertook a comprehensive review of the scheme's Outline Business Case .
February 2015	Scheme granted Conditional Approval status at the LEP Board meeting on the 10 th February 2015.
February / March 2015	BwDBC updated the Outline Business Case to be a Full Business Case .
March 2015	Jacobs reviewed the Full Business Case for the scheme.
April 2015	Scheme Seeking Full Approval at the LEP Board meeting on the 21 st April 2015.

Table 1: Key Milestones

Methodology

The scheme's Outline Business Case (December 2014) was previously reviewed and evaluated against the Department for Transport's (DfT) guidance on *The Transport Business Cases (January 2013)*. The business case was also assessed to ensure consistency with the Lancashire Enterprise Partnership's Accountability Framework.

Jacobs have subsequently reviewed the scheme's Full Business Case (March 2015) to ensure that each of the conditions that were placed on the scheme, when it was granted Conditional Approval status, have been met.

The review has also ensured that each of the recommendations that were previously suggested have been incorporated into the Full Business Case update.

As part of the review process, Jacobs have actively engaged with the scheme promoter (BwDBC) in order to agree on viable and proportionate solutions to any key issues.

Conclusions

The Blackburn to Manchester Rail Corridor Improvement Scheme should be granted Full Approval status and subsequently enable the scheme to proceed to implementation.

The table below summarises how each of the six conditions previously placed on the scheme have been resolved.

Ref	Condition of Scheme (Feb 15)	Resolution
1	Confirmation is received (when the ITT for the new Northern Franchise is publically available) that the Manchester to Blackburn service is to be included as part of the baseline specification for the next Northern Franchise.	The Northern Invitation To Tender (ITT) document was published by the DfT on the 27 th February 2015.
2	Confirmation is received (when the ITT for the new Northern Franchise is publically available) that the operational costs of the Manchester to Blackburn service will be funded as part of the next Northern Franchise, thus removing the need for BwDBC to subsidise the scheme.	The Train Service Requirement (TSR) table specifies that the winning bidder must operate a half hourly service, between Blackburn and Manchester, throughout the off peak period (i.e. 12 trains between 10:00-16:00).
3	The scheme BCR is currently 1.47 (based on latest guidance), rising to 2.25 with the inclusion of wider economic benefits. In accordance with the LEP's Accountability Framework, the scheme should deliver high VfM (BCR >2 when incorporating both traditional and wider economic benefits), once the target scheme costs are confirmed and with optimism bias applied at 6% (consistent with the DfT's Rail Appraisal guidance for a scheme at GRIP Stage 5). This is considered the key risk associated with the scheme being granted Full Approval.	<p>The updated Economic Case states that the Benefit to Cost Ratio (BCR) for the scheme is now 4.63. This rises to 6.93 when the full wider economic impacts of the scheme are taken into account.</p> <p>The main reason for the BCR increasing is due to the removal of operating costs (as they will now be met by the TOC).</p> <p>Optimism Bias has been correctly applied at 6%, in line with guidance.</p>

Ref	Condition of Scheme (Feb 15)	Resolution
4	The results of a more detailed environmental assessment (including consideration of noise and air quality) demonstrate that the scheme does not have a significant detrimental impact upon any sensitive receptors.	An Environmental Impact Appraisal has been undertaken which concluded that there are no significant adverse environmental impacts associated with the scheme. Appropriate mitigation has been identified which should be incorporated into the scheme design and contractor input.
5	The scheme opening year being confirmed, and if necessary the Business Case (including the economic assessment) being updated accordingly.	The Full Business Case (including the economic assessment) has been updated to reflect a scheme Opening Year of 2017, which is the back stop date for introduction of the additional services.
6	Clarification sought that any cost overspends will be met by BwDBC (in accordance with the LEP's Accountability Framework) to ensure that the scheme will be delivered in its entirety.	An updated Section 151 Officer Letter (reflecting the revised scheme costs) has been appended to the Full Business Case

Table 2: Resolved Conditions

In addition, each of the recommendations that were previously raised in the Red Amber Green (RAG) analysis (as part of the Outline Business Case review) have now been addressed.

Business Case	Criteria	RAG Analysis	Recommendations
Strategic	Impact of scheme not being delivered		Whilst the scheme benefits have been indicated within Chapter 3 of the OBC, no text is provided detailing the impacts of not implementing the scheme (e.g. traffic congestion worsens / rail facilities deteriorate).
	Study Area / affected population		Business Case needs to emphasise what schemes, jobs, major employers, schools and leisure facilities are within the catchments of the actual scheme proposals; particularly linked to key sites that unlock growth linked to the LEP's key priority growth sectors.
	Identification of short listed options		It is recommended the performance data used in the GRIP analysis is confirmed by Network Rail that it characterises the annualised level of delay.
	Consideration given to the economic, environmental and social benefits of the possible approaches		Provide clarification on how the Social, Economic and Environmental Benefits quoted in Figure 3.10 have been derived.
	Consultation / stakeholder engagement		Include further details on the public consultation event which will be scheduled.
	Traffic Modelling work undertaken		It is recommended consideration is given to modelling with refreshed performance data. Journey time reliability benefits as associated with the scheme have not been monetised, but could be to enhance the case.
	Level of public support considered?		Obtain letters of support from local MPs and other key stakeholders to append to Business Case.
	Key risks and constraints identified?		Produce a project Risk Register complete with mitigation measures for inclusion within the Outline Business Case.
Economic	Connectivity with other schemes assessed?		Quantified evidence of the impact on other planned schemes (e.g. Farnmouth Tunnel electrification) should be included.
	Appraisal Summary Table		Distributional Impacts column needs updating to reflect results of the scheme's DI assessment (e.g. The 'Commuting and Other Users' row should contain a User Benefits assessment score). The 'Cost to Broad Transport Budget' row should be entered as a negative figure. AST should fit on one page.
Financial	BCR		BCR should be presented consistently with and without economic benefits throughout the Outline Business Case. Optimism Bias figure should be set accordingly for a scheme at WebTAG Level 4 (18%), and then at webTAG Level 5 (6%) for the Business Case submission.
	Scheme Cost		It is recommended that service provision and train crew numbers and availability is monitored. This is to ensure the resources are sufficient for the additional service level and sufficient for service introduction. Operating costs are pro-rated between Blackburn and Bolton, however it is now understood the service will be provided between Manchester and Blackburn as part of the baseline for the next franchise.
Commercial	Is there a robust contracting and procurement strategy?		Confirm who will be responsible for the scheme preparation costs and update financial and commercial case accordingly. Have the scheme preparation costs been included within the scheme costs? Have monitoring and evaluation costs been included within the scheme costs?
Management	Key risks and constraints identified?		Append scheme Risk Register (covering project risks) to Business Case. If one does not already exist then a risk workshop should be programmed in the short term to ensure that the delivery team map the key risks of the project moving through the major scheme project lifecycle, attribute owners, actions and a monitoring plan for reporting these to the Project Board as part of the scheme Governance.
	Delivery Programme		Reason why the scheme construction is completed by October 2015 yet the timetable changes don't take place until December 2016 is confirmed, but risk to delivery potentially slipping to 2017. TfL require to be notified of any potential change in draw-down of funds and their profile. Business Case acknowledged that the scheme delivery programme will require further work now that Network Rail have addressed the signalling record risk issue that was identified in October 2014. NR have confirmed they are seeking approval from MSRP on 27 th January 2015. It is recommended the current scheme delivery plan and Northern Rails objection to the possession arrangements is presented to the January 2015 Project Board. This is to ensure any risks to the current arrangements are transparent and managed.
	Governance / Assurance work		It is recommended the governance arrangements between the two projects, Darwen loop and Farnmouth tunnel, are formalised. This is to ensure no risks develop which may affect the other project and if they do suitable mitigations are put in place.
	Evidence of similar projects that have been successful.		Were these schemes delivered on programme and within budget? What other metrics have been used to monitor and evaluate the success of these schemes?
	Fall back Plans		DfT requires a 'fully worked up' low cost alternative option to be identified (TAG Unit A5.3 Rail Appraisal). A low cost alternative option should therefore be identified and included in the business case, in a proportionate manner.

Recommendations

The Blackburn to Manchester Rail Corridor Improvement Scheme should be granted **Full Approval** status, thus enabling the scheme to draw down Growth Deal funds and proceed to implementation.

To ensure the benefits of the scheme are maximised, it is critical that BwDBC, LCC and the LEP should continue to lobby for the scheme to be delivered at the earliest opportunity and ideally in advance of 2017.

Agenda Item 6

Date 13th April 2015

To Transport for Lancashire (TfL)

From Jacobs

Subject Blackpool Bridges Maintenance Scheme

Introduction

Jacobs have undertaken a comprehensive review of the Strategic Outline Business Case (SOBC) produced in February 2015 by Blackpool Borough Council for the Blackpool Bridges Maintenance scheme.

The review findings should be used to inform a recommendation on whether the scheme should be granted Full Approval status at the Local Enterprise Partnership (LEP) Board meeting on the 21st April 2015.

Scheme Description

The Blackpool Bridges Maintenance scheme proposes the repair/reconstruction of ten of Blackpool's strategic bridges at a total estimated cost of £11.365m.

The bridges are located throughout the town, either under/over live rail lines, on strategic north/south routes, on roads linking the M55 motorway with the town's major car and coach parks and on local distributor roads feeding traffic from the M55 to the Promenade and resort visitor attractions.

Eight of the ten strategic bridges were originally constructed to enable railways into Blackpool. Some were constructed at the same time as the railways and others were built in the 1920s and 1930s to enable development. In both cases the bridges have suffered from the effects of airborne chloride attack associated with aggressive coastal environments and from minimal maintenance/investment. Several key bridges require urgent attention otherwise they will close or have weight restrictions imposed within the next two years.

The scheme has successfully secured DfT Local Highways Maintenance Challenge Fund to the amount of £5.565m, with Blackpool Borough Council Contributions of £1.570m resulting in £7.135m already having being secured for this scheme. This approach has been included within the SOBC Financial Case; highlighting that the remaining funds (£4.23m) are being sought via the LEP Growth Deal Fund (of which £430k will be a local contribution from Blackpool Borough Council).

Methodology

The SOBC has been reviewed and assessed against the Department for Transport's (DfT) guidance on *The Transport Business Cases (January 2013)*. This approach shows whether schemes:

- Are supported by a robust case for change that fits with wider public policy objectives – the 'strategic case';

- Demonstrate value for money – the ‘economic case’;
- Are commercially viable – the ‘commercial case’;
- Are financially affordable – the ‘financial case’; and
- Are achievable – the ‘management case’.

A Red-Amber-Green (RAG) appraisal has been undertaken on each of the five cases in order to:

- a. Highlight any keys risks associated with the successful delivery of the project in accordance with the LEP’s Accountability Framework.
- b. Identify areas of the SOBC where there is insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme.

As part of the review process, Jacobs have actively engaged with the scheme promoter in order to seek clarification on any key issues associated with the SOBC. As a result of this engagement process, the key criteria for each of the five cases have been evidenced to sufficiently detailed level.

The completed RAG appraisal (including details of the updates that have been to the SOBC as a result of Jacobs’ review) has been appended to this document as **Appendix A**.

Recommendations

The Blackpool Bridges Maintenance scheme falls within assurance criteria which state that the SOBC should form the basis of Full Approval of the scheme, with no need for further detailed Business Case progression. Full Approval should be granted to the scheme, subject to the following recommendations being addressed:

1. The Section 151 Officer has provided a letter outlining commitment to underwrite the local contribution stated within the application for Local Growth Fund monies. The letter did not state that any additional costs incurred after Programme Entry would be underwritten. Amendments to the letter have been sought, and the Section 151 Officer has confirmed commitment to this arrangement in written e mail. The letter will be updated by week ending 10/04/2015.
2. Under the Commercial Case, identification and allocation of Risk have been evidenced through the supply of an associated risk register. It is recommended that, once Full Approval has been granted, a detailed plan for updating risk items which have been identified and allocated should be drawn up.
3. Under the Management Case Assurance and Approval Plans criterion, documentation of key assurance and approval milestones should be noted. An outline Project Programme and Expenditure Profile has been included within the SOBC. It is recommended that a detailed project programme should be developed following LEP approval of Growth Deal funding. This should include all necessary assurance and approval milestones.
4. Under the Management Case Communication and Stakeholder Management criterion, the engagement of key stakeholders is to be demonstrated. At this stage (SOBC) it is reasonable that a full communication and engagement strategy is not defined in full. However, it is recommended that upon approval of the SOBC, a detailed Communication and Stakeholder Management strategy is drawn up in order to ensure the scheme conforms with the LEP’s Accountability Framework.

5. Post scheme monitoring and evaluation has been outlined in principle within a Benefits Realisations Plan appended to the SOBC. This provides outline detail in terms of what will be collected, where, when, and by whom. Blackpool Council should confirm this will be undertaken with approval of the scheme and that suitable funding has been identified to resource it.

