

**Date** 24<sup>th</sup> March 2016

**To** Transport for Lancashire (TfL)

**From** Jacobs

**Subject** Blackpool and Fleetwood Tramway Extension to Blackpool North Station

## Introduction

Jacobs have undertaken a comprehensive review of the Outline Business Case (March 2016) produced by Blackpool Council in support of the Blackpool and Fleetwood Tramway Extension to Blackpool North Station scheme.

The review findings should be used to inform a recommendation on whether the scheme should be granted Conditional Approval status at the LEP Board meeting on the 5<sup>th</sup> April 2016.

### ***Scheme Description***

The Blackpool North Tramway Extension will extend the current tramway from the North Pier tram stop on the Promenade to Blackpool North Station, approximately 600 metres inland on Talbot Road, as illustrated in Figure 1.

The scheme is promoted by Blackpool Council and Blackpool Transport Services (BTS).

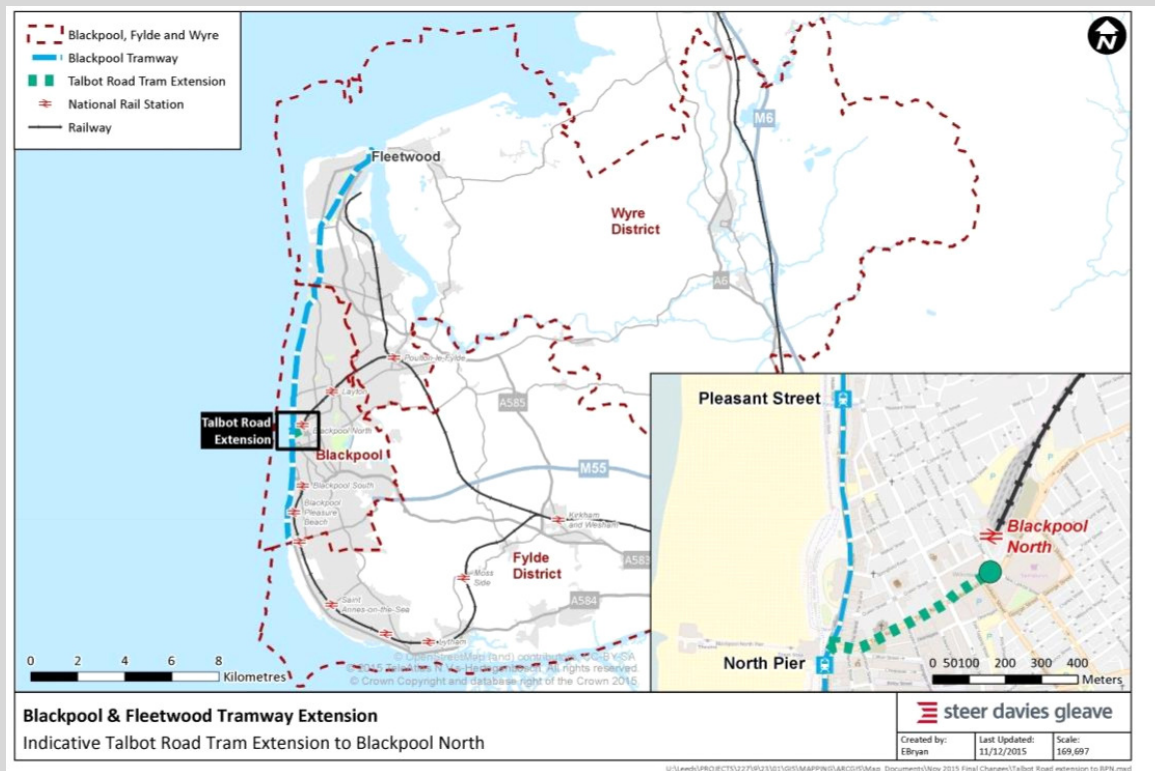


Figure 1: Scheme Location

## Methodology

The Outline Business Case has been reviewed and assessed against the Department for Transport's (DfT) guidance on *The Transport Business Cases (January 2013)*. This approach shows whether schemes:

- are supported by a robust case for change that fits with wider public policy objectives – the '**strategic case**';
- demonstrate value for money – the '**economic case**';
- are commercially viable – the '**commercial case**';
- are financially affordable – the '**financial case**'; and
- are achievable – the '**management case**'.

A Red-Amber-Green (RAG) assessment has been undertaken on each of the five cases in order to:

- a. Highlight any key risks associated with the successful delivery of the project in accordance with the Lancashire Enterprise Partnership's Accountability Framework.
- b. Identify areas of the Outline Business Case where there is insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme.
- c. Ensure the scheme aligns positively with the LEP's Strategic Economic Plan.

The completed RAG assessment has been appended to this document as **Appendix A**.

