
Date 17th May 2018

To Transport for Lancashire (TfL)

From Jacobs

Subject Furthergate Link Road

Introduction

Jacobs have undertaken a comprehensive review of the Strategic Outline Business Case (May 2018) produced by Blackburn with Darwen Borough Council in support of the Furthergate Link Road Scheme.

The review findings should be used to inform a recommendation on whether the scheme should be granted Full Approval status at the LEP Board meeting in June 2018.

Methodology

The Strategic Outline Business Case has been reviewed and assessed against the Department for Transport's (DfT) guidance on *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) assessment has been undertaken on each of the five cases in order to:

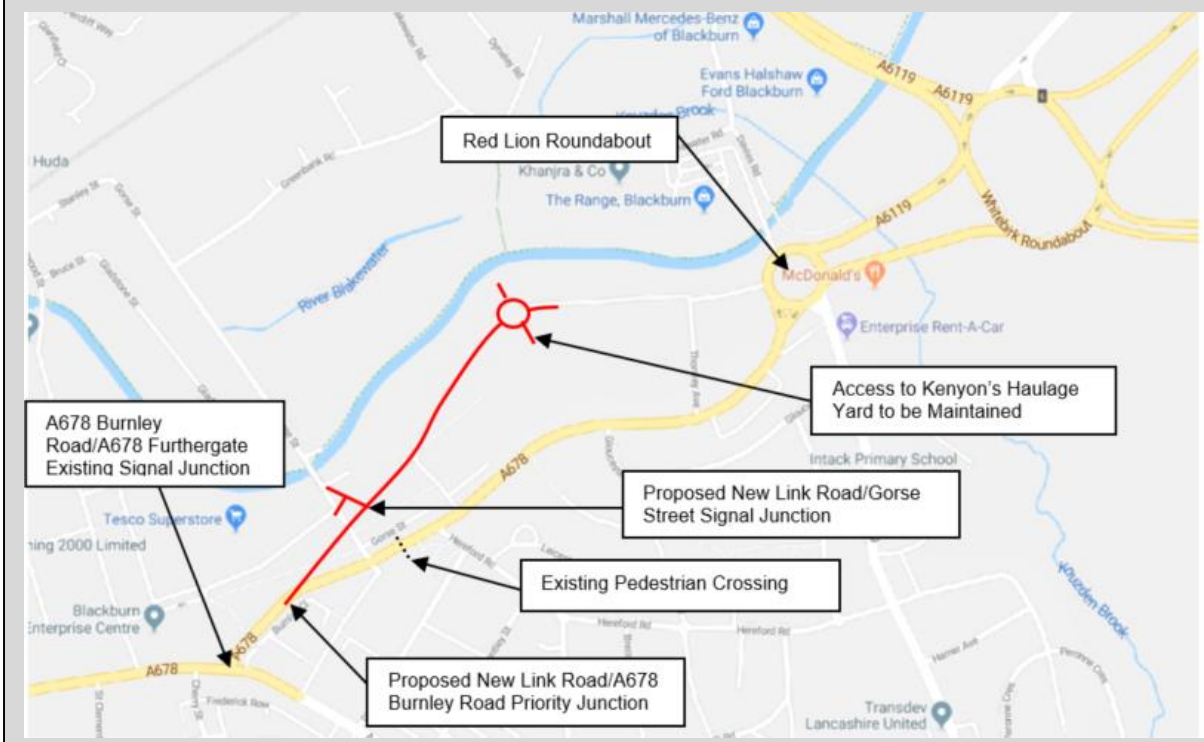
- a. Highlight any key risks associated with the successful delivery of the project in accordance with the Lancashire Enterprise Partnership's Accountability Framework.
- b. Identify any areas of the Strategic Outline Business Case where there is insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme.
- c. Ensure the scheme aligns positively with the LEP's Strategic Economic Plan.

The completed RAG assessment has been appended to this document as **Appendix A**.

As part of the review process, Jacobs have actively engaged with the scheme promoter (Blackburn with Darwen Borough Council) and their consultants (Capita) in order to seek clarification on any key issues associated with the Strategic Outline Business Case. The RAG assessment summarises the iterative process which has been adopted to update the Strategic Outline Business Case to ensure that it is compliant with the LEP's Accountability Framework and DfT best practice guidance.

