



LEP – Sub Committee

LEP - Transport for Lancashire Committee

Private and Confidential: No

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South East Blackburn Funding Application

Appendix 'A' refers

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Executive Summary

The South East 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 improvements in the A6077 Haslingden Road and B6231 Blackamoor Road corridors to support delivery of over 600 houses and 90,000 square metres of commercial floor space.

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. Whilst Jacobs are satisfied the project has been developed to the expected standard in most areas, they have some outstanding concerns with some of the evidence presented in the business case, in particular, that congestion levels have been underestimated and future traffic may be in excess of the forecast predictions. However, Jacobs are content these concerns are not of sufficient magnitude to influence their decision on whether to recommend granting of funding approval, as they are unlikely to have a material impact on the project's value for money.

Recommendation

The Committee is asked to consider the attached strategic outline business case report prepared by Jacobs and recommend the Lancashire Enterprise Partnership grant the scheme a maximum £9.05 million Growth Deal funding at its next meeting.



Background and Advice

The South East 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 improvements in the A6077 Haslingden Road and B6231 Blackamoor Road corridors to support delivery of over 600 houses and 90,000 square metres of employment space:

- Widening of the A6077 Haslingden Road between Lions Drive and Shadsworth Road to four lanes and associated junction improvements;
- Construction of the Blackamoor Link Road including two new junctions at Roman Road and Blackamoor Road and associated alterations to the Roman Road junction with Blackamoor Road; and
- Improvements to the A6077 Haslingden Road junction with Old Bank Lane, including a new access to the Royal Blackburn Hospital.

The scheme will enable the growth ambitions of Blackburn with Darwen Council to be realised without adversely affecting future levels of service on the local highway network. In addition, improved facilities for pedestrians and cyclists using Haslingden Road will provide a safer environment and encourage participation in active travel.

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.

Whilst Jacobs are satisfied the project has been developed to the expected standard in most areas, they have some outstanding concerns with some of the evidence presented in the business case, in particular, with regard to traffic modelling. Congestion levels may have been underestimated and future traffic may be in excess of the forecast predictions. However, Jacobs are content these concerns are not of sufficient magnitude to influence their decision on whether to recommend granting of funding approval, as they are unlikely to have a material impact on the project's value for money. Accordingly, Jacobs advise that funding approval be granted to enable construction to commence in April 2020, and have not recommended that any conditions be attached. Jacobs' report is attached as Appendix 'A'.

The total risk adjusted cost of the scheme is £11.56 million, funded through a maximum £9.05 million contribution from the Local Growth Fund through the Lancashire Growth Deal and a £2.51 million contribution from Blackburn with Darwen Council. The local contribution amounts to 22% 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 be complete by April 2021.

The scheme is predicted to deliver high value for money with a benefit to cost ratio of 3.3. Following the concerns raised by Jacobs with regard to the traffic modelling work,



the applicant provided a zero growth sensitivity test and 'Level 3' analysis, which includes external transport impacts of the developments and land value uplift. The effect would be a reduction in the benefit to cost ratio to between 1.4 and 1.8, representing low/medium value for money respectively. Nevertheless, Jacobs have concluded that, given the significance of dependency in meeting the applicant's local plan aspirations, they have confidence in a high value for money outcome.

At its meeting held on 30th September 2019, the Lancashire Enterprise Partnership Board allocated additional funding to the South East Blackburn scheme on the basis it would provide additional economic outputs beyond the original submission. Table 1 below sets out the updated totals.

Table 1: Updated Economic Outputs to 2025

Economic Output	Original Pennine Gateways Submission	SE Blackburn Extension	Updated Pennine Gateways Total
Housing units	870	130	1,000
Private sector investment	£125m	£53m	£178m
Jobs	3,750	200	3,950
Commercial floor space	64,000m ²	9,290m ²	73,290m ²
Gross Value Added	£414.7m	£38.9m	£453.6m

The South East Blackburn scheme has the potential to generate a further £240 million (2010 prices discounted) of wider economic benefits over the appraisal period arising from the developments the scheme will unlock. This results in the wider 'Pennine Gateways' project delivering higher gross value added benefits (to 2025) than the revised Pennine Gateways total in Table 1. Table 2 below refers.

Table 2: Economic Outputs Comparison to 2025

Economic Output	South East Blackburn	North Blackburn	Furthergate	Combined Pennine Gateways Final Total	Difference Updated to Final
Housing units	647	427	Nil	1,074	+74
Private sector investment	£165m*	Nil	£40m	£205m	+£27m
Jobs	3,857	Nil	438	4,295	+345
Commercial floor space	91,595m ²	Nil	17,500m ²	109,095m ²	+35,805m ²
Gross Value Added	£240m	£17m	£236m	£493m	+£39.4m

In summary, the principal objective of the South East Blackburn scheme is to support the delivery of new homes, new businesses and jobs whilst alleviating congestion on key routes. The committee should note that this scheme is responsible for achieving a significant proportion of the economic outputs for the whole 'Pennine Gateways' project, including additional outputs beyond the original submission.



List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A