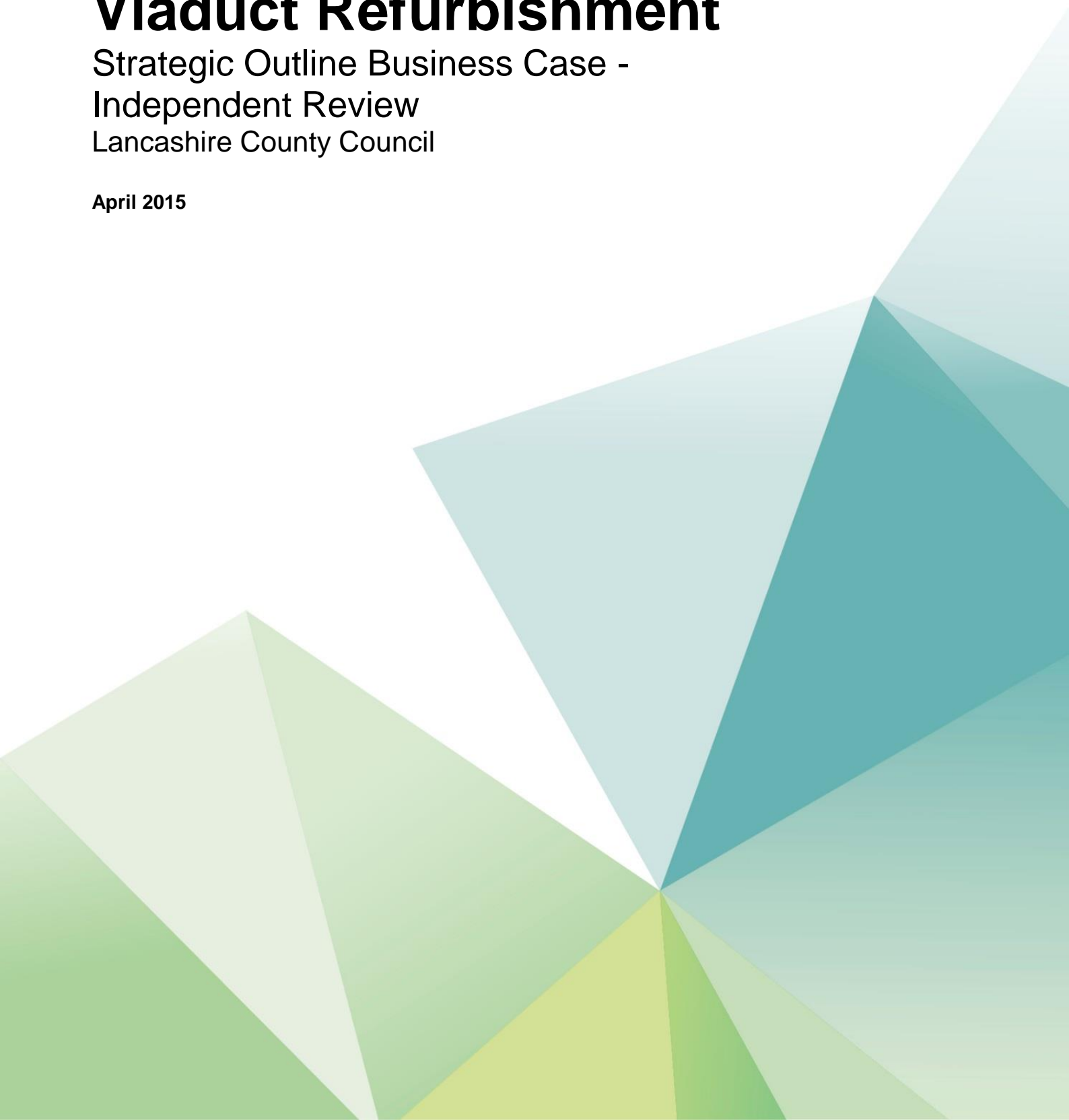


A682 Centenary Way Viaduct Refurbishment

Strategic Outline Business Case -
Independent Review
Lancashire County Council

April 2015



Notice

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1. Introduction

1.1. Overview

Atkins has been commissioned by Lancashire County Council to undertake an independent review of their business case submissions which will be put forward to the Lancashire Enterprise Partnership (LEP) to seek and obtain funding via the Local Growth Deal.

We have created a scrutiny framework to review the business case submissions which has been developed based on the Department for Transport business case guidance. The guidance details how each case model is expected to address certain aspects of the scheme in the submission. Each case model within the business case has been assessed against those aspects and judged on how well they are addressed.

In line with the LEP's Accountability Framework, it is recognised that a proportionate approach to the development of the business cases under review has been applied in the submitted business case documents. For schemes where the total costs are less than £5m, only a strategic outline business case has been developed, however, it is acknowledged that as these schemes are still seeking funding in full, some elements of outline and full business case submissions are required.

