



Company Number: 07388600

Lancashire Enterprise Partnership Limited Board

Tuesday, 10th February, 2015 in Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall, Preston, at 6.00 pm

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Minutes of the meeting held on 15th January 2015** (Pages 1 - 4)
- 3. Declarations of Interest** (Pages 5 - 6)
- 4. Matters Arising**
- 5. Protocol on the Disclosure of Confidential Information for Directors / Observers / Officers and other attendees at Lancashire Enterprise Partnership Board Meetings** (Pages 7 - 10)
- 6. Sub Committee Appointments**
Report to follow
- 7. Growth Deal 2 Update** (Pages 11 - 22)
Including Assurance Framework update
- 8. Lancashire EZ Governing Body - Revised Terms of Reference** (Pages 23 - 28)
- 9. Blackpool Airport Corridor EZ Application Update**
Verbal Update
- 10. Lancashire Strategic Transport Prospectus** (Pages 29 - 58)
- 11. Blackburn to Manchester Rail Corridor Improvement Scheme** (Pages 59 - 86)

12. Update on the Civil Nuclear Market in the UK

Presentation by Mike Tynan.

13. ESIF Update (Pages 87 - 92)

**14. Department for Transport Local Highways Maintenance Challenge Fund
(Pages 93 - 96)**

15. Any Other Business

16. Date of Next Meeting

The next meeting will be held on Tuesday 17th March 2015, 6pm, at County Hall, Preston.

Lancashire Enterprise Partnership Limited Board

**Minutes of the Meeting held on Thursday, 15th January, 2015 at 6.00 pm
at the Cabinet Room 'D' - The Henry Bolingbroke Room, County Hall,
Preston**

Present

Mr E Booth (Chair)

Cllr M Bateson
Mr M Blackburn
Mr J Carter
Mr G Cowley
Mr M Damms
Mr R Evans

Dr M McVicar
CC J Mein
Mr C Robson
Cllr M Townsend
Mr M Tynan

In Attendance

Mr B Bailey
Mr G Hall (Observer)
Mr N Jack
Mr M Kelly

Mr A Milroy
Ms K Molloy
Ms J Turton
Mr I Young (Company Secretary)

1. Welcome and Apologies for Absence

The Chair, Mr E Booth, welcomed all to the meeting. Apologies for absence were noted from Councillor Simon Blackburn, Councillor Stuart Hirst, Dennis Mendoros and Owen McLaughlin. Officer apologies were also noted from Harry Catherall with Brian Bailey attending in his place.

The Board approved that Gary Hall, Chief Executive of Chorley Borough Council, could attend the meeting as an Observer.

2. Minutes of the meeting held on 9th December 2014

Resolved: The Board approved the minutes of the last meeting as an accurate record subject to the addition of Fleetwood Fishpark to page 3, Growth Deal 2 – update. Following the amendment the Chair signed the final version of the minutes.

3. Matters Arising

None

4. Declarations of Interest

A number of Directors declared interests:

Jim Carter declared a possible standing conflict due to Eric Wright Group (where he is deputy chair) being one of the County Council's regeneration property partners. It was noted that no items were on the agenda for this meeting that would represent a conflict.

Councillor Mark Townsend declared an interest in Burnley Vision project as the Leader of Burnley Borough Council (project sponsor).

Richard Evans, KPMG, declared that UCLAN are an audit client of KPMG.

5. Any Other Business

None

6. Date of Next Meeting

It was reported that the next scheduled meeting of the Board will be held on Tuesday 10th February 2015 at 6pm, County Hall, Preston.

7. Growth Deal 2 Update

This item was not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Mr M Kelly, Director of Economic Development, Lancashire County Council presented a report which provided an update on progress with regards to Growth Deal 2.

The Board were reminded that at the Special Board meeting held on 9th December 2014, it considered and prioritised a Growth Deal 2 (GD2) pipeline seeking over £50 million in competitive Local Growth Funding from Government and that the purpose of the Board meeting was to rank the projects within the LEP's GD2 submission.

However, it was reported to the Board that on the 8th January 2015 that Government officials had informally confirmed to County Council officers that the indicative allocation for Lancashire will be £17.2 million for the 5-year period covering 2016/17 to 2020/21.

Given that the allocation was less than the bids submitted, the Board was

requested to review its response and approach to its GD2 Programme.

Following a debate the Board reached a consensus that it should engage with Lancashire MPs to urge Government to review the LEP's proposed GD2 allocation. It was also proposed that County Council officers contact project sponsors to review the cost of each project and establish if some projects can progress with a reduced funding allocation. Following discussions with project sponsors, a further special meeting of the Board would be convened to finalise the LEP's GD2 Programme and project allocations.

It was also noted by the Board that the Chair, Mr Booth, was to have the opportunity of a conversation with the Chancellor of the Exchequer on Friday 16th January 2015 and would press for additional funding to be provided.

Resolved: That the Board:

- (i) Noted and commented on the Government's indicative GD2 allocation of £17.2 million;
- (ii) Noted that officers would contact project sponsors to review their bids to establish if projects could progress with reduced funding; and
- (iii) Requested that a further Special Board meeting be arranged as soon as possible to confirm the LEP's final GD2 submission.

8. Blackpool Airport Enterprise Zone Application Update

This item was not for publication – exempt information as defined in paragraph 41 (Information provided in confidence relating to contracts) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Mr N Jack, Chief Executive Blackpool Council, presented a report (circulated) regarding the Blackpool Airport Enterprise Zone Application Update.

The board noted the current position regarding Blackpool Airport and the Enterprise Zone application as presented, including the indicative timetable of key milestones.

