



## **Appraisal of the Accessible Nelson Proposal**

**A Report for Pendle Borough Council and the  
Towns Fund Board**

**June 2022**



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## Project Overview and Appraisal Approach

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### Key Points

- The Accessible Nelson project is seeking £3.46 million to improve traffic flow, movement and parking around the town centre and improve the quality of the environment and public realm in two key locations close to the town centre: New Scotland Road and Leeds Road Junction; and Railway Street and Broadway.
- There is a strong rationale for the project in terms of addressing poor walking and cycling infrastructure, poor place perception and inefficient movement and congestion.
- The project will deliver 'high' value for money with a BCR of 3.4:1. Even if the stated benefits are not fully realised, there is confidence of high value for money from the proposed investments.
- The project will be delivered by Pendle Borough Council in close cooperation with Lancashire County Council as the Highways authority. All works are within Country Council land ownership.
- This appraisal considers whether the business case submitted to the Nelson Town Deal Board has been developed in line with Green Book principles and whether the project is suitable to fund at this stage.
- Following this assessment, we consider that the project is suitable to fund, however we have recommended some conditions of funding. These are set out below.

### Scheme Overview

The Accessible Nelson project is seeking £3.46 million to improve traffic flow, movement and parking around the town centre and improve the quality of the environment and public realm on key gateway routes into and through the town. The two schemes identified for investment are New Scotland Road and Leeds Road Junction; and Railway Street and Broadway.

Specifically, the works include: widening pathways, upgrading of footway materials, introducing shared-use paths for pedestrians and cyclists, provision of high-quality signage and greening-up by introducing street trees. The two schemes (taken together as the preferred option) will also include improved junction and main road crossing for pedestrians and cyclists to improve access and flow within the town centre.

There is a strong rationale for the project in terms of addressing poor walking and cycling infrastructure, poor place perception and inefficient movement and congestion.

Overall, the investment is expected to deliver the following outputs:

- 678m of walking and cycling lanes
- 3 improved junctions
- 36 trees planted
- 7,823 sqm of public realm improvement

The project investment is anticipated to lead to the following outcomes:

- £2.25m of Wider Value Land Uplift

- £0.1m of Environmental Benefits from tree planting
- £10.6m of Cycling and Walking Benefits.

A range of further benefits are expected including reduced carbon emissions due to more journeys being taken by active modes of transport, improved perceptions of Nelson and improved journey quality and safety through walking and cycling in Nelson.

The project is expected to deliver 'good' value for money with a BCR of 3.4:1.

The project will be delivered by Pendle Borough Council in close cooperation with Lancashire County Council as the Highways authority. All works are within County Council land ownership.

## Appraisal Approach

This appraisal has been completed by ekosgen, an independent economic research consultancy specialising in the production and appraisal of business cases. Following receipt of the Business Case and supporting documentation, ekosgen completed an initial assessment against the requirements of the Towns Fund and HM Treasury Green Book before issuing clarifications to Pendle Borough Council and Hatch (the consultancy supporting the development of the business case). Clarification questions were issued to Hatch by ekosgen with Hatch providing written responses and an updated Business Case to the appraisal team.

Further clarification questions were provided by the Project Appraisal Sub-Group and these are reflected in this appraisal report were relevant.

This assessment takes account of the information provided throughout this process and is based on:

- The business case and supporting appendices provided on 5<sup>th</sup> May 2022
- A written response to ekosgen's clarification questions and an updated business case provided on 15<sup>th</sup> May 2022.

Following this assessment, the findings of the appraisal are to recommend the scheme for funding to the Towns Fund Board subject to the following conditions:

- That ways in which the project works alongside other projects (notably the 'This is Nelson' project) to address the negative impacts of the railway bridge close to Detail Area 6 are set out, so that the potential project benefits from the Accessible Nelson project investment are enhanced and not undermined.
- That there is a commitment to close monitoring of costs as part of project implementation, given the potential impact of cost over-runs, materials cost rises and contractor availability / capacity. Therefore, affirmation that the risk register for the delivery of the works will be maintained and reviewed regularly as part of project delivery should be given.
- That the monitoring and evaluation plan is expanded to include baseline and monitoring of walking and cycling usage for the two schemes, and a commitment to assessing wider (non-monetised) benefits.
- A commitment to work to maximise take-up of bicycle use post project, demonstrated through, for example, linking with the potential Lancashire County Council pilot Mobility Hubs and promotion of bike rings for use by Town Centre businesses.
- That the post-project maintenance agreement be put in place between Lancashire County Council and Pendle Borough Council.