Conclusions

The SOBC for the Blackpool Bridges Maintenance scheme has evidenced and sufficiently met the criteria across each of the 5 cases using a proportionate approach. As outlined in the LEP's Accountability Framework, the Blackpool Bridges Maintenance scheme SOBC provides a sufficient level of due diligence on which to award Full Approval status.

The Blackpool Bridges SOBC highlights, with no uncertainty, the strategic importance of the scheme. The Strategic Case is underpinned by specific aims within the LEP's Strategic Economic Plan.

The Economic Case proves Value for Money with regards to individual schemes, and all ten bridge schemes as a complete package. The Benefit to Cost Ratio's presented for the packaged schemes represent Very High Value for Money. Whilst there is an admission that more detailed transport modelling would help solidify the Economic Case, the approach used is deemed proportionate and fundamentally represents Value for Money.

The Financial Case meets the LEP's Accountability Framework criteria of the Section 151 Officer endorsing the scheme and underwriting Blackpool's local contribution to the Growth Fund application and any increases in scheme costs. The Financial Case has been strengthened by the recent announcement of DfT Maintenance Challenge Fund monies being secured.

The Commercial Case for this scheme is well evidenced and, like the Strategic Case, underpinned by the LEP's Strategic Economic Plan. As noted within the recommendations, once Full Approval is granted, further detail on how the supplied risk register will be maintained would be beneficial.

The Management Case, whilst fundamentally sound, contributes to the majority of the above recommendations. The recommendations are made in line with best practice and the scheme promoter has demonstrated their intention to address each of the recommendations once Full Approval is granted.

Based upon the evidence submitted and review as of 2nd April 2015, it is recommended that the Blackpool Bridges Scheme is granted Full Approval for LEP Growth Deal funding, on the condition that the Section 151 Officer endorsement letter is amended as per the recommendations section.

Appendices

Appendix A - RAG Appraisal




Scheme Name:	Blackpool Bridges Scheme
Scheme Description:	<p>The Blackpool Bridges scheme proposes the repair/reconstruction of Blackpool's 10 strategic bridges at a total estimated cost of £11.365m.</p> <p>The bridges are located throughout the town, either under/over live rail lines, on strategic north/south routes, on roads linking the M55 motorway with the town's major car and coach parks and on local distributor roads feeding traffic from the M55 to the Promenade and resort visitor attractions.</p> <p>Eight of Blackpool's ten strategic bridges were originally constructed to enable railways into Blackpool. Some were constructed at the same time as the railways and others were built in the 1920s and 1930s to enable development. In both cases the bridges have suffered from the effects of airborne chloride attack associated with aggressive coastal environments and from minimal maintenance/investment. Several key bridges require urgent attention otherwise they will close or have weight restrictions imposed within the next two years.</p>




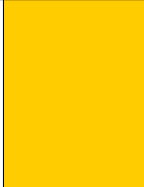


The purpose of this review is to examine the evidence base for the above scheme in order to identify any gaps. Additional work can then be undertaken on the scheme to ensure the business case for the scheme is comprehensive, which will limit the risk of future challenges.

The criteria used for the assessment is based upon the DfT document, 'The Transport Business Cases' (January 2013).

The review which has been undertaken is based upon:
Blackpool Bridges Strategic Outline Business Case (February 2015)

A RAG analysis has been undertaken to highlight areas where there appears to be insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme. Recommendations have been included on work which could be undertaken to strengthen the business case for the scheme.

KEY	
	= Sound evidence base
	= Some additional work required
	= Information Missing

Business Case	Criteria	Evidence	RAG Analysis	Recommendations
Strategic Case	1.1 Strategic Context	<p><u>Wider strategic context of the scheme, including aims and objectives.</u></p> <p>There is sufficient evidence within the SOBC to suggest the scheme is of important strategically; more specifically centred around the schemes importance for tourism alongside the importance of the bridges in terms of commercial traffic. The Lancashire LEP Strategic Economic Plan appears to be in support of the aims of this scheme through the 'Renewal of Blackpool'. The evidence highlights that the scheme will reinforce Blackpool as a tourist destination, a market which is expected to grow considerably in future years, and build on the significant existing base on which tourism underpins the economy. However, ultimately, improved connectivity will provide benefits for all sectors and markets and address social equality and access to services.</p>		No issues with strategic context.
	1.2 Challenge or Opportunity to be addressed	<p><u>Impacts of not progressing the proposed scheme understood? Key challenges and the opportunities presented through meeting these challenges?</u></p> <p>Challenge being addressed is to propose a maintenance schedule for the 10 bridges to ensure weight restrictions/closures are not enforced. The opportunities presented then align themselves with the aims within the SEP. The impacts of not progressing with the scheme are explored throughout the SOBC and more specifically in the Strategic Assessment of Alternative Options and identify the severe economic impacts that would arise from bridge closure and the subsequent impact on congestion and the wider transport network.</p>		Cycling and Walking benefits noted but not quantified later in SOBC. BCR's fine without.
	1.3 Strategic Objectives	<p><u>Present the SMART objectives that will resolve the previously identified challenges/strategic context.</u></p> <p>Timetable for maintenance delivery and completion is provided, which of course presents a quantifiable measure of scheme progression success. There is no specific mention of SMART objectives beyond this repair programme. Potential examples could include the HGV impacts should the programme be met/delayed. However, given that the repair programme is itself the deliverable scheme derived from the inputs to this SOBC, this criteria is sufficient.</p>		Objective should perhaps state traffic impacts e.g. HGV restriction impacting flow. See 1.7 for further context.
	1.4 Achieving Success	<p><u>Quantifiable measures of success proposed?</u></p> <p>Similar to section 1.3, the completion of the maintenance programme has been shown to the measure of success. Whilst this is true and sufficient for the SOBC, it would be beneficial to show how the success of the maintenance is judged e.g. no weight restrictions being applied and traffic flow over the bridges broadly similar to current levels.</p> <p>This information would typically be included in the monitoring and evaluation plan and it is recommended that it should be upon approval of the scheme.</p>		Apart from realisation of timetable for repairs, there is no quantifiable measure of success. It would be beneficial if some additional metrics were presented to quantify the success of the repairs, not just the completion of the repairs. This should be defined in the monitoring and evaluation plan. If not then needs to be updated on scheme approval
	1.5 Delivery Constraints	<p><u>Describe high level internal/external constraints.</u></p> <p>There is an admission that the complexity of and scale of some works are beyond experience of council, but adequate mitigation appears to be in place through Project Management team and initial Highways Asset Management Plan works. The level of optimism bias in the SOBC also reflects this.</p>		
	1.6 Stakeholders	<p><u>Describe the main stakeholders and their relevance to the scheme. Identify key requirements / constraints / conflicts</u></p> <p>Letters of support and engagement with local/national stakeholders deemed sufficient and evidenced. DfT support is clear and evidenced through the funding proposals. Key stakeholders include Network Rail, the Blackpool Business Leadership Group and local communities / residents, who will be able to participate and information disseminated through a Consultation and Information Strategy relating to the scheme.</p>		

Business Case	Criteria	Evidence	RAG Analysis	Recommendations
	1.7 Strategic Assessment of Alternative Options	<p>Provide evidence of consideration of alternative options</p> <p>Evidence of alternative options provided and sufficient. These include three options, a do-nothing in which bridges are allowed to continue to deteriorate. A do-minimum, in which bridges are maintained but continue to deteriorate and a do-something reflecting the proposed scheme. Evidence of the impact of each option, including the capital cost associated with each and key risks have been highlighted.</p>		
			Yellow	<p>The BCR's put forward in the Maintenance Challenge Fund appear to differ from those in the SOBC. These differences need to be detailed and understood.</p>
			Green	<p>Re-routing appears to be very fixed/static, and doesn't account for more strategic decisions as to entry points into Blackpool. I.e. assuming all demand will drive to the same point in the network knowing the closure/restrictions are in place. It is assumed there is no readily available, alternative approach to this method.</p>
			Yellow	<p>RPIX inflation is used not GDP. Should be updated for approval, however it is unlikely to significantly alter the derived VfM of each scheme.</p>

Business Case	Criteria	Evidence	RAG Analysis	Recommendations
				Terminology of Do nothing, Do minimum & Do something does not translate to BCR sheets consistently.
				Where input demand/flow has been transferred from another site, need to see explanation of applicability and subsequent processing of count data.
				<p>Within the supporting text there is a statement that the 'Do Minimum' (Do something within the BCR sheets) will start seeing HGV restrictions in 2 years. As such, this has been factored into the benefits profile. The supporting text states that the proposed £400k works will secure the bridge and its operation for the next 20 years. It appears that benefits are accruing over a 60 year period with no additional costs. I believe this should either be cut to a 20 year appraisal period where benefits stop accruing after 20 years and restrictions apply or a refresh in cost is applied in 20 years time.</p> <p>Reduced appraisal periods to be applied throughout, and in the context of the seaside location (unless specific mitigation warranting an extended appraisal period is justified). This is the key updated that needs to be applied from the VFM perspective prior to funding approval.</p>
		<p>Describe the extent to which the scheme has been assessed in terms of value for money (in line with DfT's Transport Appraisal Framework)</p> <p>Evidence provided for the ten bridge schemes individually. Value for Money is shown in each case, and for the combined package of works. Individual items with regards to the economic analysis carried out to generate the VFM case have been covered within the 'Recommendations' Column of this RAG analysis. Given that the analysis of</p>		<p>Additionally, linked to the above, it appears the costs of the scheme are offset against the cost of the Do Nothing (Do min in the sheet) rolling maintenance costs. This is providing a 'Net Cost' of the Do Something but the same isn't being done for Do Something as per my last point.</p>

Business Case	Criteria	Evidence	RAG Analysis	Recommendations
Economic Case	2.1 Value for Money	<p>to the economic analysis carried out to generate the VFM case have been covered within the 'Recommendations' column of this RAG analysis. Given that the analysis of ten separate Economic Cases could highlight items relating to one or two, or all of the schemes, it is suggested the scheme promoter cross checks the applicability of the recommendations on a scheme by scheme basis.</p> <p>The VFM calculations proves value for money with regard to the individual schemes and all ten schemes collectively. A revision to the value for money calculations has been made since the implementation of the recommendations made in this document, however the fundamental conclusion is that the scheme continues to reflect very high value for money. It is acknowledged that some additional modelling could be undertaken to help solidify the economic case, however, the approach that has been used is considered to be proportionate. Therefore, any changes would not significantly alter the value for money calculations on which the economic case has been underpinned.</p>	Red	<p>The rerouting of ALL traffic (HGV and Car) seems to be a little extreme. It would be beneficial to see logic of rerouting assumptions. Benefits being derived from this greatly inflate the BCR and as such should be updated/justified for each scheme.</p>
			Yellow	<p>Discount factor applied to MECs in sheet "Car – MECs" looking up wrong cell from 2013 onwards – causing incorrect discount rates applied over appraisal period.</p> <p>To be updated.</p>
			Yellow	<p>Discounted MEC values should be applied per year, not as an average over the appraisal period: see example sheet in WebTAG unit A5-4 "Marginal External Costs", Section B5, Page 14.</p> <p>To be updated.</p>
			Yellow	<p>Application of IP PCU factor to MEC benefits (weighted for HGVs):</p> <ul style="list-style-type: none"> • If input traffic flows are in PCUs, then these should be split out by class from the original count data, not requiring the application of a blended PCU factor from the national vehicle class/journey purpose splits. • If these are to be applied, PCU factors incorrect – use those outlined in WebTAG Unit A5-4 'Marginal External Costs', Table A7: PCU Factors by vehicle type, as below: <ul style="list-style-type: none"> • Suggest the removal of MECs for HGV traffic using this method and quantify time saving for HGV traffic only. • Include MEC benefits for light vehicles only, where full closure is required as part of the DN scenario. <p>To be updated.</p>
			Green	<p>Clarification required for the application of an "October average week day / annual average weekday" factor in cell G31. WebTAG Unit M1-2 "Data sources and Surveys", Section 3, paragraph 3.3.6 states that October is a neutral survey month, and should therefore be considered representative of average flows over the year.</p> <p>Assumed to be due to seasonality and tourist traffic in Blackpool, however more information would be useful.</p>

Business Case	Criteria	Evidence	RAG Analysis	Recommendations
				No explanation of how AM, IP and PM peak hour to peak period factors have been calculated (2.4/6/2.6).
				No explanation of why the standard annualisation period has been factored in cells B98:S98. Suggest a standard annualisation of 253 is used:
				Vehicle proportion splits in cells I74:Q83 are incorrect. These should reflect proportions outlined in the webTAG databook sheet A1.8.4
				Update reference "WebTAG unit 3.5.6" in cell B74.
				Capital cost discount factor in cell K205 calculated from old method of using RPIX. Need updating with GDP deflator (CPI) as outlined in latest WebTAG, and included in "TAG annual" sheet column D.
				Cell M203 should read "Total Costs, Undiscounted 2010 prices"
	2.2 Economic Assumptions	<p>Describe any economic assumptions made as part of appraisal work</p> <p>Linked to VfM section 2.1 comments. The economic assumptions made to underpin the economic case have been evaluated and considered to be sound. Changes have been made based on recommendations made within this document to ensure compliance with relevant guidance and therefore the resulting very high value for money output is considered to be based on a sound and proportional approach.</p>		
	2.3 Sensitivity and Risk Profile	<p>Describe how changes in economic, environmental and social factors could affect the impact of the proposed scheme BCR.</p> <p>Benefits of schemes realised through transport usership on existing traffic levels. Providing VfM case is sound, then relative risk and sensitivity to benefits is not seen to be of great impact. Level of traffic growth in the forecasts to be understood. However, majority of benefits occur to existing traffic; therefore there is limited risk to the value for money case based on future sensitivities and risks. Additionally, although no specific development is expected to be unlocked by the scheme, an Uncertainty Log has highlight that the probability of three key development schemes being delivered improves as a result of the scheme, supporting wider regeneration and economic growth.</p>		