This document presents our review of the **A682 Centenary Way Strategic Outline Business Case**.

1.2. Methodology

The developed scrutiny framework has been based on a colour coded system that provides a transparent mechanism in assessing each case. Each individual aspect of the case model is given a colour of green, amber or red depending on:

- How well it has been addressed in the submission;
- How relevant it is in relation to the scheme; and
- How well it meets the acceptability criteria set out in the DfT guidance and LEP Accountability Framework.

Table 1-1 Ranking mechanism of the scrutiny framework

Element under scrutiny	Colour/ Score	Description
Requirements fully met	1	No issues of note with the submission. Project to progress as scheduled.
Requirements substantially met	2	Minor issues exist with the submission. Project to progress and issues to be resolved.
Requirements partially met	3	Medium issues exist with the submission. Project to progress and issues to be resolved urgently.
Requirements not met	4	Critical issues exist with the submission. Project to be suspended whilst issues are resolved.

The schemes receive an overall colour and rating to show the general acceptability level of each case. The individual aspects to be assessed align with the strategic outline business case template provided by the Lancashire Enterprise Partnership under the five case models, as shown in Table 1-2.

Table 1-2 Aspects of the scrutiny framework

Case	Element	Aspects for scrutiny
Strategic Case	Strategic context	<ul style="list-style-type: none"> • Aims and objectives of the promoting organisation • What is driving the need to change at a strategic level
	Challenge or opportunity to be addressed	<ul style="list-style-type: none"> • The scope of work is clearly defined • All the current and future problems are identified • Key characteristics of the challenge to be addressed and the opportunity presented
	Strategic objectives	<ul style="list-style-type: none"> • A clear set of scheme objectives are defined • The objectives are well supported by evidence of problems and issues • Alignment with local, sub/regional and national development policy are established • The objectives are pragmatic and achievable
	Achieving success	<ul style="list-style-type: none"> • The existing arrangements cannot be better utilised without implementing fundamental changes • Experience is drawn from past project of similar nature • Scheme dependencies on any committed development and other adjacent major schemes are explored • Likely impact of “Do Nothing” scenario is presented • There is clear evidence to show the urgency of the scheme
	Delivery constraints	<ul style="list-style-type: none"> • Risks identified through the consultation process • Synergy with other relevant schemes
	Stakeholders	<ul style="list-style-type: none"> • List of stakeholders consulted or to be consulted in the course of the business case development • A clear communication strategy • Summarised outcomes of any consultation undertaken
	Strategic assessment of alternative options	<ul style="list-style-type: none"> • List of all the alternative options considered • The optioneering report is consistent with the defined scope and objectives • Option sifting process • Assessment of opportunities and constraints of the options • Detailed selection process of “Preferred”, “Next Best” and “Low Cost” option
Economic Case	Value for money	<ul style="list-style-type: none"> • Compliance with DfT WebTAG guidance
	Economic assumptions	<ul style="list-style-type: none"> • WebTAG version • Price base year of the cost • Market price • Discount rate and year • Forecast year • Opening year • Appraisal period • Traffic growth • Safety assumptions • Environmental assumptions
	Sensitivity and risk profile	<ul style="list-style-type: none"> • Cost of alternative options • Cost allocation profile • Inflation • Quantified Risk Assessment (QRA) • Optimism Bias consideration and justification • Consistency of cost with other scheme of similar size and nature • Operating cost • Maintenance cost • Renewal cost

Case	Element	Aspects for scrutiny
	Value for money statement	<ul style="list-style-type: none"> Benefit Cost Ratio (BCR) Net Present Value (NPV) VfM category
	Appraisal summary table	<ul style="list-style-type: none"> Economic assessment (TUBA) input and output information Annualisation approach Assessment of safety benefits Assessment of social benefits Assessment of environmental impact Assessment of distributional impact Cost to broad transport budget Indirect tax revenue
Financial Case	Affordability assessment	<ul style="list-style-type: none"> Assessment of affordability of all options
	Financial costs	<ul style="list-style-type: none"> Construction period Opening year Inflation Base cost Possible funding requirement Quantitative risk assessment Justification of optimism bias Adjusted scheme cost
	Financial cost allocation	<ul style="list-style-type: none"> Required funding by year Funding mechanism Available fund by different sources Alternative sources of fund
	Financial risk	<ul style="list-style-type: none"> Quantitative risk assessment Justification of optimism bias
	Financial risk management	<ul style="list-style-type: none"> Justification of funding profile by different sources
	Financial accountability	<ul style="list-style-type: none"> Funding risk allocation and ownership.
Commercial Case	Commercial case	<ul style="list-style-type: none"> Approach taken to assess commercial viability
	Procurement strategy	<ul style="list-style-type: none"> Procurement strategy Identified key stages of the procurement process Alternative procurement strategy Detail of the payment mechanism
	Identification of risk	<ul style="list-style-type: none"> Identification of risk
	Risk allocation	<ul style="list-style-type: none"> Allocation of risk
	Contract management	<ul style="list-style-type: none"> Procurement mechanism and its programme Risk allocation and transfer Promoter's procurement experience Benchmark with other procurement processes of similar schemes
Management Case	Governance	<ul style="list-style-type: none"> Project promoter is established in the document Clear management structure for the scheme delivery
	Go/No-go and decision milestones	<ul style="list-style-type: none"> Key decision points identified.
	Project programme	<ul style="list-style-type: none"> Project delivery programme, key milestones and dependencies
	Assurance and approvals plan	<ul style="list-style-type: none"> Reporting protocol and subsequent approval procedure Assurance of resource availability and allocation
	Communications and stakeholder management	<ul style="list-style-type: none"> Communication strategy between different parties History of stakeholder consultation and the outcome