## Strategic Case

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### Key Points

- There is a clear strategic case for investment in the Accessible Nelson project and the proposals align with the priorities of the Towns Fund.
- The basis on which the project investment has been prioritised is clear; there is a strong case for investment to ease Town Centre congestion and facilitate increased walking and cycling through enhanced infrastructure.
- The project complements other investments in and around the Town Centre. The linkages with some of these other investments and activities could be strengthened further.
- Given the ‘public goods’ nature of the investment, it is highly unlikely that the private sector would be willing or able to bring forward the project. There is therefore a sound basis for public investment, coupled with good levels of stakeholder and partner support.

**Recommendation: The case presents a strong basis for investment**

## Strategic Fit

### Policy Fit

The Accessible Nelson project was prioritised for funding in the Nelson Town Investment Plan and clearly aligns with the priorities of the Towns Fund – predominantly through its contribution to the vision for Nelson as a key centre offering high quality services, aspirational education, diverse employment and housing opportunities that are *“all set within safe and attractive spaces which inspire and energise... residents”*.

The business case set out the following specific TIP investments to which the activity aligns:

- SO1: To instil pride and a strong sense of identity and belonging to create a cohesive and welcoming community where residents feel connected, involved and empowered.
- SO5: To support health and well-being through access to quality open spaces, active walking and cycling routes, and responsive recreation and leisure provision.
- SO6: To reinforce the town’s role as a key service centre serving the needs of its catchment set within an attractive, safe and welcoming environment.
- SO9: To enhance digital and physical connections to support inclusion and economic growth.

The project is also expected to contribute to the TIP cross-cutting principles relating to Collaboration and Engagement; Clean Growth; and Economic Recovery.

The Business Case clearly sets out how the project will respond to broader local and national priorities, including:

- Lancashire’s Covid-19 Recovery Plan
- Lancashire’s Local Transport Plan
- Pendle’s Local Plan
- The national Levelling Up White Paper
- The UK government’s Build Back Better plan for Growth

## Response to Market Conditions

The investment proposals are supported by a Theory of Change which sets out how the proposals relate to needs and challenges in the town and how this activity will achieve the proposed outputs. There is clear strategic alignment and contribution of the project to the town's investment objectives. The rationale for the core outputs, outcomes and impacts of the proposals is clear.

The key challenges to be addressed by the intervention are clearly set out and include:

- Nelson's **poor pedestrian and cycle infrastructure**. Walking and cycling on the main gateways into the town centre can feel daunting and unsafe, particularly for cyclists, and pedestrian legibility is poor along key town centre routes.
- **Place perception**: The existing gateways into Nelson provide a poor sense of arrival and impression of the town due to a poor-quality environment, degraded public realm and long-term vacant sites and buildings.
- **Inefficient movement increasing congestion**: Poor traffic flow acts as a barrier to employment sites which are dependent on using the town centre road network for access. The project is focused on encouraging active transport and reducing unnecessary car journeys to reduce congestion, improve town centre experience and access to key town centre sites.

The Business Case sets out how the project seeks also to capitalise on behavioural shifts evident in pandemic response lockdowns in terms of modal shift and increased active travel. It sets out how the project responds to identified needs by enhancing perceptions and links to key sites in and around the town centre and making active travel and attractive option.

## Evidence of Market Failure

The business case sets out market failures associated with:

- **Positive externalities**: Businesses will benefit from an improved visitor experience which makes the town more attractive, which in turn can drive footfall and visitor spend.
- **Coordination failures**: Delivering this scale of intervention has been the aim of Pendle's Cycling Strategy since 2003 a lack of funding opportunities has hindered the development of larger schemes which has resulted in piecemeal activity.
- **Public goods**: The provision of transport infrastructure as well as the environment benefits (e.g. clean air) from encouraging sustainable transport modes have features that make it difficult, if not impossible, to provide on a commercial basis, being unavoidably available to all. The public realm improvements are also public goods.

As such, the market failure rationale provided in the Business Case is sound.

## Project Objectives

The project objectives are identified as:

- IO1: To enhance Nelson's townscape so that key areas of education, employment and health & wellbeing are more attractive and accessible to residents, businesses and visitors.
- IO2: To reduce congestion and the need for unnecessary car journeys by improving traffic flows and encouraging a shift towards sustainable transport modes.
- IO3: To improve perception of Nelson by enhancing key gateways to create a better sense of arrival.

- IO4: To enhance high street and town centre experience that prioritises the health, safety and mobility of pedestrians and cyclists.
- IO5: To maximise the benefits of other investment into Nelson, by improving access to and use of current and future assets.

There is a clear alignment between these objectives and the proposed project activity, as evidenced through the Theory of Change.

During the clarification process, the notion of 'key gateways' was examined since this suggested activity further from the town centre. The Appraisal Sub-Group also highlighted this issue. Subsequently, the Business Case was updated accordingly (paragraphs 2.26/2.27). The two schemes to be brought forward however remain in scope, with the view expressed that these schemes being brought forward can also be regarded as key gateways to the town centre itself.