As part of the review process, Jacobs have actively engaged with the scheme promoter (Blackpool Council) and their specialist consultants (SDG) in order to seek clarification on any key issues associated with the Outline Business Case. The RAG assessment summarises the iterative process which has been adopted to update the Outline Business Case to ensure that it is compliant with the LEP's Accountability Framework and DfT best practice guidance.

## Key Points

**Scheme Cost** - The total investment cost for the scheme is £24.0m. The operator revenue generated over the scheme appraisal period is nearly 50% more than the operating costs, indicating a positive overall operating position.

**Funding** - A letter from Blackpool Council's Section 151 Officer has been appended to this document as **Appendix B**. The letter confirms Blackpool Council's support for the scheme and their commitment to provide a local contribution to fund the balance between the allocated Growth Deal funding (£16.4m) and the scheme cost (£24.0m).

**Scheme BCR** - The Economic Case for the scheme is strong, with the analysis presented showing that the scheme has a Benefit to Cost Ratio (BCR) of 2.86, which represents 'High' Value for Money.

**GVA Benefits** - The scheme is forecast to generate 6,000-11,000 induced trips annually which would generate £400,000 - £700,000 of GVA benefits per annum to Blackpool's local economy.

**Programme** - It is intended that the tramway extension will be opened by the spring of 2019, with construction due to begin at the end of 2017.

# Memorandum

(Continued)

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## Conclusions

The Blackpool and Fleetwood Tramway Extension to Blackpool North Station scheme **should be granted 'Conditional Approval' status**, to enable the scheme to progress to the Full Business Case stage, subject to the following conditions (which should be addressed as part of the Full Business Case update):

1. Once the final scheme costs are known, the scheme funding arrangements should be reconfirmed with the LEP and reported in the Full Business Case.
2. There are no significant disbenefits reported in the Transport Assessment, Air Quality Assessment, Heritage Assessment and Flood Risk Assessment reports which Blackpool Council will be producing in support of the Transport and Works Act Order (TWAO), as agreed with the Secretary of State.
3. Provide more detailed evidence that the timetabled tram headways will remain even to ensure the forecasted scheme benefits are realised.
4. Consideration should be given to the forecast rail demand growth at Blackpool North station, which should have a positive impact on the scheme BCR. In addition, there is potential to update the forecasting to use 2015 MOIRA data.
5. Update elements of the Distributional Impact (DI) assessment, in line with DfT guidance, to ensure it fully meets statutory requirements.
6. Make minor updates to the GVA calculations to support the Full Business Case, although it is recognised that the economic case and value for money of the scheme is robust without these.
7. The Monitoring & Evaluation Plan and accompanying Benefits Realisation Plan is updated to ensure that all of the benefits reported in the business case are realised.
8. The outstanding recommendations highlighted in the RAG assessment are actioned by Blackpool Council and incorporated into an updated version of the Outline Business Case. Ideally this condition should be discharged prior to the TfL meeting on the 5<sup>th</sup> April 2016.

## Appendices

Appendix A - RAG Assessment

Appendix B - Letter from Blackpool Council's Section 151 Officer

<b>Scheme Name:</b>	<b>Blackpool and Fleetwood Tramway Extension to Blackpool North Station</b>
<b>Scheme Description:</b>	A scheme to connect Blackpool North Station to the existing tramway at North Pier. The scheme is promoted by Blackpool Council and Blackpool Transport Services (BTS).

The purpose of this review is to examine the evidence base for the above scheme in order to identify any gaps. Additional work can then be undertaken on the scheme to ensure the business case for the scheme is comprehensive, which will limit the risk of future challenges.

The criteria used for the assessment is based upon the DfT document, 'The Transport Business Cases' (January 2013).

- The review which has been undertaken is based upon:
- Information contained within the Outline Business Case
  - Supporting documentation provided by Blackpool Borough Council

<b>KEY</b>	
<span style="background-color: red; color: black;">■</span>	= Significant additional work required
<span style="background-color: orange; color: black;">■</span>	= Some additional work required
<span style="background-color: green; color: black;">■</span>	= Sound evidence base

A RAG analysis has been undertaken to highlight areas where there appears to be insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme. Recommendations have been included on work which could be undertaken to strengthen the business case for the scheme.

