

Lancashire Enterprise Partnership Limited

Private and Confidential: YES

Date: 10th February 2015

Blackburn to Manchester Rail Corridor Improvement Scheme – Conditional Approval Decision

Report Author: Chair of Transport for Lancashire

Executive Summary

The Blackburn to Bolton Rail Corridor Improvement Scheme is included in Lancashire's transport investment programme as a scheme due to commence works in 2015/16. In accordance with the Lancashire Enterprise Partnership's Assurance Framework, the scheme is therefore subject to a two stage approvals process, the first stage of which is a Conditional Approval decision by the Board.

Independent scrutiny of the Outline Business Case has been undertaken by Jacobs UK Limited on behalf of the Transport for Lancashire Committee. It is the consultant's view that the Blackburn to Manchester Rail Corridor Improvement Scheme be granted Conditional Approval to enable it to progress to Full Business Case submission, subject to a number of conditions that the scheme promoter will need to address as part of that submission.

Recommendation

The Board is asked to:

- (i) Approve the granting of Conditional Approval for the Blackburn to Manchester Rail Corridor Improvement Scheme; and
- (ii) Advise the scheme promoter that the six conditions set out in the Jacobs report (attached as an appendix) to the Transport for Lancashire Committee need to be addressed in the Full Business Case submission.

1. Background

- 1.1 The Blackburn to Bolton Rail Corridor Improvement Scheme is included in Lancashire's transport investment programme as a scheme due to commence works in 2015/16. The scheme's funding profile includes a maximum £12.4m contribution in 2015/16 from the Local Growth Fund through the Lancashire Growth Deal. In accordance with the Lancashire Enterprise Partnership's Assurance Framework, the scheme is therefore subject to a two stage

approvals process, the first stage of which is a Conditional Approval decision by the Board.

- 1.2 Conditional Approval indicates the Lancashire Enterprise Partnership's acceptance of an Outline Business Case demonstrating high value for money, ie a benefit to cost (BCR) ratio of greater than 2. Conditional Approval is granted on the basis that there will be no material changes to the scheme's scope, cost, design, expected benefits and value for money. The granting of Conditional Approval may be subject to a small and limited number of conditions.
- 1.3 Lancashire County Council commissioned its framework consultants Jacobs UK Limited on behalf of the Transport for Lancashire Committee to undertake an independent, comprehensive review of the Outline Business Case submitted by Blackburn with Darwen Borough Council, and to recommend whether or not the scheme should be granted Conditional Approval. Jacobs presented their findings to Transport for Lancashire at its meeting held on 3rd February 2015; the consultant's report is attached as Appendix 'A'.
- 1.4 It is the consultant's view that the Blackburn to Manchester Rail Corridor Improvement Scheme be granted Conditional Approval to enable it to progress to Full Business Case submission, subject to a number of conditions that the scheme promoter will need to address as part of that submission.
- 1.5 Having considered Jacobs' report, the Transport for Lancashire Committee agreed to recommend to the Lancashire Enterprise Partnership that it grant the Blackburn to Bolton Rail Corridor Improvement Scheme Conditional Approval, with Full Approval subject to the following six conditions as set out in the Jacobs report being addressed in the Full Business Case submission:
 1. Confirmation is received (when the Invitation to Tender for the new Northern Franchise is publically available) that the Manchester to Blackburn service is to be included as part of the baseline specification for the next Northern Franchise.
 2. Confirmation is received (when the Invitation to Tender for the new Northern Franchise is publically available) that the operational costs of the Manchester to Blackburn service will be funded as part of the next Northern Franchise, thus removing the need for Blackburn with Darwen Borough Council to subsidise the scheme.
 3. The scheme Benefit to Cost Ratio is currently 1.47 (based on latest guidance), rising to 2.25 with the inclusion of wider economic benefits. In accordance with the LEP's Assurance Framework, the scheme should deliver high Value for Money (BCR >2 when incorporating both traditional and wider economic benefits), once the target scheme costs are confirmed and with optimism bias applied at 6% (consistent with the Department for Transport's Rail Appraisal guidance for a scheme at GRIP Stage 5). This is considered the key risk associated with the scheme being granted Full Approval.

4. The results of a more detailed environmental assessment (including consideration of noise and air quality) demonstrate that the scheme does not have a significant detrimental impact upon any sensitive receptors.
5. The scheme opening year being confirmed, and if necessary the Business Case (including the economic assessment) being updated accordingly.
6. Clarification is sought that any cost overspends will be met by Blackburn with Darwen Borough Council (in accordance with the LEP's Assurance Framework) to ensure that the scheme will be delivered in its entirety.