## Economic Case

### Key Points

- The approach set out in the Economic Case is consistent with the requirements of the Green Book and Towns Fund.
- The business case estimates that the intervention will deliver 'high' value for money with a BCR of 3.4:1. Costs would need to increase by 67% or benefits reduce by 52% for the BCR to come down to 2:1. Even allowing for the fact that benefits estimated may be at the top end of the range expected, there is confidence the intervention will deliver good value for money.
- Following further explanation during the clarification process, the basis on which the preferred option has been identified is clear. Two schemes are being brought forward as the preferred option. The approach adopted for estimating project costs and benefits is in line with Green Book guidance.
- The primary benefits quantified and monetised are the value of walking and cycling, plus some Wider Land Value Uplift for commercial and residential values. There are also some modest monetised benefits attributed to the tree planting.
- Other wider non-monetised benefits are identified and these have the potential to considerably add to the benefits of the project. In due course, monitoring and quantifying some of these benefits would be beneficial to help support the case for further investments of this nature.
- One of the two schemes (Railway Street and Broadway) is close to (but does not include) the railway bridge itself, where there are strong associated negative perceptions. The proximity to the railway bridge risks undermining some of the scheme's proposed benefits. Close working with the 'This is Nelson' project and consideration of other railway bridge improvement works is a condition of grant approval.

### Recommendation:

**The case set out is suitable for investment subject to the following condition being met:**

- That ways in which the project works alongside other projects to address the negative impacts of the railway bridge close to Detail Area 6 are set out, so that potential project benefits from the Accessible Nelson project investment are not undermined.

## Options Identified and Assessed

The business case sets out nine alternative investment options, essentially a 'Do Nothing' option and then 8 different schemes each presented as a separate individual option. This is an unusual approach to the options assessment which would typically have a smaller number of options - even in the long-list - based on the scale of investment e. g., a maximum scope investment option and a smaller number of intermediate scope investment options.

The nine options were therefore:

- Business As Usual (Do Nothing) No interventions and no change
- Option 1: Scotland Road and Liverpool and Leeds Canal Gateway
- Option 2: Scotland Road
- Option 3: New Scotland Road
- Option 4: New Scotland Road and Leeds Road Junction
- Option 5: Sagar Street and Holme Street Junction
- Option 6: Railway Street and Broadway

- Option 7: Manchester Road Junction
- Option 8: Every Street.

Each of the long-list options is RAG rated against the five Investment Objectives and six Critical Success Factors (CSFs<sup>1</sup>). Whilst the narrative to the RAG rating helps to explain the short-listing, the RAG rating presented was not entirely clear – with Option 7 scoring Green for all criteria, along with Option 4. Option 6, scored amber against CSF6 Create Modal Shift which appears to be an error. However, the Business Case narrative and supporting clarifications provided to explain the option assessment provide comfort that there is a sound basis for the assessment (see below).

The long list options are not shortlisted in the usual way. Rather, two of the longlist options are selected to form the one preferred option (so that no alternatives to the preferred option are presented and appraised).

Further information was therefore sought with respect to the options assessment as part of the clarification process. This provided comfort that an assessment of the 8 schemes was fully considered as part of the options workshop, with Detailed Area 4 and 6 scoring most strongly in relation to transformational change; strongest connectivity links to other modes of transport; and ability to act as a gateway to increase usage (relative to other detailed areas).

As mentioned, only the two schemes taken forward as the preferred option were subject to detailed economic analysis; however, we agree that all schemes are likely to have generated positive value for money. Whilst not ideal, it is recognised that there are resource implications from quantifying the impacts of each of the 8 schemes. Rather, the basis for the two schemes chosen (in relation to Investment Objectives and CSFs) is acceptable.

The two schemes taken forward as the preferred option are therefore:

- **Option 4: New Scotland Road and Leeds Road Junction** – investment in and around one of the main junctions in the heart of the town centre and one which benefits other key adjacent assets including retail superstore, leisure centre, community hospital and town centre commercial space; and
- **Option 6: Railway Street and Broadway** – the area located on the main route through the town centre and will enhance links between key assets such as the bus/rail interchange and the heart of the town centre shopping area.

Option 7 scored well against all objectives however this was not taken forward given its distance from Option Area 4 at the other end of the High Street and that it does not adjoin as many other Nelson projects. On this basis, its green RAG rating against all criteria is therefore surprising. For completeness PBC and the Town Board may want to request that the options appraisal is updated, however this will not have a material impact on the overall recommendations.

