




INDEPENDENT REVIEW			
Project Title:	Broughton Bypass	Scheme Promoter:	Lancashire County Council
Document Reviewed:	Full Business Case	Permission Sought:	Full Approval
Date of Submission:	14/09/2015	Date of Review:	24/09/2015
LEP Accountability Framework:	The scheme is seeking Full Approval from the LEP and funding towards its £24.3m cost via the Local Growth Deal. In line with the LEP's Accountability Framework, a Full Business Case is required in order to seek Full Approval and draw down funds.		
Scheme Description:	The proposed scheme is a bypass around the village of Broughton which lies on the A6, three miles north of Preston close to the M6 and M55 Junction 1. As part of the Broughton Bypass design process, LCC has committed to invest £0.5 million to improve roads, public areas, and walking and cycling facilities to complement the proposed Broughton bypass.		
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 Full Appraisal Business Case (FABC) for the Broughton Bypass scheme. It does not represent a detailed validation of technical analyses. 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>Atkins has been in dialogue with the scheme promoter and their transport consultants, Jacobs, since the end of April 2015 as the scheme has progressed through its statutory processes, including face-to-face meetings on 8th May, 9th July and 3rd September 2015. Accordingly, the business case (and supporting documents) has been subject to a series of updates culminating in the final submission document received on 14th September 2015. Supplementary information relating to a WebTAG compliant Dependent Development test was presented on 18th September 2015.</p> <p>Atkins is satisfied that the project has been developed to the expected standard in most areas. Overall, it is our recommendation that Full Approval for this project be granted, with the ability to draw down funds conditional on a preferred bidder with firm and final prices being selected. Award of contract is programmed for announcement in December 2015. The LEP published the business case on its website on 21st September 2015 for public consultation for a period of six weeks to ensure transparency of process. Any comments received will be made available to LEP Board members when final investment decisions are being taken.</p>	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.
Benefit to Cost Ratio (BCR)	The Broughton Bypass scheme is predicted to provide very high value for money with a benefit cost ratio of 5.8 and potentially generate an additional £153m of Gross Value Added (GVA) benefits arising from the unlocked residential development (650 dwellings) and the creation of employment opportunities (750 jobs). Broughton bypass is a precondition of the Whittingham Park development (on the former Whittingham Hospital site) beyond 150 dwellings and will support potential future development in Longbridge.		

Case	Status	Comments
Strategic Case	2	<p>The Bypass scheme and the route of the highway are confirmed by the Central Lancashire Core Strategy and the Preston Local Plan, which have the statutory force accorded to the development plan. The LTP and the 2013 Central Lancashire Highways & Transport Masterplan provide strong support for the scheme. The scheme also has broad political support, both from the local council and from LCC and City Deal partners. Delivery of the scheme is an integral aspect of the City Deal programme that aims to accelerate housing delivery. The redevelopment of the Whittingham Hospital site represents an early example of the limited capacity available to new development on the existing local road network. Delay in the commencement of the bypass scheme will limit the amount of development that can be carried out.</p> <p>The A6 through Broughton village carries high volumes of local and longer distance traffic. Broughton crossroads does not have the capacity to cope with the traffic, resulting in congestion and delays throughout the day. The need for a bypass for the village has been recognised and identified for many years. An essential need remains. No improvements to the junction are possible because of the physical constraints of existing development and there is no practical alternative scheme that will achieve the proposed objectives of the scheme. The bypass will not only to relieve existing congestion (the traffic model predicts that with the Bypass in place that reductions in traffic of 92% would be achieved on the A6 in 2032) but also improve the environmental quality of the village of Broughton, encourage travel by means other than by the private car and to enable future residential and economic growth in the north Preston area. A particular benefit is the potential to achieve local air quality objectives for the designated Broughton AQMA.</p> <p>A benefit realisation plan should be provided to define which of the scheme benefits are forecast to be the most significant, and therefore which benefits the plan should focus on. A summary table should be prepared which cross references the AST outputs and the proposed monitoring approach.</p>
Economic Case	2	<p>The scheme is predicted to provide very high VfM with a BCR of 5.8 and deliver significant journey time saving benefits, amounting to £129.5m (2010 prices, discounted over 60 years), of which 79% are attributable to the peak periods and 60% to travel time savings of more than 5 minutes which are considered to be highly significant. Although the build-up of the present value of costs for the scheme is not fully transparent, including how base costs have been adjusted for risk and how (if) sunk costs have been applied, the scheme BCR is not considered to be sensitive to this value.</p> <p>The traffic modelling is based on fixed trip matrix assumptions for a core scenario without Dependent Development and utilising a cordon version of the Broughton Strategic Highway VISUM Model to limit potential impacts of model noise. To ensure that that traffic modelling is sufficiently robust and fit for purpose in accordance with national guidance (and using accepted modelling techniques and software) a series of updates have been made to both the Local Model Validation Report and Model Forecasting Report. This exercise has been completed satisfactorily. A preliminary quantitative assessment exercise has satisfactorily demonstrated that variable demand modelling is not required, and if implemented would not materially affect the final VfM categorisation of the scheme.</p> <p>A low growth sensitivity test has been carried out resulting in a BCR of 3.9 which can be categorised as providing a high VfM. Although it is predicted that the scheme has the potential to generate an additional £153m of GVA benefits providing a positive contribution to the Lancashire economy and City Deal, verification of the analysis is not possible on the basis of the information supplied through the EAR.</p> <p>In line with the LEP's Accountability Framework, Sue Proctor, Chair of the City Deal Infrastructure Delivery Project Board has confirmed that the AST is true and accurate.</p>
Financial Case	2	<p>Broughton Bypass is one of four major highways schemes planned to be delivered within the Preston City Deal agreed in autumn 2013. The total funding cover for the scheme is £24.3 million comprising; £8.8m of committed LTB funding, an indicative allocation of £6.7m from the competitive component of the Local Growth Fund, and £8.8m (36%) local LCC/ third party contributions.</p> <p>Current costs estimates were prepared by LCC in October 2014 based on a full detailed design and rates that reflect construction projects of similar size and nature. No independent cost verification was carried out on the 2014 cost estimates. LCC has opted not to apply any Optimism Bias to the outturn spend profile. A QRA has been undertaken by LCC, which has identified no critical financial risks at this stage, however, this was last undertaken in November 2014 and is in need of being updated to reflect the current status of the scheme - it is noted that LCC plans to update the risk register in consultation with the contractor following contract award. The chosen form of contract is NEC3 Option A (Priced Contract with Activity Schedule) and should provide a high degree of cost certainty. It is understood from the Project Manager that LCC has been provided with some reassurance that based on an 'initial assessment' of tender returns cost estimates closely align with LCC's own October 2014 cost estimate.</p> <p>HCA is committed through the City Deal framework to bring forward sites for development including infrastructure delivery. Upon signing of the Whittingham Hospital S106 agreement HCA had paid a total of £5.1m developer contributions towards the scheme, with future contributions to be recovered through Net Land Receipts under the Community Infrastructure Levy rather than planning obligations. In advance of the collection of full HCA contributions, the City Deal offers the facility of forward funding the scheme. The prospect of third party funding not coming forward is therefore considered to be low.</p> <p>LCC's Section 151 Officer confirms that "the local contribution of £8.8m for this project will be met through the City Deal Infrastructure fund along with any subsequent cost increase above the level of grant already agreed." The County Council has confirmed that any ongoing operation and maintenance liabilities over the lifecycle of the scheme will fall to LCC.</p>

