
Date 13th April 2015 **Appendix 'A'**

To Transport for Lancashire (TfL)

From Jacobs

Subject **Blackburn to Manchester Rail Corridor Improvement Scheme**

Introduction

The purpose of the review is to inform TfL’s recommendation on whether the Blackburn to Manchester Rail Corridor Improvement Scheme should be granted **Full Approval** status at the LEP Board meeting on the 21st April 2015. This would subsequently enable the scheme to draw down Growth Deal funds and proceed to implementation.

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 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).

Scheme Milestones

Table 1 summarises the key milestones in the approval process for the scheme.

Date	Task
December 2014	BwDBC completed the Outline Business Case for the scheme.
February 2015	Jacobs undertook a comprehensive review of the scheme’s Outline Business Case .
February 2015	Scheme granted Conditional Approval status at the LEP Board meeting on the 10 th February 2015.
February / March 2015	BwDBC updated the Outline Business Case to be a Full Business Case .
March 2015	Jacobs reviewed the Full Business Case for the scheme.
April 2015	Scheme Seeking Full Approval at the LEP Board meeting on the 21 st April 2015.

Table 1: Key Milestones

Methodology

The scheme's Outline Business Case (December 2014) was previously reviewed and evaluated against the Department for Transport's (DfT) guidance on *The Transport Business Cases (January 2013)*. The business case was also assessed to ensure consistency with the Lancashire Enterprise Partnership's Accountability Framework.

Jacobs have subsequently reviewed the scheme's Full Business Case (March 2015) to ensure that each of the conditions that were placed on the scheme, when it was granted Conditional Approval status, have been met.

The review has also ensured that each of the recommendations that were previously suggested have been incorporated into the Full Business Case update.

As part of the review process, Jacobs have actively engaged with the scheme promoter (BwDBC) in order to agree on viable and proportionate solutions to any key issues.

Conclusions

The Blackburn to Manchester Rail Corridor Improvement Scheme should be granted Full Approval status and subsequently enable the scheme to proceed to implementation.

The table below summarises how each of the six conditions previously placed on the scheme have been resolved.

Ref	Condition of Scheme (Feb 15)	Resolution
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.	The Northern Invitation To Tender (ITT) document was published by the DfT on the 27 th February 2015.
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.	The Train Service Requirement (TSR) table specifies that the winning bidder must operate a half hourly service, between Blackburn and Manchester, throughout the off peak period (i.e. 12 trains between 10:00-16:00).
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.	<p>The updated Economic Case states that the Benefit to Cost Ratio (BCR) for the scheme is now 4.63. This rises to 6.93 when the full wider economic impacts of the scheme are taken into account.</p> <p>The main reason for the BCR increasing is due to the removal of operating costs (as they will now be met by the TOC).</p> <p>Optimism Bias has been correctly applied at 6%, in line with guidance.</p>

Ref	Condition of Scheme (Feb 15)	Resolution
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.	An Environmental Impact Appraisal has been undertaken which concluded that there are no significant adverse environmental impacts associated with the scheme. Appropriate mitigation has been identified which should be incorporated into the scheme design and contractor input.
5	The scheme opening year being confirmed, and if necessary the Business Case (including the economic assessment) being updated accordingly.	The Full Business Case (including the economic assessment) has been updated to reflect a scheme Opening Year of 2017, which is the back stop date for introduction of the additional services.
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.	An updated Section 151 Officer Letter (reflecting the revised scheme costs) has been appended to the Full Business Case

Table 2: Resolved Conditions

In addition, each of the recommendations that were previously raised in the Red Amber Green (RAG) analysis (as part of the Outline Business Case review) have now been addressed.

Business Case	Criteria	RAG Analysis	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 as 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.
Economic	Connectivity with other schemes assessed?		Quantified evidence of the impact on other planned schemes (e.g. Farnmouth Tunnel electrification) should be included.
	Appraisal Summary Table		Distributional Impacts column needs updating to reflect results of the scheme's DI assessment (e.g. The 'Commuting and Other Users' row should cover Passenger Benefits assessment score). The 'Cost to Broad Transport Budget' row should be entered as a negative figure. AST should fit on one page.
Financial	BCR		BCR should be presented consistently with and without economic benefits throughout the Outline Business Case. Optimism Bias figure should be set at 18% accordingly for a scheme at WebTAG Level 4 (18%), and then at webTAG Level 5 (6%) for the Business Case submission.
	Scheme Cost		It is recommended that service provision and train crew numbers and availability is monitored. This is to ensure the resources are sufficient for the additional service level and sufficient for service introduction. Operating costs should be pro-rated between Blackburn and Bolton, however it is now understood the service will be provided between Manchester and Blackburn as part of the baseline for the next franchise.
Commercial	Is there a robust contracting and procurement strategy?		Confirm who will be responsible for the scheme preparation costs and update financial and commercial case accordingly. Have the scheme preparation costs been included within the scheme costs? Have monitoring and evaluation costs been included within the scheme costs? Append scheme Risk Register (covering project risks) to Business Case.
Management	Key risks and constraints identified?		If one does not 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.
	Delivery Programme		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. 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 27 th January 2015. 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.
	Governance / Assurance work		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.
	Evidence of similar projects that have been successful.		Were these schemes delivered on programme and within budget? What other metrics have been used to monitor and evaluate the success of these schemes?
	Fall back Plans		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.

Recommendations

The Blackburn to Manchester Rail Corridor Improvement Scheme should be granted **Full Approval** status, thus enabling the scheme to draw down Growth Deal funds and proceed to implementation.

To ensure the benefits of the scheme are maximised, it is critical that BwDBC, LCC and the LEP should continue to lobby for the scheme to be delivered at the earliest opportunity and ideally in advance of 2017.