Business Case	Criteria	Evidence	RAG Analysis	Recommendations
	2.4 VfM Statement	<p>Provide a summary of the conclusions from value for money assessment</p> <p>Linked to VfM section 2.1 comments.</p>		Jacobs to update for LEP- based on comments from Blackpool on the above
	2.5 Prelim AST	<p>Provide a Preliminary Appraisal Summary Table (AST) showing an overview of the impacts of the scheme</p> <p>AST table completed on the basis of do something scheme implementation at 9 sites, with the exception of Harrowside Bridge, which involves a do-minimum intervention. AST outputs seems reasonable, based on the changes implemented as a result of the recommendations in this document on value for money.</p>		
Financial Case	3.1 Affordability Assessment	<p>Explain how the affordability of the scheme has been assessed</p> <p>A significant volume of background work has been undertaken to support the SOBC. A detailed feasibility study, identifying scheme options at each site has been undertaken, highlighting that costs have increased due to the rate of deterioration observed in the bridge-stock, resulting in two sources of funding now being required.</p> <p>The financial assistance for the scheme has been further supported by the securing of funding from the DfT Maintenance Challenge Fund, although the SOBC document has not been updated to reflect this funding has been secured.</p> <p>Previous endorsement from the section 151 officer has been provided for the DfT Maintenance Growth Fund application, however a separate endorsement is also provided as part of the SOBC verifying the scheme benefits and evidence base. Any cost spend over and above the TfL contribution will be the responsibility of Blackpool Council.</p>		Update to reflect MCF funding announcement.
	3.2 Financial Costs	<p>Provide details of Whole Life Costs of scheme</p> <p>Details provided in SOBC document up to 2018/2019 period.</p>		Ensure maintenance costs of Do Something reported in line with section 2.1

A682 Centenary Way Viaduct Refurbishment

Strategic Outline Business Case -
Independent Review
Lancashire County Council

April 2015

Notice

This document and its contents have been prepared and are intended solely for Lancashire County Council's information and use in relation to the Independent Review of the Strategic Outline Business Case of the A682 Centenary Way.

Atkins assumes no responsibility to any other party in respect of or arising out of or in connection with this document and/or its contents.

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Document history

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1. Introduction

1.1. Overview

Atkins has been commissioned by Lancashire County Council to undertake an independent review of their business case submissions which will be put forward to the Lancashire Enterprise Partnership (LEP) to seek and obtain funding via the Local Growth Deal.

We have created a scrutiny framework to review the business case submissions which has been developed based on the Department for Transport business case guidance. The guidance details how each case model is expected to address certain aspects of the scheme in the submission. Each case model within the business case has been assessed against those aspects and judged on how well they are addressed.

In line with the LEP's Accountability Framework, it is recognised that a proportionate approach to the development of the business cases under review has been applied in the submitted business case documents. For schemes where the total costs are less than £5m, only a strategic outline business case has been developed, however, it is acknowledged that as these schemes are still seeking funding in full, some elements of outline and full business case submissions are required.

This document presents our review of the **A682 Centenary Way Strategic Outline Business Case**.

1.2. Methodology

The developed scrutiny framework has been based on a colour coded system that provides a transparent mechanism in assessing each case. Each individual aspect of the case model is given a colour of green, amber or red depending on:

- How well it has been addressed in the submission;
- How relevant it is in relation to the scheme; and
- How well it meets the acceptability criteria set out in the DfT guidance and LEP Accountability Framework.

Table 1-1 Ranking mechanism of the scrutiny framework

Element under scrutiny	Colour/ Score	Description
Requirements fully met	1	No issues of note with the submission. Project to progress as scheduled.
Requirements substantially met	2	Minor issues exist with the submission. Project to progress and issues to be resolved.
Requirements partially met	3	Medium issues exist with the submission. Project to progress and issues to be resolved urgently.
Requirements not met	4	Critical issues exist with the submission. Project to be suspended whilst issues are resolved.

The schemes receive an overall colour and rating to show the general acceptability level of each case. The individual aspects to be assessed align with the strategic outline business case template provided by the Lancashire Enterprise Partnership under the five case models, as shown in Table 1-2.

Table 1-2 Aspects of the scrutiny framework

Case	Element	Aspects for scrutiny
Strategic Case	Strategic context	<ul style="list-style-type: none"> • Aims and objectives of the promoting organisation • What is driving the need to change at a strategic level
	Challenge or opportunity to be addressed	<ul style="list-style-type: none"> • The scope of work is clearly defined • All the current and future problems are identified • Key characteristics of the challenge to be addressed and the opportunity presented
	Strategic objectives	<ul style="list-style-type: none"> • A clear set of scheme objectives are defined • The objectives are well supported by evidence of problems and issues • Alignment with local, sub/regional and national development policy are established • The objectives are pragmatic and achievable
	Achieving success	<ul style="list-style-type: none"> • The existing arrangements cannot be better utilised without implementing fundamental changes • Experience is drawn from past project of similar nature • Scheme dependencies on any committed development and other adjacent major schemes are explored • Likely impact of “Do Nothing” scenario is presented • There is clear evidence to show the urgency of the scheme
	Delivery constraints	<ul style="list-style-type: none"> • Risks identified through the consultation process • Synergy with other relevant schemes
	Stakeholders	<ul style="list-style-type: none"> • List of stakeholders consulted or to be consulted in the course of the business case development • A clear communication strategy • Summarised outcomes of any consultation undertaken
	Strategic assessment of alternative options	<ul style="list-style-type: none"> • List of all the alternative options considered • The optioneering report is consistent with the defined scope and objectives • Option sifting process • Assessment of opportunities and constraints of the options • Detailed selection process of “Preferred”, “Next Best” and “Low Cost” option
Economic Case	Value for money	<ul style="list-style-type: none"> • Compliance with DfT WebTAG guidance
	Economic assumptions	<ul style="list-style-type: none"> • WebTAG version • Price base year of the cost • Market price • Discount rate and year • Forecast year • Opening year • Appraisal period • Traffic growth • Safety assumptions • Environmental assumptions
	Sensitivity and risk profile	<ul style="list-style-type: none"> • Cost of alternative options • Cost allocation profile • Inflation • Quantified Risk Assessment (QRA) • Optimism Bias consideration and justification • Consistency of cost with other scheme of similar size and nature • Operating cost • Maintenance cost • Renewal cost

Case	Element	Aspects for scrutiny
	Value for money statement	<ul style="list-style-type: none"> Benefit Cost Ratio (BCR) Net Present Value (NPV) VfM category
	Appraisal summary table	<ul style="list-style-type: none"> Economic assessment (TUBA) input and output information Annualisation approach Assessment of safety benefits Assessment of social benefits Assessment of environmental impact Assessment of distributional impact Cost to broad transport budget Indirect tax revenue
Financial Case	Affordability assessment	<ul style="list-style-type: none"> Assessment of affordability of all options
	Financial costs	<ul style="list-style-type: none"> Construction period Opening year Inflation Base cost Possible funding requirement Quantitative risk assessment Justification of optimism bias Adjusted scheme cost
	Financial cost allocation	<ul style="list-style-type: none"> Required funding by year Funding mechanism Available fund by different sources Alternative sources of fund
	Financial risk	<ul style="list-style-type: none"> Quantitative risk assessment Justification of optimism bias
	Financial risk management	<ul style="list-style-type: none"> Justification of funding profile by different sources
	Financial accountability	<ul style="list-style-type: none"> Funding risk allocation and ownership.
Commercial Case	Commercial case	<ul style="list-style-type: none"> Approach taken to assess commercial viability
	Procurement strategy	<ul style="list-style-type: none"> Procurement strategy Identified key stages of the procurement process Alternative procurement strategy Detail of the payment mechanism
	Identification of risk	<ul style="list-style-type: none"> Identification of risk
	Risk allocation	<ul style="list-style-type: none"> Allocation of risk
	Contract management	<ul style="list-style-type: none"> Procurement mechanism and its programme Risk allocation and transfer Promoter's procurement experience Benchmark with other procurement processes of similar schemes
Management Case	Governance	<ul style="list-style-type: none"> Project promoter is established in the document Clear management structure for the scheme delivery
	Go/No-go and decision milestones	<ul style="list-style-type: none"> Key decision points identified.
	Project programme	<ul style="list-style-type: none"> Project delivery programme, key milestones and dependencies
	Assurance and approvals plan	<ul style="list-style-type: none"> Reporting protocol and subsequent approval procedure Assurance of resource availability and allocation
	Communications and stakeholder management	<ul style="list-style-type: none"> Communication strategy between different parties History of stakeholder consultation and the outcome

Case	Element	Aspects for scrutiny
	Programme/ project reporting	<ul style="list-style-type: none"> Project delivery programme, key milestones and dependencies Reporting risks and programme delivery
	Risk management strategy	<ul style="list-style-type: none"> Reporting procedure of risks Delivery risks mitigation measures Risk ownership Benchmark of risk mitigation measures from similar past projects Any contingency measures required for risk mitigation
	Monitoring and evaluation	<ul style="list-style-type: none"> Approach to managing realisation of scheme benefit Approach to post scheme implementation evaluation Post implementation cost consideration
	Project management	<ul style="list-style-type: none"> Overall approach to project management

1.3. Structure of Report

Following this introduction, this report contains the summary of the review in Chapter 2, structured as follows:

- Scheme description;
- Strategic case review;
- Economic case review;
- Financial case review;
- Commercial case review;
- Management case review; and
- Review summary

Appendix A contains the detailed notes under each case which have formed the overall review of this scheme.

2. Scheme Review

2.1. Scheme Description

A strategic outline business case has been developed for the A682 Centenary Way Viaduct Refurbishment scheme.

The proposed scheme is a refurbishment of the existing viaduct structure, replacing bearings, coping units and the expansion joints, allowing the viaduct to be utilised by all vehicles in the future. Currently the viaduct is closed to abnormal load vehicles, and because of the viaduct deterioration, without significant works, a restriction will need to be placed on all heavy goods vehicles wishing to use the viaduct in 2016.

The viaduct forms part of the A682, which is the direct route from the M65 motorway into a number of key development sites around Burnley town centre. Restricting the use of heavy goods vehicles will lead to a number of these vehicles having to use very localised, residential routes to reach their required destinations causing localised congestion, and an increased risk of accidents on these alternative routes.

The strategic outline business case for this scheme has been developed by Lancashire County Council and was submitted for this independent review in March 2015. The scheme promoter is David Griffiths, Lancashire County Council.

2.2. Strategic Case

The strategic case presents a clear description and case for the scheme, linking into the aims and objectives of the Lancashire Strategic Economic Plan. The scope of the project is clear and neatly defined which has allowed for the clear identification of potential constraints and interested stakeholder demands.

The objectives have not been listed in a manner that is measurable, thus it will be difficult to fully understand when the objectives have been met. Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.

2.3. Economic Case

The economic appraisal has been completed and the BCR value shows that the scheme provides very high value for money.

The calculation of the benefits is sufficiently calculated despite a few inconsistencies. The basis of the cost calculation is satisfactory, however there is no allowance for maintenance costs nor renewal costs and this should be confirmed given the nature of the scheme. A quantified risk assessment has been presented.

The forecasting undertaken to calculate the journey time appears robust however these are based on North West traffic forecast growth levels that are not specified in the documentation. Atkins recommended that sensitivity tests around levels of traffic growth are included, and these revisions have been made, showing the scheme remains high value for money.

Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.

2.4. Financial Case

The scheme delivery budget is estimated to be £1.65m with £1.3m to be funded by the Lancashire Growth Deal and the remaining £0.35m (21%) local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for

the LEP to centrally hold any contingency/ optimism bias for schemes at a programme level rather than within the individual projects. Assurance is provided via the scheme promoter's Section 151 officer of the Council's ability to fund the local contribution and any subsequent cost increases.

The submission is well defined in detailing the financial risks associated with the delivery of the scheme and appropriate risk management.

The funding allocation profile has been presented appropriately with all works and costs attributed to 2015/2016.

2.5. Commercial Case

The documentation sets out a clear procurement strategy based on the existing procurement routes used within Lancashire County Council. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor. The costs have now been confirmed by the contractor.

A clear project programme has been presented as part of the submission including procurement and contract timescales.

Risk assessment, allocation and management strategies are presented. The project risks are transferred to the contractors including programme overrun.

