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Subject	South East Blackburn Scheme	Project Name	TfL Major Schemes Programme
From	Jonathan Carr	Project No.	B2327505
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Introduction

Jacobs have undertaken a comprehensive review of the Strategic Outline Business Case (dated November 2019) produced by Blackburn with Darwen Borough Council (BwDBC) in support of the South East Blackburn Growth Deal 3 Scheme.

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

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 **Annex 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

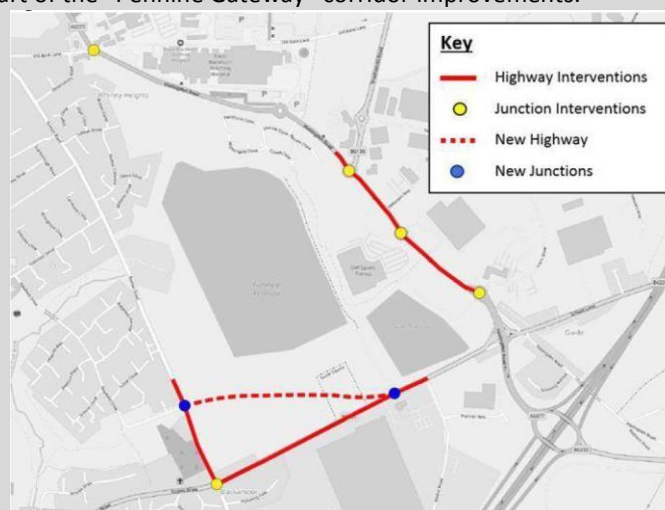
The South East Blackburn Growth Deal 3 scheme involves a trio of civil engineering packages to upgrade and improve the A6077 Haslingden Road and B6231 Blackamoor Road in South East Blackburn intended to facilitate the development of over 600 houses and 90,000 sqm of employment space in the area. The components of the scheme are;

1. Widening of the A6077 Haslingden Road between Lions Drive and Shadsworth Road to four lanes with associated geometric improvements at junctions;
2. Delivery of the Blackamoor Link Road including two new junctions at Roman Road and Blackamoor Road and associated changed to the existing Roman Road / Blackamoor Road junction; and,
3. Improvements to the Haslingden Road / Old Bank Lane junction to also include a new access to the Royal Blackburn Teaching Hospital.

The scheme proposals aim to:

- Enable Blackburn with Darwen Borough Council’s growth ambitions to be realised without adversely impacting on the future level of service (congestion) provided by the Haslingden Road corridor and adjoining local highway network;
- Improve air quality at the Blackamoor Road / Roman Road junction to bring nitrogen dioxide levels within the (annual mean) objective as specified in the Air Quality (England) Regulations 2000 to enable the revocation of the Blackamoor AQMA;
- Enable further development of employment opportunities by facilitating the delivery of over 47,894sqm of new commercial floorspace and creation of 3,862 jobs;
- Supporting future housing growth by enabling the delivery of approximately 643 additional houses within the borough; and,
- Improve the facilities for walking and cycling along Haslingden Road, providing a safer environment to encourage participation in active travel.

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

- 26th September 2019 – **Initial meeting** between Jacobs, BwDBC and Capita.
- 18th October 2019 – **Initial drafts of SOBC Strategic, Commercial and Management Cases received.**
- 21st October 2019 – **Initial RAG assessment** produced by Jacobs and issued to BwDBC & Capita.
- 22nd November 2019 – **First full suite of SOBC documents received.**
- November / December 2019 – A **period of intensive engagement** took place between Jacobs, BwDBC and Capita to address the issues identified in the RAG assessment.
- 30th January 2020 – **TfL board meeting** at which the scheme is seeking a funding recommendation.
- 10th February 2020 - **LEP board meeting** where the scheme will seek approval for a written decision.

Issues to Note

As outlined above, through a period of engagement between Jacobs, BwDBC and Capita, the key issues which were originally identified in the RAG assessment have now been resolved.

However, there are a number of areas in the SOBC where we have some concerns about the evidence presented. Whilst we don't expect these issues to impact the decision on whether to grant funding approval for the scheme (or necessitate further updates to the SOBC), we are flagging them in our assurance report for completeness.

Further detail is included in our RAG assessment, but the main areas of concern are summarised below:

1) Traffic modelling

We have identified a number of potential weaknesses in the traffic modelling undertaken. However, through discussion with Capita, we believe that these are not likely to significantly negatively impact the assessment of transport user benefits and consequently Value for Money. However, they may still have consequences for the outcomes of the scheme and public perception, so for completeness they are outlined below;