Business Case	Criteria	Evidence	RAG Analysis	Jacobs Recommendations	Updates made by BBC / SDG	Updated RAG Assessment (Jacobs second review - 10.03.16)	Updates made by BBC / SDG	Updated RAG Assessment (Jacobs third review - 22.03.16)
STRATEGIC	Existing arrangements for the provision of services	Include a description of the current situation Can services be better utilised, or are more fundamental changes required? What are the constraints? Section 1.1.3 outlines the lack of integration between the rail and tram network. Interchange between rail and tram requires a transfer on foot of around 600 metres at the closest interchange points (see Figure 1.1). Section 3.2 outlines the existing service provision for rail, bus and tram.		No information has been provided under the 'Proposed Service Pattern' heading (Section 2.3.3 on page 8). Please update accordingly.  The numbers in Table 2.3 don't match up with the graph in Figure 4.2 and the figures referenced in para 5.2.8.  Table and chapter references in chapter 2 also need updating.	Deleted 'Proposed Service Pattern' heading. This information is detailed elsewhere.  Values updated in table (now table 2.1)  X-Refs and refs updated	OK  OK - however for clarity please reference in the updated section 5.2.10 that the new service would use three vehicles (two new plus one from the current fleet).  OK	Text updated	Top of p83 says 'an annual crew cost increase of £556,153 (current cost values) per tram vehicle.' However, it is understood that this is the cost for 3 tram vehicles not 1. Please confirm.
	Problem Identification	How have the problems been identified? Provide quantification of the extent of the problems Identified in section 3.2.12-3.2.17 - lack of integration between tram and rail.						
	The need for investment	Why is the scheme needed now? Outlined in Section 3.1.3. In summary the scheme is needed due to the fact that the rail and tram systems in Blackpool are not currently integrated which is a barrier to various types of economic activity (e.g. tourism and access to jobs).						
	Impact of scheme not being delivered	Impact on transport network, economy, future development, other schemes etc. Potential prosperity of the local economy, specifically the attractiveness and accessibility of Blackpool for tourists. Further, congestion (on road network) may deter some visitors travelling to Blackpool.		Suggest including a sub heading summarising the key impacts of not delivering the scheme.	added in paras 3.10.5-3.10.8			
	Study Area / affected population	Include a plan showing the scheme location. Provide a description / plan of targeted population. Various figures included in the Strategic Case to show location of scheme, major employers and origin / destination of rail trips.		Update Appendix A so that it shows the latest scheme design (i.e. terminus on Talbot Rd). Issue of the final location of the terminus has yet to be resolved. Also include scheme drawing for the use of the Wilko's site. Clarify in SOBC that the costs associated with the purchase of this site are independent of the scheme costs.  Section 3.2.25 states that 'Only 2% of rail passengers specified that they used or would use the tram'. Is this an estimate for all? the scheme is introduced? Sounds low and risks undermining the potential demand. Needs further clarification.	Appendix A updated with both images  Costs - line included within 5.2.6  3.2.25 and bullet updated (the survey was existing users and existing methods of access/egress - NOT potential with the scheme)	OK (although please provide actual copies of the plans in Appendix A separately as the scanned in copies are poor quality).  OK (although there is an incomplete sentence at the end of 3.2.25)	Originals of plans supplied  Paragraph 3.2.25 edited	
	Scheme Objectives	What are the aims of the proposed scheme, and how do they address all the problems identified? Set out in section 3.4 and assessment undertaken in table 3.9 of alignment with key policies.		Include further info on how the objectives were derived, given they were used for the appraisal of potential options. Were they consulted on? Were they approved at cabinet meetings or otherwise?	Para 3.4.1 updated.			
	Strategic Fit (e.g. DfT's business plan and wider government objectives)	How does the scheme contribute to key objectives, including wider transport and government objectives? Assessment undertaken in section 3.6 against pertinent local, regional and national documents.						
	Option Identification	How were potential problems identified? Evidence that alternative options (covering a range of different modes) were considered Phase 1 Fylde Coast Transport Study (not provided) outlines how the preferred option was identified. Section 3.5 of the OBC outlines alternative options and the Low Cost Option.						
	Early Assessment and Sifting	Methodology for sifting options Phase 1 Fylde Coast Transport Study (not provided) outlines how the preferred option was identified.		Consider appending the 'Phase 1 Fylde Coast Transport Study' to the OBC (or include in the referenced documents list).	Included refs in 1.3.1			
	Identification of short listed options	How were the potential options shortlisted? What were the other shortlisted options? 3.5.2 The Preferred Option was identified in the Phase 1 Fylde Coast Transport Study which ranked tram and rail integration options based on the scheme objectives.						
	Consideration given to the economic, environmental and social benefits of the possible approaches	What are the high-level strategic and operational benefits envisaged? How do they link to the objectives of the scheme?		Referenced qualitatively in the strategic case, however as discussed it is recommended that further assessment of the wider benefits (GVA) is considered in the economic case.  Include an assessment of how the scheme aligns to / contributes towards the scheme objectives (could also be done for LCA to show why it is inferior).	Wider impacts and GVA impacts in section 4.8.1 - 4.8.6  Paras 3.5.30-32 and Table 3.10 assess relative merits of each option including against objectives	To enable us to check that the GVA benefits being claimed are robust please could you provide the calculation spreadsheet? In particular, we would like to see evidence to support how the forecasted 7% uplift in rail passengers was calculated (and what this equates to in terms of passenger numbers).	Spreadsheet supplied	
	Consultation / stakeholder engagement	Provide details of any consultation events or stakeholder engagement that has taken place / is planned? Who was consulted? Include consultation results where available. See Communication and Stakeholder Management text (section 7.7 of OBC) and supporting Stakeholder Management Plan report		Section 10 of the Stakeholder Management Plan states that the proposals for the proposed extension will be made public (following a presentation outlining the proposed scheme to Blackpool and Fylde Business Leaders on 29 January 2016). As discussed, please clarify how this will be done.	added 3.8.17 - 3.8.18 (text from updated SMP)	OK - please could you forward the updated SMP for completeness.	Updated SMP forwarded	