Established approval processes are in place via the Project Board / Project Sponsor.

2.6. Management Case

The documentation provides a clear governance and organisational structure suitable for managing this project, including the technical capabilities of the bridge team. The responsibilities of the named individuals are well defined and the reporting mechanisms and lines of communication are clear including the procedures for obtaining scheme approval. As the project is imminently about to move into construction this should be progressed as a priority.

A detailed risk register presents the quantification and management of risk. The communications strategy presents an overview of procedures and outlines interested parties, however the detail regarding engagement is not provided.

A basic logic map has been developed which provides a brief overview of how the outcome of the scheme will be realised, and a simple monitoring and evaluation plan has been defined to monitor the scheme objectives. This does not clearly identify pre-implementation counts but assumes this information will be collected to allow for direct comparison of the before-after case for scheme success.

2.7. Review Summary

This review represents Atkins' independent scrutiny of the Strategic Outline Business Case (SOBC) for the A682 Centenary Way Viaduct Refurbishment scheme. The scheme, which is being promoted by Lancashire County Council, is seeking Full Approval from the Lancashire Local Enterprise Partnership (LEP) and funding via the Local Growth Deal.

The submission demonstrates that the project has been developed to the expected standard in most areas. Revisions to the business case submitted for review on 9th March 2015 were requested by Atkins. The updated SOBC submitted for review on 26th March 2015 has substantially met these requirements.

Overall it is our recommendation that Full Approval for the project be granted.

Table 2-1 **Review summary table**

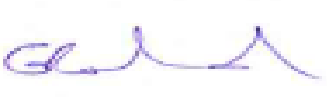
Case	Score	Summary
Strategic Case	1	Requirements fully met
Economic Case	1	Requirements fully met
Financial Case	2	Requirements substantially met
Commercial Case	1	Requirements fully met
Management Case	2	Requirements substantially met
Overall Score	2	Requirements substantially met

In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the scheme is seeking a Local Growth Fund (LGF) contribution of less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires a Strategic Outline Business Case to seek Full Approval.

Appendices

Appendix A. Assessment Scores

A.1. Summary

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment	Scheme Promoter:	Lancashire County Council
Document Reviewed:	Strategic Outline Business Case	Gateway:	Full Approval
Date of Submission:	09/03/15 (subsequent updates 26/03/15)	Date of Review:	01/04/2015
LEP Accountability Framework:	In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the scheme is seeking a Local Growth Fund (LGF) contribution of less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires a Strategic Outline Business Case to seek Full Approval.		
Scheme Description:	The Centenary Way Viaduct is located in Burnley, Lancashire and carries the A682 (Centenary Way) over various unclassified roads, car parks, private land, footways and the Leeds -Liverpool Canal. Refurbishment of the viaduct is required to remove the existing restriction on abnormal loads and to prevent the implementation of a further restriction to all HGVs.		
SUMMARY SHEET			
Overall Score:	2	1	Requirements fully met - No issues of note with the submission, project to progress as scheduled.
Overall Comments:	<p>This review represents Atkins' independent scrutiny of the Strategic Outline Business Case (SOBC) for the A682 Centenary Way Viaduct Refurbishment scheme. The scheme, which is being promoted by Lancashire County Council, is seeking Full Approval from the Lancashire Local Enterprise Partnership (LEP) and funding via the Local Growth Deal.</p> <p>The submission demonstrates that the project has been developed to the expected standard in most areas. Revisions to the business case submitted for review on 9th March 2015 were requested by Atkins. The updated SOBC submitted for review on 26th March 2015 has substantially met these requirements.</p> <p>Overall it is our recommendation that Full Approval for the project be granted.</p>	2	Requirements substantially met - Minor issues exist with the submission. Project to progress and issues to be resolved.
		3	Requirements partially met - Medium issues exist with the submission. Project to progress and issues to be resolved urgently.
		4	Requirements not met - Critical issues exist with the submission. Project to be suspended whilst issues are resolved.
Sign-Off			
Reviewer's Signature:		Date:	01/04/2015

Case	Status	Atkins Members Comments
Strategic Case	1	<p>The strategic case presents a clear description and case for the scheme, linking into the aims and objectives of the Lancashire Strategic Economic Plan. The scope of the project is clear and neatly defined which has allowed for the clear identification of potential constraints and interested stakeholder demands.</p> <p>The objectives have not been listed in a manner that is measurable, thus it will be difficult to fully understand when the objectives have been met. Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.</p>
Economic Case	1	<p>The economic appraisal has been completed and the BCR value shows that the scheme provides very high value for money.</p> <p>The calculation of the benefits is sufficiently calculated despite a few inconsistencies. The basis of the cost calculation is satisfactory, however there is no allowance for maintenance costs nor renewal costs and this should be confirmed given the nature of the scheme. A quantified risk assessment has been presented.</p> <p>The forecasting undertaken to calculate the journey time appears robust however these are based on North West traffic forecast growth levels that are not specified in the documentation. Atkins recommended that sensitivity tests around levels of traffic growth are included, and these revisions have been made, showing the scheme remains high value for money.</p> <p>Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.</p>
Financial Case	2	<p>The scheme delivery budget is estimated to be £1.65m with £1.3m to be funded by the Lancashire Growth Deal and the remaining £0.35m (21%) local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for the LEP to centrally hold any contingency/ optimism bias for schemes at a programme level rather than within the individual projects. Assurance is provided via the scheme promoter's Section 151 officer of the Council's ability to fund the local contribution and any subsequent cost increases.</p> <p>The submission is well defined in detailing the financial risks associated with the delivery of the scheme and appropriate risk management.</p> <p>The funding allocation profile has been presented appropriately with all works and costs attributed to 2015/2016.</p>
Commercial Case	1	<p>The documentation sets out a clear procurement strategy based on the existing procurement routes used within Lancashire County Council. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor. The costs have now been confirmed by the contractor.</p> <p>A clear project programme has been presented as part of the submission including procurement and contract timescales.</p> <p>Risk assessment, allocation and management strategies are presented. The project risks are transferred to the contractors including programme overrun.</p> <p>Established approval processes are in place via the Project Board / Project Sponsor.</p>
Management Case	2	<p>The documentation provides a clear governance and organisational structure suitable for managing this project, including the technical capabilities of the bridge team. The responsibilities of the named individuals are well defined and the reporting mechanisms and lines of communication are clear including the procedures for obtaining scheme approval. As the project is imminently about to move into construction this should be progressed as a priority.</p> <p>A detailed risk register presents the quantification and management of risk. The communications strategy presents an overview of procedures and outlines interested parties, however the detail regarding engagement is not provided.</p> <p>A basic logic map has been developed which provides a brief overview of how the outcome of the scheme will be realised, and a simple monitoring and evaluation plan has been defined to monitor the scheme objectives. This does not clearly identify pre-implementation counts but assumes this information will be collected to allow for direct comparison of the before-after case for scheme success.</p>

A.2. Strategic Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
STRATEGIC CASE			
Overall Score	1	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The strategic case presents a clear description and case for the scheme, linking into the aims and objectives of the Lancashire Strategic Economic Plan. The scope of the project is clear and neatly defined which has allowed for the clear identification of potential constraints and interested stakeholder demands.</p> <p>The objectives have not been listed in a manner that is measurable, thus it will be difficult to fully understand when the objectives have been met. Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
1.1 Strategic Context	Requirements Fully Met	The document provides clear scope of the planned scheme and how it will support wider economic growth, particularly for the developments in and around Burnley town centre. There is clear alignment with the Local Transport Plan priorities and the aspirations of the Lancashire Strategic Economic Plan including asset management, improved access to areas of economic growth and regeneration, and creating the right conditions for business and investor growth.
1.2 Challenge or Opportunity to be addressed	Requirements Fully Met	The document discusses clearly the urgent requirement for the scheme, relating to the HGV restriction that will be enforced should the scheme not be delivered, with the consequential impacts of doing so, relating to reduced accessibility and HGV re-routing.
1.3 Strategic Objectives	Requirements Substantially Met	The objectives presented are concise but are not presented in a quantifiable manner e.g. "improve the quality of life for residents affect by alternative routing of abnormal loads". Further consideration and detail to what constitutes scheme success would allow for simple assessment post-implementation. The objectives lack reference to the wider policy fit. However, given the scheme is related to an 'all or nothing' situation, where vehicles are either restricted or not, this could largely relate to maintaining existing levels of %HGV flows on the alternative routes.
1.4 Achieving Success	Requirements Substantially Met	The success of the scheme is related to abnormal loads returning to the viaduct from current routes through the town centre and reduction in the current monitoring costs. The success relating to assisting regeneration however lacks quantification, relating to the comments made under 1.3 - which could be further clarified.
1.5 Delivery Constraints	Requirements Fully Met	Appendix B details a full risk register for the scheme, and the key delivery constraints summarised in Section 1.5. Obtaining agreements to work beneath the bridge has been identified as a constraint, however early engagement has been undertaken as a mitigation to avoid delay. An alternative strategy for accessing the structure has also been presented relating to serving notice using the Highways Act.
1.6 Stakeholders	Requirements Fully Met	Stakeholders are clearly identified and the scheme promoters have obtained letters of support for the scheme from a range of different stakeholder groups (Appendix C). Groups causing potential conflict (land owners underneath the bridge) have been identified and initial discussions with these groups are referenced in Section 1.5.
1.7 Strategic Assessment of Alternative Options	Requirements Fully Met	Four options have been presented and all clearly defined. A strategic assessment of alternative options have been presented and a high level comparison of cost, benefit and risks presented. Rationale for selecting the proposed scheme is well defined.

A.3. Economic Case

INDEPENDENT REVIEW		ATKINS		
Project Title:	A682 Centenary Way Viaduct Refurbishment			
Gateway:	Full Approval	Date of Review:	01/04/2015	
ECONOMIC CASE				
Overall Score	1	1	Requirements fully met - No issues of note with the submission.	
Atkins Comments:	The economic appraisal has been completed and the BCR value shows that the scheme provides very high value for money.		2	Requirements substantially met - Minor issues exist with the submission.
	The calculation of the benefits is sufficiently calculated despite a few inconsistencies. The basis of the cost calculation is satisfactory, however there is no allowance for maintenance costs nor renewal costs and this should be confirmed given the nature of the scheme. A quantified risk assessment has been presented.		3	Requirements partially met - Medium issues exist with the submission.
	The forecasting undertaken to calculate the journey time appears robust however these are based on North West traffic forecast growth levels that are not specified in the documentation. Atkins recommended that sensitivity tests around levels of traffic growth are included, and these revisions have been made, showing the scheme remains high value for money.			
	Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
2.1 Value for Money	Requirements Fully Met	The methodology for calculating the value for money is fundamentally robust and includes both an economic assessment and an additional Gross Value Added calculation. The latter has not been included in the BCR. The cost calculations are visible however no costs have been included for maintenance costs. (No benefits however have been calculated from the potential reduced maintenance costs below the current figure.) Appendix D provides a clear indication of costs and benefits and the value for money case is very robust.
2.2 Economic Assumptions	Requirements Fully Met	Economic assumptions reflect WebTAG guidance for the majority of elements. Price base year and discount rates have all been accurately applied however there are some inconsistencies in the document using years 2014 and 2015 as price base. On the basis of the initial SOBC document Atkins requested that: "Further clarity as to when the restriction on all HGVs would apply is required to determine the first year of attributable benefits i.e. when the re-routing of all HGVs becomes apparent. This would allow for an accurate appraisal of the Do Minimum option. Although the VfM appraisal currently assumes that all HGVs would be banned from using the Centenary Way from 2016, no evidence is provided to confirm that this would be the case." The SOBC has been updated to confirm that: "LCC Bridges Design Team has recommended that the HGV ban is implemented immediately in order to safeguard the structure. Benefits have consequently been attributed from 2016 onwards." For economic appraisal risk adjusted scheme costs have been applied including Optimism Bias at 6%, which is deemed appropriate for a scheme at this stage of development in line with in TAG Unit A1.2.
2.3 Sensitivity and Risk Profile	Requirements Fully Met	The initial SOBC document submitted for review identified that one of "the key risks is that economic growth does not match expectations leading to a change in traffic growth in growth in delay" and that the "assessed scheme benefits are sensitive to change if the forecast increase in traffic delay is not accurate". In order to demonstrate the robustness of the appraisal Atkins requested that some sensitivity testing be undertaken. The SOBC has been updated to include two sensitivity tests, the first test considers the impact of zero traffic growth, the second test considers the added impact of zero growth in delay. Under both scenarios that BCR continues to represents a very high VfM.
2.4 Value for Money Statement	Requirements Fully Met	Based on the listed economic assumptions, the scheme provides very high value for money with benefits above £7.3m (2010 prices, discounted) at a cost of £1.5m (2010 prices, discounted). There are additional GVA benefits of £4.8m over the assessment period that have not been included in the benefit cost ratio (as per guidance) that show much greater additional wider benefits from the scheme. The analysis has been proportionate based on the type and value of scheme. There are wider additional benefits such as regeneration impacts that have not been quantified yet bolster the case for the scheme to be delivered.
2.5 Appraisal Summary Table	Requirements Fully Met	A thorough appraisal summary table has been presented. There are a few contradictions in relation to the price base year - sometimes 2014, others 2015. All quantifiable benefits have been accurately calculated and presented. Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.