<p>Commercial Case</p>	<p>3</p>	<p>LCC has chosen a Traditional Approach for its procurement strategy with the design being undertaken in-house and the Contractor appointed by tender. The main works contract will be procured in accordance with the requirements of the Public Contracts Regulations 2006. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) is considered to be sound, due to a requirement for the lowest level of contractual oversight, the need for financial certainty and the advanced design stage of the scheme.</p> <p>Risks and associated cost items will be specifically assessed and assigned depending on which partner is best placed to manage them. The activity schedule will be written by the Contractor and priced as a lump sum by the Contractor. In pricing the activity, the Contractor will take responsibility for estimating the quantities and resources and assessing the pricing risks which are retained by the Contractor.</p> <p>The procurement strategy was initially approved by the City Deal Infrastructure Delivery Project Board (IDPB) in July 2013 with approval and endorsement noted in the minutes of the IDPB meeting on 30th June 2015. The tender process commenced in July 2015 and tenders were returned on 11th September 2015. The LEP's Accountability Framework stipulates that the Scheme promoters can only apply for Full Approval once procurement has taken place and a preferred bidder with firm and final prices is selected. Accordingly, any approval to draw down funds will need to be conditional on the award of contract which is programmed for announcement in December 2015.</p> <p>It is envisaged that the contract will be of approximately 1 year duration with an anticipated contract start date of January 2016. Due to the proposed contract type and length there is no potential for indexation of payments.</p>
<p>Management Case</p>	<p>2</p>	<p>All statutory processes are in place. Planning permission for the scheme was first granted in July 2001, with the last successfully resubmitted application approved in November 2013. A public inquiry was held in April 2015 following objections to the CPOs needed to construct the scheme. In July 2015, the SoS confirmed the orders giving LCC the go ahead to buy the land needed for the scheme. The deadline for a judicial review challenge has now expired and no challenge has been received. All properties required for the bypass are now in LCC ownership. Planning conditions imposed on the scheme were discharged in September 2015. Although the scheme programme shows how the infrastructure works have been coordinated with environmental constraints it was last updated in January 2015 and needs to be updated to reflect the current status of the scheme. It is noted that the programme will be developed further in terms of the works breakdown and deliverables over the construction period following contract award.</p> <p>LCC can demonstrate a strong track record of project delivery, incl. the £130m Heysham to M6 Link Road, which is on track for completion in summer 2016. The governance and approvals arrangements for the project are generally well defined, incl. how these interface with the City Deal Infrastructure Delivery governance arrangements. Highways England should be included within the governance structure given the linkages with M55 Jn1 and stronger links should be made with HCA at a project level. The LEP published the business case on its website on 21st September 2015 for public consultation for a period of six weeks to ensure transparency of process. Any comments received will be made available to LEP Board members when final investment decisions are being taken. A communications strategy for the project is framed within the wider strategy for the City Deal, including engagement with the media, public and stakeholders.</p> <p>A Monitoring & Evaluation Plan has been developed, incl. a logic map which seeks to provide a visual representation of the process by which the scheme outputs will deliver the primary objectives - this should be reviewed in tandem with the preparation of a benefits realisation plan to ensure that an appropriate level of benefits prioritisation is undertaken with resources focussing on tracking the most significant benefits. Furthermore, whilst the M&E plan provides clear governance arrangements it does not include any budget estimation for data collection, nor does it specify how this would be funded.</p>

<p>Sign-Off</p>			
<p>Reviewer's Signature:</p>		<p>Date:</p>	<p>24/09/2015</p>

INDEPENDENT REVIEW



Project Title:	Broughton Bypass		
Permission Sought:	Full Approval	Date of Review:	24/09/2015

STRATEGIC CASE

Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The Bypass scheme and the route of the highway are confirmed by the Central Lancashire Core Strategy and the Preston Local Plan, which have the statutory force accorded to the development plan. The LTP and the 2013 Central Lancashire Highways & Transport Masterplan provide strong support for the scheme. The scheme also has broad political support, both from the local council and from LCC and City Deal partners. Delivery of the scheme is an integral aspect of the City Deal programme that aims to accelerate housing delivery. The redevelopment of the Whittingham Hospital site represents an early example of the limited capacity available to new development on the existing local road network. Delay in the commencement of the bypass scheme will limit the amount of development that can be carried out.</p> <p>The A6 through Broughton village carries high volumes of local and longer distance traffic. Broughton crossroads does not have the capacity to cope with the traffic, resulting in congestion and delays throughout the day. The need for a bypass for the village has been recognised and identified for many years. An essential need remains. No improvements to the junction are possible because of the physical constraints of existing development and there is no practical alternative scheme that will achieve the proposed objectives of the scheme. The bypass will not only to relieve existing congestion (the traffic model predicts that with the Bypass in place that reductions in traffic of 92% would be achieved on the A6 in 2032) but also improve the environmental quality of the village of Broughton, encourage travel by means other than by the private car and to enable future residential and economic growth in the north Preston area. A particular benefit is the potential to achieve local air quality objectives for the designated Broughton AQMA.</p> <p>A benefit realisation plan should be provided to define which of the scheme benefits are forecast to be the most significant, and therefore which benefits the plan should focus on. A summary table should be prepared which cross references the AST outputs and the proposed monitoring approach.</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.

Ref	Item	Status	Comments
S1	Is there a clear description of the components of the scheme and how it fits with the aims and objectives of the LEP, Local Authorities and DfT?	Requirements Fully Met	<p>The proposed scheme is a 1.9km bypass around the village of Broughton which lies on the A6, three miles north of Preston close to the M6 and M55 Junction 1. Details of the scheme are clearly set out in the Business Case.</p> <p>The Bypass scheme and the route of the highway are confirmed by the Central Lancashire Core Strategy and the Preston Local Plan, which have the statutory force accorded to the development plan. The Local Transport Plan and the 2013 Central Lancashire Highways and Transport Masterplan provide strong support for the scheme. Delivery of the congestion relief project is an integral aspect of the City Deal programme that aims to accelerate housing delivery. The Bypass scheme is one project in an overall package of measures to improve the infrastructure to serve the Preston area.</p>
S2	Have the problem(s) the scheme will be addressing been clearly identified – including evidence of the extent of the problem(s), specific barriers / challenges, and how the scheme will overcome them (including the scale of impact)	Requirements Fully Met	<p>The need for a bypass for the village and a link to Eastway has been recognised and identified for many years, stemming from scheme inception in 1986. The traffic congestion and air quality problems suffered by the village of Broughton are a longstanding issue which have many impacts including social, environmental and economic. Ongoing environmental problems culminated in an Air Quality Management Area (AQMA) being declared on the A6 Garstang Road in relation to a likely breach of annual and hourly mean nitrogen dioxide (NO2) attributed to vehicle emissions. No further development is permitted in the local area without increased network capacity because Broughton Crossroads is so constrained.</p> <p>Optioneering work reviewed the highway issues affecting Broughton and produced a list of thirteen key problems based on available datasets and site observations. These defined a number of issues associated with heavy through traffic flows, alongside problems associated with road safety, pedestrian accessibility, public transport and the environment. Without intervention, these problems are predicted to be exacerbated in future years as traffic levels continue to grow.</p> <p>It has been demonstrated that the bypass will not only relieve existing congestion (the traffic model predicts that with the Bypass in place that reductions in traffic of 92% would be achieved on the A6 in 2032) but also improve the environmental quality of the village of Broughton, encourage travel by means other than by the private car and to enable future residential and economic growth in the north Preston area. A particular benefit is the potential to achieve local air quality objectives for the designated Broughton AQMA.</p>