	Preferred Option	How was the preferred option identified? Reasons why it was the preferred option. 3.5.2 The Preferred Option was identified in the Phase 1 Fylde Coast Transport Study which ranked tram and rail integration options based on the scheme objectives.		As discussed, it would be useful to include further justification for why the Low Cost Option is not a feasible alternative (i.e. diverts existing passengers, potential loss of revenue for BTS and potential increase in operating costs).	see 3.5.30-32 and Table 3.10 as above			
	Traffic Modelling work undertaken	Details of any traffic modelling work which has been undertaken. Results of modelling work Has the need for any further traffic modelling work been identified? A public transport assignment model has been developed to assess how the introduction of an alternative mode impacts a traveller's route/mode choice. The model has been built using the Cube software platform. Details provided in the Economic Case.						
Level of public support considered?	What are the attitudes of key groups (e.g. the general public, residents, businesses and wider stakeholders) to the proposed scheme? 3.8.9 Households in Blackpool received information on the proposed scheme in the Your Blackpool publication in March 2012, and were invited to fill in an online questionnaire or write/email their views to Blackpool Council.		Append Letters of Support from the referenced stakeholder groups (e.g. Blackpool Leaders Group, TOCs & Sainsbury's)	Now in Appendix I				
Key risks and constraints identified?	What are the main risks associated with delivering the scheme? Include a Risk Register containing appropriate mitigation measures. CRA workshop held in Nov 15. CRA Report provided which identifies the top risks (based on risk assessment matrix and risk management strategy report).							
Connectivity with other schemes assessed?	How does the scheme impact on other planned schemes? What is the overall level of impact in combination with other connected schemes? The scheme builds on the 2012 upgrade to the tram network and complements the Masterplan for the Talbot Gateway CBD. 3.2.66 Integration of the rail and tram systems would complement the Green Corridors scheme, giving prominence to sustainable travel for local people into the central areas of the town.							
ECONOMIC	Outline approach to assessing value for money.	Evidence of any VIM assessment which has already been undertaken.		A flowchart of the methodology would be useful to demonstrate which impacts have been assessed, which are monetised and which are not, and which software has been used. It is worth considering the delays to road users during construction of the scheme or provide a rationale for not considering them.  4.2.12: There is a confusion in the text over the choice of the appraisal years. Theoretically it should be opening year, and 15 years hence, as a minimum. 4.2.18: It is stated that quality benefits are included in journey time benefits. Can this be clarified in terms of the time/skims being used in TUBA. 4.2 Not clear what units the costs are in (market or factor cost). It would be useful if a table outlining the costs inserted into the Appraisal Model was provided. 4.3.5 The purpose split for non-concessionary demand would be useful. 4.3.7 Looks like bank holidays are included in Weekdays rather than Weekends. Please can justification for this be provided. 4.3.10 Are these values of time used in the Appraisal Model the same as TUBA? The high proportion of leisure trips is probably making the use of the 'Other' VoT more questionable. As discussed previously, a sensitivity test should be run using the new DfT Values of Time in order to investigate the impact on the scheme BCR (as the new VOT will have been adopted prior to Full Approval) and it allows us to advise on future sensitivity of the value for money case to this. 4.3.15 WebTAG recommends Optimism Bias of 40% for the OBC stage. Whilst we don't disagree with the use of 15% OB (given the cost benchmarking exercise which has been undertaken) justification for using 15% OB should be included in the OBC. Has optimism bias been applied to other costs as well (operating/maintenance)? 4.4 No details of how TUBA was set up and TUBA input file not included. No analysis of TUBA serious warnings (if any). No split of benefits by period. It would be useful to see benefits per user by journey purpose. Commuter benefits are 20% of total travel time benefits. It would be useful to see what the proportion of commuter trips is in the 12h demand to ensure this is reasonable. 4.4.9 Numbers in the report don't match the numbers in PA tables in Appendix. Should the renewal (maintenance) cost be presented as part of operating cost? AST says the maintenance costs are -£9.6m but report says £6.9m (para 4.3.24). Typo? 4.7 The Distributional Impacts assessment does not follow TAG guidance. DfI Assessment Results should be reported in the AST. The table showing how each vulnerable group is affected and which income quintiles get positive/negative impact is missing.  Appendix E - Environmental Appraisal not provided. Have WebTAG worksheets been undertaken where applicable. AST to be updated accordingly.	Please see following sheet 'Economic Case'	Please see following sheet 'Economic Case'	Please see following sheet 'Economic Case'	
	Consideration of economic, environmental, social and distributional impacts.	Qualitative / Quantitative assessment of the likely impact of the scheme						
	Appraisal Summary Table	Has an AST been produced?						
BCR	Details of any economic appraisal work which has already been undertaken. Provide an indication of the likely VIM (using relevant schemes to benchmark where appropriate) where VIM assessment not been completed yet.		Further consideration should be given to the GVA benefits generated by the scheme given the LEP audience and their economic growth objectives. Other schemes that have obtained funding approval from the LEP have reported an adjusted BCR, given the fact that the assurance framework allows for estimate of GVA benefits to the local economy in its decision making; even if these are not incorporated into the core BCR directly. Additional visitors to Blackpool potentially associated with the scheme, and their typical spend would be a sensible area to explore - and we discuss this further on Friday where required.  It is noted in the forecasting methodology that relatively simple NTEM updates have been applied. This does not account for any explicit representation of development, but more importantly, specific growth at the train station (which would be created by factors outside of NTEM) is potentially missing from the appraisal. Passenger forecasts at the station do therefore not account for future electrification of the Blackpool North line in particular, and future open access operation. Both of these would lead to demand uplifts at Blackpool station, and thus additional demand/ benefits of the scheme. Whilst we accept the business case is starting from a 'known' position, use of an 'uncertainty log' may consider both of the above schemes as 'more than likely' or 'near certain', such that it would be reasonable to incorporate their impacts in the do-minimum position, prior to scheme testing. Awareness of these potential additional benefits would be helpful to understand, and in making the case to TIL.					