Resolved: That the Board:

- (i) Endorsed the proposed Blackpool Airport Enterprise Zone application, as set out in the private and confidential report;
- (ii) Delegated final approval of the Blackpool Airport Enterprise Zone application to the LEP's Executive Committee, given the Government deadline for submission of 23rd January 2015; and
- (iii) Requested that a further update report be presented to the next meeting of

the LEP Board to be held on 10th February 2015.

9. Lancashire Enterprise Zone Update

This item was not for publication – exempt information as defined in paragraph 43 (Commercial Interest) of the Freedom of Information Act 2000. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Chair, Mr E Booth, provided an update on recent correspondence received from a Member of Parliament regarding the Enterprise Zone.

Mr Booth confirmed that he had responded to the letter as Chair of the Board and that a Ministerial visit would take place at the end of January 2015 allowing the Minister to view progress on the Samlesbury site of the Enterprise Zone.

Resolved: The Board noted the update regarding the Enterprise Zone.

Agenda Item 3

Director's Declaration of Interest in Proposed Transaction or Arrangement

LANCASHIRE ENTERPRISE PARTNERSHIP LIMITED

Name	
Date of Notification	
Date of Consideration of Item (i.e. date of Board meeting)	10.02.15
Item Number (if relevant)	
Description of Transaction	
Nature of Interest	



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: 10th February 2014

**Protocol on the Disclosure of Confidential Information for Directors /
Observers / Officers and other attendees at Lancashire Enterprise
Partnership Board Meetings**
(Appendix 'A' refers)

**Report Author: Ian Young, County Secretary and Solicitor, Lancashire County
Council,**
ian.young@lancashire.gov.uk

Executive Summary

At the LEP Board meeting held on 9th December 2014 the Board received and approved a report determining that agenda papers be split into "Part I" and "Part II", with reports being made publically available other than where they contain information defined as being exempt under the Freedom of Information Act 2000.

This report outlines a protocol for all attendees at Board meetings regarding the disclosure of agenda items deemed confidential and asks for Board approval.

Recommendation

The Board is asked to consider and approve the protocol on the disclosure of confidential information and attendance of Observers, attached at Appendix 'A'.

Background and Advice

At the Board meeting held on 9th December 2014 a decision was taken to split agendas into "Part I" and "Part II", with reports being made publically available other than where they contain information defined as being exempt under the Freedom of Information Act 2000.

Following this, at the Special Board meeting held on 15th January 2015, Board Members requested that a protocol be prepared for Board approval regarding the disclosure of confidential information and the attendance of observers at Board meetings.



A suggested protocol is attached at Appendix 'A' to the report for Board consideration.

Protocol on the Disclosure of Confidential Information for Directors / Observers / Officers and other attendees at Lancashire Enterprise Partnership Board Meetings

The Lancashire Enterprise Partnership seeks to make information it holds freely available to the public in fulfilling its responsibility for openness and accountability.

In doing so, it must respect the rights of individuals and other organisations. It is also in the public interest that its commercial interests are protected to the extent recognised by the Freedom of Information Act.

This protocol sets out the arrangements agreed by the Lancashire Enterprise Partnership for the treatment by all attendees at Board meetings of confidential information which is subject to the public interest test.

1. Confidential information will be identified in one of the following ways:
 - a. Marked "not for publication" and include a statement that the report contains confidential or exempt information
 - b. Included in Part II of an agenda for a Board meeting
 - c. Received with a covering letter or other communication which indicates the document is confidential
2. If you receive confidential information you should assume that it is provided to you for your personal information and you should not disclose it to anyone unless one of the following applies;
 - a. Information at 1b above will be supplied to all other members attending the meeting in question and will be shared and discussed with them. It should not however, be shared with other people who are not involved in the meeting
 - b. You have the written consent of the person who provided you with the information to the specific disclosure made.
 - c. You have received legal advice that you are under a legal obligation to disclose that information to a person who has requested it. The Company Secretary will provide advice on this point if requested.
 - d. You may disclose the information if it is necessary for you to do so in order to obtain advice from a professional adviser, provided that adviser gives a binding obligation not to disclose the information themselves.

Protocol on the attendance of Observers at Lancashire Enterprise Partnership Board Meetings

The Lancashire Enterprise Partnership will permit the attendance of Observers at Board meetings subject to the following provisions:

1. Observers are requested to make themselves known to the Company Secretary (or their representative) and state their name, the organisation they represent and their purpose for attending the meeting. Ideally this should be done in writing (or via email) in advance of the meeting.
2. The Chair will seek formal approval from the Directors present to any request for an Observer to attend for Part I (Items that are publically available) and, if applicable, Part II (Private and Confidential items). Observers will usually be excluded from any Part II items other than in exceptional circumstances.
3. If an Observer is permitted to attend for any Part II items they must agree to adhere to the Protocol on the Disclosure of Confidential Information for Directors / Observers / Officers and other attendees at Lancashire Enterprise Partnership Board meetings. Any Observers present from local authorities will also be bound by their own confidentiality procedures.
4. The Board will determine appropriate action to be taken in the event of any proven / intentional breaches of this confidentiality statement.

Speaking at Meetings

As a general rule Observers will not be permitted to speak at Lancashire Enterprise Partnership Board meetings, unless invited to do so by the Chair.

The Chair may terminate any speech made by an Observer if he/she considers it appropriate to do so. The Chair's judgement will be informed by the following provisions:

Observers must not:

- Speak at a point in the meeting other than those where they are invited to do so by the Chair.
- Interrupt another speaker.
- Reveal personal information about another individual.
- Make individual or personal complaints against any member of the Board.
- Reveal information which they know or believe to be confidential.
- Use offensive, abusive or threatening language.
- Ignore the ruling of the Chair of the meeting.

Persistent disregard of the above protocol may result in Observers being asked to leave the meeting.