S3	Has the impact of not progressing the scheme been set out, including supporting evidence? Is there adequate rationale to support why the scheme is needed now?	Requirements Fully Met	<p>No further improvements to the Broughton Crossroads are possible because of the physical constraints of existing development. The forecast significant increase in car journeys will have a negative impact on the Broughton area.</p> <p>The Government's Plan for Growth, supported in planning terms in the National Planning Policy Framework, is to support sustainable economic growth, including the provision of new housing and the provision of infrastructure to underpin that growth. The Central Lancashire Core Strategy focuses growth on the urban area of Preston and South Ribble, including a major strategic location for housing development at North West Preston.</p> <p>The redevelopment of the Whittingham Hospital site represents an early example of the limited capacity available to new development on the existing local road network. The signed City Deal in 2013 cited that residential planning applications were being refused planning permission on the grounds there was insufficient capacity on the highway network and that other imminent applications were at risk of refusal at that time. Delay in the commencement of the Bypass scheme will limit the amount of development that can be carried out.</p>
S4	Are there a clearly defined set of objectives for the scheme to address the problem(s) identified?	Requirements Fully Met	<p>The objectives of the scheme are:</p> <ul style="list-style-type: none"> • To improve the environment, particularly that of the bypassed community. • To provide better conditions for public transportation, cyclists and pedestrians, which facilitate and encourage the increased use of transport options other than private vehicles. • To enhance road safety. • To assist economic growth through an efficient and sustainable transport system and maintenance of accessibility to the trunk road network for the efficient transport of goods. • To bring additional capacity to the network and improve accessibility and journey times into and out of Preston and better connectivity to the wider strategic road network, with additional benefit to the delivery of new development and economic growth in the area. <p>The scheme objectives emphasise the importance of the scheme and associated A6 Improvements for facilitating economic growth and bringing forward development, whilst improving the environment, local road safety and sustainable travel options. It would improve journey times for access to Preston and the wider trunk road network.</p>
S5	Are the expected outcomes clear - How will it be possible to know when the objectives have been met, and what will 'success' actually mean?	Requirements Substantially Met	<p>A logic map has been prepared which aims to present the key steps required in order to turn a set of resources or inputs into activities and outputs, which are, in turn, designed to lead to a specific set of changes or outcomes / impacts. The aim is to articulate the underlying causal theory based on the assumptions and evidence underpinning the rationale for the scheme.</p> <p>In terms of Outcomes, a key Outcome is missing "Reduced traffic through the village". This is fundamental to "Reduced severance in the village" alongside if not more importantly than speed reduction (to 20mph as a result of the complementary A6 mitigation scheme) - indeed one may argue that average speeds are already below 20mph due to existing and future predicted levels of congestion on the A6 without the scheme.</p> <p>In terms of benefit prioritisation, DfT guidance recommends using no more than three scheme objectives for evaluation purposes. It is proposed that the three main objectives of the scheme that should be evaluated against appropriate metrics are:</p> <ul style="list-style-type: none"> • To provide better conditions for public transportation, cyclists and pedestrians, which facilitate and encourage the increased use of transport options other than private vehicles • To enhance road safety • To bring additional capacity to the network and improve accessibility and journey times into and out of Preston <p>The rationale for this selection is unclear - a benefit realisation plan (BRP) should be provided to define which of the scheme benefits are forecast to be the most significant, and therefore which benefits the plan should focus on. A summary table should be prepared which cross references the Appraisal Summary Table (AST) outputs and the proposed monitoring approach. This will ensure that an appropriate level of benefits prioritisation is undertaken with resources focussing on tracking the most significant benefits, for use in determining the success of the scheme.</p>
S6	Are there any remaining high level internal/external constraints or other factors that present a material risk to the delivery of this scheme?	Requirements Fully Met	<p>The last successfully resubmitted planning application was approved in November 2013. In July 2015, the Secretary of State confirmed the orders giving LCC the go ahead to buy the land needed for the scheme. The deadline for a judicial review challenge has now expired and no challenge has been received. All properties required for the bypass are now in County Council ownership. Planning conditions imposed on the bypass scheme were discharged on 2nd September 2015.</p> <p>Developer contributions from the HCA are committed, previously via a signed Section 106 agreement but now due under the Community Infrastructure Levy (CIL) rather than planning obligations. In advance of the collection of full HCA contributions, the City Deal offers the facility of forward funding the Broughton Bypass. This certainty of funding means the scheme can commence construction in January 2016. The tender process for the main works contract commenced in July 2015 and tenders were returned on 11th September 2015, with award of contract programmed for announcement in December 2015. It is understood from the Project Manager that LCC has been provided with some reassurance that based on an 'initial assessment' of the tender returns cost estimates closely align with LCC's own October 2014 cost estimate.</p> <p>The key remaining delivery constraints for the scheme is a delay to gaining funding approval from the LEP. The signed City Deal in 2013 cited that residential planning applications were being refused planning permission on the grounds there was insufficient capacity on the highway network and that other imminent applications were at risk of refusal at that time. Delay in the commencement of the Bypass scheme will limit the amount of development that can be carried out.</p>
S7	Have any inter-dependencies which may affect the success of the scheme been identified?	Requirements Fully Met	<p>The A6 Broughton Option Study in 2012, included an improvement package at M55 junction 1. A scheme to improve and increase the capacity of the roundabout at the M55 junction 1 was completed by Highways England in January 2014.</p> <p>Recent improvements to the M55 at Junction 1 have reduced the levels of southbound queuing and blocking back from that junction through to Broughton, observed in 2012. However, it has been demonstrated that northbound journeys through Broughton have been relatively unaffected by the M55 improvements, with average journey times still poor with high levels of journey time variability.</p> <p>The scheme is complementary to the proposed Preston North Western Distributor (PNWD) scheme and associated link roads aimed at supporting planned housing in north west Preston. The PNWD will include a new Junction 2 on the M55 just west of the M55 junction 1 south of Broughton. In highway modelling terms the impact of Broughton Bypass can be considered to be independent of the PNWD.</p>

S8	Are any links with other schemes clear?	Requirements Fully Met	<p>Delivery of the safeguarded D'Urton Lane/ Eastway link road is integral to masterplan strategy for Land at Eastway, Preston. The Inspector at the Public Inquiry into the Preston Local Plan stated in his 1998 report that the Link to Eastway from the bypass via D'Urton Lane is so closely associated with the bypass that he recommended the consolidation of the two routes into one policy (T5).</p> <p>Since delivery of the D'Urton Lane/ Eastway link road is dependent on the Bypass scheme it has been excluded from the Do-minimum scenario, nor would it be appropriate to claim any benefits from the scheme through inclusion in any future year Do-Something scenario of the Bypass scheme.</p>
S9	Have the main stakeholder groups and their contribution to the project been clearly defined? This should include any potential constraints or conflicts between stakeholders groups.	Requirements Fully Met	<p>The scheme has broad political support, both from the local council and from LCC and the City Deal partners. Broughton Parish Council has campaigned in favour of a bypass for over 30 years. It is identified in the Central Lancashire Masterplan and supports other schemes put forward in the Central Lancashire Core Strategy and Preston Local Plan.</p>
S10	Is there a robust assessment of different scheme options, including the reasons for any options being discounted?	Requirements Fully Met	<p>No further improvements to the Broughton Crossroads are possible because of the physical constraints of existing development.</p> <p>A wide range of alternative options and packages of interventions have been considered over the history of the scheme's development. These include large scale highways improvements, both on the A6 and the wider highway network and small scale packages of improvements in the local area. The Bypass route and alternative options have been subject to scrutiny through the planning process, both through the grant of planning permissions and in context of the statutory development plan. This work has included an assessment of alternatives based on DfT's appraisal process as well as preliminary traffic modelling testing of options.</p> <p>Examination of alternative options, against scheme objectives, was most recently subject to scrutiny at the public inquiry held in Preston in April 2015 to consider the scheme, following objections to Compulsory Purchase Orders (CPOs) needed to construct the bypass. It has been demonstrated that these do not sufficiently achieve the proposed objectives of the scheme, nor do they effectively address the range of issues and problems associated with traffic in Broughton. In July 2015, the Secretary of State confirmed the orders giving LCC the go ahead to buy the land needed for the scheme.</p>
S11	Have details of stakeholder and public consultation been provided?	Requirements Fully Met	<p>As part of the statutory process for planning applications, the scheme underwent a consultation exercise with key stakeholder groups and members of the public between August and October 2013.</p> <p>As part of the Broughton Bypass design process, LCC has committed to invest £0.5 million to improve roads, public areas, and walking and cycling facilities to complement the proposed Broughton bypass. LCC, in partnership with Preston City Council, carried out a consultation exercise in Spring 2015 to seek the views of the residents of Broughton on proposals for the village and particularly along the A6 Garstang Road once the bypass has been opened to traffic.</p>