Case	Element	Aspects for scrutiny
	Programme/ project reporting	<ul style="list-style-type: none"> Project delivery programme, key milestones and dependencies Reporting risks and programme delivery
	Risk management strategy	<ul style="list-style-type: none"> Reporting procedure of risks Delivery risks mitigation measures Risk ownership Benchmark of risk mitigation measures from similar past projects Any contingency measures required for risk mitigation
	Monitoring and evaluation	<ul style="list-style-type: none"> Approach to managing realisation of scheme benefit Approach to post scheme implementation evaluation Post implementation cost consideration
	Project management	<ul style="list-style-type: none"> Overall approach to project management

1.3. Structure of Report

Following this introduction, this report contains the summary of the review in Chapter 2, structured as follows:

- Scheme description;
- Strategic case review;
- Economic case review;
- Financial case review;
- Commercial case review;
- Management case review; and
- Review summary

Appendix A contains the detailed notes under each case which have formed the overall review of this scheme.

2. Scheme Review

2.1. Scheme Description

A strategic outline business case has been developed for the A682 Centenary Way Viaduct Refurbishment scheme.

The proposed scheme is a refurbishment of the existing viaduct structure, replacing bearings, coping units and the expansion joints, allowing the viaduct to be utilised by all vehicles in the future. Currently the viaduct is closed to abnormal load vehicles, and because of the viaduct deterioration, without significant works, a restriction will need to be placed on all heavy goods vehicles wishing to use the viaduct in 2016.

The viaduct forms part of the A682, which is the direct route from the M65 motorway into a number of key development sites around Burnley town centre. Restricting the use of heavy goods vehicles will lead to a number of these vehicles having to use very localised, residential routes to reach their required destinations causing localised congestion, and an increased risk of accidents on these alternative routes.

The strategic outline business case for this scheme has been developed by Lancashire County Council and was submitted for this independent review in March 2015. The scheme promoter is David Griffiths, Lancashire County Council.

2.2. Strategic Case

The strategic case presents a clear description and case for the scheme, linking into the aims and objectives of the Lancashire Strategic Economic Plan. The scope of the project is clear and neatly defined which has allowed for the clear identification of potential constraints and interested stakeholder demands.

The objectives have not been listed in a manner that is measurable, thus it will be difficult to fully understand when the objectives have been met. Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.

2.3. Economic Case

The economic appraisal has been completed and the BCR value shows that the scheme provides very high value for money.

The calculation of the benefits is sufficiently calculated despite a few inconsistencies. The basis of the cost calculation is satisfactory, however there is no allowance for maintenance costs nor renewal costs and this should be confirmed given the nature of the scheme. A quantified risk assessment has been presented.

The forecasting undertaken to calculate the journey time appears robust however these are based on North West traffic forecast growth levels that are not specified in the documentation. Atkins recommended that sensitivity tests around levels of traffic growth are included, and these revisions have been made, showing the scheme remains high value for money.

Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.

2.4. Financial Case

The scheme delivery budget is estimated to be £1.65m with £1.3m to be funded by the Lancashire Growth Deal and the remaining £0.35m (21%) local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for

the LEP to centrally hold any contingency/ optimism bias for schemes at a programme level rather than within the individual projects. Assurance is provided via the scheme promoter's Section 151 officer of the Council's ability to fund the local contribution and any subsequent cost increases.

The submission is well defined in detailing the financial risks associated with the delivery of the scheme and appropriate risk management.

The funding allocation profile has been presented appropriately with all works and costs attributed to 2015/2016.

2.5. Commercial Case

The documentation sets out a clear procurement strategy based on the existing procurement routes used within Lancashire County Council. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor. The costs have now been confirmed by the contractor.

A clear project programme has been presented as part of the submission including procurement and contract timescales.

Risk assessment, allocation and management strategies are presented. The project risks are transferred to the contractors including programme overrun.

Established approval processes are in place via the Project Board / Project Sponsor.