Lancashire Enterprise Partnership Limited

Private & Confidential: NO

Date: 10 February 2015

**Growth Deal Implementation Update
(Annexes '1' and '2' refer)**

**Report Authors: Martin Kelly, Director of Economic Development, and
Beckie Joyce, Head of Strategic Development, Lancashire County Council**

Executive Summary

The purpose of this report is to provide an update regarding the Growth Deal Implementation and consider recommendations relating to its implementation.

Recommendation

The Board is asked to:

- (i) Approve the draft Terms and Reference for the Growth Deal Programme Board, as set out in Annex 1;
- (ii) Request that a detailed report on the LEP's media and communications strategy, in support of key programmes and projects, be submitted to the LEP Board meeting on 21 April.
- (iii) Request a presentation on evaluation options be made to the LEP Board on 17 February, 2015;
- (iv) Request that the draft Assurance Framework be submitted for detailed consideration at the LEP Board meeting on 17 March, 2015;
- (v) Request the final draft Implementation Plan be submitted for detailed consideration by the LEP Board at its meeting on 17 March, 2015;
- (vi) Request the final draft Monitoring and Evaluation Framework be submitted for detailed consideration by the LEP Board at its meeting on 17 March, 2015; and
- (vii) Approve the engagement process with local MPs and local authority leaders, as outlined in section 5 of this report;



1. Summary

- 1.1 The Lancashire Enterprise Partnership (LEP) secured one of the country's most significant first round Growth Deals (GD1), with the announcement of an investment programme valued at £370M, of which £234M was competitively secured from the Government's Local Growth Fund (LGF).
- 1.2 Government has also recently announced an extension to the Lancashire Growth Deal, which was previously described as Growth Deal 2. At this point in time, only the leading Core City LEPs of Manchester, Leeds, Birmingham, Sheffield and Newcastle have secured significantly more than Lancashire, in terms of LGF. This is a major achievement in its own right, but especially so given the LEP's original starting position. The LEP's total Growth Deal programme now has an investment value of over £500m, with the capacity to generate nearly 8,000 jobs and create over 3,300 new homes.
- 1.3 The Growth Deal extension confirms an additional £17.2m of LGF, which the LEP has prioritised to be allocated on key projects, including: UCLAN's Engineering and Innovation Centre; Burnley Vision Park; Rawtenstall Redevelopment Zone; M6 J28 improvements and Employment Growth Opportunities; and Fab Lab - Making Rooms in Blackburn.
- 1.4 Northlight (aka Brierfield Mill) remains a LEP Priority 1 scheme and local partners and Government continue to explore possible funding routes to support the delivery of this major regeneration initiative. An update report on the Northlight scheme will be submitted to the next LEP Board meeting on 17 March.
- 1.5 At its meeting in December 2014, the Board considered a report which provided information on the suite of documents (LEP Assurance Framework, Growth Deal Implementation Plan and the Growth Deal Monitoring and Evaluation Plan) that would need to be prepared in advance of drawing down the LGF resources.
- 1.6 At this meeting, the Board agreed to establish a Shadow Growth Deal Programme Board and appointed Mr Graham Cowley as the interim Chair of the Programme Board.
- 1.7 As agreed, the draft Terms of Reference of the Programme Board have been prepared, and they are submitted for consideration and approval by the LEP Board (see Annex 1).
- 1.8 The LEP Assurance Framework is the most significant of the three documents and, as well as being approved by the LEP, also needs to be agreed by Lancashire County Council, as the LEP's Accountable body.



- 1.9 The LEP Board is scheduled to consider the draft Assurance Framework at a special meeting in March. The County Council's Cabinet will then consider the Assurance Framework at its April meeting. The County Council's final view will also be informed by the contribution of its own Scrutiny Committee, which is focusing on accountable body (and not LEP) issues.
- 1.10 The Assurance Framework is required to describe the relationship between the LEP and the local authorities in the relevant LEP area. In this regard, the progress being made by local authority leaders, in terms of developing a Combined Authority for Lancashire, is a positive step. The Assurance Framework will set out the timeframe towards the establishment of the Combined Authority, which has been agreed in principle by the Lancashire Leaders.
- 1.11 The Assurance Framework also needs to define proposed mechanisms which will demonstrate appropriate and proportionate measures to scrutinise the LEP. Scrutiny arrangements should not be designed to stifle or retard the LEP's ability to conduct its business, nor establish means of creating un-necessary delays in decision-making processes. The scrutiny of the LEP should therefore be focused on overarching priorities, key themes, and/or specific programme delivery issues.
- 1.12 Securing the Growth Deal Programme has significantly enhanced the LEP's investment programme and provides a timely opportunity to bolster public communications on programme and scheme delivery, with a strengthened media and public relations capacity, which can be initially funded from the LEP's agreed core budget. The LEP Chair will submit a more detailed report on the way forward with this issue to the Board meeting on 21 April.

2. Background and Context

- 2.1 The LEP secured one of the country's most significant first round Growth Deals, with the announcement of an investment programme valued at £370M, of which £234M was competitively secured from the Government's LGF. With Government's confirmation of Lancashire's Growth Deal extension of £17.2M, the total Growth Deal Programme now has an investment value of over £500m, with the capacity to generate nearly 8,000 jobs and create over 3,300 new homes.
- 2.2 In addition to confirming the schemes and initiatives to be supported by the Growth Deal, with an indicative financial allocation, the Government's Growth Deal statement sets out a number of requirements which need to be addressed before the LEP, via the County Council, as accountable body, can draw down LGF from April 2015.