INDEPENDENT REVIEW



Project Title:	Broughton Bypass		
Permission Sought:	Full Approval	Date of Review:	24/09/2015

ECONOMIC CASE

Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The scheme is predicted to provide very high VfM with a BCR of 5.8 and deliver significant journey time saving benefits, amounting to £129.5m (2010 prices, discounted over 60 years), of which 79% are attributable to the peak periods and 60% to travel time savings of more than 5 minutes which are considered to be highly significant. Although the build-up of the present value of costs for the scheme is not fully transparent, including how base costs have been adjusted for risk and how (if) sunk costs have been applied, the scheme BCR is not considered to be sensitive to this value.</p> <p>The traffic modelling is based on fixed trip matrix assumptions for a core scenario without Dependent Development and utilising a cordon version of the Broughton Strategic Highway VISUM Model to limit potential impacts of model noise. To ensure that that traffic modelling is sufficiently robust and fit for purpose in accordance with national guidance (and using accepted modelling techniques and software) a series of updates have been made to both the Local Model Validation Report and Model Forecasting Report. This exercise has been completed satisfactorily. A preliminary quantitative assessment exercise has satisfactorily demonstrated that variable demand modelling is not required, and if implemented would not materially affect the final VfM categorisation of the scheme.</p> <p>A low growth sensitivity test has been carried out resulting in a BCR of 3.9 which can be categorised as providing a high VfM. Although it is predicted that the scheme has the potential to generate an additional £153m of GVA benefits providing a positive contribution to the Lancashire economy and City Deal, verification of the analysis is not possible on the basis of the information supplied through the EAR.</p> <p>In line with the LEP's Accountability Framework, Sue Proctor, Chair of the City Deal Infrastructure Delivery Project Board has confirmed that the AST is true and accurate.</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.

Ref	Item	Status	Comments
E1	Has a Value for Money Statement been provided, including a BCR?	Requirements Fully Met	A value for money (VfM) statement has been provided. The bypass will not only to relieve existing congestion (the traffic model predicts that with the Bypass in place that reductions in traffic of 92% would be achieved on the A6 in 2032) but also improve the environmental quality of the village of Broughton, encourage travel by means other than by the private car and to enable future residential and economic growth in the north Preston area. A particular benefit is the potential to achieve local air quality objectives for the designated Broughton AQMA. The Broughton Bypass scheme is predicted to provide very high VfM with a benefit cost ratio (BCR) of 5.8 and potentially generate an additional £153m of Gross Value Added (GVA) benefits arising from the unlocked residential development (650 dwellings) and the creation of employment opportunities (750 jobs).
E2	Are there any key assumptions relating to how the BCR has been derived?	Requirements Fully Met	<p>Economic assumptions reflect WebTAG guidance. Price base year and discount rates have all been accurately applied.</p> <p>The Broughton Strategic Highway VISUM Model extends over a wide area, therefore, for economic appraisal in order to minimise any potential impact of model noise a cordon of the model was produced. The extent of the cordon model was based on an interrogation of the changes in traffic flows and delay as a result of the scheme implementation at 2032 forecast year - the transport model provides estimates for two forecast years: the opening year (2017) and the design year (2032). The model has three time periods representing and morning peak hour, average inter-peak hour and an evening peak hour, with annualisation factors based on observed data. Scheme impacts have been interpolated and extrapolated over a 60-year period assuming no traffic growth beyond 2032.</p> <p>The core scenario is based on fixed trip matrix assumptions and incorporates local sources of uncertainty (in terms of schemes and development) categorised as near certain and more than likely. Dependent development is not included in the core scenario. As delivery of the D'Urton Lane/ Eastway link road is dependent on the Bypass scheme it has been excluded from the Do-minimum scenario, nor would it be appropriate to claim any benefits from the scheme through inclusion in any future year Do-Something scenario.</p>

E3	Is the basis for the calculation of the Present Value of Benefits (PVB) sufficiently robust?	Requirements Fully Met	<p>The sum total of monetised benefits for this scheme is represented by the Present Value of Benefits (PVB) totalling £129.2 million (2010 prices and values). TUBA (1.9.5 - November 2014) has been used to calculate travel time benefits to highway users, vehicle operating costs and indirect tax revenues, while WebTAG spreadsheets have been used to monetise environmental impacts (noise, local air quality and greenhouse gases).</p> <p>The scheme is predicted to generate £129.5 million of travel time savings over the 60-year appraisal period, of which 79% are attributable to the peak periods and 60% to travel time savings of more than 5 minutes which are considered to be highly significant.</p> <p>Based on a proportionate approach to scheme appraisal, delays during construction & future year maintenance savings, benefits in terms of journey quality and accident savings have not been monetised, as these are considered to represent a relatively small percentage of the overall benefits of the scheme.</p>
E4	Is the basis for the calculation of the Present Value of Cost (PVC) sufficiently robust?	Requirements Substantially Met	<p>The scheme Present Value of Cost (PVC) is calculated to be £22.1 million (2010 prices and values). Estimation of the scheme costs includes both the actual cost of the scheme during construction and future year maintenance costs and includes for:</p> <ul style="list-style-type: none"> • Base costs (before allowing for risk) for construction, land / property, preparation / administration and supervision were estimated by LCC in October 2014 based on a full detailed design and rates that reflect construction projects of similar size and nature. No independent cost verification was carried out on the 2014 cost estimates. A construction-related inflation of 5% has been applied relative to the rate of general inflation; • Maintenance cost estimates have been produced using the typical maintenance profiles, costs, durations and timings for new roads as per the DfT QUADRO manual. • Adjustment for risk has been applied through a Quantified Risk Assessment (QRA); and • Adjustment for optimism bias has been made to reflect the well established and continuing systematic bias for estimated scheme costs and delivery times to be too low and too short - this has been applied at 15%. <p>Costs are rebased to 2010 prices using the GDP-deflator series published in the November WebTAG data book.</p> <p>Although the build-up of the PVC calculation is not fully transparent, including how base costs have been adjusted for risk and how (if) sunk costs have been applied, the scheme BCR is not considered to be sensitive to this value.</p>
E5	Has an appropriate level of optimism bias been applied?	Requirements Fully Met	<p>Optimism bias (OB) has been applied at 15% representing the upper bound limit for conditional approval as per WebTAG Unit A1.2 - and based on the advanced stage of project development & design, and risk this is considered to be an appropriate level of OB.</p> <p>It is noted that the tender process commenced in July 2015 and tenders were returned on 11th September 2015, with award of contract programmed for announcement in December 2015. A 3% OB uplift would typically be applied once a preferred bidder with firm and final prices is in place. It is understood from the Project Manager that LCC has been provided with some reassurance that based on an 'initial assessment' of the tender returns cost estimates closely align with LCC's own October 2014 cost estimate.</p>
E6	Has an appropriate level of risk cost been included?	Requirements Substantially Met	<p>A Quantified Risk Assessment (QRA) was last undertaken by LCC in November 2014 and is in need of being updated to reflect the current status of the scheme. It is noted that LCC plans to update the risk register in consultation with the contract following contract award. The level of risk adjustment applied to the base cost estimates for economic assessment is not transparent. Some of the risks identified in the risk register may have been realised (and are therefore now a cost to the scheme) or have not materialised (notably in relation to delayed decisions to the CPO/SRO) and can be discounted. Taking account the level of OB applied, the overall of level of risk/ contingency applied for economic appraisal is deemed to be acceptable.</p>
E7	Is the traffic modelling and forecasting approach / tools sufficiently robust? Has relevant supporting documentation been provided to substantiate that modelling undertaken is fit for purpose?	Requirements Fully Met	<p>In March 2014, LCC advised that the Broughton Strategic Highway VISUM Model (used to inform the 2013 planning application re-submission and subsequent approval) needed to be updated to ensure it was in line with current DfT WebTAG best practice. The approach adopted was detailed in an Appraisal Specification Report (ASR), dated June 2014.</p> <p>To ensure that that traffic modelling is sufficiently robust and fit for purpose in accordance with national guidance (and using accepted modelling techniques and software) a series of updates have been made to both the Local Model Validation Report and Model Forecasting Report. This exercise has been completed satisfactorily.</p>
E8	Have all other modelling assumptions been made clear?	Requirements Fully Met	<p>A technical note on the need for a variable demand model (VDM) has been prepared. In line with WebTAG unit M2, preliminary quantitative assessments of the potential effects of variable demand on both traffic levels and benefits have been carried out. Since no pre-existing VDM was available in order to quantify the effects of variable demand on both traffic levels and benefits, a comparison has been undertaken between elastic and fixed trip assignments for the Broughton Bypass scheme.</p> <p>This assessment has satisfactorily demonstrated that VDM is not required, and if implemented would not materially affect the final VfM categorisation of the scheme.</p>
E10	Are TUBA outputs robust?	Requirements Fully Met	<p>TUBA performs a series of checks on the input data to assess whether the input appears sensible. An assessment of TUBA warning messages has been undertaken to ensure the results are logical.</p>
E11	Have all relevant options been modelled / appraised?	Requirements Fully Met	<p>As it has been satisfactorily demonstrated that there are no practical alternative low cost options there was no requirement to model/ appraise alternative options as part of the full approval business case.</p>