2.6. Management Case

The documentation provides a clear governance and organisational structure suitable for managing this project, including the technical capabilities of the bridge team. The responsibilities of the named individuals are well defined and the reporting mechanisms and lines of communication are clear including the procedures for obtaining scheme approval. As the project is imminently about to move into construction this should be progressed as a priority.

A detailed risk register presents the quantification and management of risk. The communications strategy presents an overview of procedures and outlines interested parties, however the detail regarding engagement is not provided.

A basic logic map has been developed which provides a brief overview of how the outcome of the scheme will be realised, and a simple monitoring and evaluation plan has been defined to monitor the scheme objectives. This does not clearly identify pre-implementation counts but assumes this information will be collected to allow for direct comparison of the before-after case for scheme success.

2.7. Review Summary

This review represents Atkins' independent scrutiny of the Strategic Outline Business Case (SOBC) for the A682 Centenary Way Viaduct Refurbishment scheme. The scheme, which is being promoted by Lancashire County Council, is seeking Full Approval from the Lancashire Local Enterprise Partnership (LEP) and funding via the Local Growth Deal.

The submission demonstrates that the project has been developed to the expected standard in most areas. Revisions to the business case submitted for review on 9th March 2015 were requested by Atkins. The updated SOBC submitted for review on 26th March 2015 has substantially met these requirements.

Overall it is our recommendation that Full Approval for the project be granted.

Table 2-1 **Review summary table**

Case	Score	Summary
Strategic Case	1	Requirements fully met
Economic Case	1	Requirements fully met
Financial Case	2	Requirements substantially met
Commercial Case	1	Requirements fully met
Management Case	2	Requirements substantially met
Overall Score	2	Requirements substantially met


In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the scheme is seeking a Local Growth Fund (LGF) contribution of less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires a Strategic Outline Business Case to seek Full Approval.

Appendices



Appendix A. Assessment Scores

A.1. Summary

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment	Scheme Promoter:	Lancashire County Council
Document Reviewed:	Strategic Outline Business Case	Gateway:	Full Approval
Date of Submission:	09/03/15 (subsequent updates 26/03/15)	Date of Review:	01/04/2015
LEP Accountability Framework:	In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the scheme is seeking a Local Growth Fund (LGF) contribution of less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires a Strategic Outline Business Case to seek Full Approval.		
Scheme Description:	The Centenary Way Viaduct is located in Burnley, Lancashire and carries the A682 (Centenary Way) over various unclassified roads, car parks, private land, footways and the Leeds -Liverpool Canal. Refurbishment of the viaduct is required to remove the existing restriction on abnormal loads and to prevent the implementation of a further restriction to all HGVs.		
SUMMARY SHEET			
Overall Score:	2	1	Requirements fully met - No issues of note with the submission, project to progress as scheduled.
Overall Comments:	<p>This review represents Atkins' independent scrutiny of the Strategic Outline Business Case (SOBC) for the A682 Centenary Way Viaduct Refurbishment scheme. The scheme, which is being promoted by Lancashire County Council, is seeking Full Approval from the Lancashire Local Enterprise Partnership (LEP) and funding via the Local Growth Deal.</p> <p>The submission demonstrates that the project has been developed to the expected standard in most areas. Revisions to the business case submitted for review on 9th March 2015 were requested by Atkins. The updated SOBC submitted for review on 26th March 2015 has substantially met these requirements.</p> <p>Overall it is our recommendation that Full Approval for the project be granted.</p>	2	Requirements substantially met - Minor issues exist with the submission. Project to progress and issues to be resolved.
		3	Requirements partially met - Medium issues exist with the submission. Project to progress and issues to be resolved urgently.
		4	Requirements not met - Critical issues exist with the submission. Project to be suspended whilst issues are resolved.
Sign-Off			
Reviewer's Signature:		Date:	01/04/2015