- 2.3 The LEP is now required to prepare and submit a suite of documents for Government consideration and approval prior to any draw down of LGF. The documents are: A LEP Assurance Framework; a Growth Deal Implementation Plan; and a Growth Deal Monitoring and Evaluation Framework.
- 2.4 The Board, at its meeting in December 2014, agreed to establish a Shadow Growth Deal Programme Board to oversee the preparation of these documents. The Board also appointed Mr Graham Cowley as the interim Chair of the Programme Board.
- 2.5 The draft Terms of Reference of the Programme Board, as requested, are submitted for consideration and approval by the LEP Board (see Annex 1).
- 2.6 The Programme Board has now met on two occasions and has agreed an intensive and challenging work programme to enable the preparation of the documents set out in 1.5 above. The work programme timeline is attached at Annex 2.
- 2.7 Significant progress has been made on the three key documents and draft final versions of the documents will be submitted for consideration and approval to the March meeting of the LEP Board.
- 2.8 The remainder of this report summarises progress on the preparation of the three documents and draws the attention of the Board to key matters arising.

3. Growth Deal Implementation Plan

- 3.1 The Implementation Plan, which is intended to be a living document, will set out the key actions and milestones Government, the LEP and its delivery partners need to undertake to ensure that the Deal can be implemented at the start of the 2015/16 financial year. The Implementation Plan will also provide a strategic framework with high-level milestones that cover the 6-year life of the Growth Deal. These milestones will be used by the LEP and Government to assess and monitor progress.
- 3.2 Significant work has already been undertaken, with project sponsors, on the preparation of the Implementation Plan with key project delivery milestones, risks, monitoring metrics as well as the actions required to progress the freedoms and flexibilities set out in the Growth Deal.
- 3.3 Subject to approval by the Interim Chair of the Programme Board, in consultation with the LEP Chair, a draft of the Implementation Plan will be shared informally with Government in the coming weeks, with a final draft submitted to the LEP Board in March for detailed consideration and approval.



4. Growth Deal Monitoring and Evaluation Framework

- 4.1 Government require all LEPs to provide quarterly progress reports on Growth Deal project delivery, outputs and outcomes. As previously reported, there is no additional resource from Government to support this element of work.
- 4.2 The Growth Deal Programme Board has established a monitoring and evaluation sub-group with leading experts from Lancaster University, with retained transport consultants Jacobs, along with officers with significant experience in this area from the County Council, and Blackburn with Darwen and Blackpool Councils. As well as overseeing the preparation of the Monitoring and Evaluation Framework, this sub-group will also make recommendations to the Programme Board on monitoring report templates and methodology.
- 4.3 Significant work has been undertaken on the preparation of a robust Monitoring and Evaluation Framework. All GD1 project sponsors are fully engaged in the process and have each agreed their project specific metrics which will be used for monitoring purposes. Project sponsors understand that the monitoring requirement will be formalised in the legally binding LGF grand funding agreement and that it will be their responsibility to resource this monitoring requirement.
- 4.4 In addition to standard project monitoring analysis, Government also expects each LEP to undertake/commission project evaluation. Government have advised that the extent, nature and scope of evaluation is a decision for individual LEPs. Notwithstanding that there is no additional budget for evaluation, it is important for the LEP to understand the outcomes and impact of its Growth Deal programme.
- 4.5 At the Board meeting in December, it was agreed that Lancaster University, in conjunction with UCLAN and Edge Hill University, host an evaluation learning workshop with all Growth Deal project sponsors. This well attended workshop took place in January and provided the first opportunity for project sponsors to meet and begin to understand the complexity and scale of the Growth Deal Programme. The session will enable Lancaster University, and other University partners, to prepare and cost a range of evaluation options. These will be considered by the Board at its meeting in March.
- 4.6 Subject to approval by the Interim Chair of the Programme Board, in consultation with the LEP Chair, a draft of the Monitoring and Evaluation Framework will be shared informally with Government in the coming weeks, with a final draft submitted to the LEP Board on 17 March for detailed consideration and approval.



5 LEP Assurance Framework

- 5.1 The Assurance Framework is arguably the most significant of the suite of the documents that need to be prepared and submitted to Government. As previously reported to the Board, the Assurance Framework will set out arrangements for: governance and decision making; local authority partnership working; transparent and accountable decision making; and ensuring value for money.
- 5.2 Many elements of the Assurance Framework are already in place, for example the roles and responsibilities of all LEP sub-committees are well defined, and there is an approved Assurance Framework for Transport for Lancashire, which will be embedded in the LEP's overarching Framework. There is already an existing methodology and independent project appraisal process in place, with regard to Growth Deal and Growing Places. In addition, many of the project delivery groups are already established and are well placed to move individual projects forward to the implementation stages.
- 5.3 The section in the Assurance Framework on local authority partnership working will dovetail and reflect the on-going and significant progress being made by Lancashire's local authorities towards the establishment of a Combined Authority. It is expected that a Combined Authority will be established in shadow form by September 2015. A more detailed update on proposed Combined Authority arrangements for Lancashire will be provided to the Board meeting in March.
- 5.4 The Assurance Framework also needs to define proposed mechanisms which will demonstrate appropriate and proportionate measures to scrutinise the function and performance of the LEP. However, scrutiny arrangements should not be designed to stifle or retard the LEP's ability to conduct its business, nor establish means of creating un-necessary delays in decision-making processes. The scrutiny of the LEP should therefore be focused on overarching priorities, key themes, or specific programme delivery issues. The initial views of the LEP Board are sought on this matter, though more detailed proposals will be submitted to the meeting in March.
- 5.5 Given the potentially important role played by the Assurance Framework, albeit acknowledging that there is a requirement to review the document annually, active engagement is essential with two key stakeholder groups, namely local MPs and local authority Leaders.
- 5.6 With regard to engagement during the preparation stages of the Assurance Framework, and subject to LEP Board approval, it is proposed that all MPs and local authority leaders are made aware of the process now underway



and advised that a draft document will be issued for comment later this month.