E12	Have appropriate sensitivity tests been undertaken?	Requirements Partially Met	<p>Whilst the core scenario represents the most unbiased and realistic set of assumptions that form the central case, sensitivity tests should be undertaken to confirm the robustness of appraisal and reflect uncertainties in the core scenario assumptions.</p> <p>A low growth sensitivity test has been carried out in line with WebTAG Unit M4 assuming a proportion of base year demand is subtracted from the core scenario. Additionally to reflect alternative local assumptions about demand, development that is considered to be 'more than likely' has been excluded. Adopting the same cordon model the low growth scenario results in a BCR of 3.9 which can be categorised as providing a high VfM.</p> <p>In addition, a separate sensitivity test has been carried out to consider the 'impact' of dependent development, by including this in both the 'Without Scheme' and 'With Scheme' scenarios resulting in an increased BCR of 7.0 (compared to 5.8 in the core 'without dependent development' scenario). Whilst the finding is intuitive in the sense that travel costs in the 'Without Scheme With Dependent Development' scenario would be expected to increase at a greater rate than in the 'With Scheme With Dependent Development' scenario (due to capacity constraints at Broughton Crossroads) this is a purely theoretical exercise given that full development of Whittingham Park (on the former Whittingham Hospital site) cannot come forward without the bypass scheme and therefore not relevant in an economic assessment of the scheme. The treatment of dependent development is covered in WebTAG Unit A2.3 and is considered in E15 below.</p>
E13	Has a completed AST been provided (with supporting worksheets where relevant)?	Requirements Fully Met	<p>The Appraisal Summary Table (AST) is completed as required with supporting worksheets provided where relevant.</p> <p>In line with the LEP's Accountability Framework, Sue Proctor, Chair of the City Deal Infrastructure Delivery Project Board has confirmed that the AST is true and accurate.</p>
E14	Are forecast housing, jobs and GVA impacts provided robust / realistic?	Requirements Substantially Met	<p>Planning restrictions are in place limiting the amount of the development that can come forward in the local area in the absence of the Broughton Bypass scheme, notably in relation to 650 dwellings and 9,000 sq metres of employment land on the former Whittingham Hospital site.</p> <p>Potential Gross Value Added (GVA) benefits have been estimated using the approach adopted by Jacobs for the TfL Major Schemes prioritisation work (based on Homes and Communities Agency (HCA) Additionality guidance), which defines GVA as transport-induced changes in jobs, multiplied by GVA per job, adjusted for changes in productivity (agglomeration and labour), plus savings in direct transport costs. It has been estimated that the scheme has the potential to generate an additional £153 million of GVA over the 60-year appraisal period arising from the unlocked residential development (650 dwellings) and the creation of employment opportunities (750 jobs).</p> <p>Whilst the 'net' GVA figure does not seem unrealistic and incorporates the impacts of displacement, deadweight, leakage and substitution in line with HCA Additionality guidance, verification of the analysis is not possible on the basis of the information supplied with the Business Case through the Economic Assessment Report.</p>
E15	Has dependent development been accounted for?	Requirements Fully Met	<p>As identified in E12 above, travel costs associated with a 'Without Scheme With Dependent Development' scenario are by definition not relevant in an economic assessment of the scheme.</p> <p>WebTAG Unit A2.3 advises that dependent development should be appraised in a qualitative manner (as part of its contribution to the Adjusted BCR and final VfM categorisation) based on an estimate of the 'planning gain' arising from the dependent development less the net external costs caused by the dependent development. The value to society of a planning decision to grant permission for new dependent development may be separated into two elements:</p> <ul style="list-style-type: none"> i) the private benefit associated with the change in land use, as represented by the uplift in land value. ii) net external impact of the resulting development, including: the loss or gain in amenity value of land compared to its existing use; and transport-related external costs i.e. the change in user travel costs as a result of the dependent development between the 'With Scheme With Dependent Development' and 'With Scheme Without Dependent Development' scenarios. <p>Supplementary information relating to a WebTAG compliant Dependent Development test was presented on 18th September 2015, which shows the scheme to have a Slight Beneficial impact.</p>
E16	Have all (relevant) Environmental & Social Impacts been adequately assessed?	Requirements Fully Met	<p>The environmental impacts assessed include monetised impacts (Noise, Air Quality and Greenhouse gases) and non-monetised impacts (Landscape, Townscape, Historic Environment, Biodiversity and Water Environment). The social impacts assessed using quantitative and qualitative information include Physical Activity, Journey Quality, and Severance.</p> <p>The environmental & social impacts associated with the scheme have been adequately assessed and conducted in line with WebTAG guidance (A3 & A4.1) for inclusion in the AST with supporting worksheets provided where relevant. Improvements in Noise and Air Quality are predicted to provide a small contribution to the total monetised benefits of the scheme, while negative benefits are expected from greenhouse gases emissions. In terms of non-monetised impacts, moderate beneficial impacts are attributed to the Townscape and Journey Quality, slight beneficial impacts to Severance and Physical Activity, neutral impact to Accidents, Water Environment and Biodiversity, slight adverse impacts to the Historic Environment and moderate adverse to the Local Landscape.</p>
E17	Have Distributional Impacts been assessed in a robust manner?	Requirements Fully Met	<p>The assessment of the Distributional Impacts (DIs) associated with the scheme are detailed in Appendix H in line with WebTAG Unit A4.2. The final consolidated results of the analysis are presented in the DI Appraisal Matrix and included in the Environmental and Social Benefits appendix as Appendix J12.</p>

INDEPENDENT REVIEW



Project Title:	Broughton Bypass		
Permission Sought:	Full Approval	Date of Review:	24/09/2015