## Project Costs

The headline outturn costs used in the economic assessment are consistent with those set out in the financial case. Costs have been treated on a suitable basis for the economic assessment, in line with Green Book requirements. The following adjustments have been made to financial costs in the Business Case:

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<sup>1</sup> CSF1: Deliverable and Affordable; CSF2: Fit with TIP Objectives; CSF3: Enhancement of Nelson; CSF4: Stimulant of Economic Growth; CSF5: Maximise connectivity between all Nelson projects; CSF6: Create Modal Shift

- The outturn prices for Towns Fund investment are adjusted by the GDP deflator (taken from the most recent TAG Databook and representing an adjustment of circa 2% a year) to provide 'real prices' (2021/22 base year).
- Costs are exclusive of VAT.
- Optimism Bias is applied at 30% - above the mid-point between the lower and upper bounds set out in the Green Book Supplementary Guidance for non-standard buildings. The basis for this adjustment is clearly set out and consideration of upper bound OB is provided in the sensitivity tests.
- Future costs are discounted at 3.5% a year to reflect the social time preference in line with Green Book guidance.

Economic costs for the preferred option are estimated to be £3,875,760 million (Present Value).

## Project Benefits

### Identified Benefits

The core economic benefits monetised for this economic assessment include:

- Walking and cycling benefits
- Wider Land Value uplift (residential and commercial), persisting for five years
- Tree Planting

Considering each in turn:

#### Walking and Cycling Benefits

The Walking and Cycling benefits are calculated using the Active Mode Appraisal Toolkit (AMAT) which allows users to undertake the economic appraisal of cycling and walking interventions in line with TAG Unit A5-1. The results for each of the two parts of the preferred option are modelled separately with the combined results showing a total benefit of £6.92 million.

The total modelled results of £6.92m are expressed in 2010 real prices, present values and in market prices – the DfT desired output year and unit of accounts. This is then adjusted for 2021 real prices and present values (no longer in market prices) by:

- Correcting for output prices, multiplying benefits by 1.25 i.e. dividing the 2021 GDP deflator by the 2010 GDP deflator, using the TAG Databook;
- Correcting for discounting, multiplying benefits by 1.46 i.e. assuming a discount rate of 3.5%, as per HM Treasury Greenbook guidance, over an 11-year period (2010 to 2021).
- Further adjustment to correct for changes in indirect taxation (such as VAT). TAG Guidance provides a market price adjustment factor of 1.19 and the benefit is divided by this factor.

Each of the adjustments are appropriate. Doing so means the walking and cycling benefits generated by Accessible Nelson is **£10.60 million in 2021 real prices and present values**.

The key assumption driving the benefits calculated using AMAT is the 30% increase in user trips post-intervention, which is based on a comparator scheme in Yorkshire and the Humber. Given the single benchmark source, it is possible that the increase in usage has been over-stated and so the forecast benefits may be at the top end of the range expected.

#### Wider Land Value Uplift

It is reasonable to assume that the public realm investments will generate both commercial and residential wider land value uplift (LVU). A sound rationale has been provided for both commercial and residential LVU, with the calculation based on Valuation Office data and the number of properties, and

based on 1% annualised growth rate persisting over 5 years from 2025, and displacement of 50%, applied to the Accessible Nelson project proportion of total Town Fund investment. This provides:

- Wider residential land value uplift: **£1.28 million** in 2021 real prices and present values.
- Wider commercial land value uplift: **£0.97 million** in 2021 real prices and present values.

### Tree Planting

The value attached to the tree planting is based on the 36 trees planted as part of the project and research which suggests a benefit of between £1,800 and £8,000 per tree over 50 years from the absorption of rainwater. The midpoint of this range was taken and adjusted for 2021 prices and revised to a 30-year benefit period. This provides a value of £0.1m and is regarded as conservative, given no additional benefit is claimed in terms of increased house prices (in case this double-counts the LVU).

### Non-Monetised Benefits

A series of wider benefits are anticipated, including construction GVA and temporary employment opportunities during the build out stage. Further non-monetised benefits are expected in the form of:

- Reduced carbon emissions due to greater journeys being made by modes of active transport.
- Increased sense of pride and belonging for residents due to public realm improvements.
- Improved perceptions of Nelson as a place to live by current residents and visitors.
- Improvement in journey quality and safety through walking and cycling in Nelson.
- Reduction in the number of traffic accidents in Nelson.

These additional benefits could be considerable; a commitment to capturing some of this data would be extremely useful in case-making for future investments of this nature, and as such should be built into the monitoring and evaluation plan (see Management Case).

### Forecast Return on Investment

The business case therefore estimates that the combined economic benefits are £12.95 million, which provides a Benefit Cost ratio of **3.34:1** and would represent 'High' value for money.

With the BCR demonstrating 'High' BCR in line with Green Book Guidance, it is appropriate to fund the project on this basis.

The business case provides switching values to achieve a BCR of 2:1. To achieve this, costs would need to increase by £2.6m (67.1%), or benefits reduce by -52% (40.2%). Therefore, although benefits may be over-stated to a small extent, even if the full benefits are not realised there will still be a good or very good BCR. On this basis, we are satisfied that good value for money can be achieved.