Scheme Description

The Furthegate scheme involves the construction of a new link road between the Red Lion Roundabout and Gorse Street, running parallel to the A678 Burnley road (as shown in the figure below). At its North Eastern end, the new link will tie into the existing section of carriageway which currently forms a fifth arm of the Red Lion Roundabout which was constructed as part of the Pennine Reach Scheme. At its South-Western end, the proposed link road will tie into the existing A678 Burnley Road approximately 130m to the North of the A678 Furthegate signalised junction. The scheme is promoted by Blackburn with Darwen Borough Council (BwDBC). The scheme is one of three being progressed as part of the “Pennine Gateway” corridor improvements.



Assurance Timeline

- Ø 15th February 2018 – **Initial meeting** between Jacobs, Blackburn with Darwen Council and Capita
- Ø 18th April 2018 – Draft documents received
- Ø 25th April 2018 – **First full suite of documents received**
- Ø 01st May 2018 – Comments log produced and issued to Capita and Blackburn with Darwen
- Ø April/May 2018 – A period of engagement then took place between Jacobs (independent assurer), Blackburn with Darwen Council (scheme promoter) and Blackburn with Darwen’s consultants (Capita) in order to address issues

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- Ø **5th June 2018** – **TfL meeting** at which the scheme is seeking a funding recommendation
- Ø **26th June 2018** – **LEP board meeting** where the scheme will seek approval for a written decision

Key Points

Scheme Cost - The total investment cost is **£3.96m**, including £0.78m risk. Growth Deal funding of £3.44m is requested from the LEP to contribute towards the scheme.

Funding – BwDBC have stated they will commit to funding the balance between the allocated Growth Deal Funding (£3.44m) and the scheme cost (£3.96m) and any cost overruns. However, a letter from their Section 151 officer letter has not yet been received.

Scheme BCR - The Economic Case for the scheme is strong, with the analysis presented showing that the scheme has a Benefit to Cost Ratio (BCR) of 9.97, which represents 'Very High' Value for Money (i.e. a BCR > 4.0).

GVA Benefits – While there are no scheme dependent development sites there are a number of sites that will be developed sooner should the scheme be progressed. As such the scheme is forecast to generate **£0.631m of net GVA benefits** on average per annum to the local economy, arising from the sites being developed earlier than would the case without the scheme.

Programme - It is intended that the works will be **complete by May 2019**, with construction due to begin in June 2018.

LEP Economic Outputs

Originally, the Furthergate scheme was submitted as part of the Pennine Gateway Project, for which the LEP sought to receive Growth Deal funding. A total economic output from all three schemes which was used to rank the Pennine Gateway Project alongside other schemes seeking funding. In order to inform decision makers, a comparison of the Furthergate Link Road Scheme's economic output against the total expected for the Pennine Gateway is provided in **Table 1**.

Table 1 - Economic Output Comparison

Economic Output	Furthergate	Pennine Gateway Forecast Total
Housing units	Nil	870
Private sector investment	£71m	£125m
Jobs	438	3,750
Commercial floor space	17,500 m ²	64,000 m ²
GVA	£236m	£414.7m

Annual cumulative totals of these outputs are provided in **Table 2**.

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Table 2 - Furthergate Link Road Annual Economic Output

Year	Floorspace (sqm)			Jobs			GVA (£,000s)
	Scheme Dependent	Accelerated	TOTAL	Scheme Dependent	Accelerated	TOTAL	
2021	-	11,500	11,500	-	288	288	£673.8
2025	10,500	19,500	30,000	263	488	750	£7,932.6
2026	17,500	59,500	77,000	438	1,488	1,925	£12,026.0
2027	17,500	67,500	85,000	438	1,688	2,125	£17,848.4

It should be noted that while no jobs have been directly attributed to the scheme in the GVA assessment presented in the SOBC there is 17,500 m² of floor space and 438 jobs potentially unlocked by the scheme (hence their inclusion in Table 1). The development of the four sites that make up this floor space is subject to uncertainty, and as such has not been included in the GVA calculation.

Conclusions

Jacobs recommend that the Furthergate scheme **should be granted 'Full Approval' status**, to enable construction to begin in June 2018 provided a letter from BwDBC's Section 151 officer is received stating that they will guarantee the local contribution to the scheme and will cover cost overruns.

Appendices

Appendix A - RAG Assessment