



Lancashire Enterprise Partnership Limited

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Lancashire Growth Deal Transport Schemes Funding Approval Decisions:

Blackburn to Manchester Rail Corridor Improvement Scheme

Blackpool Bridges Maintenance Scheme

Centenary Way Viaduct Maintenance Scheme

(Appendices 'A' to 'C' refer)

Report Author: Chair of Transport for Lancashire

Executive Summary

The Blackburn to Manchester Rail Corridor Improvement Scheme is included in Lancashire's transport investment programme as a project 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 second stage of which is a Full Approval decision by the Board. The Blackpool Bridges Maintenance and Centenary Way Viaduct Maintenance Schemes are also included in the programme as projects due to commence works in 2015/16. In accordance with the Assurance Framework, both are subject to a single stage approvals process through the submission of a Strategic Outline Business Case.

Jacobs UK Limited has undertaken independent scrutiny of the Full Business Case for the Blackburn to Manchester Rail Corridor Improvement Scheme. The consultants have recommended the project be granted Full Approval to enable it to progress to implementation.

Jacobs UK Limited has undertaken independent scrutiny of the Strategic Outline Business Case for the Blackpool Bridges Maintenance Scheme. The consultants have recommended that the project be granted Full Approval to enable it to progress to implementation, subject to a number of conditions being discharged.

Atkins has undertaken independent scrutiny of the Strategic Outline Business Case for the Centenary Way Viaduct Maintenance Scheme. The consultants have recommended the project be granted Full Approval to enable it to progress to implementation.

Recommendations

The LEP Board is invited to:

- i. Approve the granting of Full Approval to the Blackburn to Manchester Rail Corridor Improvement Scheme;
- ii. Approve the granting of Full Approval to the Blackpool Bridges Maintenance Scheme and request the Growth Deal Management Board ensure the four conditions set by Jacobs are discharged; and
- iii. Approve the granting of Full Approval to the Centenary Way Viaduct Maintenance Scheme.

Background and Advice

1. Blackburn to Manchester Rail Corridor Improvement Scheme: Full Approval Decision

- 1.1 The Blackburn to Manchester Rail Corridor Improvement Scheme is included in Lancashire's transport investment programme as a project 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. Following independent scrutiny of an Outline Business Case submitted by Blackburn with Darwen Council, at its meeting on 10th February 2015 the Board granted the scheme Conditional Approval, subject to six conditions being addressed in the Full Business Case submission.
- 1.2 Blackburn with Darwen Council has now submitted a Full Business Case for Full Approval. Full Approval indicates the Board's acceptance of a Full Business Case and approval to proceed to implementation. Once granted, Full Approval enables the scheme promoter to commence construction and draw down Growth Deal funds.
- 1.3 Lancashire County Council's framework consultants Jacobs UK Limited has undertaken an independent review of the Full Business Case on behalf of the Transport for Lancashire Committee, and presented their findings to Transport for Lancashire at its meeting on 13th April 2015. Jacobs' report is attached as Appendix 'A'. The consultants are satisfied that all six conditions placed on the scheme when it was granted Conditional Approval have been met and have recommended that the Blackburn to Manchester Rail Corridor Improvement Scheme should therefore be granted Full Approval to enable it to proceed to implementation.
- 1.4 The updated Economic Case states that the benefit to cost ratio for the scheme has risen from 1.47 to 4.63, increasing to 6.93 when the full wider economic benefits (calculated at £14.86m) are taken into account; the scheme will

therefore deliver very high value for money. This increase is due to the removal of operating costs for the enhanced train service from the scheme; these will now be met by the Train Operating Company. The recently published Northern Franchise Invitation to Tender specifies that the winning bidder must operate a half hourly service between Blackburn and Manchester throughout the off-peak period (ie 12 trains between 10:00 and 16:00).

- 1.5 The latest estimated cost of the scheme is £13.679m with a contribution of £12.4m from the Local Growth Fund through the Lancashire Growth Deal. It will be delivered in Q2 and Q3 of Financial Year 2015/16 during the Farnworth Tunnel blockade, part of Network Rail's on-going electrification programme of key routes across the North West. However, the enhanced off-peak service is not scheduled to commence until the December 2017 timetable change, hence the consultants have advised that the LEP and scheme promoter should continue to lobby for the service enhancement to be delivered at the earliest opportunity.