- 5.7 With regard to engagement with local authority leaders, this will be enhanced by the on-going process guiding the development of the shadow Combined Authority.
- 5.8 With regard to engagement with local MPs, it is proposed that LEP representatives meet with MPs formally, once every term of Parliament, here in Lancashire - essentially three times per year. In terms of developing the Assurance Framework, it is proposed that a briefing session, in late February/early March, be offered to local MPs.
- 5.9 The County Council, as the Accountable Body, is required to approve the Assurance Framework and to confirm to Government that the Framework has been approved by the LEP and the Accountable Body, in accordance with the guidance issued by Government. To this end, the County Council is scheduled to consider the final Assurance Framework on 3 April. In advance of this meeting, the County Council's Scrutiny Committee will be asked to consider a working draft of the Assurance Framework at its meeting on 13th March, with a view to focusing on the accountable body aspects of the Framework.
- 5.10 To ensure consistency, Blackpool and Blackburn with Darwen Councils will also take the Assurance Framework, as an information item, through their respective decision-making processes in April.
- 5.11 The final Assurance Framework will be published on the LEP's website and will be reviewed annually by the LEP and the County Council.
- 5.12 Subject to approval by the Interim Chair of the Programme Board, in consultation with the LEP Chair, a draft of the Assurance Framework will be shared informally with Government in the coming weeks, with a final draft submitted to the LEP Board on 17 March for detailed consideration and approval.

Shadow Growth Deal Programme Board

Terms of Reference

Composition

1. The members of the Shadow Growth Deal Programme Board, as at the date Terms of Reference, and their substitute nominees are as follows:

Graham Cowley (Chair)	LEP Director
Martin Kelly	Director of Economic Development LCC
Brian Bailey	Director of Regeneration, BwD
Alan Cavill	Director of Place, Blackpool Council
Andrew Atherton	Deputy Vice Chancellor, Lancaster University
Dave Colbert	Specialist Transport Advisor, TfL
Julia Johnson	Growth Deal Legal Lead, LCC
Kathryn Molloy	Head of LEP Co-ordination, LCC
Andy Walker	Head of Business Growth, LCC
Beckie Joyce	Head of Strategic Development, LCC
Phil Barrett	Director of Lancashire Highway Services, LCC and Chair of Burnley Pendle Growth Corridor and Preston Implementation Groups
George Graham	Growth Deal Finance Lead, LCC

2. The Shadow Growth Deal Programme Board may invite any persons it sees fit to attend meetings as observers.

Administration and Support

3. The Director of Economic Development will provide the administration and support for the Shadow Growth Deal Programme Board.

Meeting Frequency

4. The Shadow Growth Deal Programme Board shall meet according to operational need.

Remit

5. The Shadow Growth Deal Programme Board's primary responsibility is to support the successful implementation of the Lancashire Growth Deal. The Board will initially focus on the preparation of the LEP's:
 - i) Growth Deal Implementation Plan;
 - ii) Growth Deal Monitoring and Evaluation Framework; and
 - iii) Assurance Framework

Governance Relationship with the LEP

6. The LEP Board is responsible for agreeing the Terms of Reference of the Shadow Growth Deal Programme Board and has the power to vary the same.
7. The Shadow Growth Deal Programme Board shall review its Terms of Reference prior to implementation of the Growth Deal in April 2015.
8. Minutes of Shadow Growth Deal Programme Board meetings shall be submitted to the LEP Board, at the LEP's request.
9. The Chair shall provide update reports to the LEP Board, at the LEP's request.

Relationship with Lancashire County Council

10. Lancashire County Council shall provide administrative and legal support to the Shadow Growth Deal Programme Board.
11. The County Council shall maintain an official record of the Shadow Growth Deal Programme Board proceedings and a library of all formal Shadow Growth Deal Programme Board documents.

ANNEX 2																															
No	Task Name	Start	Finish	February 2015										March 2015										April 2015							
				03	06	09	12	15	18	21	24	27	02	05	08	11	14	17	20	23	26	29	01	04	07	10	13	16	19	22	
1	LEP Board – Key AF principles	Tue 10/02/15	Tue 10/02/15																												
2	Stakeholder (MPs & LA Leaders) engagement –update on process including link to Government guidance / framework	Wed 11/02/15	Wed 11/02/15																												
3	MEF sub group to meet	Fri 13/02/15	Fri 13/02/15																												
4	Implementation Board comments back on working draft	Fri 13/02/15	Fri 13/02/15																												
5	Implementation Board comments back on working draft	Fri 13/02/15	Fri 13/02/15																												
6	Implementation Board comments back on working draft	Fri 13/02/15	Fri 13/02/15																												
7	First draft of AF to Imp Board	Wed 18/02/15	Thu 19/02/15																												
8	Working draft shared with HMG	Thu 19/02/15	Thu 19/02/15																												
9	Quarterly metric templates developed	Thu 19/02/15	Mon 02/03/15																												
10	Working draft shared with HMG	Thu 19/02/15	Thu 19/02/15																												
11	Development work on risk milestones complete	Thu 19/02/15	Mon 02/03/15																												
12	IMP Board comments back on AF	Fri 20/02/15	Fri 20/02/15																												
13	" Engagement Draft " of AF ready	Mon 23/02/15	Mon 23/02/15																												
14	Stakeholder engagement on draft AF	Mon 23/02/15	Tue 10/03/15																												
15	All logic templates completed and " owned " by delivery groups and, monitoring leads identified	Mon 02/03/15	Mon 02/03/15																												
16	LCC Scrutiny Committee to consider draft AF	Fri 13/03/15	Fri 13/03/15																												
17	LEP Board to consider and approve final draft AF	Tue 17/03/15	Tue 17/03/15																												
18	Evaluation options considered by LEP Board	Tue 17/03/15	Tue 17/03/15																												
19	MEF considered by LEP Board	Tue 17/03/15	Tue 17/03/15																												
20	IP considered by LEP Board	Tue 17/03/15	Tue 17/03/15																												
21	CP considered by LEP Board	Tue 17/03/15	Tue 17/03/15																												
22	LCC Cabinet to consider and approve AF	Thu 02/04/15	Thu 02/04/15																												
23	Blackburn and Blackpool Councils to take reports in same cycle noting the AF (TBC)	Fri 03/04/15	Sun 05/04/15																												
24	Accountable Body 151 officer to confirm to HMG that AF has been produced in line with guidance	Sun 05/04/15	Sun 05/04/15																												
Project: Growth Deal Implementa		Assurance Framework				Implementation Plan																									
Date: Fri 06/02/15		Comms Protocol				Monitoring and Evaluation Framework																									