- The modelled area does not cover Old Bank Lane, which connects modelled parts of Haslingden Road and Roman Road. Potential re-routing of trips between Roman Rd and Haslingden Rd is not modelled. BwDBC have provided evidence that the number of trips affected is likely to be modest.
- The scheme appears to meet WebTAG thresholds for Variable Demand Modelling (VDM), but an assessment of the potential impact of VDM has not been conducted. Evidence presented indicates that, given the small change in average delay per vehicle with the scheme and all dependent development, the impact of VDM on the scheme BCR is not likely to be materially significant.
- Trip rates for all employment sites have been based on those for typical industrial estates of the same Gross Hectarage. However, the Medipark and other sites which are more heavily office-focused will have different trip patterns in peak hours, and as such the modelling is likely underestimating the level of additional traffic and associated congestion generated by these employment sites.
- The methodology for developing forecast traffic growth has, in our view incorrectly excluded background traffic growth and constrained the total level of traffic growth including dependent development to BwDBC-wide average National Trip End Model (NTEM) growth levels. This results in no net increase, and in some forecast scenarios a net decrease, in existing trip patterns. In our view, this neglects growth in background traffic between 2019 and the final forecast year of 2026 of potentially

around 4%. While this issue affects all scenarios equally and therefore is not likely to have a significant negative impact on the BCR, it should be noted that we believe this is likely to result in the forecast level of traffic and congestion being underestimated, and this may result in future performance being slightly worse than forecasted.

The cumulative impact of the above issues is that future traffic on the local road network maybe slightly in excess of the forecast predictions, and associated levels of congestion may be higher. BwDBC's Planning Officer letter confirms that the delivery of the scheme will be considered sufficient for granting permission to all sites deemed dependent on the scheme, and thus the economic impacts should not be affected. However, the modelling results suggest that even with reduced modelled traffic growth, delays may surpass present levels by 2026, and this may have implications for future growth along the corridor or necessitate further remedial intervention by BwDBC at a later date.

BwDBC and Capita have presented a zero growth sensitivity test and "level 3" analysis, including external transport impacts of the developments and land value uplift calculations with switching value analysis, consistent with WebTAG unit A2.2. The magnitude of the transport user benefits and external transport impacts are similar, and this gives confidence that the transport capacity being created is being fully utilised for unlocking development. We recognise that the primary objectives of the scheme are associated with economic growth rather than traditional transport user benefits, and the "level 3" analysis provides confidence that the scheme represents high value for money as a result of the achieved economic growth, and the issues identified above are unlikely to materially affect the value for money assessment.

It should be noted that the scheme will not, and is not intended to, fully resolve traffic issues on the Haslingden Road corridor. Traffic modelling results show that the preferred option will be at or overcapacity in the final modelled year (2026) once dependent development is constructed, with levels of delay in excess of what is presently experienced (thus justifying the need for intervention). As noted above, we consider that these forecasts may themselves under-state potential future traffic growth. Although the preferred option will therefore allow the fulfilment of BwDBC's Local Plan 2 growth ambitions, further intervention is therefore likely to be required if BwDBC maintain aspirations for further growth along this corridor beyond the end of the current Local Plan period.

2) Appraisal Summary Table (AST)

The AST does not provide a summary of all impacts of the scheme, particularly social and environmental impacts, but instead refers to other documents which have not been shared with Jacobs. While these impacts are expected to be small or moderate, and unlikely to affect the overall Value for Money of the scheme, Jacobs has not been able to assure the validity of these assessments.

3) Private Sector Investment

The methodology BwDBC have used to estimate the private sector investment figure for South East Blackburn differs from the methodologies previously applied to the North East Blackburn and Furthergate schemes. As such, the value of private sector investment reported by the previous Pennine Gateway schemes in Table 1 is not directly comparable with the values presented in the SE Blackburn Business Case.

However, we consider the new methodology to be robust, and note that had it been applied consistently to the previous Pennine Gateway schemes the predicted levels of private sector investment would be higher than previously reported, and the combined Pennine Gateway programme total would still exceed the programme target.

4) Cycling and Pedestrian provision

The East Lancashire Highways and Transport Masterplan specified that alongside the widening of Haslingden Road, "safety for cyclists and pedestrians will also be improved" by the scheme. However, the preferred option only contains very limited provision for cyclists and pedestrians.

BwDBC have stated that they still have "wider aspirations for the area to provide fully segregated cycle routes along existing public right of ways", although there are no specific proposals to meet this aspiration. We therefore consider that this represents a missed opportunity to integrate these enhancements into the scheme design in a cost-effective manner.

Key Points of Scheme

Scheme Cost - The total investment cost is £11.56m, including £1.07m risk.

Programme – Construction work is due to start on 13th April 2020 and complete by 16th April 2021.

Funding – BwDBC stated they will commit to funding the balance between the allocated Growth Deal funding (£9.05m) and the scheme cost (£11.56m) and any cost overruns. A copy of BwDBC's Section 151 Officer letter is included in **Annex B**.

Scheme BCR - The Economic Case for the scheme is strong, with the analysis presented showing that the scheme has a core Benefit to Cost Ratio (BCR) of 3.3 (representing 'High' value for money under DfT classifications for transport schemes). As outlined in the traffic modelling section above, zero traffic growth sensitivity tests result in the scheme BCR dropping to 1.4 (which represents 'Low' value for money).

