

**Report to the Cabinet Member for Highways and Transport**  
**Report submitted by: Head of Policy, Information and Commissioning (Live Well)**  
**Date: 9 July 2015**

## **Part I**

Electoral Divisions affected:  
Rishton and Clayton-le-Moors, Accrington North, Accrington West, Padiham and Burnley West, Burnley South West, Burnley Central West, Burnley Central East, Burnley Rural, Burnley North East, Pendle West, Brierfield and Nelson North, and Nelson South

### **East Lancashire Highways and Transportation Masterplan Burnley-Pendle Growth Corridor Investment Programme Update** (Appendices 'A', 'B', 'C' and 'D' refer)

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#### **Executive Summary**

The Burnley Pendle Growth Corridor Investment Programme is a key priority for the East Lancashire Highways and Transport Masterplan and a major project in the Lancashire Enterprise Partnership's (LEP) Strategic Economic Plan with funding secured by the LEP through the Lancashire Growth Deal.

It comprises a three year programme of localised interventions, originally estimated to cost £12 million that was endorsed by the Cabinet Member for Highways and Transport in July 2014 and which would be funded by a specific bid for an £8m contribution from the Local Growth Fund through the Lancashire Growth Deal and a £4 million local contribution.

Over the last twelve months, further work including feasibility studies and detailed design work has been undertaken and reported to the Programme Board. As a consequence, it has been necessary to revise the cost estimates and phasing of individual schemes within the approved programme. The overall programme cost is now estimated at £13.8 million This requires a local contribution of £5.8m. A £350,000 contribution towards works at Junction 10 on the M65 has been secured from European and Regional Growth funding.

The £1.8 million of the overall local contribution will be met by local contributions from Burnley, Pendle and Hyndburn Borough Councils. The Borough Council contributions have been estimated in proportion to the anticipated overall expenditure in each district (excluding the cost of the works at Junction 10) and are currently subject to formal agreements being finalised with each council.

The contribution required from the County Council is therefore £3.65m.

Following initial discussions with the LEP's independent scrutiny consultant, a need to undertake additional traffic surveys has been identified. As a result, the Strategic Outline Business Case, which is necessary to secure the Local Growth Fund contribution, will now be submitted to the LEP Board for funding approval in October 2015.

In order to achieve required project expenditure and to take advantage of lower traffic volumes in the summer months and relatively good weather, it is proposed to commence works at Junction 12 on the M65 in August 2015, in advance of LEP Board approval, up to a value of £250,000 from the County Council's contribution.

It is likely that during the development and delivery of this three year investment programme (2015/16 – 2017/18) there will be further changes to cost estimates and phasing of works. It is therefore proposed that, in consultation with the Cabinet Member for Highways and Transport, the Programme Board be authorised to implement such changes subject to containing costs within the existing funding provision.

The revised programme including estimates is set out at Appendix 'D'.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

### **Recommendations**

Subject to funding approval by the LEP Board in October 2015 and the completion of formal agreements with Burnley, Pendle and Hyndburn Borough Councils, the Cabinet Member for Highways and Transport is asked:

- (i) To approve the revised programme of works and estimated costs as set out at Appendix 'D' and, subject to discussion with the Cabinet Member for Highways and Transport, authorise the Programme Board to implement any further necessary changes to cost estimates and the phasing of works provided costs are contained within existing funding provision;
- (ii) To agree a contribution of £3.65 million from the approved Environment Capital Programme towards delivery of the programme of works as set out in Appendix D;

- (iii) That upon completion of formal funding agreements with Burnley, Pendle and Hyndburn Borough Councils, add the Borough Councils' contributions as specified in this report and totalling £1.8 million to the Environment Capital Programme; and
- (iv) To note that governance arrangements for the project will need to reflect the financial contributions by the three borough councils.
- (v) To authorise expenditure from the County Council's £3.65m contribution of up to £250,000 to enable works to commence at M65 Junction 12 in advance of LEP Board funding approval and completion of the formal agreement with Pendle Borough Council.

### **Background and Advice**

The Burnley Pendle Growth Corridor Investment Programme focuses on the M65 and the adjacent local road network between Junction 6 (Whitebirk) and its terminal roundabout at Colne (Junction 14). In November 2013, the County Council commissioned Jacobs UK Limited to produce a route management strategy for the M65 Corridor between Junction 6 and Colne. The principal objective of the strategy is to support economic growth through the implementation of a programme of localised highway interventions focused on reducing current and projected congestion, improving journey time reliability and widening sustainable travel opportunities. A programme board chaired by the Director of Community Services and including representatives from the County Council, Burnley, Pendle and Hyndburn Borough Councils has been established to manage delivery of the programme.

It comprises a three year programme of localised interventions, originally estimated to cost £12 million. The programme is identified in the Strategic Economic Plan submitted to the Government by the Lancashire Enterprise Partnership (LEP) at the end of March 2014. The programme was endorsed by the Cabinet Member for Highways and Transport in July 2014, to be funded by a specific bid for an £8million contribution from the Local Growth Fund through the Lancashire Growth Deal and a £4 million local contribution. The programme has subsequently secured a fixed £8 million contribution from the Government's Local Growth Fund through the Lancashire Growth Deal, subject to independent scrutiny and the approval of the Strategic Outline Business Case by the LEP in October 2015.