### Risk and Sensitivity Analysis

As outlined above, the economic analysis considers Optimism Bias of 24%.

In addition, the applicant has considered a range of sensitivity testing, including:

- A reduction to the AMAT benefits of 20% (Sensitivity Test 1)
- A drop in the uplift of WLVA from 1% to 0.75% (Sensitivity Test 2)
- A combination of the two above (Sensitivity Test 3).

In each of the cases, there remains a positive BCR, which ranges from 2.65 1 (ST 3) to 3.19 (ST2), compared to 3.34 in the core estimate. The Towns Board can be confident of a positive BCR, even if the AMAT benefits fall short of those estimated (and even if the benefits fall further short of forecast, as par the switching value analysis).

## Financial Case

### Key Points

- The capital costs (of £3.464 million) are estimated costs. These costs are the total estimated costs of the two schemes being brought forward as the preferred option.
- Although estimated, a detailed breakdown of costs has been provided, which are appropriate and generated by the design team, Quantity Surveyors and Pendle Borough Council engineers. Detailed design costs will be obtained through the procurement process.
- Contingencies are included in the costs at 15%, in addition to inflation for the two schemes. There remains some risk that the contingencies and allowance for inflation are insufficient, however the level of contingency is reasonable and appropriate at this stage.
- The funding is 100% from the Towns Fund with no match-funding identified, although in practice there will be in-kind contributions from both Pendle Borough Council and Lancashire County Council in terms of staff inputs.
- VAT will be recovered where permitted.

**Recommendation: The case is suitable for investment.**

### Project Cost Breakdown

The project is seeking £3.464 million from the Towns Fund - £1.682 million of which will be allocated to the New Scotland Road and Leeds Road Junction and £1.782m to Railway Street and Broadway.

The project costs for New Scotland Road/Leeds Road (Area 4) are almost all to be incurred in 2023/2024 (£1.464m) with some professional fees costs incurred in 2022/2023. The costs for Railway Street and Broadway (Area 6) are largely spread across 2024/25 and 2025/2026.

#### Funding Summary

	2022/23	2023/24	2024/25	2025/26	Total
Towns Fund: Capital (Area 4)	£ 91,753	£1,446,646	£143,742	-	£1,682,141
Towns Fund: Capital (Area 6)	-	£97,190	£965,871	£718,750	£1,781,811
<b>Total</b>	£91,753	£1,543,836	£1,109,613	£718,750	£3,463,952

Source: Pendle Borough Council and SFP, cited in Hatch Business Case

### Project Cost Assumptions

Capital costs were produced between Pendle Council Engineers, Planit IE and Simon Fenton Partnership LLP, Chartered Quantity Surveyors and Project Managers. The costs for the preferred Option (Areas 4 and 6) were summarised in their Nelson Town Centre / Proposed Public Realm Works Order of Cost Estimate Issue 003, dated 27<sup>th</sup> April 2022. These appear appropriate at this stage. A detailed breakdown of costs by item for each of the proposed schemes has been provided.

As detailed design works are still to be completed, detailed design costs will be required. Project implementation will require strong management of costs within any the Funding approval envelope. However, the costs make provision for inflation (3.89% for Area 4, and 6.56% for Area 6) and contingency (at 15%), and a value engineering option has been provided for alternative Tegula or

Tarmac surfacing, rather than the preferred option of Sandstone. Both alternatives are less expensive than the Sandstone option.

The basis for assessing inflation is appropriate (based on the time of reporting); however there remain risks of further increased to inflation above the levels forecast. Nonetheless, good contingency allowance and the value engineering exercise provide comfort the project can be delivered even if there is some increase in costs.

## **Funding Sources and Certainty**

No match funding has been identified and the intervention rate is 100% from Towns Fund. It is disappointing that no match funding is available for the project. During the clarification process, it was stated other sources of funding had been sought but none were available in the current project timeframe (e.g. Super Slow Way Linear Park Cultural Development Programme). It is however acknowledged that delivering the project requires the input of considerable officer time from Pendle Borough Council and Lancashire County Council.

## Commercial Case

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### Key Points

- Procurement and contracting arrangements are clear, including the role of the Accessible Nelson project Steering Group and the Project Delivery Group.
- Procurement will be governed by Pendle Council's internal policies and procedures and capital works will be competitively tendered. Natural materials for the Accessible Nelson scheme will be subject to a separate tendering exercise to ensure high quality locally sourced materials.
- The works are all within the land ownership of Lancashire County Council as the Highways authority. No planning consents are required although statutory requirements such as safety audits are required. One Traffic Regulation Order is anticipated which has been built into the project delivery timetable.
- Independent subsidy control advice has been provided and the advice provided is that the project is not subject to subsidy control.