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FINANCIAL	Scheme Cost	Please provide as much detail as possible, including: - scheme development costs - itemised construction costs - running costs - maintenance costs - range cost estimates How were the scheme costs calculated? Detailed Cost report (Rev 4, 5th Dec 15) provided which includes cost benchmarking exercise.	<span style="color: orange;">■</span>	No info provided on the Low Cost Option Scheme Costs. Unclear how the scheme costs in Appendix H correlate with figures included in the rest of the report. Confirm if the dates in Table 5.1: Capital Cost Items are correct. States that construction costs will be in 2019 where as Table 6.1 Scheme Development Timescales indicates that 'all three works packages to be completed between January 2018 and July 2018' Total risk allowance quoted in para 5.54 (£3.31m) is different to cost report figure of £3.89m	Please see following sheet 'Financial Case'	Please see following sheet 'Financial Case'	Please see following sheet 'Financial Case'	Please see 'Financial Case' sheet
	Funding Arrangements	Detail the funding sources and values which have been outlined. Outline any potential risks to securing funding.	<span style="color: red;">■</span>	No confirmation from the LEP that they have agreed to fund the increased scheme costs and the revised scheme (including 2 trams) - need to include evidence of LEP approval to £20.5m funding. Conversations currently ongoing between BBC and Dave Colbert. Awaiting Section 151 Officer letter to confirm updated local contribution commitment - requested from PG. Section 5.7 Funding Arrangements - the source of the Blackpool funding isn't consistent with chapter 11 of the cost report. Needs to reference that £2.6m is coming from savings from the recent Major Scheme Upgrade works set aside for the extension.				
	Key Risks	Please provide a risk register including mitigation measures. Has any sensitivity analysis been undertaken? What are the results? QRA workshop held in Nov 15. QRA Report provided which identifies the top risks (based on risk assessment matrix and risk management strategy report).  The total allowance for risk can therefore be summarised as follows: Construction (20% uplift in case tender costs come back higher): £1,977,377 Utility Work (40% uplift to cover a change to the scope of the utility diversion work) : £782,674 QRA (other key risks): £1,132,000 Total £3,892,051	<span style="color: green;">■</span>					
COMMERCIAL	Is there a robust contracting and procurement strategy?	Outline the intended procurement strategy. How was the proposed procurement approach developed? Have Local Authority contributions been secured? Have preparation costs been budgeted for? Have any third party funding arrangements been secured? Include details of any other potential funding risks. Detailed Procurement Strategy Report (Rev 3, 20th Oct) provided which outlines the intended procurement routes for each element of the scheme which is based on previous experience. Procurement for the scheme has been split into 4 contract packages, as follows, each with its own procurement strategy: - Civil engineering works - Utility diversion works - Tram supply - SCADA system	<span style="color: green;">■</span>					
MANAGEMENT	Key risks and constraints identified?	What are the main risks associated with delivering and implementing the scheme? Include a Risk Register containing appropriate mitigation measures. QRA workshop held in Nov 15. QRA Report provided which identifies the top risks (based on risk assessment matrix and risk management strategy report). Appropriate mitigation measures identified. OBC outlines that the management of risk will be an ongoing process, with regular review at project and project board meetings, and meetings with the various contractor(s) and suppliers - minutes from the first 3 Project Board Meetings have been provided by BBC.	<span style="color: green;">■</span>					
	Delivery Programme	Please include indicative timescales for: - Scheme Development - Design - Procurement - Construction A programme Strategy report has been provided (Rev2, Oct 15). The development of the scheme programme is based upon information obtained from the market, together with recent experience of similar works on the Blackpool tramway. The programme will be reviewed at every meeting with the Project Board .	<span style="color: orange;">■</span>	Include the construction programme in the overall delivery programme (Appendix J) in order to show which tasks run concurrently (i.e. track and highway junction works?)	Now in App J			
	Governance / Assurance work	Who is in charge? What is the allocation of roles and responsibilities? Is there a Project Board? What control measures will be put in place to ensure the scheme development process is managed suitably? Has a SGAR been undertaken / scheduled? Blackpool Council intend to use a mixture of resources from within the organisation and specialist consultants where necessary. Project Team Organogram provided as well as names of people on the Project Board. A project Board has been setup - meeting minutes provided by BBC. Regular schedule of meetings (every 6 weeks as a minimum). Project Governance report (Rev 5, July 2015) references the resources that will be used to complete the identified workstreams.	<span style="color: green;">■</span>					
	Evidence of similar projects that have been successful.	Provide details of similar projects and their successfulness. Evidence of successful delivery of Blackpool Tram Upgrade scheme provided throughout the OBC and supporting documents.	<span style="color: green;">■</span>					
	Who is the client / sponsor?	Include details of the client / sponsor of the scheme. Blackpool Council are the scheme promoters and Blackpool Transport Services are the existing and potential future operators of the scheme (as outlined in section 7.2.4 of the OBC).	<span style="color: green;">■</span>					
	Fall back Plans	Do alternative schemes exist? Is there a lower cost alternative?	<span style="color: orange;">■</span>	A low cost alternative option has been included in the Outline Business Case. However, the BCR for the Low cost option is only 1.34 (i.e. below 2) and therefore (in accordance with the LEP Assurance Framework) BBC would be responsible for a minimum 30% local contribution which is assumed to be unaffordable from BBC's perspective. If the Low Cost Option were to be progressed then additional evidence would need to be provided on the wider benefits generated in order to support the BCR.	The Low Cost Option is a comparator only and would not be progressed.			
Arrangements for monitoring and evaluating the intervention.	What will constitute success for the project, and how will it be measured? Logic Map provided outlining the desired outcomes of the scheme	<span style="color: orange;">■</span>	A Benefits Realisation Plan should be provided (a M&E Plan will be required for Full Approval). Include reference to data collection to be employed and justification for the £34k budget.	Para re:£ is 7.7.16 Para re: BRP is at 7.7.18 to 7.7.19	The BRP text needs to reference the metrics which BBC submitted to the LEP to say how you would measure the success of the scheme and include info on frequency of monitoring.	BRP Text updated		