Case	Status	Atkins Members Comments
Strategic Case	1	<p>The strategic case presents a clear description and case for the scheme, linking into the aims and objectives of the Lancashire Strategic Economic Plan. The scope of the project is clear and neatly defined which has allowed for the clear identification of potential constraints and interested stakeholder demands.</p> <p>The objectives have not been listed in a manner that is measurable, thus it will be difficult to fully understand when the objectives have been met. Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.</p>
Economic Case	1	<p>The economic appraisal has been completed and the BCR value shows that the scheme provides very high value for money.</p> <p>The calculation of the benefits is sufficiently calculated despite a few inconsistencies. The basis of the cost calculation is satisfactory, however there is no allowance for maintenance costs nor renewal costs and this should be confirmed given the nature of the scheme. A quantified risk assessment has been presented.</p> <p>The forecasting undertaken to calculate the journey time appears robust however these are based on North West traffic forecast growth levels that are not specified in the documentation. Atkins recommended that sensitivity tests around levels of traffic growth are included, and these revisions have been made, showing the scheme remains high value for money.</p> <p>Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.</p>
Financial Case	2	<p>The scheme delivery budget is estimated to be £1.65m with £1.3m to be funded by the Lancashire Growth Deal and the remaining £0.35m (21%) local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for the LEP to centrally hold any contingency/ optimism bias for schemes at a programme level rather than within the individual projects. Assurance is provided via the scheme promoter's Section 151 officer of the Council's ability to fund the local contribution and any subsequent cost increases.</p> <p>The submission is well defined in detailing the financial risks associated with the delivery of the scheme and appropriate risk management.</p> <p>The funding allocation profile has been presented appropriately with all works and costs attributed to 2015/2016.</p>
Commercial Case	1	<p>The documentation sets out a clear procurement strategy based on the existing procurement routes used within Lancashire County Council. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor. The costs have now been confirmed by the contractor.</p> <p>A clear project programme has been presented as part of the submission including procurement and contract timescales.</p> <p>Risk assessment, allocation and management strategies are presented. The project risks are transferred to the contractors including programme overrun.</p> <p>Established approval processes are in place via the Project Board / Project Sponsor.</p>
Management Case	2	<p>The documentation provides a clear governance and organisational structure suitable for managing this project, including the technical capabilities of the bridge team. The responsibilities of the named individuals are well defined and the reporting mechanisms and lines of communication are clear including the procedures for obtaining scheme approval. As the project is imminently about to move into construction this should be progressed as a priority.</p> <p>A detailed risk register presents the quantification and management of risk. The communications strategy presents an overview of procedures and outlines interested parties, however the detail regarding engagement is not provided.</p> <p>A basic logic map has been developed which provides a brief overview of how the outcome of the scheme will be realised, and a simple monitoring and evaluation plan has been defined to monitor the scheme objectives. This does not clearly identify pre-implementation counts but assumes this information will be collected to allow for direct comparison of the before-after case for scheme success.</p>

A.2. Strategic Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
STRATEGIC CASE			
Overall Score	1	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The strategic case presents a clear description and case for the scheme, linking into the aims and objectives of the Lancashire Strategic Economic Plan. The scope of the project is clear and neatly defined which has allowed for the clear identification of potential constraints and interested stakeholder demands.</p> <p>The objectives have not been listed in a manner that is measurable, thus it will be difficult to fully understand when the objectives have been met. Further consideration and detail to what constitutes scheme success would benefit the case and allow for simple assessment post-implementation.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
1.1 Strategic Context	Requirements Fully Met	The document provides clear scope of the planned scheme and how it will support wider economic growth, particularly for the developments in and around Burnley town centre. There is clear alignment with the Local Transport Plan priorities and the aspirations of the Lancashire Strategic Economic Plan including asset management, improved access to areas of economic growth and regeneration, and creating the right conditions for business and investor growth.
1.2 Challenge or Opportunity to be addressed	Requirements Fully Met	The document discusses clearly the urgent requirement for the scheme, relating to the HGV restriction that will be enforced should the scheme not be delivered, with the consequential impacts of doing so, relating to reduced accessibility and HGV re-routing.
1.3 Strategic Objectives	Requirements Substantially Met	The objectives presented are concise but are not presented in a quantifiable manner e.g. "improve the quality of life for residents affect by alternative routing of abnormal loads". Further consideration and detail to what constitutes scheme success would allow for simple assessment post-implementation. The objectives lack reference to the wider policy fit. However, given the scheme is related to an 'all or nothing' situation, where vehicles are either restricted or not, this could largely relate to maintaining existing levels of %HGV flows on the alternative routes.
1.4 Achieving Success	Requirements Substantially Met	The success of the scheme is related to abnormal loads returning to the viaduct from current routes through the town centre and reduction in the current monitoring costs. The success relating to assisting regeneration however lacks quantification, relating to the comments made under 1.3 - which could be further clarified.
1.5 Delivery Constraints	Requirements Fully Met	Appendix B details a full risk register for the scheme, and the key delivery constraints summarised in Section 1.5. Obtaining agreements to work beneath the bridge has been identified as a constraint, however early engagement has been undertaken as a mitigation to avoid delay. An alternative strategy for accessing the structure has also been presented relating to serving notice using the Highways Act.
1.6 Stakeholders	Requirements Fully Met	Stakeholders are clearly identified and the scheme promoters have obtained letters of support for the scheme from a range of different stakeholder groups (Appendix C). Groups causing potential conflict (land owners underneath the bridge) have been identified and initial discussions with these groups are referenced in Section 1.5.
1.7 Strategic Assessment of Alternative Options	Requirements Fully Met	Four options have been presented and all clearly defined. A strategic assessment of alternative options have been presented and a high level comparison of cost, benefit and risks presented. Rationale for selecting the proposed scheme is well defined.