A.4. Financial Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
FINANCIAL CASE			
Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:		2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.
<p>The scheme delivery budget is estimated to be £1.65m with £1.3m to be funded by the Lancashire Growth Deal and the remaining £0.35m (21%) local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for the LEP to centrally hold any contingency/ optimism bias for schemes at a programme level rather than within the individual projects. Assurance is provided via the scheme promoter's Section 151 officer of the Council's ability to fund the local contribution and any subsequent cost increases.</p> <p>The submission is well defined in detailing the financial risks associated with the delivery of the scheme and appropriate risk management.</p> <p>The funding allocation profile has been presented appropriately with all works and costs attributed to 2015/2016.</p>			

Item	Status	Comments
3.1 Affordability Assessment	Requirements Substantially Met	<p>The total funding cover for the scheme set out in the growth deal was £3.2m, with £2.8m to be funded by the Lancashire Growth Deal and the remaining £0.4m (12.5%) local contribution from Lancashire County Council. The scheme delivery budget is now estimated to be £1.65m. Based on the submission of tenders a works cost of £1.45m has been agreed with a contractor, including a contingency budget of £63k within the tender price. Design and Supervision costs not funded from the LEP have been estimated at £200k for the scheme and represents part of the £350k local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for the LEP to centrally hold any contingency/ optimism bias for all schemes at a programme level rather than within the individual projects.</p> <p>Further to initial comments by Atkins it was highlighted that the accountability framework requires that "the scheme promoter's Section 151 officer must underwrite the promoter's ability to fund the local contribution and any subsequent cost increases". A letter from the LCC Section 151 officer confirming such have now been received.</p> <p>On initial review of the SOBC document Atkins noted that LEP's Accountability framework states that "the Lancashire Enterprise Partnership will consider funding exceptional structural maintenance schemes including bridges, tunnels, retaining walls and culverts with a minimum cost threshold of £2m." The SOBC been updated to acknowledge that: "the Centenary Viaduct Refurbishment scheme costs are now less than this minimum cost threshold. However, Dave Colbert (LCC) has confirmed that Centenary Way was one of the original Local Transport Body schemes which was prioritised before the transition to the Local Growth Fund process. Consequently, the £2m minimum cost threshold is not applicable to this scheme."</p>
3.2 Financial Costs	Requirements Fully Met	No comments.
3.3 Financial Cost Allocation	Requirements Fully Met	The scheme is planned to be delivered in full in 2015/2016 therefore the costs are allocated entirely to this period. The document shows how the costs are allocated between the Local Growth Fund and Lancashire County Council.
3.4 Financial Risk	Requirements Fully Met	<p>A detailed quantified risk assessment has been provided in Appendix B, with a calculated P50 value of £71.5k along P_{Min} (£20.8k) and P_{Max} (£133k) values.</p> <p>The key financial risks identified are:</p> <ul style="list-style-type: none"> • Unavailability of bearings. • Impact of national/international incident.
3.5 Financial Risk Management	Requirements Fully Met	Risk owners have been identified as part of the detailed risk register. The register clearly identifies mitigations to ensure these risks are not realised.
3.6 Financial Accountability	Requirements Fully Met	The financial accountability is clearly stated as being led by Lancashire County Council, and costs will be monitored by the Council's Bridges Design Team.

A.5. Commercial Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
COMMERCIAL CASE			
Overall Score	1	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:		2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.
<p>The documentation sets out a clear procurement strategy based on the existing procurement routes used within Lancashire County Council. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor. The costs have now been confirmed by the contractor.</p> <p>A clear project programme has been presented as part of the submission including procurement and contract timescales.</p> <p>Risk assessment, allocation and management strategies are presented. The project risks are transferred to the contractors including programme overrun.</p> <p>Established approval processes are in place via the Project Board / Project Sponsor.</p>			

Item	Status	Comments
4.1 Commercial Viability	Requirements Fully Met	No comments.
4.2 Procurement Strategy	Requirements Fully Met	The procurement strategy has been defined with appropriate selection stages. The chosen form of contract is NEC3 Option A (Priced Contract with Activity Schedule). The costs have been confirmed with the contractor. The rationale for selecting NEC3 Option A over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor.
4.3 Identification of Risk	Requirements Fully Met	Risks have been clearly identified and quantified as part of the quantified risk assessment presented in Appendix B. Costs have been provided by the contractor which minimises the level of risk.
4.4 Risk Allocation	Requirements Fully Met	Risks have been allocated in the risk register presented in Appendix B. The use of NEC Option A contract transfers risk to the contractor and the risk of programme overrun is passed to the contractor on the basis of a target date of completion contract.
4.5 Contract Management	Requirements Fully Met	On the basis of the initial SOBC document Atkins requested that: <i>"Further clarity on the contract length and the implications of contract delay (and how this will be mitigated/managed) would be beneficial."</i> The SOBC has been updated with reference to <i>"the contract is expected to run from Tender Award (w/e 20th April 15) to the conclusion of works (w/e 14th December 15). As soon as the contractors have been appointed (following funding approval) the contract duration will be confirmed."</i> Furthermore <i>"The proposed Contractor has given no indication that the contract length specified in the Contract is a risk. Delay of completion is also mitigated through the inclusion within the Contract of secondary option clause X7 – Delay Damages."</i> The document makes reference to cost overruns being the responsibility of the Capital Bridge Design Team Budget however given the contractors have supplied costs it is assumed that such statement is obsolete. Lancashire County Council will take responsibility for the approval processes. Established approval processes are in place via the Project Board / Project Sponsor.

A.6. Management Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
MANAGEMENT CASE			
Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The documentation provides a clear governance and organisational structure suitable for managing this project, including the technical capabilities of the bridge team. The responsibilities of the named individuals are well defined and the reporting mechanisms and lines of communication are clear including the procedures for obtaining scheme approval. As the project is imminently about to move into construction this should be progressed as a priority.</p> <p>A detailed risk register presents the quantification and management of risk. The communications strategy presents an overview of procedures and outlines interested parties, however the detail regarding engagement is not provided.</p> <p>A basic logic map has been developed which provides a brief overview of how the outcome of the scheme will be realised, and a simple monitoring and evaluation plan has been defined to monitor the scheme objectives. This does not clearly identify pre-implementation counts but assumes this information will be collected to allow for direct comparison of the before-after case for scheme success.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
5.1 Governance	Requirements Fully Met	The governance and assurance arrangements for the project are well defined with the management of the project is split up into three tiers consisting of the Growth Deal Programme Management, the Project Board and the Project Delivery Team. The structure is based on established and operating governance arrangements for schemes currently being delivered by LCC.
5.2 Go/No-Go and Decision Milestones	Requirements Fully Met	The key go/ no-go decision milestone is related to this independent scrutiny, and the submission for full approval for funding.
5.3 Project Programme	Requirements Fully Met	A detailed project programme developed in Microsoft Project has been provided in Appendix E which highlights the interdependencies and all aspects of project delivery including approvals and scheme construction. On the basis of the initial SOBC document Atkins requested that: "identify project dependencies and/or potential links to other programmes (e.g. the growth corridor packages)." The updated SOBC confirms that the Centenary Way Viaduct Refurbishment scheme is not dependent on any other schemes, however, it is complementary to the Burnely-Pendle Growth Corridor project.
5.4 Assurance and Approvals Plan	Requirements Fully Met	The document references the alignment with the Lancashire Enterprise Partnership's Assurance Framework, and this independent review of the business case forms a part of the assurance process.
5.5 Communications and Stakeholder Management	Requirements Partially Met	The document makes reference to the need for a communications strategy to be developed. As the project is imminently about to move into construction this should be progressed as a priority. The document does however set out the broad themes and stakeholder required of the communications plan. There is reference to quarterly progress reports on the Council website, and briefing reports for local members. These have not been viewed.
5.6 Programme/ Project Reporting	Requirements Substantially Met	Clear programme and project reporting process are in place for the scheme. The Project Managers will report to the Project Board at quarterly meeting. During these meetings, key risks, programme management and the financial position of the project will be discussed. The Project Executive will be supported by the Project Manager at these meetings as appropriate. Any corrective actions or decisions will be agreed by the Project Board and cascaded to the Project Team via the Project Manager. No reports or documentation of project board meetings are evident.
5.7 Risk Management Strategy	Requirements Fully Met	A risk register allocating responsibility of risks has been provided in Appendix B. The risks relating to the delivery of the Lancashire Enterprise Partnership's investment programme will be managed according to the overall monitoring responsibilities set out in the Assurance Framework.
5.8 Monitoring and Evaluation	Requirements Substantially Met	On the basis of the initial SOBC document identified that: "a requirement of the LEP Accountability Framework is that each scheme will have an evaluation plan produced prior to Full Approval." Since the SOBC is for full approval funding (for individual schemes requiring a Local Growth Fund contribution of less than £5m) a monitoring and evaluation plan setting out information with regards to programme/timings of monitoring activities should be provided. The updated SOBC includes a brief logic map (Appendix H) to identify how the scheme monitoring aligns with the strategic objectives. Appendix G shows the locations of traffic count sites that will be annually monitored and reviewed for assessment purposes. Pre-implementation counts are not referenced, and these must be accounted for to allow for direct before-after implementation comparison. No indicative costs have been provided nor allocated for the cost of post-implementation monitoring.
5.9 Project Management	Requirements Fully Met	The project will be managed in PRINCE 2.

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East Lancashire Strategic Cycleway Network

Strategic Outline Business Case -
Independent Review
Lancashire County Council

April 2015

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1. Introduction

1.1. Overview

Atkins has been commissioned by Lancashire County Council to undertake an independent review of their business case submissions which will be put forward to the Lancashire Enterprise Partnership (LEP) to seek and obtain funding via the Local Growth Deal.

We have created a scrutiny framework to review the business case submissions which has been developed based on the Department for Transport business case guidance. The guidance details how each case model is expected to address certain aspects of the scheme in the submission. Each case model within the business case has been assessed against those aspects and judged on how well they are addressed.

In line with the LEP's Accountability Framework, it is recognised that a proportionate approach to the development of the business cases under review has been applied in the submitted business case documents. For schemes where the total costs are less than £5m, only a strategic outline business case has been developed, however, it is acknowledged that as these schemes are still seeking funding in full, some elements of outline and full business case submissions are required.

This document presents our review of the **East Lancashire Strategic Cycleway Network Strategic Outline Business Case**.

1.2. Methodology

The developed scrutiny framework has been based on a colour coded system that provides a transparent mechanism in assessing each case. Each individual aspect of the case model is given a colour of green, amber or red depending on:

- How well it has been addressed in the submission;
- How relevant it is in relation to the scheme; and
- How well it meets the acceptability criteria set out in the DfT guidance and LEP Accountability Framework.

Table 1-1 Ranking mechanism of the scrutiny framework

Element under scrutiny	Colour/ Score	Description
Requirements fully met	1	No issues of note with the submission. Project to progress as scheduled.
Requirements substantially met	2	Minor issues exist with the submission. Project to progress and issues to be resolved.
Requirements partially met	3	Medium issues exist with the submission. Project to progress and issues to be resolved urgently.
Requirements not met	4	Critical issues exist with the submission. Project to be suspended whilst issues are resolved.

The schemes receive an overall colour and rating to show the general acceptability level of each case. The individual aspects to be assessed align with the strategic outline business case template provided by the Lancashire Enterprise Partnership under the five case models, as shown in Table 1-2.