FINANCIAL CASE

Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>Broughton Bypass is one of four major highways schemes planned to be delivered within the Preston City Deal agreed in autumn 2013. The total funding cover for the scheme is £24.3 million comprising; £8.8m of committed LTB funding, an indicative allocation of £6.7m from the competitive component of the Local Growth Fund, and £8.8m (36%) local LCC/ third party contributions.</p> <p>Current costs estimates were prepared by LCC in October 2014 based on a full detailed design and rates that reflect construction projects of similar size and nature. No independent cost verification was carried out on the 2014 cost estimates. LCC has opted not to apply any Optimism Bias to the outturn spend profile. A QRA has been undertaken by LCC, which has identified no critical financial risks at this stage, however, this was last undertaken in November 2014 and is in need of being updated to reflect the current status of the scheme - it is noted that LCC plans to update the risk register in consultation with the contractor following contract award. The chosen form of contract is NEC3 Option A (Priced Contract with Activity Schedule) and should provide a high degree of cost certainty. It is understood from the Project Manager that LCC has been provided with some reassurance that based on an 'initial assessment' of tender returns cost estimates closely align with LCC's own October 2014 cost estimate.</p> <p>HCA is committed through the City Deal framework to bring forward sites for development including infrastructure delivery. Upon signing of the Whittingham Hospital S106 agreement HCA had paid a total of £5.1m developer contributions towards the scheme, with future contributions to be recovered through Net Land Receipts under the Community Infrastructure Levy rather than planning obligations. In advance of the collection of full HCA contributions, the City Deal offers the facility of forward funding the scheme. The prospect of third party funding not coming forward is therefore considered to be low.</p> <p>LCC's Section 151 Officer confirms that <i>"the local contribution of £8.8m for this project will be met through the City Deal Infrastructure fund along with any subsequent cost increase above the level of grant already agreed."</i> The County Council has confirmed that any ongoing operation and maintenance liabilities over the lifecycle of the scheme will fall to LCC.</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.

Ref	Item	Status	Comments
F1	Is the expected whole life cost of the scheme robust, including the base cost and risk allowance in outturn prices drawn from industry forecasts?	Requirements Substantially Met	<p>Current cost estimates were prepared by LCC in October 2014 based on a full detailed design and rates that reflect construction projects of similar size and nature. No independent cost verification was carried out on the 2014 cost estimates. The build-up of cost comprises:</p> <ul style="list-style-type: none"> • Construction £12.97 million incl an allowance for utility services to cover alteration works and £0.5 million for A6 mitigation works • Preparation & Supervision £2.98 million • Land £4.70 million incl £1.8 million valuation for properties already owned by LCC and £1.36 million Part 1 claims • Risk £1.69 million based on a QRA undertaken by LCC • Inflation £1.96 million <p>LCC has opted not to apply any Optimism Bias to the outturn spend profile. The main works tender process commenced in July 2015 and tenders were returned on 11th September, with award of contract programmed for announcement in December 2015. The chosen form of contract is NEC3 Option A (Priced Contract with Activity Schedule), which will provide a high degree of cost certainty upon completion of the procurement process.</p> <p>Whilst scheme costs currently do not reflect a preferred bidder with firm and final prices, it is understood from the Project Manager that LCC has been provided with some reassurance that based on an 'initial assessment' of the tender returns cost estimates closely align with LCC's own October 2014 cost estimate.</p>
F2	Has a cost profile been provided showing year on year costs, and breakdown by cost type and parties on whom they fall?	Requirements Fully Met	A cost profile has been provided showing year on year costs (broken down by cost type) (Table 5-1) and parties on whom they fall (Table 5-5).

F3	Have details of key financial risks been provided and is the risk cost allowance robust?	Requirements Partially Met	<p>A quantified risk assessment has been undertaken by LCC, which has identified no critical financial risks at this stage in the project lifecycle. The risks are rated by product of impact and probability as follows:</p> <ul style="list-style-type: none"> • High (4 risks) £0.31 million; • Medium (34 risks) £1.13 million; and • Low (24 risks) £0.22 million. <p>The QRA, however, was last undertaken in November 2014 and is in need of being updated to reflect the current status of the scheme - it is noted that LCC plan to update the risk register in consultation with the contractor following contract award. Some of the risks identified in the risk register may have been realised (and are therefore now a cost to the scheme) or have not materialised (notably in relation to delayed decisions to the CPO/SRO) and can be discounted.</p>
F4	Are funding sources to cover the full scheme cost clearly set out?	Requirements Fully Met	<p>Broughton Bypass is one of four major highways schemes planned to be delivered within the Preston City Deal agreed in autumn 2013. The HCA as a key landowner is committed through the City Deal framework to bring forward sites for development and work with the relevant local authorities to ensure the required transport infrastructure is constructed.</p> <p>The total funding cover for the Broughton Bypass scheme is £24.3 million comprising £8.8 million of committed LTB funding and an indicative allocation of £6.7 million from the competitive component of the Local Growth Fund, and £8.8 million (36%) local contributions (through LCC/ developer contributions).</p>
F5	Is there sufficient evidence to support third party / alternative funding contributions?	Requirements Fully Met	<p>Developer contributions from the HCA are committed, previously via a signed Section 106 agreement but now due under the Community Infrastructure Levy (CIL) rather than planning obligations. In advance of the collection of full HCA contributions, the City Deal offers the facility of forward funding the Broughton Bypass. This certainty of funding means the scheme can commence construction in January 2016, subject to value for money being demonstrated through this Business Case.</p> <p>The signed Section 106 Agreement with HCA for Whittingham Hospital includes a "By-pass Contribution" capped to the higher of: a) 70.5% of the scheme cost (including costs, construction costs, supervision costs, and the market value of the land required for the Broughton By-pass or b) £11,400,000 towards Broughton Bypass.</p>
F6	Have the impacts of third party / alternative funding not coming forward been considered?	Requirements Fully Met	<p>Upon signing of the Whittingham Hospital S106 agreement (dated 25th June 2014) HCA had paid a total of £5.1 million towards the "By-pass Contribution". Future HCA developer contributions will be recovered through Net Land Receipts under the CIL rather than planning obligations. In advance of the collection of full HCA contributions, the City Deal offers the facility of forward funding the scheme. The prospect of third party funding not coming forward is therefore considered to be low.</p>
F7	Has the long-term financial sustainability of the scheme been demonstrated, including robust plans to ensure the affordability of any ongoing costs for operation, maintenance and major capital renewals?	Requirements Fully Met	<p>Future year maintenance costs of circa £3.0m (at 2010 prices) have been estimated for the 60-year appraisal period and are included in the economic assessment.</p> <p>The County Council has confirmed that any ongoing operation and maintenance liabilities over the lifecycle of the scheme will fall to LCC. Where appropriate these would be recovered through additional Revenue Support Grant (or equivalent) in respect of additional road length.</p>
F8	Has evidence of appropriate S151 Officer sign-off been provided?	Requirements Fully Met	<p>The County Council's Section 151 Officer confirms that "<i>the local contribution of £8.8m for this project will be met through the City Deal Infrastructure fund along with any subsequent cost increase above the level of grant already agreed. LCC, as the accountable body, take the risk on City Deal deficits over its life. In doing this we allow for variables such as construction inflation and an allowance for the risk of cost estimates.</i>"</p> <p>The business case highlights that any change in estimated land costs or other costs will be reported to the LEP in October 2015 and will be covered by LCC. It is understood from the Project Manager that LCC has been provided with some reassurance that based on an 'initial assessment' of the tender returns cost estimates closely align with LCC's own October 2014 cost estimate.</p>

INDEPENDENT REVIEW



Project Title:	Broughton Bypass		
Permission Sought:	Full Approval	Date of Review:	24/09/2015