A.3. Economic Case

INDEPENDENT REVIEW		ATKINS		
Project Title:	A682 Centenary Way Viaduct Refurbishment			
Gateway:	Full Approval	Date of Review:	01/04/2015	
ECONOMIC CASE				
Overall Score	1	1	Requirements fully met - No issues of note with the submission.	
Atkins Comments:	The economic appraisal has been completed and the BCR value shows that the scheme provides very high value for money.		2	Requirements substantially met - Minor issues exist with the submission.
	The calculation of the benefits is sufficiently calculated despite a few inconsistencies. The basis of the cost calculation is satisfactory, however there is no allowance for maintenance costs nor renewal costs and this should be confirmed given the nature of the scheme. A quantified risk assessment has been presented.		3	Requirements partially met - Medium issues exist with the submission.
	The forecasting undertaken to calculate the journey time appears robust however these are based on North West traffic forecast growth levels that are not specified in the documentation. Atkins recommended that sensitivity tests around levels of traffic growth are included, and these revisions have been made, showing the scheme remains high value for money.		4	Requirements not met - Critical issues exist with the submission.
	Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.			

Item	Status	Comments
2.1 Value for Money	Requirements Fully Met	The methodology for calculating the value for money is fundamentally robust and includes both an economic assessment and an additional Gross Value Added calculation. The latter has not been included in the BCR. The cost calculations are visible however no costs have been included for maintenance costs. (No benefits however have been calculated from the potential reduced maintenance costs below the current figure.) Appendix D provides a clear indication of costs and benefits and the value for money case is very robust.
2.2 Economic Assumptions	Requirements Fully Met	Economic assumptions reflect WebTAG guidance for the majority of elements. Price base year and discount rates have all been accurately applied however there are some inconsistencies in the document using years 2014 and 2015 as price base. On the basis of the initial SOBC document Atkins requested that: "Further clarity as to when the restriction on all HGVs would apply is required to determine the first year of attributable benefits i.e. when the re-routing of all HGVs becomes apparent. This would allow for an accurate appraisal of the Do Minimum option. Although the VfM appraisal currently assumes that all HGVs would be banned from using the Centenary Way from 2016, no evidence is provided to confirm that this would be the case." The SOBC has been updated to confirm that: "LCC Bridges Design Team has recommended that the HGV ban is implemented immediately in order to safeguard the structure. Benefits have consequently been attributed from 2016 onwards." For economic appraisal risk adjusted scheme costs have been applied including Optimism Bias at 6%, which is deemed appropriate for a scheme at this stage of development in line with in TAG Unit A1.2.
2.3 Sensitivity and Risk Profile	Requirements Fully Met	The initial SOBC document submitted for review identified that one of "the key risks is that economic growth does not match expectations leading to a change in traffic growth in growth in delay" and that the "assessed scheme benefits are sensitive to change if the forecast increase in traffic delay is not accurate". In order to demonstrate the robustness of the appraisal Atkins requested that some sensitivity testing be undertaken. The SOBC has been updated to include two sensitivity tests, the first test considers the impact of zero traffic growth, the second test considers the added impact of zero growth in delay. Under both scenarios that BCR continues to represent a very high VfM.
2.4 Value for Money Statement	Requirements Fully Met	Based on the listed economic assumptions, the scheme provides very high value for money with benefits above £7.3m (2010 prices, discounted) at a cost of £1.5m (2010 prices, discounted). There are additional GVA benefits of £4.8m over the assessment period that have not been included in the benefit cost ratio (as per guidance) that show much greater additional wider benefits from the scheme. The analysis has been proportionate based on the type and value of scheme. There are wider additional benefits such as regeneration impacts that have not been quantified yet bolster the case for the scheme to be delivered.
2.5 Appraisal Summary Table	Requirements Fully Met	A thorough appraisal summary table has been presented. There are a few contradictions in relation to the price base year - sometimes 2014, others 2015. All quantifiable benefits have been accurately calculated and presented. Further to initial comments by Atkins it was highlighted that the accountability framework requires that "scheme promoters must ensure that the Senior Responsible Owner signs off each AST as true and accurate." The AST has now been updated with the Senior Responsible Owner (Tom Mercer) confirming that the AST is true and accurate.