Table 1-2 Aspects of the scrutiny framework

Case	Element	Aspects for scrutiny
Strategic Case	Strategic context	<ul style="list-style-type: none"> • Aims and objectives of the promoting organisation • What is driving the need to change at a strategic level
	Challenge or opportunity to be addressed	<ul style="list-style-type: none"> • The scope of work is clearly defined • All the current and future problems are identified • Key characteristics of the challenge to be addressed and the opportunity presented
	Strategic objectives	<ul style="list-style-type: none"> • A clear set of scheme objectives are defined • The objectives are well supported by evidence of problems and issues • Alignment with local, sub/regional and national development policy are established • The objectives are pragmatic and achievable
	Achieving success	<ul style="list-style-type: none"> • The existing arrangements cannot be better utilised without implementing fundamental changes • Experience is drawn from past project of similar nature • Scheme dependencies on any committed development and other adjacent major schemes are explored • Likely impact of “Do Nothing” scenario is presented • There is clear evidence to show the urgency of the scheme
	Delivery constraints	<ul style="list-style-type: none"> • Risks identified through the consultation process • Synergy with other relevant schemes
	Stakeholders	<ul style="list-style-type: none"> • List of stakeholders consulted or to be consulted in the course of the business case development • A clear communication strategy • Summarised outcomes of any consultation undertaken
	Strategic assessment of alternative options	<ul style="list-style-type: none"> • List of all the alternative options considered • The optioneering report is consistent with the defined scope and objectives • Option sifting process • Assessment of opportunities and constraints of the options • Detailed selection process of “Preferred”, “Next Best” and “Low Cost” option
Economic Case	Value for money	<ul style="list-style-type: none"> • Compliance with DfT WebTAG guidance
	Economic assumptions	<ul style="list-style-type: none"> • WebTAG version • Price base year of the cost • Market price • Discount rate and year • Forecast year • Opening year • Appraisal period • Traffic growth • Safety assumptions • Environmental assumptions
	Sensitivity and risk profile	<ul style="list-style-type: none"> • Cost of alternative options • Cost allocation profile • Inflation • Quantified Risk Assessment (QRA) • Optimism Bias consideration and justification • Consistency of cost with other scheme of similar size and nature • Operating cost • Maintenance cost • Renewal cost

Case	Element	Aspects for scrutiny
	Value for money statement	<ul style="list-style-type: none"> Benefit Cost Ratio (BCR) Net Present Value (NPV) VfM category
	Appraisal summary table	<ul style="list-style-type: none"> Economic assessment (TUBA) input and output information Annualisation approach Assessment of safety benefits Assessment of social benefits Assessment of environmental impact Assessment of distributional impact Cost to broad transport budget Indirect tax revenue
Financial Case	Affordability assessment	<ul style="list-style-type: none"> Assessment of affordability of all options
	Financial costs	<ul style="list-style-type: none"> Construction period Opening year Inflation Base cost Possible funding requirement Quantitative risk assessment Justification of optimism bias Adjusted scheme cost
	Financial cost allocation	<ul style="list-style-type: none"> Required funding by year Funding mechanism Available fund by different sources Alternative sources of fund
	Financial risk	<ul style="list-style-type: none"> Quantitative risk assessment Justification of optimism bias
	Financial risk management	<ul style="list-style-type: none"> Justification of funding profile by different sources
	Financial accountability	<ul style="list-style-type: none"> Funding risk allocation and ownership.
Commercial Case	Commercial case	<ul style="list-style-type: none"> Approach taken to assess commercial viability
	Procurement strategy	<ul style="list-style-type: none"> Procurement strategy Identified key stages of the procurement process Alternative procurement strategy Detail of the payment mechanism
	Identification of risk	<ul style="list-style-type: none"> Identification of risk
	Risk allocation	<ul style="list-style-type: none"> Allocation of risk
	Contract management	<ul style="list-style-type: none"> Procurement mechanism and its programme Risk allocation and transfer Promoter's procurement experience Benchmark with other procurement processes of similar schemes
Management Case	Governance	<ul style="list-style-type: none"> Project promoter is established in the document Clear management structure for the scheme delivery
	Go/No-go and decision milestones	<ul style="list-style-type: none"> Key decision points identified.
	Project programme	<ul style="list-style-type: none"> Project delivery programme, key milestones and dependencies
	Assurance and approvals plan	<ul style="list-style-type: none"> Reporting protocol and subsequent approval procedure Assurance of resource availability and allocation
	Communications and stakeholder management	<ul style="list-style-type: none"> Communication strategy between different parties History of stakeholder consultation and the outcome

Case	Element	Aspects for scrutiny
	Programme/ project reporting	<ul style="list-style-type: none"> Project delivery programme, key milestones and dependencies Reporting risks and programme delivery
	Risk management strategy	<ul style="list-style-type: none"> Reporting procedure of risks Delivery risks mitigation measures Risk ownership Benchmark of risk mitigation measures from similar past projects Any contingency measures required for risk mitigation
	Monitoring and evaluation	<ul style="list-style-type: none"> Approach to managing realisation of scheme benefit Approach to post scheme implementation evaluation Post implementation cost consideration
	Project management	<ul style="list-style-type: none"> Overall approach to project management

1.3. Structure of Report

Following this introduction, this report contains the summary of the review in Chapter 2, structured as follows:

- Scheme description;
- Strategic case review;
- Economic case review;
- Financial case review;
- Commercial case review;
- Management case review; and
- Review summary

Appendix A contains the detailed notes under each case which have formed the overall review of this scheme.

2. Scheme Review

2.1. Scheme Description

The East Lancashire Strategic Cycleway Network project proposes the creation of four new key cycling routes across East Lancashire. The routes are:

- 1) The Valley of Stone (Rossendale);
- 2) The National Cycle Route 6 (Rossendale and Hyndburn);
- 3) The Weavers Wheel (Blackburn with Darwen); and
- 4) The Huncoat Greenway (Hyndburn).

The projects in Rossendale and Hyndburn focus on turning disused railway lines into high quality cycleways upon which future networks can be built. The Weavers Wheel circles the town of Blackburn through the introduction of a new route.

In addition to their value as potential commuting routes, the new cycleways will also act as multiuser greenways providing great additional value both for leisure, health and tourism, and are focused on connecting the missing gaps in present networks, to maximise connectivity and delivery high-quality, end-to-end cycle networks.

The scheme is being promoted by Lancashire County Council and a strategic outline business case has been reviewed, the document is seeking full approval permission.

The document was submitted for independent review on 13th March 2015.

2.2. Strategic Case

The strategic case presented is robust, providing a clear requirement for the scheme with strong opportunities to be gained from delivery. Whilst there are strong links to both national and local policy, further supporting evidence is required to address localised challenges relating to health and access to employment.

Planning permissions and any compulsory purchase orders should be sought where required at the earliest opportunity, as this may impact on the scope of the scheme, but recognising that the scheme is to be delivered over a 4-year programme.

Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.

2.3. Economic Case

Based on the listed economic assumptions, the scheme provides high VfM. There are additional GVA benefits of at least £7.8m over the assessment period that have not been included in the benefit cost ratio (as per guidance) that show additional wider benefits from the scheme.

In the absence of fully quantified and funded future maintenance costs, a 30-year appraisal period is deemed to be appropriate for new off-highway infrastructure and the SOBC needs to be updated accordingly. Using local derived data, several sensitivity tests have been undertaken on the future levels of growth from the scheme, namely 15%, 30% and 60% (60% and 120% for Weaver's Wheel).

Initial indications are that based on the latest information supplied by Jacobs that the BCR for the combined package remains high VfM.

The accountability framework requires that “scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate.” A declaration letter from the Senior Responsible Owner (Mike Kirby) has now been received confirming this to be the case.

2.4. Financial Case

The total funding cover for the scheme is £5.85m, with a majority (56%) local contribution from Lancashire County Council and Blackburn with Darwen Borough Council with the remaining £2.6m to be funded by the Lancashire Growth Deal. From a Growth Deal perspective such a high level of local contribution represents good value for money. Assurance is provided via the scheme promoters' Section 151 officers of their ability to fund the local contribution and any subsequent cost increases.

However, no independent cost verification or quantified risk assessment has been undertaken. A 15% risk allowance is assumed to cover uncertainties regarding construction and land acquisition costs. No rationale is given for the level of financial risk / contingency allocated and how this will be managed. Despite a four-year delivery programme no allowance is made for inflation. It is noteworthy that the economic appraisal assumes a 44% uplift for optimism bias over and above the 15% risk allowance, (to reflect the well-established and continuing systematic bias for estimated scheme costs and delivery times to be too low and too short, respectively).

Reliance is therefore placed on any budget overspends being accommodated by the LCC & BwDC Local Transport Plan.

2.5. Commercial Case

Both Lancashire County Council and Blackburn with Darwen Borough Council have a track record of delivering similar projects. The procurement strategy is based on existing framework contracts and will in the main be delivered by LCC's in-house operational services and BwDBC's Highways Asset Management Integrated Service (HAMIS). The SOBC identifies that the costs for both will be based on the Framework schedule of rates which have been market tested for value for money. Some form of evidence to this effect should be provided. Works in areas remote from the adopted highway may be procured via a competitive tendering process.

The main commercial risks for the scheme will remain with the promoting authorities. Although a risk register has been prepared, risks have not been quantified. Apart from some fairly generic risks it is not fully evident where the main commercial risks lie. The Project Board should ensure that a quantified risk assessment is completed as a priority.

A 4-year delivery programme does, however, enable lower risk sections of the scheme to be delivered early while further scheme development/ land acquisition takes place on other sections.

Responsibilities with regard to risk are well defined both through the risk register and governance structure. Overall, there is a good case that the scheme is commercially viable.

2.6. Management Case

The submission gives a good account of its governance and assurance requirements. The roles and responsibilities set out are clear, and the project programme is well defined.

A detailed monitoring and evaluation plan has been developed to accurately report the success of the scheme. Whilst the plan is comprehensive there does not appear to be any prioritisation of benefits in terms of the most significant impact.

2.7. Review Summary

This review represents Atkins' independent scrutiny of the Strategic Outline Business Case (SOBC) for the East Lancashire Strategic Cycleway Network scheme. The scheme, which is being promoted by Lancashire County Council, is seeking Full Approval from the Lancashire Local Enterprise Partnership (LEP) and funding via the Local Growth Deal.

The submission demonstrates that the project has been developed to the expected standard in most areas, and overall it is our recommendation that Full Approval for the project be granted subject to the following actions being addressed in a timely manner:

- provide further supporting evidence to address localised challenges relating to health and access to employment;
- progress all planning permissions and any compulsory purchase orders at the earliest opportunity, as this may impact on the scope of the scheme, but recognising that the scheme is to be delivered over a 4-year programme;
- fully appraise the scheme based on a 30-year appraisal period which is appropriate for new off-highway cycle infrastructure, in the absence of fully quantified and funded maintenance costs which may otherwise justify a 60-year appraisal period; and
- ensure that a quantified risk assessment is carried out as a priority to establish the extent of the commercial risks associated with the scheme, who these should be allocated to, and enable appropriate mitigation to be put in place. A 15% risk allowance to cover uncertainties regarding construction (some scheme elements are well developed others less so), land acquisition costs and inflation may not be sufficient within a £5.85m total funding cover.

Table 2-1 Review summary table

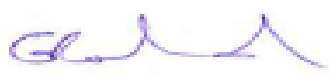
Case	Score	Summary
Strategic Case	2	Requirements substantially met
Economic Case	2	Requirements substantially met
Financial Case	3	Requirements partially met
Commercial Case	2	Requirements substantially met
Management Case	1	Requirements fully met
Overall Score	2	Requirements substantially met

In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the scheme is seeking a Local Growth Fund (LGF) contribution of less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires a Strategic Outline Business Case to seek Full Approval.

Appendices

Appendix A. Assessment Scores

A.1. Summary

INDEPENDENT REVIEW		ATKINS	
Project Title:	East Lancashire Strategic Cycleway Network	Scheme Promoter:	Lancashire County Council
Document Reviewed:	Strategic Outline Business Case	Permission Sought:	Full Approval
Date of Submission:	13/03/2015	Date of Review:	01/04/2015
LEP Accountability Framework:	In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the scheme is seeking a Local Growth Fund (LGF) contribution of less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires a Strategic Outline Business Case to seek Full Approval.		
Scheme Description:	The East Lancashire Strategic Cycleway Network project proposes the creation of 4 new key cycling routes across East Lancashire. The routes are: 1. The Valley of Stone (Rossendale) 2. The National Cycle Route 6 (Rossendale and Hyndburn), 3. The Weavers Wheel (Blackburn with Darwen); and 4. The Huncoat Greenway (Hyndburn).		
SUMMARY SHEET			
Overall Score:	2	1	Requirements fully met - No issues of note with the submission, project to progress as scheduled.
Overall Comments:	<p>This review represents Atkins' independent scrutiny of the Strategic Outline Business Case (SOBC) for the East Lancashire Strategic Cycleway Network scheme. The scheme, which is being promoted by Lancashire County Council, is seeking Full Approval from the Lancashire Local Enterprise Partnership (LEP) and funding via the Local Growth Deal.</p> <p>The submission demonstrates that the project has been developed to the expected standard in most areas, and overall it is our recommendation that Full Approval for the project be granted subject to the following actions being addressed in a timely manner:</p> <ul style="list-style-type: none"> • provide further supporting evidence to address localised challenges relating to health and access to employment; • progress all planning permissions and any compulsory purchase orders at the earliest opportunity, as this may impact on the scope of the scheme, but recognising that the scheme is to be delivered over a 4-year programme; • fully appraise the scheme based on a 30-year appraisal period which is appropriate for new off-highway cycle infrastructure, in the absence of fully quantified and funded maintenance costs which may otherwise justify a 60-year appraisal period; and • ensure that a quantified risk assessment is carried out as a priority to establish the extent of the commercial risks associated with the scheme, who these should be allocated to, and enable appropriate mitigation to be put in place. A 15% risk allowance to cover uncertainties regarding construction (some scheme elements are well developed others less so), land acquisition costs and inflation may not be sufficient within a £5.85m total funding cover. 	2	Requirements substantially met - Minor issues exist with the submission. Project to progress and issues to be resolved.
		3	Requirements partially met - Medium issues exist with the submission. Project to progress and issues to be resolved urgently.
		4	Requirements not met - Critical issues exist with the submission. Project to be suspended whilst issues are resolved.
Sign-Off			
Reviewer's Signature:		Date:	01/04/2015

