



## **LEP – Sub Committee**

### **LEP - Transport for Lancashire Committee**

**Private and Confidential: NO**

**Date:** Wednesday, 5 June 2019

### **Preston Western Distributor Funding Application**

Appendix 'A' refers

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#### **Executive Summary**

The Preston Western Distributor comprises a new 4.3km dual carriageway road connecting a new Junction 2 on the M55 near Bartle with the A583 Preston to Blackpool road at Lea. The scheme supports delivery of the North West Preston Strategic Housing Location, which will accommodate over 5,000 new homes, and will also improve travel between the Strategic Road Network and the Enterprise Zone at Warton and facilitate provision of a new 'parkway' station at Cottam on the recently electrified Preston to Blackpool North line.

In accordance with the Lancashire Enterprise Partnership's Assurance Framework, Lancashire County Council has submitted a full transport business case for funding approval. The consultants Atkins have undertaken an independent assessment of the business case on behalf of the Lancashire Enterprise Partnership. Atkins are satisfied that the business case has been developed to the expected standard in most areas and recommend that Full Approval be granted.

#### **Recommendation**

The committee is asked to:

- 1) Consider the attached full business case assurance report prepared by Atkins and recommend the Lancashire Enterprise Partnership Board grant the scheme a maximum £58m Growth Deal funding;
- 2) Advise the Lancashire Enterprise Partnership Board that this funding approval be conditional on Lancashire County Council providing the following to the reasonable satisfaction of the Board in advance of final sign-off:
  - An update on the projected final target cost;
  - A finalised Monitoring and Evaluation Plan.



- 3) Advise the Lancashire Enterprise Partnership Board that this funding approval be conditional on final approval from the Secretary of State.

### **Background and Advice**

The Preston Western Distributor is one of four major highway schemes identified in the Preston, South Ribble and Lancashire City Deal agreed with the Government in September 2013 to deliver transformative, nationally significant levels of housing and employment growth in the city. It comprises a new 4.3km dual carriageway road connecting a new Junction 2 on the M55 near Bartle with the A583 Preston to Blackpool road at Lea.

The Preston Western Distributor is by far the largest transport project in the Lancashire Growth Deal programme. In conjunction with two local link roads, the scheme supports delivery of the North West Preston Strategic Housing Location, which will accommodate over 5,000 new homes. It will also improve travel between the Strategic Road Network and the Enterprise Zone at Warton and the Springfields nuclear fuel facility at Salwick, and facilitate provision of a new 'parkway' station at Cottam on the recently electrified Preston to Blackpool North line. The additional capacity will help alleviate peak hour congestion in Preston city centre affecting east-west routes and facilitate the introduction of bus priority measures, public realm enhancements and improvements to prioritise and promote walking and cycling along existing road corridors.

In January 2018, the Lancashire Enterprise Partnership Board granted the Preston Western Distributor scheme Conditional Approval. The consultants Atkins advised at the time that a number of issues would need to be addressed prior to Full Approval, including securing the land required for construction of the scheme, finalising the target price with the contractor and undertaking further modelling work to comply with new Department for Transport guidance.

In accordance with the Lancashire Enterprise Partnership's Assurance Framework, Lancashire County Council has now submitted a full transport business case for funding approval. The granting of Full Approval indicates the Lancashire Enterprise Partnership's acceptance of a full business case and approval to proceed to implementation. It occurs when all necessary statutory powers are in place and any necessary conditions attached at Conditional Approval have been satisfied.

Atkins have undertaken an independent assessment of the business case on behalf of the Lancashire Enterprise Partnership. They are satisfied that the business case has been developed to the expected standard in most areas and recommend that Full Approval be granted. Their report is attached as Appendix 'A'. Whilst all statutory powers and consents have been obtained, at the time of writing the following issues remain outstanding:

- Finalising the target price with the contractor;
- Finalising the Monitoring and Evaluation Plan;



- Final approval from the Secretary of State.

Following an Official Journal of the European Union (OJEU) compliant procurement process, the county council entered into an Early Contractor Involvement contract with Costain Group PLC in April 2016 leading to a target cost contract for delivery of the scheme. This allows the estimated cost of the works to be updated continuously as the scheme design develops. The county council advises that as detailed design is now very close to completion, the cost estimate included in the business case has the surety of being at or very close to the target cost to be agreed and entered into contract, and also assurance in terms of value for money. The county council anticipates that the final target cost will be known in early July 2019. Atkins advise that the business case should be updated once the final target price is known.

As the Preston Western Distributor is a Department for Transport 'retained' scheme, final approval is required from the Secretary of State. The Department for Transport has advised that final approval will be granted within 8 weeks of the meeting of the Lancashire Enterprise Board to be held on 25<sup>th</sup> June 2019.

The estimated outturn cost of the scheme is £185.3m including a risk allowance of £15.6m. The business case identifies confirmed funding contributions from the following:

- Lancashire Enterprise Partnership (Local Growth Fund): £58.0m
- Highways England: £25.0m
- City Deal Infrastructure Fund £102.3m

The amount of funding requested from the Local Growth Fund is £58m, representing 31% of the current estimated outturn cost including risk. An updated S151 Officer letter confirming the agreed City Deal Infrastructure Fund contribution and that the county council will cover any increase in scheme cost has been provided.

The scheme is predicted to deliver high value for money based on the latest cost estimate with an unadjusted benefit to cost ratio of 2.19. The county council also advises that the scheme has the potential to generate £55.4m of wider economic benefits over the 60 year appraisal period in 2010 prices discounted to 2010, producing an adjusted benefit to cost ratio of 2.6. A further £54.7m of benefits accrue from dependent development and the scheme is estimated to generate a GVA benefit of £108m as a result of new job creation (both in 2010 prices discounted to 2010).

### List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		



Lancashire  
Enterprise Partnership