A.4. Financial Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
FINANCIAL CASE			
Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:		2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.
<p>The scheme delivery budget is estimated to be £1.65m with £1.3m to be funded by the Lancashire Growth Deal and the remaining £0.35m (21%) local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for the LEP to centrally hold any contingency/ optimism bias for schemes at a programme level rather than within the individual projects. Assurance is provided via the scheme promoter's Section 151 officer of the Council's ability to fund the local contribution and any subsequent cost increases.</p> <p>The submission is well defined in detailing the financial risks associated with the delivery of the scheme and appropriate risk management.</p> <p>The funding allocation profile has been presented appropriately with all works and costs attributed to 2015/2016.</p>			

Item	Status	Comments
3.1 Affordability Assessment	Requirements Substantially Met	<p>The total funding cover for the scheme set out in the growth deal was £3.2m, with £2.8m to be funded by the Lancashire Growth Deal and the remaining £0.4m (12.5%) local contribution from Lancashire County Council. The scheme delivery budget is now estimated to be £1.65m. Based on the submission of tenders a works cost of £1.45m has been agreed with a contractor, including a contingency budget of £63k within the tender price. Design and Supervision costs not funded from the LEP have been estimated at £200k for the scheme and represents part of the £350k local contribution from Lancashire County Council. It is unclear, however, whether the scheme delivery budget includes the £71.5k QRA and whether there is any intention for the LEP to centrally hold any contingency/ optimism bias for all schemes at a programme level rather than within the individual projects.</p> <p>Further to initial comments by Atkins it was highlighted that the accountability framework requires that "the scheme promoter's Section 151 officer must underwrite the promoter's ability to fund the local contribution and any subsequent cost increases". A letter from the LCC Section 151 officer confirming such have now been received.</p> <p>On initial review of the SOBC document Atkins noted that LEP's Accountability framework states that "the Lancashire Enterprise Partnership will consider funding exceptional structural maintenance schemes including bridges, tunnels, retaining walls and culverts with a minimum cost threshold of £2m." The SOBC been updated to acknowledge that: "the Centenary Viaduct Refurbishment scheme costs are now less than this minimum cost threshold. However, Dave Colbert (LCC) has confirmed that Centenary Way was one of the original Local Transport Body schemes which was prioritised before the transition to the Local Growth Fund process. Consequently, the £2m minimum cost threshold is not applicable to this scheme."</p>
3.2 Financial Costs	Requirements Fully Met	No comments.
3.3 Financial Cost Allocation	Requirements Fully Met	The scheme is planned to be delivered in full in 2015/2016 therefore the costs are allocated entirely to this period. The document shows how the costs are allocated between the Local Growth Fund and Lancashire County Council.
3.4 Financial Risk	Requirements Fully Met	<p>A detailed quantified risk assessment has been provided in Appendix B, with a calculated P50 value of £71.5k along P_{Min} (£20.8k) and P_{Max} (£133k) values.</p> <p>The key financial risks identified are:</p> <ul style="list-style-type: none"> • Unavailability of bearings. • Impact of national/international incident.
3.5 Financial Risk Management	Requirements Fully Met	Risk owners have been identified as part of the detailed risk register. The register clearly identifies mitigations to ensure these risks are not realised.
3.6 Financial Accountability	Requirements Fully Met	The financial accountability is clearly stated as being led by Lancashire County Council, and costs will be monitored by the Council's Bridges Design Team.

A.5. Commercial Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
COMMERCIAL CASE			
Overall Score	1	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:		2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.
<p>The documentation sets out a clear procurement strategy based on the existing procurement routes used within Lancashire County Council. The rationale for selecting NEC3 Option A (Priced Contract with Activity Schedule) over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor. The costs have now been confirmed by the contractor.</p> <p>A clear project programme has been presented as part of the submission including procurement and contract timescales.</p> <p>Risk assessment, allocation and management strategies are presented. The project risks are transferred to the contractors including programme overrun.</p> <p>Established approval processes are in place via the Project Board / Project Sponsor.</p>			

Item	Status	Comments
4.1 Commercial Viability	Requirements Fully Met	No comments.
4.2 Procurement Strategy	Requirements Fully Met	The procurement strategy has been defined with appropriate selection stages. The chosen form of contract is NEC3 Option A (Priced Contract with Activity Schedule). The costs have been confirmed with the contractor. The rationale for selecting NEC3 Option A over Option C (Target Cost with Activity Schedule) is sound with the remaining risk transferred to the contractor.
4.3 Identification of Risk	Requirements Fully Met	Risks have been clearly identified and quantified as part of the quantified risk assessment presented in Appendix B. Costs have been provided by the contractor which minimises the level of risk.
4.4 Risk Allocation	Requirements Fully Met	Risks have been allocated in the risk register presented in Appendix B. The use of NEC Option A contract transfers risk to the contractor and the risk of programme overrun is passed to the contractor on the basis of a target date of completion contract.
4.5 Contract Management	Requirements Fully Met	On the basis of the initial SOBC document Atkins requested that: <i>"Further clarity on the contract length and the implications of contract delay (and how this will be mitigated/managed) would be beneficial."</i> The SOBC has been updated with reference to <i>"the contract is expected to run from Tender Award (w/e 20th April 15) to the conclusion of works (w/e 14th December 15). As soon as the contractors have been appointed (following funding approval) the contract duration will be confirmed."</i> Furthermore <i>"The proposed Contractor has given no indication that the contract length specified in the Contract is a risk. Delay of completion is also mitigated through the inclusion within the Contract of secondary option clause X7 – Delay Damages."</i> The document makes reference to cost overruns being the responsibility of the Capital Bridge Design Team Budget however given the contractors have supplied costs it is assumed that such statement is obsolete. Lancashire County Council will take responsibility for the approval processes. Established approval processes are in place via the Project Board / Project Sponsor.