COMMERCIAL CASE

Overall Score	3	It should be noted that this score reflects the need for the County Council to complete the procurement process, which is in-hand, and a preferred bidder with firm and final prices is selected, before funds can be drawn down. The award of contract is programmed for announcement in December 2015. Following contract award the requirements of the commercial case would be fully met - an overall score of 1.	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:		LCC has chosen a Traditional Approach for its procurement strategy with the design being undertaken in-house and the Contractor appointed by tender. The main works contract will be procured in accordance with the requirements of the Public Contracts Regulations 2006. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) is considered to be sound, due to a requirement for the lowest level of contractual oversight, the need for financial certainty and the advanced design stage of the scheme.	2	Requirements substantially met - Minor issues exist with the submission.
		Risks and associated cost items will be specifically assessed and assigned depending on which partner is best placed to manage them. The activity schedule will be written by the Contractor and priced as a lump sum by the Contractor. In pricing the activity, the Contractor will take responsibility for estimating the quantities and resources and assessing the pricing risks which are retained by the Contractor.		
		The procurement strategy was initially approved by the City Deal Infrastructure Delivery Project Board (IDPB) in July 2013 with approval and endorsement noted in the minutes of the IDPB meeting on 30th June 2015. The tender process commenced in July 2015 and tenders were returned on 11th September 2015. The LEP's Accountability Framework stipulates that the Scheme promoters can only apply for Full Approval once procurement has taken place and a preferred bidder with firm and final prices is selected. Accordingly, any approval to draw down funds will need to be conditional on the award of contract which is programmed for announcement in December 2015.	3	Requirements partially met - Medium issues exist with the submission.
		It is envisaged that the contract will be of approximately 1 year duration with an anticipated contract start date of January 2016. Due to the proposed contract type and length there is no potential for indexation of payments.	4	Requirements not met - Critical issues exist with the submission.

Ref	Item	Status	Comments
C1	Has a robust procurement strategy been clearly set out?	Requirements Fully Met	LCC has chosen a Traditional Approach for its procurement strategy with the design being undertaken in-house and the Contractor appointed by tender. The main works contract will be procured in accordance with the requirements of the Public Contracts Regulations 2006. The chosen form of contract used will be the Engineering and Construction Contract (ECC), part of the New Engineering Contract (NEC3) family of contract documents, the standard form of construction contract in the UK and in widespread use across Europe.
C2	Has consideration of different procurement options been demonstrated, including justification for selection of the preferred option?	Requirements Fully Met	The choice of payment options (A-F) within the ECC is a balance between risk, apportionment of risk and certainty of cost. The contract options legally define the responsibilities and duties of Employers (who commission work) and Contractors (who carry out work) in the Works Information. The rationale for selecting Option A (Priced Contract with Activity Schedule) is considered to be sound, due to a requirement for the lowest level of contractual oversight, the need for financial certainty and the advanced design stage of the scheme. The procurement strategy was initially approved by the City Deal Infrastructure Delivery Project Board (IDPB) in July 2013 with approval and endorsement noted in the minutes of the IDPB meeting on 30th June 2015.
C3	Have the proposed payment mechanisms / pricing framework been identified?	Requirements Fully Met	The selected payment option is NEC3 Option A (Priced Contract with Activity Schedule). Payment timing will be adopted to maximise the value from the contract through minimising financing and construction costs. Prompt and fair payment mechanisms will be applied throughout the supply chain. This is covered under the procurement process and will be monitored during the contract to ensure full value is delivered. The Contractor will provide the Broughton Bypass construction works described in the contract for a sum of money. The contract provides for specified risks to be carried by the Employer which will result in the lump sum being adjusted if the compensation events occur. Due to the use of the Option A Priced Contract with Activity Schedule approach, there is little potential for incentivisation and cost reductions once the project has been procured.
C4	Have the procurement timescales been set out, and are they realistic?	Requirements Fully Met	The tender process commenced in July 2015 and tenders were returned on 11th September 2015, with award of contract programmed for announcement in December 2015.
C5	Have details of the proposed risk transfer / allocation been provided?	Requirements Fully Met	Risks and associated cost items will be specifically assessed and assigned depending on which partner is best placed to manage them. The activity schedule will be written by the Contractor and priced as a lump sum by the Contractor. In pricing the activity, the Contractor will take responsibility for estimating the quantities and resources and assessing the pricing risks which are retained by the Contractor. The prevailing economic conditions in 2015/2016 will be taken into consideration to ensure correct risk assignment and help maximise value.

C6	Have details of contract management been provided, including contract timescales?	Requirements Fully Met	Graeme Leathard, LCC Highways Manager will be responsible for overseeing the tendering and site supervision of the Contractor supported by Jane Turner, LCC Legal for any contractual matters. It is envisaged that the contract will be of approximately 1 year duration with an anticipated contract start date of January 2016. Due to the proposed contract type and length there is no potential for indexation of payments.
C7	Has evidence of relevant approval been provided from Head of Procurement?	Requirements Partially Met	<p>The main works contract procurement strategy was initially approved by the City Deal Infrastructure Delivery Project Board (IDPB) in July 2013 with approval and endorsement noted in the minutes of the IDPB meeting on 30th June 2015.</p> <p>The LEP's Accountability Framework stipulates that the Scheme promoters can only apply for Full Approval once procurement has taken place and a preferred bidder with firm and final prices is selected. Accordingly, any approval to draw down funds will need to be conditional on the award of contract which is programmed for announcement in December 2015.</p>

INDEPENDENT REVIEW



Project Title:	Broughton Bypass		
Permission Sought:	Full Approval	Date of Review:	24/09/2015

MANAGEMENT CASE

Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>All statutory processes are in place. Planning permission for the scheme was first granted in July 2001, with the last successfully resubmitted application approved in November 2013. A public inquiry was held in April 2015 following objections to the CPOs needed to construct the scheme. In July 2015, the SoS confirmed the orders giving LCC the go ahead to buy the land needed for the scheme. The deadline for a judicial review challenge has now expired and no challenge has been received. All properties required for the bypass are now in LCC ownership. Planning conditions imposed on the scheme were discharged in September 2015. Although the scheme programme shows how the infrastructure works have been coordinated with environmental constraints it was last updated in January 2015 and needs to be updated to reflect the current status of the scheme. It is noted that the programme will be developed further in terms of the works breakdown and deliverables over the construction period following contract award.</p> <p>LCC can demonstrate a strong track record of project delivery, incl. the £130m Heysham to M6 Link Road, which is on track for completion in summer 2016. The governance and approvals arrangements for the project are generally well defined, incl. how these interface with the City Deal Infrastructure Delivery governance arrangements. Highways England should be included within the governance structure given the linkages with M55 Jn1 and stronger links should be made with HCA at a project level. The LEP published the business case on its website on 21st September 2015 for public consultation for a period of six weeks to ensure transparency of process. Any comments received will be made available to LEP Board members when final investment decisions are being taken. A communications strategy for the project is framed within the wider strategy for the City Deal, including engagement with the media, public and stakeholders.</p> <p>A Monitoring & Evaluation Plan has been developed, incl. a logic map which seeks to provide a visual representation of the process by which the scheme outputs will deliver the primary objectives - this should be reviewed in tandem with the preparation of a benefits realisation plan to ensure that an appropriate level of benefits prioritisation is undertaken with resources focussing on tracking the most significant benefits. Furthermore, whilst the M&E plan provides clear governance arrangements it does not include any budget estimation for data collection, nor does it specify how this would be funded.</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.

