



LEP – Sub Committee

LEP - Transport for Lancashire Committee

Private and Confidential: No

Date: Wednesday, 16 January 2019

North Blackburn Funding Application

Appendix 'A' refers

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Executive Summary

The North Blackburn scheme is one of three infrastructure packages that collectively form the 'Pennine Gateways' project, which aims to support the delivery of new homes, new businesses and jobs in three specific growth areas in Blackburn, whilst at the same time alleviating congestion on key routes. It comprises various improvement schemes at a number of junctions along the A6119 route to the north of the town to support delivery of 427 new houses across two sites.

In accordance with the Lancashire Enterprise Partnership's Assurance Framework, Blackburn with Darwen Council has submitted a strategic outline business case for funding approval. The consultants Jacobs have undertaken an independent assessment of the strategic outline business case on behalf of the Lancashire Enterprise Partnership. Jacobs are satisfied that the project has been developed to the expected standard and recommend that funding approval be granted. However, there are still significant economic benefits for the whole 'Pennine Gateways' project that remain outstanding and that will be delivered by the remaining South East Blackburn scheme. Hence, there is a risk that the collective economic outputs against which the wider project secured its Growth Deal funding allocation may not materialise.

Recommendation

The committee is asked to:

- 1) Consider the attached strategic outline business case report prepared by Jacobs and recommend the Lancashire Enterprise Partnership grant the scheme a maximum £2.3m Growth Deal funding at its next meeting;
- 2) Advise the Lancashire Enterprise Partnership that this funding grant be conditional on Blackburn with Darwen Council providing confirmation that the



collective economic output forecasts for the three 'Pennine Gateway' schemes remain in line with the targets provided in the original Expression of Interest.

Background and Advice

The North Blackburn scheme is one of three infrastructure packages that collectively form the 'Pennine Gateways' project, which aims to support the delivery of new homes, new businesses and jobs in three specific growth areas in Blackburn, whilst at the same time alleviating congestion on key routes. It comprises various improvement schemes at a number of junctions along the A6119 route to the north of the town, including upgrading traffic signal control equipment and resurfacing and associated alterations to road markings, signage and geometry. The junctions in question are:

- A6119/A666 Brownhill Roundabout;
- A6119 Ramsgreave Drive junction with Pleckgate Road; and
- A6119 Brownhill Drive junctions with Whalley Old Road.

In addition, each junction will benefit from improved facilities for pedestrians and cyclists, better street lighting and enhanced landscaping. The scheme supports the delivery of 427 new houses across two sites.

In accordance with the Lancashire Enterprise Partnership's Assurance Framework, Blackburn with Darwen Council has submitted a strategic outline business case for funding approval. The consultants Jacobs have undertaken an independent assessment of the strategic outline business case on behalf of the Lancashire Enterprise Partnership. Jacobs are satisfied that the project has been developed to the expected standard and recommend that funding approval be granted. Jacobs' report is attached as Appendix 'A'.

The total risk adjusted cost of the scheme is £2.6m following contractor tender submissions (October 2018), funded through a maximum £2.3m contribution from the Local Growth Fund through the Lancashire Growth Deal and a £300,000 contribution from Blackburn with Darwen Council. The local contribution amounts to 11.5% of total scheme cost. The council's S151 letter confirms the council's commitment to fund the local contribution together with any overspend. The council expects the works to take place between January and November 2019.

The scheme is predicted to deliver very high value for money with a benefit to cost ratio of 7.9. However, Jacobs have raised a concern with regard to the traffic modelling work that could result in an overstatement of travel time benefits. To offset this concern, Jacobs have placed greater emphasis on the no growth or low growth sensitivity tests included within the strategic outline business case; these reduce the benefit to cost ratio to between 3.7 and 6. This still represents high or very high value for money. Jacobs also advise that future changes in land use, for example, an anticipated 4,000 new homes to be allocated in North East Blackburn in the emerging local plan, are likely to result in a requirement for further intervention at some point in the future. Nevertheless, the scheme as proposed still delivers significant benefits relative to the do nothing situation.



The scheme has the potential to generate a further £17 million (2010 prices discounted) of wider economic benefits over the 60-year appraisal period arising from the development of the two housing sites that the scheme will unlock. The committee should note that this still leaves significant economic benefits for the whole 'Pennine Gateways' project outstanding that will be delivered by the remaining South East Blackburn scheme. Hence, there is a risk that the collective economic outputs against which the wider project which secured its Growth Deal funding allocation may not materialise (Table 1 below refers).

Table 1 - Economic Output Comparison

Economic Output	North Blackburn	Furthergate	Pennine Gateway Forecast Total
Housing units	427	Nil	870
Private sector investment	-	£40m	£125m
Jobs	-	438	3,750
Commercial floor space	-	17,500 m ²	64,000 m ²
GVA	£17m	£236m	£414.7m

List of Background Papers

Paper	Date	Contact/Tel
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None		
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Reason for inclusion in Part II, if appropriate

N/A