**Overall comments**

- 1) Include an executive summary given the LEP audience
- 2) Reference the supporting documents (e.g. Governance Report) in the Outline Business Case and append accordingly

Added  
Done in 1.3.1.

OK  
OK

Business Case	Recommendation	Actioned?	Addressed in Updated Documentation	Updated RAG Assessment (Jacobs second review - 10.03.16)	Addressed in Updated Documentation	Updated RAG Assessment (Jacobs third review - 22.03.16)
Economic Case	A flowchart of the methodology would be useful to demonstrate which impacts have been assessed, which are monetised and which are not, and which software has been used.	Yes	Figure 4.2 added to Economic Case	OK		
	It is worth considering the delays to road users during construction of the scheme or provide a rationale for not considering them.	Yes	Text added to 4.3.17	OK		
	4.2.12: There is a confusion in the text over the choice of the appraisal years. Theoretically it should be opening year, and 15 years hence, as a minimum.	Yes	Typo has been corrected, modelled years are 2018 and 2033 (+15 years). Modelled years have always been correct, just error in report. Para 4.2.12 has been updated to clarify that the anticipated scheme opening year has now changed to 2019 (though the modelling represents 2018)	OK		
	4.2.18: It is stated that quality benefits are included in journey time benefits. Can this be clarified in terms of the time/ skims being used in TUBA.	Yes	Text added to 4.2.19	We have some concerns in the reporting that the stated journey time benefits thus appear exaggerated. Whilst we recognise that a composite cost approach has been applied, which makes disentangling time and quality more difficult, can you provide further detail/assurance as to the proportion of benefits that are likely to be derived from the quality assumptions applied. For TfL we are keen to ensure this proportion is understood (even if only in broad terms).	Proportion of the overall benefit which is made up by quality (based on the calibrated mode specific constant) derived and report text has been updated to reflect this	
	4.2 Not clear what units the costs are in (market or factor cost). It would be useful if a table outlining the costs inserted into the Appraisal Model was provided.	Yes	Clarified in 4.2.23 final bullet. Table 4.1 has been added with cost line items	OK		
	4.3.5 The purpose split for non-concessionary demand would be useful.	Yes	Sentence added to 4.3.5 and Table 4.2 added with JP splits	OK		
	4.3.7 Looks like bank holidays are included in Weekdays rather than Weekends. Please can justification for this be provided.	Yes	4.3.8 added with bullet points showing time period allocation. Sensitivity results to be sent to Jacobs (memo prepared)	OK. It will be helpful to see sensitivity test results	Memo supplied	
	4.3.10 Are these values of time used in the Appraisal Model the same as TUBA? The high proportion of leisure trips is probably making the use of the 'Other' VoT more questionable.	Yes	Yes are the same VoTs - text added to 4.3.13. justification of 'Other' trips added also (4.3.12)	OK.		
	As discussed previously, a sensitivity test should be run using the new DfT Values of Time in order to investigate the impact on the scheme BCR (as the new VOT will have been adopted prior to Full Approval) and it allows us to advise on future sensitivity of the value for money case to this.	Yes	Table 4.6 has been updated with additional sensitivity test, also paragraph 4.10.13 added and Table 4.7	OK		
	4.3.15 WebTAG recommends Optimism Bias of 40% for the OBC stage. Whilst we don't disagree with the use of 15% OB (given the cost benchmarking exercise which has been undertaken) justification for using 15% OB should be included in the OBC. Has optimism bias been applied to other costs as well (operating/maintenance)?	Yes	4.3.19 justification added. No OB added to OpEx (justification added to 4.3.21) or Maintenance	OK		
	4.4 No details of how TUBA was set up and TUBA input file not included. No analysis of TUBA serious warnings (if any). No split of benefits by period. It would be useful to see benefits per user by journey purpose. Commuter benefits are 20% of total travel time benefits. It would be useful to see what the proportion of commuter trips is in the 12h demand to ensure this is reasonable.	Yes	Details of TUBA set up in para 4.4.2. TUBA input files in Appendix K (Economics and Scheme files). Figure 4.6 added showing split of benefits by time period (and para 4.4.4). Benefits per user added to para 4.4.5. Commuter proportion - text added to para 4.4.8	OK		