When the external impacts and Land Value Uplift of dependent development are considered, the scheme is predicted to achieve a BCR of 1.4 with 50% additionality and 1.8 with 70% additionality. From our experience, these are strong BCRs resulting from Land Value Uplift for a scheme in the North West of England. Given the significance of the scheme in meeting BwDBC's Local Plan aspirations, we consider the higher end of these estimates robust, giving additional confidence in a 'High' Value for Money assessment.

GVA Benefits – The Economic Case identifies 14 developments sites which are dependent on the South East Blackburn scheme. These sites are expected to unlock 647 houses and create 3,857 jobs by 2025. The associated GVA assessment for these sites is forecast to generate £240m (2010 prices discounted to 2010) of net GVA benefits for the local economy over a 15 year period after the scheme's completion.

This results in the combined Pennine Gateway programme providing a forecast £493m (2010 prices discounted to 2010) of net GVA benefits for the local economy, exceeding the original target outputs (to 2025) submitted to the LEP for the Pennine Gateway programme by £40m. The programme is expected to create 1,074 houses and 4,295 jobs in total, exceeding the target outputs of 1,000 houses and 3,950 jobs by 2025.

LEP Economic Outputs

The South East Blackburn scheme was submitted as part of the wider Pennine Gateway Project, for which BwDBC sought to receive Growth Deal funding.

A comparison of the South East Blackburn scheme's forecast economic outputs, compared against the total expected for the Pennine Gateway project and those reported in the SOBC for the Furthergate and North Blackburn schemes, is provided in **Table 1**. Further information on the economic outputs of the South East Blackburn scheme is contained within **Annex C**.

In addition, **Annex D** contains a letter from BwDBC’s Planning Manager related to the planning position of these sites with relation to the scheme. This document provides sound evidence to demonstrate that the identified developments sites (which form the basis for the reported economic outputs and GVA assessment) can be considered ‘dependent’ on the South East Blackburn scheme. **Table 1 - Economic Output Comparison to 2025**

Economic Output	South East Blackburn	North Blackburn	Furthergate	Combined Pennine Gateway Total by 2025	Target Total by 2025	Difference vs Target
Housing units	647	427	Nil	1,074	1,000	+74
Private sector investment	£165m	-	£40m	£205m	£178m	+£27m
Jobs	3,857	-	438	4,295	3,950	+345
Commercial floor space	91,595 m ²	-	17,500 m ²	109,095 m ²	73,290 m ²	+35,805 m ²
GVA [‡]	£240m	£17m	£236m	£493m	£453.6m	+£40m

[‡]Output GVA numbers presented here are given in 2010 prices and values discounted to 2010, and adjusted for displacement and leakage at a 95% degree of confidence.

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

Table 2 – South East Blackburn Annual Economic Output

Year	Houses	Commercial Floorspace	Jobs	GVA [‡]
2019	-	11,496 m ²	479	£38.5m
2020	60	-	-	£2.2m
2021	91	4,500 m ²	250	£20.3m
2022	112	9,396 m ²	261	£20.1m
2023	142	15,564 m ²	775	£49.0m
2024	120	15,564 m ²	775	£44.1m
2025	122	35,076 m ²	1317	£66.0m
Total	647	91,595 m²	3857	£240.2m

The South East Blackburn scheme was allocated additional funding in 2019 by the LEP beyond the original ask of the Pennine Gateway package, on the basis that the extended scheme would provide additional economic outputs beyond the original Pennine Gateway submission. The combined target economic outputs for both the original Pennine Gateway Submission and the extension are shown in the tables below for information.

Table 3 – Target Economic Outputs of Pennine Gateway by 2025

Economic Output	Original Pennine Gateway Submission	South East Blackburn extension (2025)	Pennine Gateway Target Total by 2025
Housing units	870	130	1,000
Private sector investment	£125m	£53m	£178m
Jobs	3,750	200	3,950
Commercial floor space	64,000 m ²	9,290 m ²	73,290 m²
GVA [†]	£414.7m	£38.9m	£453.6m

Additional economic outputs are predicted as a result of the scheme between 2025 and 2030. However, these are subject to a greater degree of uncertainty, being beyond the Local Plan period and in part due to supply-chain and multiplier effects. The values presented in Table 1 above only contain economic outputs up to 2025 which have a higher degree of certainty, and this should be borne in mind when drawing any comparison with the 2030 targets.

Table 4 –Target Economic Outputs of Pennine Gateway by 2030 (for information)

Economic Output	Original Pennine Gateway Submission	South East Blackburn extension (2030)	Pennine Gateway Target Total by 2030
Housing units	870	200	1,070
Private sector investment	£125m	£65m	£190m
Jobs	3,750	550	4,300
Commercial floor space	64,000 m ²	13,935 m ²	77,935 m²
GVA [†]	£414.7m	£149m	£563.7m

Conclusions

Following our review of the SOBC for the South East Blackburn scheme, it is our view that the scheme should be granted **'Full Approval'** status, to enable construction to begin in April 2020.

Appendices

Annex A - RAG Assessment

Annex B - Section 151 Officer Letter

Annex C - Economic Outputs Assessment

Annex D - BwDBC Planning Manager Letter