Lancashire Enterprise Partnership Limited

Board Meeting

Private and Confidential: NO

Date: 10 February 2015

**Lancashire Enterprise Zone Governance Arrangements
(Appendix 'A' refers)**

Report Author: Martin Kelly, Director of Economic Development, Lancashire County Council, martin.kelly@lancashire.gov.uk

Executive Summary

The purpose of this report is to agree the revised Terms of Reference regarding the governance and programme management arrangements of the Lancashire Enterprise Zone.

Recommendation

The Board is asked to agree the revised Terms of Reference and membership of the Enterprise Zone (EZ) Governance Committee, Programme Board and Project Board in relation to the Lancashire Enterprise Zone, as detailed in Appendix 'A' to this report.

1. Background and Advice

- 1.1 The LEP Board agreed in September, 2012 to establish the Lancashire Enterprise Zone (EZ) Governance Committee, as a formal sub-committee of the Board, to oversee the development and implementation of the EZ initiative.
- 1.2 Key partners have also worked hard in recent months to ensure the EZ is now in position to advance with real purpose. In light of the progress made, and with the roles of key partners clearly defined, it is considered necessary to refresh the Terms of Reference and the membership of the EZ Governing Body to ensure these are fit for purpose.
- 1.3 It is also considered important to establish an EZ Programme Board and EZ Project Board to focus the priorities and inputs of key partners in support of the EZ delivery plan.
- 1.4 The views of Board members are welcome on the detailed proposals set out in Appendix 'A' of this report. However, key highlights include the following:



- The EZ Governance Committee to be chaired by the LEP Chair to underline the importance of the EZ initiative to the work of the LEP.
 - The Governance Committee aims to blend the expertise of LEP Directors with co-opted members. In relation to the latter, it is proposed that Mark Smith and David Taylor join the Governance Committee, as notable leaders in their respective fields of innovation, commercial development and regeneration.
 - The intention to establish a powerful EZ Programme Board to support the work of the EZ Governance Committee. A dedicated EZ Project Board will also be established to manage operational delivery elements.
- 1.5 However, it is proposed that the Terms of Reference and membership of the EZ Governance Committee, EZ Programme Board and EZ Project Board are subject to regular review to ensure the right skillsets and delivery partners are deployed and engaged in support of the EZ.
- 1.6 Finally, the Board is fully aware and supportive of the Blackpool Airport Growth Corridor EZ application. If Government endorses the LEP's case-making, the revised Terms of Reference set out in this report would need to be modified, in due course, to accommodate the Blackpool initiative. A further report will be submitted to the LEP Board on this aspect should there be a positive outcome with Government.

Lancashire Enterprise Zone
Governance Structure and Terms of Reference
Revised February 2015

Enterprise Zone Governance Committee

Membership

Chair: Edwin Booth, Chair of the Lancashire Enterprise Partnership (LEP)

Directors: Richard Evans, Partner, KPMG, and LEP Director
Mike Tynan, Chief Executive (Nuclear) AMRC and LEP Director
Jenny Mein, Leader of Lancashire County Council and LEP Director
Malcolm McVicar, Former Vice Chancellor, University of Central Lancashire, and LEP Director
Mark Smith, Vice Chancellor, University of Lancaster
David Taylor, Chairman, David Taylor Partnership

Quorum: Chair and two members of the Governing Body

Frequency of Meetings

Bi-Monthly

Role and Responsibilities

The Enterprise Zone Governance Committee is a sub-committee of the Lancashire Enterprise Partnership.

The Governance Committee is responsible for setting and overseeing the strategic direction of the Lancashire Enterprise Zone. It will also provide regular reports to the LEP Board, specifically focusing on:

- Regular progress updates on the delivery of public infrastructure into the Samlesbury site of the Lancashire Enterprise Zone;
- Regular progress updates on the delivery of the BAE Systems' Training Centre and Logistics Facility, which will form the first phase of development on the Samlesbury site of the Lancashire Enterprise Zone;
- Regular progress updates on the establishment and progress of the Dev Co arrangement (a joint venture between Carillion PLC and Eric Wright Group Ltd in their capacity as the County Council's strategic regeneration property partner) to deliver the Samlesbury site;
- Regular progress reports on the drawdown/development of land on the Lancashire Enterprise Zone;

- Regular progress reports on the generation of commercial leads and enquiries on the Lancashire Enterprise Zone;
- Regular financial reports regarding the generation of Business Rates growth at the Lancashire Enterprise Zone;
- Regular financial reports on Business Rates Relief providing to companies locating to the Lancashire Enterprise Zone;
- Regular financial reports on the provision and repayment of any public investment provided in support of the development of the Lancashire Enterprise Zone;
- Regular progress updates on the number of jobs and commercial floor-space created across the Lancashire Enterprise Zone; and
- Regular progress reports on planning frameworks and commercial masterplans in place across the Lancashire Enterprise Zone.