	4.4.9 Numbers in the report don't match the numbers in PA tables in Appendix. Should the renewal (maintenance) cost be presented as part of operating cost? AST says the maintenance costs are -£9.6m but report says £6.9m (para 4.3.24). Typo?	Yes	Numbers in TEE, PA, AST and text have all been checked (and where required updated) for consistency	OK. However, please could you confirm what is 19K in the Central Govt Funding for?	Text updated	Ok. Not sure why it needs to be included though. Raises more questions (how it was derived etc).
	4.7 The Distributional Impacts assessment does not follow TAG guidance. DI Assessment Results should be reported in the AST. The table showing how each vulnerable group is affected and which income quintiles get positive/negative impact is missing.	Yes	Distributional Impacts: Updates have been made to the Step 1 pro-forma in App D and to the AST in App F. Additionally, there are some additional paragraphs at 4.7.1 and 4.7.6	Updates to the AST and Appendix D have been made suitable for this stage of assessment. However, given the nature of DI analysis, and its legislative basis, we would wish to likely rescope some parts of the analysis in line with TAG for full funding approval stage.	To be agreed for Full Approval, but note that we consider the approach taken is proportionate/defensible	
	Appendix E - Environmental Appraisal not provided. Have WebTAG worksheets been undertaken where applicable. AST to be updated accordingly.	Yes	Environmental: We are not doing worksheets. Dr K Hands sent information which will need to be sent as compressed zip for App E separately (\\sdgworld.net\Data\Leeds\PROJECTS\227\9\23\01\Work\15 Completed BC\Updated Following AUDIT\01 Business Case\Appendix E to Submit Separately)	Ok. For full approval we would wish to see the Air Quality Assessment Report, and supporting TA/ FRA when available. Has any response from the SoS regarding the EIA screening been received?	EIA Screening Response Letter provided  All TWAO documents will be publicly available in any case	
	Further consideration should be given to the GVA benefits generated by the scheme given the LEP audience and their economic growth objectives. Other schemes that have obtained funding approval from the LEP have reported an adjusted BCR, given the fact that the assurance framework allows for estimate of GVA benefits to the local economy in it's decision making; even if these are not incorporated into the core BCR directly. Additional visitors to Blackpool potentially associated with the scheme, and their typical spend would be a sensible area to explore- and we discuss this further on Friday where required.	Yes	Local GVA estimate made in section 4.8	OK- subject to confirmation of 7% uplift derived.	Spreadsheet supplied	Calculations and sources of evidence fine. Benefits very sensitive to in-scope demand assumptions- especially but not only walking. Economic case does not depend on these benefits, but suggest range is reported to TfL; 6,000-11,000 induced trips; and £400-700k per annum from opening to Local Economy. This is a gross GVA calculation- no account of deadweight/ leakage/ substitution of other trips potentially made from elsewhere in Lancashire considered so final reporting needs to state this.
It is noted in the forecasting methodology that relatively simple NTEM updates have been applied. This does not account for any explicit representation of development, but more importantly, specific growth at the train station (which would be created by factors outside of NTEM) is potentially missing from the appraisal. Passenger forecasts at the station do therefore not account for future electrification of the Blackpool North line in particular, and future open access operation. Both of these would lead to demand uplifts at Blackpool station, and thus additional demand/ benefits of the scheme. Whilst we accept the business case is starting from a 'known' position, use of an 'uncertainty log' may consider both of the above schemes as 'more than likely' or 'near certain', such that it would be reasonable to incorporate their impacts in the do-minimum position, prior to scheme testing. Awareness of these potential additional benefits would be helpful to understand, and in making the case to TfL.	Yes	Text added to 4.2.12	OK			

