
Date 3rd February 2015

To Transport for Lancashire Committee (TfL)

From Jacobs

Subject Blackburn to Manchester Rail Corridor Improvement Scheme

Introduction

Jacobs have undertaken a comprehensive review of the Outline Business Case (December 2014) produced by Blackburn with Darwen Borough Council (BwDBC) for the Blackburn to Manchester Rail Corridor Improvement 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 10th February 2015.

Scheme Description

The Blackburn to Manchester Rail Corridor Improvements Scheme will deliver a half-hourly service between Blackburn and Manchester throughout the day through the addition of 7 journeys between these stations each day Monday – Saturday. This increased service level will cater for the current demand and improve the economic relationship between East Lancashire and Greater Manchester.

In order to deliver a robust half hourly service throughout the day an extension to the passing loop (double track) at Darwen is required. The project, as identified by Network Rail as the preferred solution through the GRIP process, is to extend the double track section known as the Darwen loop to run from approximately 19 miles 440 yards to approximately 21 miles 440 yards on the Bolton to Blackburn Line, with associated works at structures along that part of the route. In addition, the scheme includes enhancement works at selected stations on the line (including stations north of Blackburn).

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) appraisal has been undertaken on each of the five cases in order to:

- a. Highlight any keys 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.

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

As part of the review process, Jacobs have actively engaged with the scheme promoter (BwDBC) in order to seek clarification on any key issues associated with the Outline Business Case.

An Operational Review of the scheme has been undertaken and is included in **Appendix B**.

Conclusions

The Blackburn to Manchester Rail Corridor Improvement Scheme should be granted 'Conditional Approval' status, to enable the scheme to progress to the Full Business Case stage, subject to the following conditions:

1. Confirmation is received (when the ITT 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 ITT 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 BwDBC to subsidise the scheme.
3. The scheme BCR 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 Accountability Framework, the scheme should deliver high VfM (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 DfT'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 sought that any cost overspends will be met by BwDBC (in accordance with the LEP's Accountability Framework) to ensure that the scheme will be delivered in its entirety.

Recommendations

As documented in the appended RAG appraisal, the following updates should be incorporated into the 'Full Business Case' for the Blackburn to Manchester Rail Corridor Improvement Scheme.

Business Case	Criteria	Recommendations
Strategic	Impact of scheme not being delivered	Whilst the scheme benefits have been indicated within Chapter 3 of the OBC, no text is provided detailing the impacts of not implementing the scheme (e.g. traffic congestion worsens / rail facilities deteriorate).
	Study Area / affected population	Business Case needs to emphasise what schemes, jobs, major employers, schools and leisure facilities are within the catchments of the actual scheme proposals; particularly linked to key sites that unlock growth linked to the LEP's key priority growth sectors.
	Identification of short listed options	It is recommended the performance data used in the GRIP analysis is confirmed by Network Rail that it characterises the annualised level of delay.
	Consideration given to the economic, environmental and social benefits of the possible approaches	Provide clarification on how the Social, Economic and Environmental Benefits quoted in Figure 3.10 have been derived.
	Consultation / stakeholder engagement	Include further details on the public consultation event which will be scheduled.
	Traffic Modelling work undertaken	It is recommended consideration is given to modelling with refreshed performance data. Journey time reliability benefits associated with the scheme have not been monetised, but could be to enhance the case.
	Level of public support considered?	Obtain letters of support from local MPs and other key stakeholders to append to Business Case.
	Key risks and constraints identified?	Produce a project Risk Register complete with mitigation measures for inclusion within the Outline Business Case.
	Connectivity with other schemes assessed?	Quantified evidence of the impact on other planned schemes (e.g. Farnmouth Tunnel electrification) should be included.
Economic	Appraisal Summary Table	Distributional Impacts column needs updating to include results of the scheme's DI assessment (e.g. The 'Commuting and Other Users' row should contain the User Benefits assessment score). The 'Cost to Broad Transport Budget' row should be entered as a negative figure. AST should fit on one page.
	BCR	BCR should be presented consistently with and without economic benefits throughout the Outline Business Case. Optimism Bias figure should be adjusted accordingly for a scheme at WebTAG Level 4 (18%), and then at WebTAG Level 5 (6%) for the Full Business Case submission.
Financial	Scheme Cost	It is recommended service mobilisation and train crew numbers and availability is monitored. This is to ensure the resource levels are reflective of the additional service level and sufficient for service introduction. Operating costs for the OBC were pro-rated between Blackburn and Bolton, however it is now understood the service will be fully funded between Manchester and Blackburn as part of the baseline for the next franchise.

Commercial	Is there a robust contracting and procurement strategy?	<p>Confirm who will be responsible for the scheme preparation costs and update financial and commercial case accordingly.</p> <p>Have the scheme preparation costs been included within the scheme costs? Have monitoring and evaluation costs been included within the scheme costs?</p>
Management	Key risks and constraints identified?	<p>Append scheme Risk Register (covering project risks) to Business Case.</p> <p>If one doesn't already exist then a risk workshop should be programmed in the short term to ensure that the delivery team map the key risks of the project moving through the major scheme project lifecycle, attribute owners, actions and a monitoring plan for reporting these to the Project Board as part of the scheme Governance.</p>
	Delivery Programme	<p>Reason why the scheme construction is completed by October 2015 yet the timetable changes don't take place until December 2016 is confirmed, but risk to delivery potentially slipping to 2017. TfL require to be notified of any potential change in draw-down of funds and their profile.</p> <p>Business Case acknowledged that the scheme delivery programme will require further work now that Network Rail have addressed the signalling record risk issue that was identified in October 2014. NR have confirmed they are seeking approval from MSRP on 27th January 2015.</p> <p>It is recommended the current scheme delivery plan and Northern Rails objection to the possession arrangements is presented to the January 2015 Project Board. This is to ensure any risks to the current arrangements are transparent and managed.</p>
	Governance / Assurance work	<p>It is recommended the governance arrangements between the two projects, Darwen loop and Farnmouth tunnel, are formalised. This is to ensure no risks develop which may affect the other project and if they do suitable mitigations are put in place.</p>
	Evidence of similar projects that have been successful.	<p>Were these scheme delivered on programme and within budget? What other metrics have been used to monitor and evaluate the success of these schemes?</p>
	Fall back Plans	<p>DfT requires a 'fully worked up' low cost alternative option to be identified (TAG Unit A5.3 Rail Appraisal). A low cost alternative option should therefore be identified and included in the business case, in a proportionate manner.</p>

Appendices

Appendix A - RAG Appraisal

Appendix B - Operational Review