Case	Status	Atkins Comments
Strategic Case	2	<p>The strategic case presented is robust, providing a clear requirement for the scheme with strong opportunities to be gained from delivery. Whilst there are strong links to both national and local policy, further supporting evidence is required to address localised challenges relating to health and access to employment.</p> <p>Planning permissions and any compulsory purchase orders should be sought where required at the earliest opportunity, as this may impact on the scope of the scheme, but recognising that the scheme is to be delivered over a 4-year programme.</p> <p>Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.</p>
Economic Case	2	<p>Based on the listed economic assumptions, the scheme provides high VfM. There are additional GVA benefits of at least £7.8m over the assessment period that have not been included in the benefit cost ratio (as per guidance) that show additional wider benefits from the scheme.</p> <p>In the absence of fully quantified and funded future maintenance costs, a 30-year appraisal period is deemed to be appropriate for new off-highway infrastructure and the SOBC needs to be updated accordingly. Using local derived data, several sensitivity tests have been undertaken on the future levels of growth from the scheme, namely 15%, 30% and 60% (60% and 120% for Weaver's Wheel).</p> <p>Initial indications are that based on the latest information supplied by Jacobs that the BCR for the combined package remains high VfM.</p> <p>The accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." A declaration letter from the Senior Responsible Owner (Mike Kirby) has now been received confirming this to be the case.</p>
Financial Case	3	<p>The total funding cover for the scheme is £5.85m, with a majority (56%) local contribution from Lancashire County Council and Blackburn with Darwen Borough Council with the remaining £2.6m to be funded by the Lancashire Growth Deal. From a Growth Deal perspective such a high level of local contribution represents good value for money. Assurance is provided via the scheme promoters' Section 151 officers of their ability to fund the local contribution and any subsequent cost increases.</p> <p>However, no independent cost verification or quantified risk assessment has been undertaken. A 15% risk allowance is assumed to cover uncertainties regarding construction and land acquisition costs. No rationale is given for the level of financial risk / contingency allocated and how this will be managed. Despite a four-year delivery programme no allowance is made for inflation. It is noteworthy that the economic appraisal assumes a 44% uplift for optimism bias over and above the 15% risk allowance, (to reflect the well established and continuing systematic bias for estimated scheme costs and delivery times to be too low and too short, respectively).</p> <p>Reliance is therefore placed on any budget overspends being accommodated by the LCC & BwDC Local Transport Plan.</p>
Commercial Case	2	<p>Both Lancashire County Council and Blackburn with Darwen Borough Council have a track record of delivering similar projects. The procurement strategy is based on existing framework contracts and will in the main be delivered by LCC's in-house operational services and BwDBC's Highways Asset Management Integrated Service (HAMIS). The SOBC identifies that the costs for both will be based on the Framework schedule of rates which have been market tested for value for money. Some form of evidence to this effect should be provided. Works in areas remote from the adopted highway may be procured via a competitive tendering process.</p> <p>The main commercial risks for the scheme will remain with the promoting authorities. Although a risk register has been prepared, risks have not been quantified. Apart from some fairly generic risks it is not fully evident where the main commercial risks lie. The Project Board should ensure that a quantified risk assessment is completed as a priority.</p> <p>A 4-year delivery programme does, however, enable lower risk sections of the scheme to be delivered early while further scheme development/land acquisition takes place on other sections.</p> <p>Responsibilities with regard to risk are well defined both through the risk register and governance structure. Overall, there is a good case that the scheme is commercially viable.</p>
Management Case	1	<p>The submission gives a good account of its governance and assurance requirements. The roles and responsibilities set out are clear, and the project programme is well defined.</p> <p>A detailed monitoring and evaluation plan has been developed to accurately report the success of the scheme. Whilst the plan is comprehensive there does not appear to be any prioritisation of benefits in terms of the most significant impact.</p>

A.2. Strategic Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	East Lancashire Strategic Cycleway Network		
Permission Sought:	Full Approval	Date of Review:	01/04/2015
STRATEGIC CASE			
Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The strategic case presented is robust, providing a clear requirement for the scheme with strong opportunities to be gained from delivery. Whilst there are strong links to both national and local policy, further supporting evidence is required to address localised challenges relating to health and access to employment.</p> <p>Planning permissions and any compulsory purchase orders should be sought where required at the earliest opportunity, as this may impact on the scope of the scheme, but recognising that the scheme is to be delivered over a 4-year programme.</p> <p>Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
1.1 Strategic Context	Requirements Fully Met	<p>The document provides a comprehensive assessment of the planned scheme and the links into wider programmes including the Connecting East Lancashire Programme and connectivity to the National Cycle Network. There is comprehensive reference to how the scheme aligns with national policy including the DfT Cycling Delivery Plan; "Healthy Lives, Healthy People" (tackling obesity) and localised policy including the Lancashire Strategic Economic Plan, Lancashire Local Transport Plan, Blackburn with Darwen Local Transport Plan and the East Lancashire Highways and Transport Masterplan.</p> <p>The document clearly presents how the scheme will provide opportunities for accessing employment and education, improve the health of local residents and contribute to the visitor economy.</p>
1.2 Challenge or Opportunity to be addressed	Requirements Partially Met	<p>The document discusses the opportunities for the scheme, presenting some evidence of poor life expectancy, low physical activity, and low levels of walking and cycling commuting, and how the scheme will address these issues. The challenges have also been considered including safety risk, perception and outlay costs for cycling and ways to mitigate these have been considered.</p> <p>Further to initial comments raised by Atkins, and bearing in mind that health-related benefits are the biggest driver of the VfM assessment, LCC is to update the SOBC setting out the health profiles for each district (Blackburn, Hyndburn & Rossendale) depicting the levels of physical activity and obesity for the area compared to regional and national averages.</p> <p>The logic map (Appendix O) helpfully identifies that: "Restricted access to employment opportunities given low car ownership and limited public transport (i.e. difficult access – shift patterns etc)". Evidence to support this supposition is currently absent from the SOBC.</p>
1.3 Strategic Objectives	Requirements Substantially Met	The document presents a number of objectives that are relevant to the scheme. In some cases the objectives presented are not in a measurable manner e.g. "create a significant increase in cycle use in East Lancashire." It is not clear of the level of expected increase and by when, therefore the success of this objective is hard to measure. However, reference to increase of 10% per annum is presented in Section 1.4 "Achieving success". Other objectives such as reducing air quality in the AQMA could be quantified. Overall the objectives would be bolstered if written in a SMART manner.
1.4 Achieving Success	Requirements Substantially Met	Some of the objectives listed in Section 1.3 have been listed with a clear indication of what would quantify a success for the scheme. Some however lack quantification, relating to the comments made under 1.3 - notably related to levels of health and air quality improvements that would quantify a success.
1.5 Delivery Constraints	Requirements Partially Met	Appendix F details a full risk register for the scheme, and the key risks summarised in Section 1.5. Obtaining planning approval for some sections of the route has been identified as a key risk. Failure to secure the necessary planning approvals could require fundamental changes to the scheme which could impact on deliverability.
1.6 Stakeholders	Requirements Fully Met	<p>The scheme promoters have demonstrated strong support for the scheme from a range of different stakeholder groups. There is a clear understanding of who the stakeholders are, and there is a comprehensive Communications Strategy and Action Plan presented in Appendix I. Whilst the action plan sets out that between January and June 2015 there will be a need to re-engage with key audiences, no evidence is presented on the status of this communication at the time of writing (April 2015).</p> <p>There has been close engagement with local art and community groups showing a positive wider community element to the scheme delivery.</p>
1.7 Strategic Assessment of Alternative Options	Requirements Partially Met	<p>Three options and a 'Do Nothing' scheme have been presented however Option 2 is a partial implementation of Option 4, and Option 3 is implementing Option 4 over a longer period of time. Whilst there is analysis presented of the numbers of employment and housing sites, leisure centres and schools within the catchment of the proposed Option 4 (preferred option) routes in Section 1.1, the Options presented in this Table do not clearly explain how the chosen locations of schemes were decided, and if any other alignments were considered. The 'technical assessment and appraisal' section of the table does not reference evidence for how this option has assessed, and would benefits from reference to the analysis presented in Section 1.1.</p> <p>A case for a fully integrated cycle network (not 4 individual schemes as shown in Appendix A) linking the whole of Lancashire could seemingly have been considered here.</p>

A.3. Economic Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	East Lancashire Strategic Cycleway Network		
Permission Sought:	Full Approval	Date of Review:	01/04/2015
ECONOMIC CASE			
Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:		2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.
<p>Based on the listed economic assumptions, the scheme provides high VfM. There are additional GVA benefits of at least £7.8m over the assessment period that have not been included in the benefit cost ratio (as per guidance) that show additional wider benefits from the scheme.</p> <p>In the absence of fully quantified and funded future maintenance costs, a 30-year appraisal period is deemed to be appropriate for new off-highway infrastructure and the SOBC needs to be updated accordingly. Using local derived data, several sensitivity tests have been undertaken on the future levels of growth from the scheme, namely 15%, 30% and 60% (60% and 120% for Weaver's Wheel).</p> <p>Initial indications are that based on the latest information supplied by Jacobs that the BCR for the combined package remains high VfM.</p> <p>The accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." A declaration letter from the Senior Responsible Owner (Mike Kirby) has now been received confirming this to be the case.</p>			

Item	Status	Comments
2.1 Value for Money	Requirements Substantially Met	The approach to assessment is based on WebTAG Unit A5-1 'Active Mode Appraisal' is appropriate along with an additional Gross Value Added calculation which is not included in the BCR. The appraisal of the East Lancashire Strategic Cycle Network consists of four scheme elements, which are considered together as a combined package and separately. Whilst the combined package is shown to provide high VfM (BCR > 2), Huncoat Greenway on its own is shown to provide only a low VfM.
2.2 Economic Assumptions	Requirements Partially Met	Economic assumptions reflect WebTAG guidance for the majority of elements. Price base year and discount rates have all been accurately applied. As presented, the assessment is based on a 60-year assessment period, with an allowance for maintenance costs at 50% of the total capital costs, discounted to the 30 th year of the scheme. Further to initial comments raised by Atkins, and noting that WebTAG Unit A5-1 highlights the importance to carefully consider the length of the appraisal period, a 30-year appraisal period is deemed to be more appropriate for new off-highway infrastructure and the SOBC should be updated accordingly. Initial indications are that based on the latest information supplied by Jacobs that the BCR for the combined package remains high VfM. Noting that some scheme elements have progressed to detailed design an optimism bias uplift of 44% may be considered conservative.
2.3 Sensitivity and Risk Profile	Requirements Substantially Met	As referenced above, a 60-year assessment period is not deemed to be appropriate in the absence of fully quantified and funded future maintenance costs. A further critical issue with the appraisal of cycling schemes is that they can be highly sensitive to the forecasts and assumptions used. WebTAG advises that in all cases, to produce as robust an analysis as possible, that sensitivity tests are undertaken on the core assumptions made. Using local derived data, several sensitivity tests have been undertaken on the future levels of growth from the scheme, namely 15%, 30% and 60% (60% and 120% for Weaver's Wheel). A 0% decay rate is assumed in all cases, which does not seem unreasonable for new off-highway infrastructure.
2.4 Value for Money Statement	Requirements Fully Met	Based on the listed economic assumptions, the scheme provides high VfM. There are additional GVA benefits of at least £7.8m over the assessment period that have not been included in the benefit cost ratio (as per guidance) that show additional wider benefits from the scheme. The analysis has been proportionate based on the type and value of scheme. There are wider additional benefits such as regeneration impacts, and reduced severance that have not been quantified yet bolster the case for the scheme to be delivered.
2.5 Appraisal Summary Table	Requirements Fully Met	The AST is completed as required. Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." A declaration letter from the Senior Responsible Owner (Mike Kirby) has now been received confirming this to be the case. The SOBC will be updated accordingly. A distributional impact appraisal screening proforma (Appendix K) has been completed however further analysis on SDI impacts was deemed inappropriate.