**Recommendation: The case is suitable for investment.**

### Procurement and Contractual Arrangements

The procurement and management of the project will be the responsibility of Pendle Borough Council's Housing, Health & Engineering Department. The Accessible Nelson Steering Group will oversee delivery and management of the project. The Accessible Nelson Steering Group will be chaired by Engineering Manager, Scott Whalley. The project Steering Group will report to the Nelson Town Deal Board on a quarterly basis.

The arrangements are clear and appropriate. A Project Delivery Group has been formed with representatives from Lancashire County Council as the Highways Authority, along with County Council Cycling Officers who are also involved in the Local Walking and Cycling Infrastructure Plan Schemes (LWCIPS). Pendle Borough Council Engineers, Cycling and Parking Officers also form part of the Project Delivery Group.

Procurement will be governed by Pendle Council's internal policies and procedures outlined in the Council's Contract Procedure Rules (CPR), Financial Procedure Rules (FPR) and Constitution (Scheme of Delegation). Capital works will be subject to competitive tender through the Council's on-line procurement system (The Chest). Tendering will be done in-house and will follow the Council's Contract Procedure Rules to ensure Best Practice. Pendle Council Engineers will tender the works on Chest using an open tender process.

Natural materials for the Accessible Nelson scheme will be subject to a separate tendering exercise to ensure high quality locally sourced materials and the Business Case states that a collateral warranty will be sought with the successful supplier.

It is noted that design work has already been completed by Planet-IE prior to the project start. Pendle Council Engineers will finalise engineering designs for the works and complete the conditions of contract including a Bill of Quantities with specifications for the works in accordance with traditional procurement methods and industry standards.

## Required Permissions

For both schemes, Area 4 and Area 6, the project areas are within Lancashire County Council's ownership as the Highway Authority. The Business Case states that consents will be required from Lancashire County Council in relation to the safety audit of schemes, temporary road closures and licence to undertake work on the Highway. Lancashire County Council Officers sit on the Accessible Nelson Project the Delivery Group and so this is not considered a risk to scheme delivery.

One Traffic Regulation Order (TRO) is anticipated, the creation of a 20mph zone. No allowance was made for this in the Project Delivery Plan which has now been included as a result of the clarification process.

Ownership will remain with Lancashire County Council as the works are within the adopted Highway. However, Pendle Council's Engineering Section are looking to undertake maintenance of the new surface and landscaped areas (as is the case with Nelson town centre). This would be appropriate and desirable. At the time of reporting, these discussions are ongoing.

## Market Demand

The business case provides evidence of the likely increase in walking and cycling as a result of the project. This, allied with good levels of stakeholder support, indicates market demand for the two schemes that form the Accessible Nelson project. During the clarification process, comfort was sought that the business community is supportive of the proposals. This is the case, and the benefits of the two schemes for businesses is reflecting in the Wider Land Value Uplift (Commercial).

## Subsidy Control

Independent Subsidy Control advice was provided by DWF Law LLP during the clarification process. In their view, public funding can be awarded in compliance with the new UK Subsidy Control rules as "no subsidy" because all of the above activities may be viewed as delivery of ordinary roles of State (by the Council) rather than an economic activity subject to Subsidy Control.



## Management Case

### Key Points

- Project delivery and management arrangements are clear and straightforward. Pendle Borough Council Engineers and Lancashire County Council are experienced at managing projects of this nature. There is a good track record of joined working.
- It is preferred that post project maintenance is carried out by Pendle Borough Council, as is the case with Nelson Town Centre. Lancashire County Council will need to agree this approach and getting this agreement in place is a condition of grant.
- A project delivery plan has been developed for both schemes with the timetable for delivery achievable.
- A high-level risk register has been provided. The risks identified include cost over-runs, materials cost rises and contactors availability / capacity; as such a commitment to close monitoring of costs as part of project implementation is required.
- There is a clear monitoring and evaluation plan for the delivery of the capital works; however no commitment to a baseline or monitoring of usage (or wider benefits) is provided. This would be beneficial, particularly to inform future schemes. There is no commitment to efforts to increase take-up of walking and cycling, and this should be included.

### Recommendation

**The case is suitable for investment subject to specific conditions being met:**

- That the post-project maintenance agreement (with the maintenance to be the responsibility of Pendle Borough Council) be put in place between Lancashire County Council and Pendle Borough Council.
- That there is a commitment to close monitoring of costs as part of project implementation, given the potential impact of cost over-runs, materials cost rises and contractor availability/capacity. Therefore, affirmation that the risk register for the delivery of the works will be maintained and reviewed regularly as part of project delivery should be given.
- That the monitoring and evaluation plan is expanded to include baseline and monitoring of walking and cycling usage for the two schemes, and a commitment to assessing wider (non-monetised) benefits.
- A commitment to work to maximise take-up of bicycle use post project, demonstrated through, for example, linking with the potential Lancashire County Council pilot Mobility Hubs and promotion of bike rings for use by Town Centre businesses.