2. Blackpool Bridges Maintenance Scheme: Full Approval Decision

- 2.1 The Blackpool Bridges Maintenance 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 £3.8m contribution from the Local Growth Fund through the Lancashire Growth Deal spread over the four financial years 2015/16 to 2018/19. In accordance with the Lancashire Enterprise Partnership's Assurance Framework, the scheme is subject to a single stage approvals process through the submission of a Strategic Outline Business Case.
- 2.2 Blackpool Council has submitted a Strategic Outline Business Case for Full Approval. For individual schemes requiring a Local Growth Fund contribution of less than £5m or packages of small-scale measures requiring a Local Growth Fund contribution of up to £10m where no individual scheme has a capital cost greater than £5m, acceptance of a Strategic Outline Business Case indicates the Board's approval to proceed to implementation. This will enable the scheme promoter to commence works and draw down Growth Deal funds.
- 2.3 The scheme comprises a programme of repairs to / reconstruction of ten bridges at strategic locations across the borough. Blackpool Council has recently secured £5.565m from the Department for Transport through the Local Highways Maintenance Challenge Fund towards the overall programme cost of £11.365m. With a local contribution of £1.57m also committed by the council, £3.8m is now being sought from the Local Growth Fund supported by a further local contribution of £430,000. The Economic Case demonstrates that the programme will provide very high value for money with a benefit to cost ratio of 29.4. This is principally because in the event of a complete bridge closure all traffic would be forced to take an alternative route, which would have a significant impact on vehicle journey times and network delay. The programme will also generate a potential £2.2m of wider economic benefits.

2.4 Lancashire County Council's framework consultants Jacobs UK Limited has undertaken an independent review of the Strategic Outline Business Case on behalf of the Transport for Lancashire Committee, and presented their findings to Transport for Lancashire at its meeting on 13th April 2015. Jacobs' report, updated following this meeting, is attached as Appendix 'B'. The consultants are satisfied that the Strategic Outline Business Case provides a sufficient level of due diligence and have recommended that the Blackpool Bridges Maintenance Scheme be granted Full Approval, subject to the following being addressed:

- In the Commercial Case, identification and allocation of risk have been evidenced through the supply of an associated risk register. Once Full Approval has been granted, a detailed plan for updating the risk items that have been identified and allocated should be drawn up.
- The Management Case (Assurance and Approval Plans criterion) should document key assurance and approval milestones. An outline Project Programme and Expenditure Profile has been included. A detailed project programme should be developed following Full Approval to include all necessary assurance and approval milestones.
- The Management Case (Communication and Stakeholder Management criterion) should demonstrate engagement with key stakeholders. At this stage, it is reasonable that a full communication and engagement strategy is not defined. However, once Full Approval has been granted, a detailed communication and stakeholder management strategy should be drawn up in order to ensure conformity with the LEP's Accountability Framework.
- Post scheme monitoring and evaluation has been outlined in principle within a Benefits Realisations Plan appended to the SOBC. This provides outline detail in terms of what will be collected, where, when, and by whom. Blackpool Council has confirmed that, should Full Approval be granted, a detailed Monitoring and Evaluation plan will be drawn up, and that the Council will ensure that appropriate funds are available to put the plan into action.

3. Centenary Way Viaduct Maintenance Scheme, Burnley: Full Approval Decision

- 3.1 The Centenary Viaduct Maintenance Scheme in Burnley is included in Lancashire's transport investment programme as a scheme due to commence works in 2015/16. The scheme's initial funding profile included a maximum £2.8m 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 subject to a single stage approvals process through the submission of a Strategic Outline Business Case.
- 3.2 Lancashire County Council has submitted a Strategic Outline Business Case for Full Approval. For individual schemes requiring a Local Growth Fund contribution of less than £5m or packages of small-scale measures requiring a Local Growth Fund contribution of up to £10m where no individual scheme has a capital cost greater than £5m, acceptance of a Strategic Outline Business

Case indicates the Board's approval to proceed to implementation. This will enable the scheme promoter to commence works and draw down Growth Deal funds.

- 3.3 The scheme comprises essential maintenance and repairs to a major bridge structure in Burnley town centre, enabling it to operate at full capacity and contribute towards town centre growth. Centenary Way Viaduct is currently closed to abnormal loads and without the works will require a weight restriction in 2016, diverting heavy goods vehicles onto less suitable routes. The scheme complements wider investment in the transport network of the Burnley-Pendle Growth Corridor also secured through the Growth Deal.
- 3.4 Following tendering, the total cost of the scheme is now £1.65m with a contribution of £1.3m sought from the Local Growth Fund. The Economic Case demonstrates that the scheme will provide very high value for money with a benefit to cost ratio of 5.2 and also generate a potential £4.8m of wider economic benefits. It will be completed in Q3 of Financial Year 2015/16.
- 3.5 Atkins, the consultants appointed on behalf of Transport for Lancashire to undertake independent scrutiny of business cases for schemes promoted by Lancashire County Council, has reviewed the Strategic Outline Business Case, and presented their findings to Transport for Lancashire at its meeting on 13th April 2015. Atkins' report is attached as Appendix 'C'. The consultants are satisfied that the Strategic Outline Business Case demonstrates that the project has been developed to the expected standard with all requirements substantially met, and have therefore recommended that the centenary Way Viaduct Maintenance Scheme be granted Full Approval.