
Date 14th April 2015 **Appendix 'B'**

To Transport for Lancashire (TfL)

From Jacobs

Subject Blackpool Bridges Maintenance Scheme

Introduction

As part of our Independent Assurance role, Jacobs have undertaken a comprehensive review of the Strategic Outline Business Case (SOBC) produced in February 2015 by Blackpool Borough Council for the Blackpool Bridges Maintenance scheme.

The review findings should be used to inform a recommendation on whether the scheme should be granted Full Approval status at the Local Enterprise Partnership (LEP) Board meeting on the 21st April 2015.

Scheme Description

The Blackpool Bridges Maintenance scheme proposes the repair/reconstruction of ten of Blackpool's strategic bridges at a total estimated cost of £11.365m.

The bridges are located throughout the town, either under/over live rail lines, on strategic north/south routes, on roads linking the M55 motorway with the town's major car and coach parks and on local distributor roads feeding traffic from the M55 to the Promenade and resort visitor attractions.

Eight of the ten strategic bridges were originally constructed to enable railways into Blackpool. Some were constructed at the same time as the railways and others were built in the 1920s and 1930s to enable development. In both cases the bridges have suffered from the effects of airborne chloride attack associated with aggressive coastal environments and from minimal maintenance/investment. Several key bridges require urgent attention otherwise they will close or have weight restrictions imposed within the next two years.

The scheme has successfully secured DfT Local Highways Maintenance Challenge Fund to the amount of £5.565m, with Blackpool Borough Council Contributions of £1.570m resulting in £7.135m already having being secured for this scheme¹. This approach has been included within the SOBC Financial Case; highlighting that the remaining funds (£4.23m) are being sought via the LEP Growth Deal Fund (of which £430k will be a local contribution from Blackpool Borough Council).

¹ The Economic Case and associated BCR(s) of the scheme(s) will have been through an independent review by DfT to secure the Maintenance Challenge Fund monies.

Methodology

The SOBC 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 key risks associated with the successful delivery of the project in accordance with the LEP's Accountability Framework.
- b. Identify areas of the SOBC where there is insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme.

As part of the review process, Jacobs have actively engaged with the scheme promoter in order to seek clarification on any key issues associated with the SOBC. As a result of this engagement process, the key criteria for each of the five cases have been evidenced to sufficiently detailed level.

The completed RAG appraisal (including details of the updates that have been to the SOBC as a result of Jacobs' review) has been appended to this document as **Appendix A**.

In addition to the RAG appraisal, a signed letter from the scheme Section 151 Officer is included in **Appendix B**. This letter sets out the officer's endorsement of the scheme, underwriting Blackpool Council's local funding commitment of £430k and additionally, in accordance with the LEP's Accountability Framework, to underwrite any increases in costs above those presented within the SOBC.

Recommendations

The Blackpool Bridges Maintenance scheme falls within assurance criteria which state that the SOBC should form the basis of Full Approval of the scheme, with no need for further detailed Business Case progression. Full Approval should be granted to the scheme, subject to the following recommendations being addressed:

1. Under the Commercial Case, identification and allocation of Risk have been evidenced through the supply of an associated risk register. It is recommended that, once Full Approval has been granted, a detailed plan for updating risk items which have been identified and allocated should be drawn up.
2. Under the Management Case Assurance and Approval Plans criterion, documentation of key assurance and approval milestones should be noted. An outline Project Programme and Expenditure Profile has been included within the SOBC. It is recommended that a detailed project programme should be developed

following LEP approval of Growth Deal funding. This should include all necessary assurance and approval milestones.

3. Under the Management Case Communication and Stakeholder Management criterion, the engagement of key stakeholders is to be demonstrated. At this stage (SOBC) it is reasonable that a full communication and engagement strategy is not defined in full. However, it is recommended that upon approval of the SOBC, a detailed Communication and Stakeholder Management strategy is drawn up in order to ensure the scheme conforms with the LEP's Accountability Framework.
4. 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 commitment to draw up a detailed Monitoring and Evaluation plan should Full Approval status be awarded. Blackpool Council has also communicated their commitment to ensuring appropriate funds are available to put the Monitoring and Evaluation plan into action.