## Project Management Arrangements and Capacity

The project management arrangements are sound and appropriate. Pendle Borough Council are the project lead through their existing Engineering Services Team. Pendle Council currently have a public realm agreement with Lancashire County Council and this allows the Council to undertake work on the Highways.

Pendle Borough Council's Engineering Team experienced in delivering large capital investments and examples are provided in the Business Case. The Borough Council's Engineering Manager, Scott Whalley is named as the Senior Responsible Officer (SRO) for the project.

The Accessible Nelson Steering Group and Project Delivery Group (Engineers) report into the Nelson Town Deal Plan Delivery Group, and in turn to the Town Deal Board. There are clear responsibilities set out for the Delivery Group, including managing procurement, the works, project deliverables and risk.

It is preferred that post project maintenance is carried out by Pendle Borough Council, as is the case with Nelson Town Centre. Lancashire County Council will need to agree this approach and getting this agreement in place is a condition of grant.

## Partner Relationships

The Project Delivery Group is the vehicle through which Pendle Borough Council will work in partnership with aligned initiatives and relevant organisations. Importantly, the Delivery Group includes key representatives from Lancashire County Council, including Network Planning, Highway Safety and Cycling /Public Rights of Way. This should help ensure the disciplines work together in a co-ordinated manner.

Up until this point, the Steering Group/Working Group have been meeting every two weeks to review the emerging designs and to make changes. The group includes engineers, designers, highway officers, traffic management consultant and cycling officers from Lancashire County Council.

The Pendle Borough Council are also working alongside In-Situ's Town Deal scheme who are assisting with stakeholder engagement and with links to other Town Deal schemes.

Those directly involved in the project are very much Council officers, whether Pendle Borough Council or Lancashire County Council officers. It is important the views of end users (and user groups) have meaningful input to the designs and design process.

## Delivery Programme

There is a clear Delivery Programme for the two schemes in the form of a detailed Project Plan. The key headline milestones for the project are:

- |  |                |
|--|----------------|
| ▪ Further Engagement with funders/ stakeholder organisations | Aug to Oct 22  |
| ▪ Funding Approved   | Aug 22         |
| ▪ Designs finalised  | Oct 22         |
| ▪ Permissions secured  | Oct 22-Dec 22  |
| ▪ Tendering first works package                              | Jan 23-Mar 23  |
| ▪ Delivery commences   | April 23       |
| ▪ Operational Start  | April 23       |
| ▪ Delivery completes   | September 2025 |

A more detailed project delivery plan has been provided for each of the two schemes.

Key constraints and dependencies relate to Lancashire County Council consent as landowner, including consent to carry out the works within the Highways and Pendle Borough Council's Engineering Section to undertake maintenance of the new surface and landscaped areas, as per the current arrangement with Nelson Town Centre. The long-term management plan for this needs to be set and approved, and is a recommended as a condition of funding approval.

## Risk Management

A high-level risk register is provided in the Business Case. The main risks relate to the potential for cost over-runs, including material cost rises and contractor capacity/availability. Gaining consents is also an identified risk. Given the experience of the Borough and County Council consents and procuring contractors are not deemed substantial risks. A prudent approach to costs has also been adopted, with value engineering alternatives developed, which provides assurances the schemes are deliverable even if there is some level of cost increase.

## Monitoring and Evaluation

A clear monitoring framework has been provided for the capital works including public realm, junction improvements, km of footpaths and cycle ways and costs. There is, however, no formal provision for monitoring usage of walking and cycling, and this should be added, including a commitment to the capturing the baseline position.

## Conclusions and Recommendations

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### Conclusions

An overview of the assessment of each of the five cases is set out below.

#### Strategic Case

There is a clear strategic case for investment in the Accessible Nelson project and the proposals align with the priorities of the Towns Fund.

The basis on which the project investment has been prioritised is clear; there is a strong case for investment to ease Town Centre congestion and facilitate increased walking and cycling through enhanced infrastructure.

The project complements other investments in and around the Town Centre. The linkages with some of these other investments and activities could be strengthened further, such as the 'This is Nelson' project.

Given the 'public goods' nature of the investment, it is highly unlikely that the private sector would be willing or able to bring forward the project. There is therefore a sound basis for public investment.

#### Economic Case

The approach set out in the Economic Case is consistent with the requirements of the Green Book and Towns Fund.

The business case estimates that the intervention will deliver 'high' value for money with a BCR of 3.4:1. Costs would need to increase by 67% or benefits reduce by 52% for the BCR to come down to 2:1. There is confidence the intervention will deliver good value for money.