A.4. Financial Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	East Lancashire Strategic Cycleway Network		
Permission Sought:	Full Approval	Date of Review:	01/04/2015
FINANCIAL CASE			
Overall Score	3	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The total funding cover for the scheme is £5.85m, with a majority (56%) local contribution from Lancashire County Council and Blackburn with Darwen Borough Council with the remaining £2.6m to be funded by the Lancashire Growth Deal. From a Growth Deal perspective such a high level of local contribution represents good value for money. Assurance is provided via the scheme promoters' Section 151 officers of their ability to fund the local contribution and any subsequent cost increases.</p> <p>However, no independent cost verification or quantified risk assessment has been undertaken. A 15% risk allowance is assumed to cover uncertainties regarding construction and land acquisition costs. No rationale is given for the level of financial risk / contingency allocated and how this will be managed. Despite a four-year delivery programme no allowance is made for inflation. It is noteworthy that the economic appraisal assumes a 44% uplift for optimism bias over and above the 15% risk allowance, (to reflect the well established and continuing systematic bias for estimated scheme costs and delivery times to be too low and too short, respectively).</p> <p>Reliance is therefore placed on any budget overspends being accommodated by the LCC & BwDC Local Transport Plan.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
3.1 Affordability Assessment	Requirements Fully Met	<p>The total funding cover for the scheme is £5.85m, with £2.6m to be funded by the Lancashire Growth Deal and the remaining £3.25m (56%) local contribution from Lancashire County Council and Blackburn with Darwen Borough Council. £3m funding will be provided by Lancashire County Council this was approved by the Cabinet Member for Highways and Transport in December 2014. £0.25m will be provided by Blackburn with Darwen Council as part of their Local Transport Plan allocation.</p> <p>The accountability framework requires that "the scheme promoter's Section 151 officer must underwrite the promoter's ability to fund the local contribution and any subsequent cost increases". Letters confirming such have now been received from both Blackburn with Darwen Borough Council and Lancashire County Council. The SOBC will be updated accordingly.</p>
3.2 Financial Costs	Requirements Substantially Met	The financial costs shown total £5.8m which is a deficit of £50k from the total funding cover. The BwBDC costs shown total £200k however a £250k contribution is stated. It is unclear in which year this £50k difference in cost is incurred.
3.3 Financial Cost Allocation	Requirements Substantially Met	As above, the cost allocation is £50k short of the total funding cover. The difference is related to the stated BwBDC contribution of £250k, with only £200k allocated in the profile.
3.4 Financial Risk	Requirements Partially Met	<p>A risk register has been provided and the three key financial risks have been identified:</p> <ul style="list-style-type: none"> • Significant variation in works cost versus current cost estimates as detailed design work has yet to be completed • Increase in costs of land agreements/acquisition as some private landowners have yet to be approached • Extraordinary material/fuel price increases <p>No independent cost verification or quantified risk assessment has been undertaken. Despite a four-year delivery programme no allowance is made for inflation. No funding shortfalls have been identified.</p> <p>Reliance is placed on any budget overspends being accommodated by the LCC & BwDC Local Transport Plan.</p>
3.5 Financial Risk Management	Requirements Partially Met	A 15% risk allowance is assumed to cover uncertainties regarding construction and land acquisition costs. No rationale is given for the level of financial risk / contingency allocated and how this will be managed. Consideration of different route options for those sections with an amber rating would seem to be concerned with deliverability (whilst very important) rather than financial risk.
3.6 Financial Accountability	Requirements Fully Met	Lancashire County Council will be responsible for the financial management of the project. A project board has been established to oversee the project and ensure diligent financial management is put in place.

A.5. Commercial Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	East Lancashire Strategic Cycleway Network		
Permission Sought:	Full Approval	Date of Review:	01/04/2015
COMMERCIAL CASE			
Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>Both Lancashire County Council and Blackburn with Darwen Borough Council have a track record of delivering similar projects. The procurement strategy is based on existing framework contracts and will in the main be delivered by LCC's in-house operational services and BwDBC's Highways Asset Management Integrated Service (HAMIS). The SOBC identifies that the costs for both will be based on the Framework schedule of rates which have been market tested for value for money. Some form of evidence to this effect should be provided. Works in areas remote from the adopted highway may be procured via a competitive tendering process.</p> <p>The main commercial risks for the scheme will remain with the promoting authorities. Although a risk register has been prepared, risks have not been quantified. Apart from some fairly generic risks it is not fully evident where the main commercial risks lie. The Project Board should ensure that a quantified risk assessment is completed as a priority.</p> <p>A 4-year delivery programme does, however, enable lower risk sections of the scheme to be delivered early while further scheme development/ land acquisition takes place on other sections.</p> <p>Responsibilities with regard to risk are well defined both through the risk register and governance structure. Overall, there is a good case that the scheme is commercially viable.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
4.1 Commercial Viability	Requirements Fully Met	There is a clear case presented for the viability of this scheme, and reference is made to existing practical experience encountered on other projects by both Lancashire County Council and Blackburn with Darwen Borough Council.
4.2 Procurement Strategy	Requirements Substantially Met	<p>The procurement strategy is based on existing framework contracts and will largely be delivered by LCC's in-house operational services and BwDBC's Highways Asset Management Integrated Service (HAMIS). The SOBC identifies that the costs for both will be based on the Framework schedule of rates which have been market tested for value for money. Some form of evidence to this effect should be provided.</p> <p>Works in areas remote from the adopted highway may be procured via a competitive tendering process in accordance with the authorities procurement rules and adhering to the OJEU thresholds published by the European Commission. Any works procured by this method will follow a pre-qualification and competitive tendering process.</p>
4.3 Identification of Risk	Requirements Partially Met	<p>The main commercial risks for the scheme will remain with the promoting authorities. Although a risk register has been prepared, risks have not been quantified. Apart from some fairly generic risks it is not fully evident where the main commercial risks lie. The Project Board should ensure that a quantified risk assessment is completed as a priority.</p> <p>A 4-year delivery programme does, however, enable lower risk sections of the scheme to be delivered early while further scheme development/ land acquisition takes place on other sections.</p> <p>It is understood that a more detailed risk register of the individual sections of work is currently being prepared which will assess the risks on each section, how they can be mitigated and who is the owner of each risk. The Project Board need to expedite this area of work.</p>
4.4 Risk Allocation	Requirements Substantially Met	<p>Subject to a full QRA risks will be allocated to either Lancashire County Council or Blackburn with Darwen Borough Council depending on location.</p> <p>Responsibilities with regard to risk are well defined both through the risk register and governance structure, where:</p> <ul style="list-style-type: none"> The Project Board has overall responsibility risk associated with the delivery of the scheme and will meet on a quarterly basis. The Project Executive is responsible for managing and overseeing the Risk Management Strategy and where appropriate agreeing and undertaking actions to mitigate key risks. The Project Manager is responsible for maintaining and updating the Risk Register and undertaking actions to mitigate the risks that do not require escalation to the Project Executive.
4.5 Contract Management	Requirements Fully Met	<p>The works will largely be undertaken in house and/or using known delivery partners (that have been in strategic partnership since 2001).</p> <p>Additional work will be appointed through NEC Option A tender.</p>

A.6. Management Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	East Lancashire Strategic Cycleway Network		
Permission Sought:	Full Approval	Date of Review:	01/04/2015
MANAGEMENT CASE			
Overall Score	1	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The submission gives a good account of its governance and assurance requirements. The roles and responsibilities set out are clear, and the project programme is well defined.</p> <p>A detailed monitoring and evaluation plan has been developed to accurately report the success of the scheme. Whilst the plan is comprehensive there does not appear to be any prioritisation of benefits in terms of the most significant impact.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
5.1 Governance	Requirements Fully Met	The governance and assurance arrangements for the project are well defined with the management of the project is split up into three tiers consisting of the Growth Deal Programme Management, the Project Board and the Project Delivery Team. The structure is based on established and operating governance arrangements for schemes currently being delivered by LCC.
5.2 Go/No-Go and Decision Milestones	Requirements Fully Met	The key go/ no-go decision milestone is related to this independent scrutiny, and the submission for full approval for funding.
5.3 Project Programme	Requirements Fully Met	A detailed project programme developed in Microsoft Project has been provided in Appendix M which highlights the interdependencies and all aspects of project delivery including approvals and scheme construction. Only a short two week period for each of the four elements has been identified for finalising land and legal agreements.
5.4 Assurance and Approvals Plan	Requirements Fully Met	The document references the alignment with the Lancashire Enterprise Partnership's Assurance Framework, and this independent review of the business case forms a part of the assurance process.
5.5 Communications and Stakeholder Management	Requirements Fully Met	The scheme promoters have demonstrated strong support for the scheme from a range of different stakeholder groups. There is a clear understanding of who the stakeholders are, and there is a comprehensive Communications Strategy and Action Plan presented in Appendix I. Whilst the action plan sets out that between January and June 2015 there will be a need to re-engage with key audiences, no evidence is presented on the status of this communication at the time of writing (April 2015).
5.6 Programme/ Project Reporting	Requirements Substantially Met	Clear programme and project reporting processes are in place for the scheme. The Project Managers will report to the Project Board at quarterly meetings. During these meetings, key risks, programme management and the financial position of the project will be discussed. The Project Executive will be supported by the Project Manager at these meetings as appropriate. Any corrective actions or decisions will be agreed by the Project Board and cascaded to the Project Team via the Project Manager. No reports or documentation of project board meetings are evident.
5.7 Risk Management Strategy	Requirements Fully Met	A risk register allocating responsibility of risks has been provided in Appendix F. The risks relating to the delivery of the Lancashire Enterprise Partnership's investment programme will be managed according to the overall monitoring responsibilities set out in the Assurance Framework.
5.8 Monitoring and Evaluation	Requirements Substantially Met	The monitoring and evaluation plan is appropriate and proportionate to the package of works/ level of investment and links to the logic mapping which form an essential part of the evaluation process. Whilst the plan is comprehensive there does not appear to be any prioritisation of benefits in terms of the most significant impact. Indicative costs for monitoring and evaluation are provided which will be allocated from the Integrated Transport Block funding.
5.9 Project Management	Requirements Fully Met	The project will be managed in PRINCE 2.

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Transport for Lancashire Committee

13th April 2015

Lancashire Strategic Transport Prospectus and Transport for the North Update

Report Author: Dave Colbert, Specialist Advisor Transportation, Lancashire County Council

Executive Summary

This report updates the Committee with regard to progress with the Lancashire Strategic Transport Prospectus and recent developments concerning Transport for the North and the publication on 20th March 2015 of a report on the Northern Transport Strategy entitled 'The Northern Powerhouse: One Agenda, One Economy, One North'.

Recommendation

The Committee is invited to note the contents of this report.

1. Background

- 1.1 At their last meeting, the Committee considered a draft Lancashire Strategic Transport Prospectus and sample publicity leaflet setting out the highway and transport interventions necessary to enable Lancashire to fully play its part in the 'Northern Powerhouse'. The Committee agreed the prospectus subject to a number of minor modifications and recommended it be submitted to the Lancashire Enterprise Partnership Board for approval. At its meeting on 10th February 2015, the Board subsequently approved in principle the approach adopted in preparing the Strategic Transport Prospectus and the priorities set out therein and authorised Transport for Lancashire to receive and sign-off a final draft at its next meeting on 13th April 2015.
- 1.2 The prospectus built on work already undertaken in developing the five area-based highways and transport masterplans and the Lancashire Strategic Economic Plan to set out a clear proposition to facilitate engagement with the various organisations Lancashire will need to influence if it is to benefit fully from the current momentum to significantly enhance connectivity across the North. Its preparation would assist with influencing development of the government-led transport strategy for the North announced by the Chancellor of the Exchequer in October 2014, an interim report of which was due to be published in March 2015 with the full report scheduled for March 2016.
- 1.3 On 20th March 2015, the Government published its interim report The Northern Powerhouse: One Agenda, One Economy, One North – A Report on

the Northern Transport Strategy. From a Lancashire perspective, unfortunately the report contains little additional material to the One North Proposition for an Interconnected North published in July last year. The focus again is principally on the economies of the North's five city regions (Leeds, Liverpool, Manchester, Newcastle and Sheffield) and Hull and connectivity between them, set within the context of the Northern Powerhouse.

- 1.4 Work is now underway to understand the implications of the interim report for Lancashire and to update the Strategic Transport Prospectus accordingly. In view of its later than anticipated publication, it has not been possible to present an updated prospectus at this meeting; the intention is to do so for the next meeting on 5th June 2015. The update is about presentation rather than substance, in particular, a sharpening of the economic narrative at the front of the prospectus around why Lancashire as a powerful economic sub-region in its own right is essential to the Northern Powerhouse and where our relevant strengths, assets and opportunities lie. However, it is clear that for Lancashire to make headway in the Northern Powerhouse debate, strategic transport priorities will need to be genuinely transformative and focused on supporting the North's economy.
- 1.5 In addition to setting out plans for rail and the strategic road network, the interim report contains proposals around freight and logistics, including a commitment to produce a Northern multi-modal freight and logistics strategy over the next 12 months to inform future development of transport investment plans, integrated and smart travel, airports and local connectivity, with city regions identifying and developing city-level transport schemes in longer-term strategies that extend significantly beyond the 2021 horizons of Strategic economic Plans. The Government will look to support essential local connections through future Growth Deals so that the mix of towns and cities within each city region are better connected.
- 1.6 The interim report also commits to enhance the governance of Transport for the North by autumn 2015 so that it can act as a genuine representative body for the whole of the North of England. This will include appointment of an independent Chair of Transport for the North by autumn 2015 and the establishment of a Programme Office with the ability to develop strategic and investment planning, stakeholder and communications capabilities and to lead on cross-regional issues such as smart integrated multi-modal ticketing.
- 1.7 An update of the Northern Transport Strategy with clear and prioritised transport investment opportunities to support economic growth will be available in spring 2016 to inform national decision making for the next five year rail and road control periods covering the financial years 2019/20 to 2023/24. The proposed Programme Office will oversee the necessary work with a development budget of up to £12.5m to be secured for financial year 2015/16.