Enterprise Zone Programme Board

Membership

Chair: Eddie Sutton, Assistant Chief Executive, Lancashire County Council

Members: Simon Eastwood, Managing Director, Carillion PLC
 Jeremy Hartley, Group Managing Director, Eric Wright Group Ltd
 Gareth Jackson, Development Director, Dev Co
 Dave Holmes, Director of Infrastructure, BAE Systems
 Martin Kelly, Director of Economic Development, Lancashire County Council
 Representative of CBRE and/or another national agent
 Peter Sebastian, Head of EZ Team, Department of Communities and Local Government (DCLG)
 Representative of Department Business, Innovation & Skills (BIS Local)
 AEM specialist, UK Trade and Investment (UKTI)

Beckie Joyce, Head of Strategic Development, Lancashire County Council, to co-ordinate the County Council's finance, legal, planning and programme management and external professional service support to the EZ Governing Body, Programme Board and Project Board

Frequency of Meetings

Monthly – (and always two weeks in advance of each Enterprise Zone Governing Body)

Role and Responsibilities

The Enterprise Zone Programme Board is responsible for:

- Providing regular progress reports and advice on all commercial, financial, development and planning matters for consideration by the Enterprise Zone Governing Body;
- Providing regular reports and advice on the implementation of agreed planning frameworks and commercial masterplans developed for the Lancashire Enterprise Zone;
- Providing reports and advice on the drawdown of land under the Option Agreement in place between Lancashire County Council and BAE Systems in respect of the Samlesbury site of the Lancashire Enterprise Zone;
- Providing regular progress reports and advice on commercial enquiries received/secured on the Lancashire Enterprise Zone;
- Providing regular reports and advice on any public or other infrastructure required on the Lancashire Enterprise Zone; and
- Developing recommendations/reports for the Governing Body on new initiatives, incentives and/or funding opportunities which may be appropriate to support the delivery of the Lancashire Enterprise Zone.

Enterprise Zone Project Board

Membership

Chair: Eddie Sutton, Assistant Chief Executive, Lancashire County Council

Members: Gareth Jackson, Development Director, Dev Co

David Baird, Enterprise Zone Programme Manager, BAE Systems

Kathryn Molloy, Head of LEP Co-ordination, Lancashire County Council

Chris Dyson, EZ Programme Manager, Lancashire County Council

Emma Prideaux, EZ Planning Advisor, Lancashire County Council

Planning Officer Support, representative of Ribble Valley/South Ribble planning authorities

Julia Johnson, EZ Legal Support, Lancashire County Council

Andrew Good, Head of Finance, Lancashire County Council

Phill Wilson, EZ Highways Project Manager, Lancashire County Council

Gary Pearce, Head of Corporate Property, Lancashire County Council

Frequency of Meetings

Every two weeks

Role and Responsibilities

The Enterprise Zone Project Board is responsible for:

- Managing and monitoring operational progress on the Lancashire Enterprise, specifically in respect of all commercial, financial, development, legal, planning, land, infrastructure and highways matters on the Lancashire Enterprise Zone;
- Preparing regular progress reports on all commercial, financial, development, legal, planning, land, infrastructure and highways matters for consideration by the Enterprise Zone Programme Board;
- Preparing advice and recommendations for consideration by the Enterprise Zone Programme Board on the implementation of agreed planning frameworks and commercial masterplans developed for the Lancashire Enterprise Zone;
- Monitoring progress on the drawdown of land under the Option Agreement in place between Lancashire County Council and BAE Systems in respect of the Samlesbury site of the Lancashire Enterprise Zone;
- Monitoring commercial enquiries received/secured on the Lancashire Enterprise Zone;
- Identifying any public or other infrastructure required on the Lancashire Enterprise Zone; and
- Identifying any new local or national initiatives, incentives and/or funding opportunities which may be appropriate to support the delivery of the Lancashire Enterprise Zone.

Lancashire Enterprise Partnership Limited

Private & Confidential: NO

Date: 10th February 2015

**Lancashire Strategic Transport Prospectus
(Appendix 'A' refers)**

**Report Author: Dave Colbert, Specialist Advisor Transport Planning,
Lancashire County Council, dave.colbert@lancashire.gov.uk**

Executive Summary

2014 saw the publication of a number of reports setting out proposals to improve connectivity to, from and across the North of England, particularly but not exclusively by rail. In addition to the reports to Government prepared by the chairman of HS2 Sir David Higgins, the five city regions in the North (Greater Manchester, Merseyside, South Yorkshire, West Yorkshire and Tyne & Wear) have set out the 'One North' high level proposals for a pan-Northern multi-modal investment programme.

This report sets out the potential implications for Lancashire of the 'Connected North' agenda, and proposes a way forward to enable Lancashire to align its own strategic transport priorities alongside this fast emerging agenda through the preparation of a Strategic Transport prospectus for Lancashire. The prospectus includes those strategic priorities that have emerged to date through the highways and transport masterplanning process and development of the Strategic Economic Plan submitted by the Lancashire Enterprise Partnership to the Government in March 2014.

Recommendations

The Board is asked to:

- (i) Note progress to date in preparing the Strategic Transport Prospectus;
- (ii) Note the proposed modifications proposed by the Transport for Lancashire committee;
- (iii) Approve in principle the approach adopted in preparing the Strategic Transport Prospectus and the priorities set out therein; and
- (iv) Authorise Transport for Lancashire to receive and sign-off a final draft at its next meeting on 13th April 2015.

