



Lancashire Enterprise Partnership Limited

Private and Confidential: No

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Growth Deal Progress Report

Appendices A, B & C refer
(Appendix C to follow)

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Executive Summary

This report provides the Growth Deal Management Board with an update on the M55 Heyhouses Link Road proposal.

Recommendation

The Board is asked to note the report

Background and Advice

M55 Heyhouses Link Road

1. The aim of the proposed M55 Heyhouses Link Road is to ensure the provision of the necessary local infrastructure required to support housing growth and the growth of the wider Blackpool and Fylde Coast economy. It is a scheme that the county council has promoted for many years and has sought to identify opportunities that support its accelerated delivery when compared to the phasing of the road's delivery approved through the local planning process.
2. The county council is working with the developer, Fylde borough council and other parties to resolve the financial, technical and legal challenges that have and continue to occur in bringing a viable scheme forward.
3. At its meeting in July 2017, the county council's Cabinet authorised officers to commence a procurement exercise for the link road on the basis that no contractual commitment would be made until all of the funding considered necessary for the project has been secured.

At its meeting in August 2017, the county council's Cabinet approved arrangements for the construction of the M55 Heyhouses link road, authorised the allocation of £1.7 million to support its accelerated delivery, noted that as scheme promoter the county council would be bearing the financial risk should



outturn costs exceed the value of contributions received and agreed to receive a further report in due course to consider a scheme proposal.

The funding arrangements to deliver the Link Road are set out at Appendix A.

As indicated above, and notwithstanding the financial contributions that may be secured to part fund the link road, the county council will be responsible for its delivery and bear the financial risk of any cost increases above an approved scheme estimate which would be identified through a further report to the county council's Cabinet in due course. A risk log has been established and maintained for the project and has informed the current scheme estimate. Risks are being monitored and mitigation measures are being put in place as appropriate. The value of risk will be kept under review as risks and their value can change. The risk log and summary is attached at Appendix B.

4. A risk workshop was undertaken on the 6th September 2017. The outcome of the workshop will assist in refining the risk log and informing the estimated total project cost. Risk monitoring and mitigation will be a key feature of the project for its whole duration.

The risk log references the risk of clawback of the LEP contribution as a result of delay in housing delivery. If this risk is not managed by others, there is a risk that the county council as scheme promoter will be required to return the LEP contribution and make an additional financial contribution accordingly. The matter will form part of a further report to Cabinet.

5. Fylde borough council has submitted a bid for marginal viability funding of £3.81 million to the Homes and Communities Agency's Housing Infrastructure Funding initiative. The bid if successful would address the current gap in funding.
6. The estimated scheme cost has increased as a result of a being better informed with regard to scheme risk, but also due to progress on the detail design. The present scheme estimate is £25.3m of which approximately £5.5m is quantified risk.
7. The county council continues to work closely with the developer and the developers design consultants with regard to scheme progress and estimated costs. Currently, elements of the drainage design is being completed and other minor drawing changes being progressed by the consultant, with the documentation being reviewed by the county council. The Environment Agency (EA) is progressing a review of the submitted information to support the receipt of the required EA consents.
8. County council officers met with representatives of Highways England (HE) on the 20th September as a precursor to HE undertaking a value management workshop. The purpose of the meeting was to ensure that all necessary evidence that is being finalised does satisfy their technical requirements. Highways England indicated that they expect agreement to fund the bid at the Investment Board in early November.



9. A scheme 'milestones' chart is updated on a regular basis by the county council as new information becomes available. The current chart (Appendix C – to be circulated separately) is based upon the procurement process, necessary agreements and all funding being in place by April 2018. This would enable an award of contract at the end of May 2018. The chart indicates works commencement in July 2018 and a construction period estimated to be 30 months. County council officers will work with an appointed contractor to explore opportunities to minimise the construction period. The chart remains subject to change, for example discussions with BT are ongoing regarding prospective diversions which could influence the currently anticipated delivery period and scheme cost.