Following further explanation during the clarification process, the basis on which the preferred option has been identified is clear. The approach adopted for estimating project costs and benefits is in line with Green Book guidance.

The primary benefits quantified and monetised are the value of walking and cycling, plus some Wider Land Value Uplift for commercial and residential values. There are also some modest monetised benefits attributed to the tree planting.

Other wider non-monetised benefits are identified and these have the potential to considerably add to the benefits of the project. In due course, monitoring and quantifying some of these benefits would be beneficial to help support the case for further investments of this nature.

One of the two schemes (Railway Street and Broadway) is close to (but does not include) the railway bridge itself, where there are strong associated negative perceptions. The proximity to the railway bridge risks undermining some of the scheme's proposed benefits. Close working with the 'This is Nelson' project and consideration of other railway bridge improvement works is a condition of grant approval.

#### Financial Case

The capital costs (of £3.464 million) are estimated costs. These costs are the total estimated costs of the two schemes being brought forward as the preferred option. There is a sound basis for the cost estimates provided.

Contingencies are included in the costs at 15%, in addition to inflation for the two schemes. There remains some risk that the contingencies and allowance for inflation are insufficient, however the level of contingency is reasonable and appropriate at this stage.

The funding is 100% from the Towns Fund with no match-funding identified, although in practice there will be in-kind contributions from both Pendle Borough Council and Lancashire County Council in terms of staff inputs.

## Commercial Case

Procurement and contracting arrangements are clear, including the role of the Accessible Nelson project Steering Group and the Project Delivery Group.

Procurement will be governed by Pendle Council's internal policies and procedures and capital works will be competitively tendered. Natural materials for the Accessible Nelson scheme will be subject to a separate tendering exercise to ensure high quality locally sourced materials.

The works are all within the land ownership of Lancashire County Council as the Highways authority. No planning consents are required although statutory requirements such as safety audits are required. One Traffic Regulation Order is anticipated which has been built into the project delivery timetable.

Independent subsidy control advice has been provided and the advice provided is that the project is not subject to subsidy control.

## Management Case

Project delivery and management arrangements are clear and straightforward. Pendle Borough Council Engineers and Lancashire County Council are experienced at managing projects of this nature. There is a good track record of joined working.

A project delivery plan has been developed for both schemes with the timetable for delivery achievable.

A high-level risk register has been provided. The risks identified include cost over-runs, materials cost rises and contractors availability/capacity; as such a commitment to close monitoring of costs as part of project implementation is required.

There is a clear monitoring and evaluation plan for the delivery of the capital works; however no commitment to a baseline or monitoring of usage (or wider benefits) is provided. This would be beneficial, particularly to inform future schemes. There is no commitment to efforts to increase take-up of walking and cycling, and this should be included.

## Recommendation

On the basis of the findings set out above, this project is considered suitable for funding subject to the following conditions being met:

- That the post-project maintenance agreement (with the maintenance to be the responsibility of Pendle Borough Council) be put in place between Lancashire County Council and Pendle Borough Council.
- That ways in which the project works alongside other projects (notably the 'This is Nelson' project) to address the negative impacts of the railway bridge close to Detail Area 6 are set out, so that the potential project benefits from the Accessible Nelson project investment are enhanced and not undermined.
- That there is a commitment to close monitoring of costs as part of project implementation, given the potential impact of cost over-runs, materials cost rises and contractor availability/ capacity. Therefore, affirmation that the risk register for the delivery of the works will be maintained and reviewed regularly as part of project delivery should be given.
- That the monitoring and evaluation plan is expanded to include baseline and monitoring of walking and cycling usage for the two schemes, and a commitment to assessing wider (non-monetised) benefits.
- A commitment to work to maximise take-up of bicycle use post project, demonstrated through, for example, linking with the potential Lancashire County Council pilot Mobility Hubs and promotion of bike rings for use by Town Centre businesses.

## Appendix 1: Expenditure and Output Profile

### Proposed Funding Profile

	2022/23	2023/24	2024/25	2025/26	Total
Towns Fund: Capital (Area 4)	£ 91,753	£1,446,646	£143,742	-	£1,682,141
Towns Fund: Capital (Area 6)	-	£97,190	£965,871	£718,750	£1,781,811
<b>Total</b>	<b>£91,753</b>	<b>£1,543,836</b>	<b>£1,109,613</b>	<b>£718,750</b>	<b>£3,463,952</b>

### Proposed Output Profile

	2022/23	2023/24	2024/25	2025/26	Total
Construction jobs**	15	11	8		Up to 15 FTE's supported
Shared Walking/Cycling Lanes				678m	678m
Number of junctions improved				3	3
Number of trees planted per year				36	36
Public Realm				7,823 sqm	7,823 sqm