A.6. Management Case

INDEPENDENT REVIEW		ATKINS	
Project Title:	A682 Centenary Way Viaduct Refurbishment		
Gateway:	Full Approval	Date of Review:	01/04/2015
MANAGEMENT CASE			
Overall Score	2	1	Requirements fully met - No issues of note with the submission.
Atkins Comments:	<p>The documentation provides a clear governance and organisational structure suitable for managing this project, including the technical capabilities of the bridge team. The responsibilities of the named individuals are well defined and the reporting mechanisms and lines of communication are clear including the procedures for obtaining scheme approval. As the project is imminently about to move into construction this should be progressed as a priority.</p> <p>A detailed risk register presents the quantification and management of risk. The communications strategy presents an overview of procedures and outlines interested parties, however the detail regarding engagement is not provided.</p> <p>A basic logic map has been developed which provides a brief overview of how the outcome of the scheme will be realised, and a simple monitoring and evaluation plan has been defined to monitor the scheme objectives. This does not clearly identify pre-implementation counts but assumes this information will be collected to allow for direct comparison of the before-after case for scheme success.</p>	2	Requirements substantially met - Minor issues exist with the submission.
		3	Requirements partially met - Medium issues exist with the submission.
		4	Requirements not met - Critical issues exist with the submission.

Item	Status	Comments
5.1 Governance	Requirements Fully Met	The governance and assurance arrangements for the project are well defined with the management of the project is split up into three tiers consisting of the Growth Deal Programme Management, the Project Board and the Project Delivery Team. The structure is based on established and operating governance arrangements for schemes currently being delivered by LCC.
5.2 Go/No-Go and Decision Milestones	Requirements Fully Met	The key go/ no-go decision milestone is related to this independent scrutiny, and the submission for full approval for funding.
5.3 Project Programme	Requirements Fully Met	A detailed project programme developed in Microsoft Project has been provided in Appendix E which highlights the interdependencies and all aspects of project delivery including approvals and scheme construction. On the basis of the initial SOBC document Atkins requested that: "identify project dependencies and/or potential links to other programmes (e.g. the growth corridor packages)." The updated SOBC confirms that the Centenary Way Viaduct Refurbishment scheme is not dependent on any other schemes, however, it is complementary to the Burnely-Pendle Growth Corridor project.
5.4 Assurance and Approvals Plan	Requirements Fully Met	The document references the alignment with the Lancashire Enterprise Partnership's Assurance Framework, and this independent review of the business case forms a part of the assurance process.
5.5 Communications and Stakeholder Management	Requirements Partially Met	The document makes reference to the need for a communications strategy to be developed. As the project is imminently about to move into construction this should be progressed as a priority. The document does however set out the broad themes and stakeholder required of the communications plan. There is reference to quarterly progress reports on the Council website, and briefing reports for local members. These have not been viewed.
5.6 Programme/ Project Reporting	Requirements Substantially Met	Clear programme and project reporting process are in place for the scheme. The Project Managers will report to the Project Board at quarterly meeting. During these meetings, key risks, programme management and the financial position of the project will be discussed. The Project Executive will be supported by the Project Manager at these meetings as appropriate. Any corrective actions or decisions will be agreed by the Project Board and cascaded to the Project Team via the Project Manager. No reports or documentation of project board meetings are evident.
5.7 Risk Management Strategy	Requirements Fully Met	A risk register allocating responsibility of risks has been provided in Appendix B. The risks relating to the delivery of the Lancashire Enterprise Partnership's investment programme will be managed according to the overall monitoring responsibilities set out in the Assurance Framework.
5.8 Monitoring and Evaluation	Requirements Substantially Met	On the basis of the initial SOBC document identified that: "a requirement of the LEP Accountability Framework is that each scheme will have an evaluation plan produced prior to Full Approval." Since the SOBC is for full approval funding (for individual schemes requiring a Local Growth Fund contribution of less than £5m) a monitoring and evaluation plan setting out information with regards to programme/timings of monitoring activities should be provided. The updated SOBC includes a brief logic map (Appendix H) to identify how the scheme monitoring aligns with the strategic objectives. Appendix G shows the locations of traffic count sites that will be annually monitored and reviewed for assessment purposes. Pre-implementation counts are not referenced, and these must be accounted for to allow for direct before-after implementation comparison. No indicative costs have been provided nor allocated for the cost of post-implementation monitoring.
5.9 Project Management	Requirements Fully Met	The project will be managed in PRINCE 2.

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