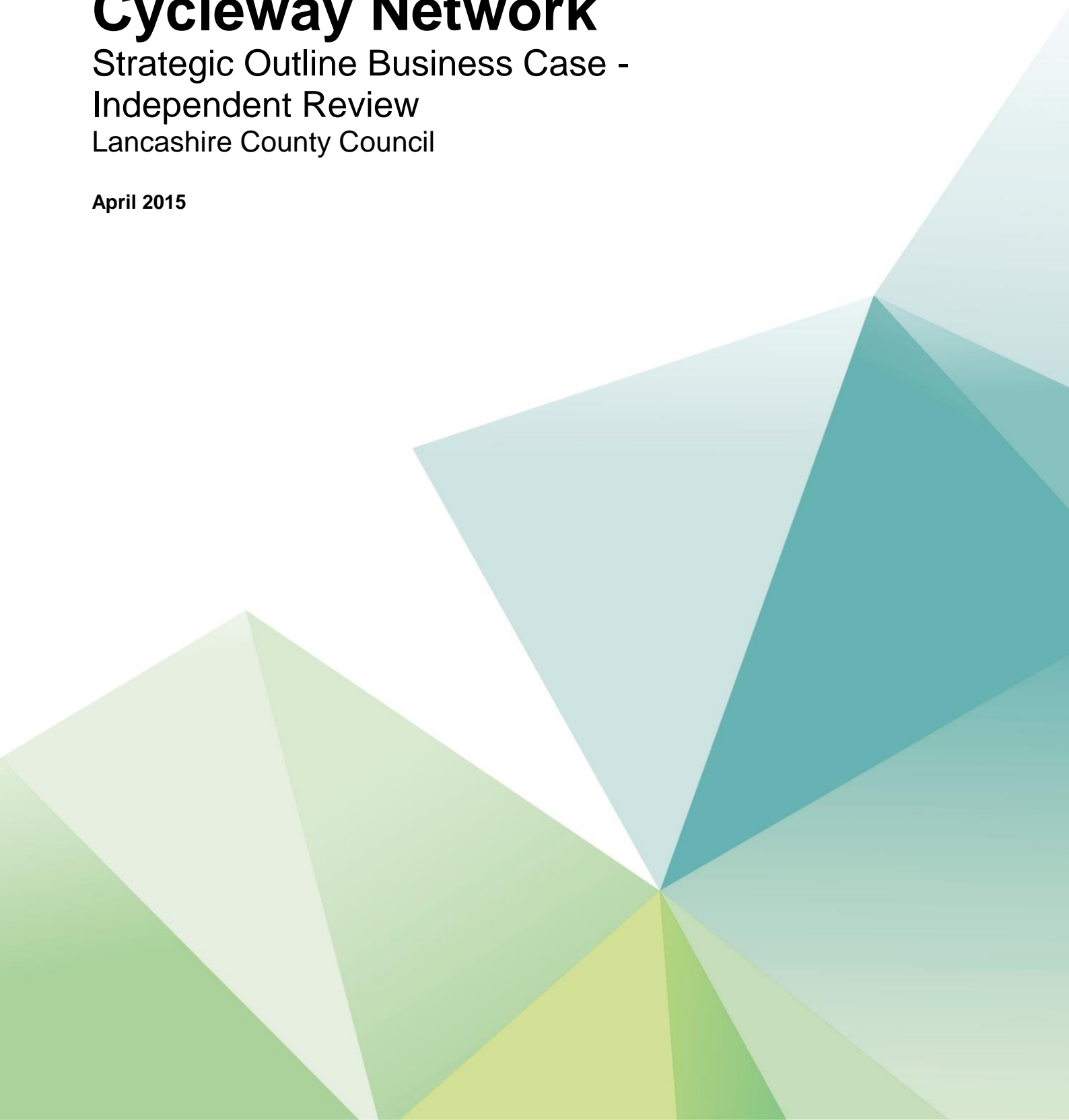


East Lancashire Strategic Cycleway Network

Strategic Outline Business Case -
Independent Review
Lancashire County Council

April 2015



Notice

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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

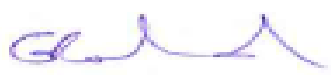
In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the scheme is seeking a Local Growth Fund (LGF) contribution of less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires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