Business Case	Recommendation	Actioned?	Addressed in Updated Documentation	Updated RAG Assessment (Jacobs second review - 10.03.16)	Addressed in Updated Documentation	Updated RAG Assessment (Jacobs third review - 22.03.16)
Financial Case	No info provided on the Low Cost Option Scheme Costs.	Yes	New paragraph 5.2.5 inserted. The LCA capital and operating costs input to the appraisal have also been updated as they did not reflect the final set of assumptions correctly. See para 4.324-4.3.25. This has resulted in the BCR of the LCA reducing from 1.34 to 1.19.	Please provide clarification of how the (updated) 60 year undiscounted operating costs of the Preferred Option (£160.0m) and the LCA (£86.7m) referenced in paragraph 4.3.23 and 4.3.25 were derived (and how they relate to figures 4.3 and 4.4 respectively).  In addition, please provide clarification of how the figures quoted in Tables 5.3, 5.6 & 5.7 relate to the figures quoted in the Scheme Cost Report. For example, it is not clear which individual costs (e.g. additional vehicles) are included in each cost category.	Text and tables updated to ensure consistent cost presentation used, linking back to Appendix H which forms the 'bridge' to the cost report	Table 5.2 states that the maintenance costs are £55.7m where as Table 5.3 says that they are £53.95m.  Section 5.7 (Funding Arrangements) and Executive Summary needs updating to reflect the funding arrangements described in the Section 151 Officer Letter. In addition, we would recommend appending the Section 151 Officer letter to the OBC.
	Unclear how the scheme costs in Appendix H correlate with figures included in the rest of the report.	Yes	Appendix H has been updated			
	Confirm if the dates in 'Table 5.1: Capital Cost Items' are correct. States that construction costs will be in 2019 where as Table 6.1 Scheme Development Timescales indicates that 'all three works packages to be completed between January 2018 and July 2018'	Yes	Table 5.1 has been updated	Table 6.1 needs updating accordingly to reflect the updated Table 5.1 (the 'Works' row still states that 'all three works packages to be completed between January 2018 and July 2018').	Updated	
	Total risk allowance quoted in para 5.54 (£3.31m) is different to cost report figure of £3.89m	Yes	Corrected to match cost report			
	No confirmation from the LEP that they have agreed to fund the increased scheme costs and the revised scheme (including 2 trams) - need to include evidence of LEP approval to £20.5m funding. Conversations currently ongoing between BBC and Dave Colbert.	No	For promoter	Still awaiting clarification from the LEP		Section 151 Officer Letter confirms that Blackpool Council will pay the balance of the scheme costs.
	Awaiting Section 151 Officer letter to confirm updated local contribution commitment - requested from PG.	No	For promoter	Still awaiting Section 151 Officer letter from BBC	S151 Officer Letter has been supplied	
	Section 5.7 Funding Arrangements - the source of the Blackpool funding isn't consistent with chapter 11 of the cost report. Needs to reference that £2.6m is coming from savings from the recent Major Scheme Upgrade works set aside for the extension.	Yes	We assume the £2.6m referred here is the £2.66m (£2.7m) in the cost report. We have amended section 5.7 along these lines.			

Date: 9<sup>th</sup> March 2016

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To whom it may concern

## **Blackpool Tramway Extension To North Station**

As a result of developing the Conditional Approval Business Case for the above project we have found that the costs of the scheme may increase when we reach Full Approval. The total cost of the scheme is now projected to reach £24.0m, of which £16.4m has previously been allocated from Growth Deal funding.

I can confirm that subject to Transport for Lancashire (TfL) and then Lancashire Enterprise Partnership (LEP) support, I shall seek formal approval from the Council's Executive for the balance of these costs. I can also confirm that this will be affordable for Blackpool Council.

This contribution represents a substantial increase of almost 100% to the Council's original commitment, which we are prepared to make in view of the economic benefits that the scheme will bring to the town. However, we would ask that TfL and the LEP consider earmarking any future underspend or additional funding to support this project, to the extent that it is necessary at Full Approval, in line with the usual funding arrangements for projects of this type.

Yours faithfully



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