Ref	Item	Status	Comments
M1	Has the proposed governance / organisational structure been provided? Does it provide a robust means of overseeing project delivery with appropriate skills / experience?	Requirements Substantially Met	The governance arrangements for the project are generally well defined, including how these interface with the City Deal Infrastructure Delivery governance arrangements. Moving forwards, Highways England should be included within the governance structure given the linkages with M55 Jn1 and stronger links should be made with HCA at a project level given the dependency of the redevelopment of the former Whittingham Hospital site on the Broughton Bypass scheme.
M2	Does the project programme demonstrate realistic delivery timescales? Does it provide an appropriate level of detail? Have critical path items and dependencies been clearly identified?	Requirements Partially Met	<p>The scheme programme is contained at Appendix M. The programme shows how the infrastructure works have been coordinated with the environmental constraints, specifically, restriction on undertaking works at specific times of the year when bats and newts are present and also the periods when trees can be felled (outside bird nesting seasons). The programme also shows the Compulsory Purchase Order (CPO) / Side Road Order (SRO) / land acquisition process.</p> <p>The detailed programme, however, was last updated on the 16th January 2015 and is in need of being updated to reflect the current status of the scheme.</p> <p>It is noted that as the scheme progresses through the approval and current procurement processes that the programme will be developed further in terms of the works breakdown and deliverables over the construction period.</p>

M3	Have required statutory powers and consents been obtained? Are there any conditions to the powers, consents or funding and do they pose any additional risks? Is a plan in place to demonstrate how these conditions will be met?	Requirements Fully Met	<p>Planning permission for the scheme was first granted in July 2001. Due to the five year time limit under the Town and Country Planning Act and lack of funding at the time to materially construct the scheme, the local highway authority was required to reapply for renewals every five years. The last successfully resubmitted planning application was approved in November 2013 and the legal orders were published to allow LCC to buy land for the scheme (if not already bought by agreement) and alter existing roads and accesses. The orders were advertised for seven weeks, from 23 May until 11 July 2014.</p> <p>A public inquiry was held in Preston in April 2015 to consider the scheme, following objections to Compulsory Purchase Orders (CPOs) needed to construct the bypass. In July 2015, the Secretary of State confirmed the orders giving LCC the go ahead to buy the land needed for the scheme. The deadline for a judicial review challenge has now expired and no challenge has been received. All properties required for the bypass are now in County Council ownership.</p> <p>Planning conditions imposed on the bypass scheme were discharged on 2nd September 2015.</p>
M4	Have details of the reporting, assurance and approval process been provided (including gateways in scheme development / delivery)?	Requirements Fully Met	<p>The document references the alignment with the Lancashire Enterprise Partnership's Accountability Framework, and this independent review of the business case forms a part of the assurance process.</p> <p>The main works contract procurement strategy was initially approved by the City Deal Infrastructure Delivery Project Board (IDPB) in July 2013 with approval and endorsement noted in the minutes of the IDPB meeting on 30th June 2015. In line with the LEP's Accountability Framework, Sue Proctor, Chair of the City Deal Infrastructure Delivery Project Board has confirmed that the AST is true and accurate. Lancashire's Section 151 officer has under-written the authority's ability to fund the local contribution to Broughton Bypass and any subsequent cost increases post the granting of remaining funding approval. In addition, the scheme's inclusion in the City Deal Infrastructure Development Fund means that the City Deal will cover any delay in funding from developers.</p> <p>As per the LEP Assurance Framework, LCC will submit a quarterly monitoring report (QMR) to TfL, setting out progress on scheme preparation and delivery. Monthly update reports are provided by the Project Manager to the Central Lancashire Transport Masterplan Project Board and will continue through the delivery of the scheme.</p> <p>The LEP published the business case on its website on 21st September 2015 for public consultation for a period of six weeks to ensure transparency of process. Any comments received will be made available to LEP Board members when final investment decisions are being taken.</p>
M5	Has evidence of scheme delivery been provided, to demonstrate that the delivery body has the capability and means to successfully implement the scheme?	Requirements Fully Met	<p>Evidence is presented of LCC's strong track record of project delivery, including the £130 million Heysham to M6 Link Road, which is on track for completion in summer 2016.</p>
M6	Has a Risk Management Strategy been provided, setting out how risks have been identified, their likely impact, appropriate mitigation, and how the risks will be managed (and by whom)?	Requirements Fully Met	<p>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 Accountability Framework.</p> <p>The Project Board has overall responsibility for governance and risk associated with the delivery of the scheme. 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 a Quantified Risk Register and planning for mitigating any risks which do not require escalation.</p> <p>The City Deal Infrastructure Delivery Plan (2014/15) contains a risk register for the whole programme identifying risk in the areas of; cost risks; resource risks; timing risks, planning risks, commercial risks and; marketing and communications risks. Mitigation measures are identified for each.</p>
M7	Does the Risk Register cover all foreseeable risks with no obvious omissions? Are suitable mitigation measures proposed? Is the Risk Register updated on a regular basis?	Requirements Partially Met	<p>A detailed risk register is available with no obvious omissions. However, this was last updated by LCC in November 2014 and is in need of being updated to reflect the current status of the scheme. It is noted that LCC plans to be update the risk register in consultation with the contractor following contract award.</p>
M8	Is an appropriate time-based plan in place for proactive communications and media enquiries?	Requirements Fully Met	<p>The communications strategy for the project is framed within the wider communications strategy for the City Deal, including engagement with the media, public and stakeholders. As part of the City Deal infrastructure delivery, a partnership approach to communications activities has been entered in to between the three councils with input from the HCA, LEP, government departments and other partners where appropriate, reflecting the arrangements for delivering the programme overall.</p> <p>All information on the project is available electronically via LCC's Broughton Bypass scheme website. As part of the main works tender process, contractors have been requested to explain how they will engage with community groups and individuals, some of whom will be disaffected, and how they will ensure the construction process will minimise the impact on day to day lives.</p>
M9	Is there a clear intervention logic for how the outcomes will be achieved? (e.g. logic map)	Requirements Substantially Met	<p>A logic map has been prepared which aims to present the key steps required in order to turn a set of resources or inputs into activities and outputs, which are, in turn, designed to lead to a specific set of changes or outcomes / impacts. The aim is to articulate the underlying causal theory based on the assumptions and evidence underpinning the rationale for the scheme.</p> <p>In terms of Outcomes, a key Outcome is missing "Reduced traffic through the village". This is fundamental to "Reduced severance in the village" alongside if not more importantly than speed reduction (to 20mph as a result of the complementary A6 mitigation scheme) - indeed one may argue that average speeds are already below 20mph due to existing and future predicted levels of congestion on the A6 without the scheme.</p>

M10	Has a Monitoring & Evaluation Plan been provided that identifies proposed data / performance indicators to monitor against the scheme objectives?	Requirements Substantially Met	<p>A Monitoring & Evaluation Plan is contained at Appendix O. TfL will monitor and evaluate Broughton Bypass in accordance with the appropriate DfT guidance, and in line with the LEP's Accountability Framework, TfL will publish the results on its website. Given the scale and scope of the Broughton Bypass scheme DfT's Standard Monitoring and Evaluation requirements are deemed appropriate.</p> <p>Although the proposed governance arrangements are set out the plan it does not include any budget estimation for data collection, nor does it specify how this would be funded.</p>
M11	Are there clear proposals to undertake evaluation of the overall effectiveness of the scheme?	Requirements Partially Met	<p>In terms of benefit prioritisation, DfT guidance recommends using no more than three scheme objectives for evaluation purposes. It is proposed that the three main objectives of the scheme that should be evaluated against appropriate metrics are:</p> <ul style="list-style-type: none"> • To provide better conditions for public transportation, cyclists and pedestrians, which facilitate and encourage the increased use of transport options other than private vehicles • To enhance road safety • To bring additional capacity to the network and improve accessibility and journey times into and out of Preston <p>The rationale for this selection is unclear - a benefit realisation plan (BRP) should be provided to define which of the scheme benefits are forecast to be the most significant, and therefore which benefits the BRP will focus on, it is suggested that a summary table is prepared which cross references the Appraisal Summary Table (AST) outputs and the proposed monitoring approach. This will ensure that an appropriate level of benefits prioritisation is undertaken with resources focussing on tracking the most significant benefits, for use in determining the success of the scheme.</p>