Over the last twelve months, further work including feasibility studies and detailed design work has been undertaken and reported to the Programme Board. As a consequence, it has been necessary to revise the cost estimates and phasing of individual schemes within the approved programme. The overall programme cost is now estimated at £13.8 million. This requires a local contribution of £5.8m.

## **Funding of the £5.8m Local Contribution**

A £350,000 contribution towards works at Junction 10 has been secured from European and Regional Growth funding.

The £1.8 million will now be met by local contributions from Burnley, Pendle and Hyndburn Borough Councils. The Borough Council contributions have been estimated in proportion to the anticipated overall expenditure in each district (excluding the cost of the works at Junction 10) and are currently subject to formal agreements being finalised with each council. The anticipated contributions over the three year period 2015/16 to 2017/18 are £825,000, £580,000 and £395,000 respectively and equate to each council contributing 14% towards the total cost of the interventions to be delivered in their district (excluding the cost of the works at Junction 10). Formal agreements are currently being finalised in relation to these contributions. The future works programme will be managed to ensure that total expenditure in each district reflects the level of borough council contribution at 14% of that total.

The contribution required from the County Council is therefore £3.65 million.

The outcome of ongoing technical studies and programming requirements means that further changes to estimated costs and phasing over the life of the programme are likely, and these will be considered by the Programme Board. It is therefore considered prudent to authorise the Programme Board, in consultation with the Cabinet Member for Highways and Transport, to make such changes provided that they can be contained within the total approved funding allocation for the programme and that the funding contributions from the borough councils remain ring-fenced to deliver the specific interventions in each of the districts.

Following initial discussions with the LEP's independent scrutiny consultant, further traffic survey information is required to inform the programme's Strategic Outline Business Case development, which means that submission of the business case to the LEP Board for funding approval will now be in October 2015.

In order to achieve required project expenditure and to take advantage of lower traffic volumes in the summer months and relatively good weather, it is proposed to commence works in August 2015, in advance of LEP Board approval, using part of the County Council's local contribution. Awaiting LEP Board approval would delay site works to the winter months.

It is anticipated that the advance works, at Junction 12 on the M65, will comprise the realignment of kerbs, laying of ducts and footway alterations at an estimated cost of £250,000.

The revised programme including estimates is set out at Appendix 'D'.

## **Consultations**

The Chief Executives of the three borough councils are aware of the funding requirements to deliver the projects set out in this report. Ongoing engagement will be managed through the borough councils' participation in the Programme Board.

The Chief Executives have confirmed that they will formalise their contributions to the programme through their respective approvals mechanisms. The governance arrangements and working name of the project “The Burnley Pendle Growth Corridor” will be reviewed to reflect the decisions made by the borough councils.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

There is a risk of delay to delivery of the improvements if all the 2015/16 works have to fall in the autumn and winter months, because of the likelihood of more adverse winter weather conditions and failing light slowing the pace of works. It would be necessary to carry out both the major junction schemes at the same time (junctions 12 and 13, M65), with the resultant pressures on workforce capacity. This would have implications for levels of disruption to the public and businesses, public safety and the county council's reputation. Delays to the works programme may also incur additional costs or place the contract at risk. These risks can be better managed if works are started at Junction 12, in the summer months.

### **Legal**

The financial contributions agreed by the borough councils will need to be set out in legally binding agreements that will be prepared by the County Council over the coming weeks. Following acceptance by the LEP Board of the Strategic Outline Business Case, anticipated in October 2015, a funding agreement between the LEP (via the County Council as the accountable body for the LEP) and the County Council (as the project sponsor) will be put in place to enable access to Growth Deal funding.

### **Financial**

The overall cost of delivering the Burnley Pendle Growth Corridor Investment Programme is £13.8 million. The Lancashire Growth Deal will provide a fixed contribution of £8 million over three financial years to 2017/18, subject to approval by the LEP Board. The local contribution is therefore £5.8 million. The required contributions from Burnley, Pendle and Hyndburn Borough Councils over the same time period are £825,000, £580,000 and £395,000 respectively and total £1.8 million. These contributions will be used to deliver specific interventions in each of the districts, as set out in Appendix D. Upon completion of formal agreements with Burnley, Pendle and Hyndburn Borough Councils, £1.8 million will be added to the County Council's capital programme. A further £350,000 contribution towards works at Junction 10 has been secured from European and Regional Growth funding. Based on the above, the County Council's contribution will therefore be £3.65 million of which £3.5 million will be expenditure over the three financial years to 2017/18. Phasing of this is based upon information set out at Appendix D and is currently estimated to be £0.518 million in 2015/16, £0.887 million in 2016/17 and £2.095 million in 2017/18.

The report is seeking a further approval to implement an element of the Burnley Pendle Growth Corridor Investment Programme in advance of Growth Deal funding being confirmed, up to £250,000 from the County Council's contribution of £3.65 million. If Growth Deal funding is not approved, any works undertaken would not be abortive and would provide some of the benefits that the programme's business case is based upon.

Further contributions may be forthcoming from the borough councils to enhance or extend various elements of the programme. These would be the subject of a further report to the Cabinet Member for Highways and Transport.

### **List of Background Papers**

Paper	Date	Contact/Tel
East Lancashire Highways and Transport Masterplan Burnley – Pendle Growth Corridor Investment Programme	July 2014	Sharon Montgomerie 01772 530544

Reason for inclusion in Part II, if appropriate

N/A