The Growth Deal Programme Board should ensure that the above recommendations are addressed satisfactorily and in a timely manner.

Conclusions

The SOBC for the Blackpool Bridges Maintenance scheme has evidenced and sufficiently met the criteria across each of the 5 cases using a proportionate approach. As outlined in the LEP's Accountability Framework, the Blackpool Bridges Maintenance scheme SOBC provides a sufficient level of due diligence on which to award Full Approval status.

The Blackpool Bridges SOBC highlights, with no uncertainty, the strategic importance of the scheme. The Strategic Case is underpinned by specific aims within the LEP's Strategic Economic Plan.

The Economic Case proves Value for Money with regard to individual schemes, and all ten bridge schemes as a complete package. The Benefit to Cost Ratio's presented for the package of schemes represent Very High Value for Money at **29.4** (as a total of the benefits/costs, rather than an average of the individual scheme BCR's). The scheme BCR is very high because in the event of a bridge being closed completely all traffic would have to divert, which would have a significant impact on vehicle journey times and delay. Whilst there is an admission that more detailed transport modelling would help solidify the Economic Case, the approach used is deemed proportionate and fundamentally represents Value for Money. This approach to the Economic Case has already been independently assessed by the DfT as part of the scheme's successful Maintenance Challenge Fund application, and thus has been deemed acceptable resulting in funding being drawn down.

A table showing the breakdown of each individual scheme BCR (following the suggested updates to the appraisal methodology) is shown within **Table 1** below:

Bridge	Total Cost Estimate (£M)	Final BCR (With Marginal External Cost's)	Optimism Bias
Plymouth Road	5.097	29.3	66%
Seasiders - Princess St	1.554	Seasiders presented as a package BCR - 2.95	44%
Seasiders - Gasworks	0.312		44%
Seasiders - Chapel St	0.209		44%
Seasiders - Rigby St	0.073		44%
Squires Gate	2.439	50.8	44%
Waterloo Rd	0.506	10.4	66%
Harrowside	0.400	7.35	66%
Watson Rd	0.336	3.48	66%
Devonshire Rd	0.439	Not calculated due to disproportionality (bridge carries rail services)	

Table 1- Scheme BCR's

It should be noted that a Gross Value Added (GVA) assessment was previously carried out by Jacobs in order to calculate the potential wider economic benefits generated by the scheme. The GVA assessment was conducted in March 2014 as part of Lancashire's Strategic Economic Plan (SEP) submission.

The GVA assessment has not been updated or included as part of the SOBC submission given that the scheme already demonstrates Very High Value for Money. For reference only, the GVA assessment revealed that the Blackpool Bridges Maintenance Scheme could potentially generate £2.2m of benefits over a 60 year appraisal period (discounted 2010 prices). Given that the GVA assessment has not been updated since March 2014 it should only be used for indicative benchmarking of potential GVA benefits.

The Financial Case meets the LEP's Accountability Framework criteria of the Section 151 Officer endorsing the scheme and underwriting Blackpool's local contribution to the Growth Fund application and any increases in scheme costs. The Financial Case has been strengthened by the recent announcement of DfT Maintenance Challenge Fund monies being secured.

The Commercial Case for this scheme is well evidenced and, like the Strategic Case, underpinned by the LEP's Strategic Economic Plan. As noted within the recommendations, once Full Approval is granted, further detail on how the supplied risk register will be maintained would be beneficial.

The Management Case, whilst fundamentally sound, contributes to the majority of the above recommendations. The recommendations are made in line with best practice and the scheme promoter has demonstrated their intention to address each of the recommendations once Full Approval is granted.

In conclusion, based upon the evidence submitted, it is recommended that the Blackpool Bridges Maintenance Scheme is granted Full Approval for LEP Growth Deal funding.

Appendices

Appendix A - RAG Appraisal

Appendix B - Section 151 Officer Endorsement Letter