1. Background and Advice

- 1.1 In June 2014, the Chancellor of the Exchequer set out his vision for a 'Northern Powerhouse', a collection of northern cities sufficiently close to each other that, when combined economically would be able to challenge the World and in so doing, contribute to rebalancing the UK's economy¹. The Chancellor considers transport to be key to achieving this vision, together with science and innovation, culture and the environment and governance. However, in his view, the transport network in the North is simply not fit for purpose and certainly not good enough to enable cities to pool their strengths. The Chancellor has therefore identified the need for an ambitious plan to make the cities and towns across the North much better connected to create the equivalent of travelling around a single global city.
- 1.2 2014 saw the publication of a number of reports setting out proposals to improve connectivity to, from and across the North of England, particularly but not exclusively by rail. In March, Sir David Higgins, the incoming Chair of HS2 Limited, published his initial views on HS2², in which he reaffirmed the strategic case for the Phase 2 extension to both Manchester and Leeds. In doing so, he highlighted that, whilst capacity is an issue in some parts of the North to the same extent as it is in the South, the greater problem is connectivity: journey times are too slow. He therefore proposed the integration of HS2 into the existing rail network to transform connectivity across the North along a corridor broadly stretching from Liverpool and Manchester to Leeds, Sheffield and Hull.
- 1.3 Also in March, the HS2 Growth Taskforce published a report³ to the Government setting out the challenges faced by a range of organisations including local authorities in maximising the benefits of HS2 and how these challenges could be overcome. Key among the recommendations was that for each HS2 station, there should be an HS2 Growth Strategy setting out how the faster connections and greater capacity will generate local jobs, growth and regeneration. The taskforce also established that HS2 should be at the heart of an effective transport network that can spread the economic benefits of the project as widely as possible between the city regions.
- 1.4 In responding to the challenge to develop a coherent strategic transport plan integrating HS2 with the existing rail network, the five northern city regions (Leeds, Liverpool, Greater Manchester, Newcastle and Sheffield) set out the 'One North' high level proposals for a pan-Northern multi-modal investment programme⁴. The proposition attracted support from the Chancellor of the Exchequer, and the five city regions, together with Hull and the Humber, subsequently commissioned further work to develop the strategic economic case and to refine the programme of strategic interventions into one that would be achievable.

¹ Speech delivered by the Rt Hon George Osborne MP at the Museum of Science and Industry in Manchester, 23rd June 2014

² HS2 PLUS, A report by Sir David Higgins, Chair of HS2, March 2014

³ High Speed 2: Get Ready, A report to the Government by the HS2 Growth Taskforce, March 2014

⁴ One North – A Proposition for an interconnected North, (Greater Manchester, Merseyside, South Yorkshire, West Yorkshire and Tyne & Wear) July 2014

- 1.5 In October, Sir David Higgins published a second report, *Rebalancing Britain: From HS2 towards a National Transport Strategy*⁵, setting out his latest views on HS2 and the 'One North' proposition. Whilst this report is not a statement of Government policy, it nevertheless represents a set of recommendations to the Government, including support for substantially improved east-west connectivity across the North, concluding that significantly improved journey times between the principal cities in the North is as important to the North as 'Crossrail' is to London. The report also recommended that formal arrangements be put in place with a clear remit to turn the 'One North' analysis into reality.
- 1.6 On 26th October, the Prime Minister and the Chancellor gave their backing to develop 'HS3', a high speed rail link that would significantly reduce journey times between the North's key cities. The Government is now working with a new body, 'Transport for the North', to develop a comprehensive transport strategy to include options, costs and a delivery timescale for HS3. An interim report will be available in March 2015, with a full report scheduled for March 2016.
- 1.7 In all of these documents, the focus is principally on the North's five city regions with very few specific references to Lancashire. Consequently, it is now essential that Lancashire agrees its own strategic transport priorities to help shape this fast emerging 'Connected North' agenda. A Strategic Transport Prospectus has therefore been prepared, the initial draft of which is attached as 'Appendix 'A'.
- 1.8 The prospectus confirms why and how Lancashire has a key role to play in an interconnected 'Northern Powerhouse' by providing access to global markets through its advanced engineering and manufacturing capabilities across a wide spectrum of industries, through its developing innovation base and through its large and skilled workforce. It builds on work already undertaken in developing the five area-based highways and transport masterplans and the Lancashire Strategic Economic Plan to identify a clear set of priorities that will facilitate engagement with the various organisations Lancashire needs to influence if it is to benefit fully from the current momentum to significantly enhance connectivity across the North. Many will require the support and commitment of external organisations such as Network Rail, the Highways Agency and neighbouring city region combined authorities if they are to be successfully delivered.
- 1.9 The Transport for Lancashire Committee considered the draft Strategic Transport Prospectus at its last meeting held on 3rd February 2015. The committee agreed that, subject to a small number of modifications, the prospectus is broadly fit for purpose. These modifications include the need for a greater emphasis on:
- the significance of Blackpool to the 'Northern Powerhouse' and hence the importance of enhanced connectivity by rail, particularly east-west across Lancashire and including connections to Leeds and Sheffield;

⁵ *Rebalancing Britain: From HS2 towards a national transport strategy*, October 2014

- the Energy Coast and potential Enterprise Zone at Blackpool Airport; and
- the distinctive selling points of Lancashire within the 'Northern Powerhouse' and associated development potential.

The prospectus should also make clear that its focus is on strategic transport interventions, in particular, external connectivity, and that more local issues will be addressed through the next Local Transport Plan(s).

- 1.10 These modifications will be incorporated into the final draft of the prospectus. It is intended that a final version be available to enable the Lancashire Enterprise Partnership and the three local transport authorities to engage positively with the incoming government following the May 2015 General Election.
- 1.11 The Strategic Transport Prospectus will be updated as and when further priorities emerge through revisions to the Strategic Economic Plan, the five area-based highways and transport masterplans and/or related transport studies.

(Cover)

LANCASHIRE STRATEGIC TRANSPORT PROSPECTUS

Connecting Lancashire to an Interconnected North

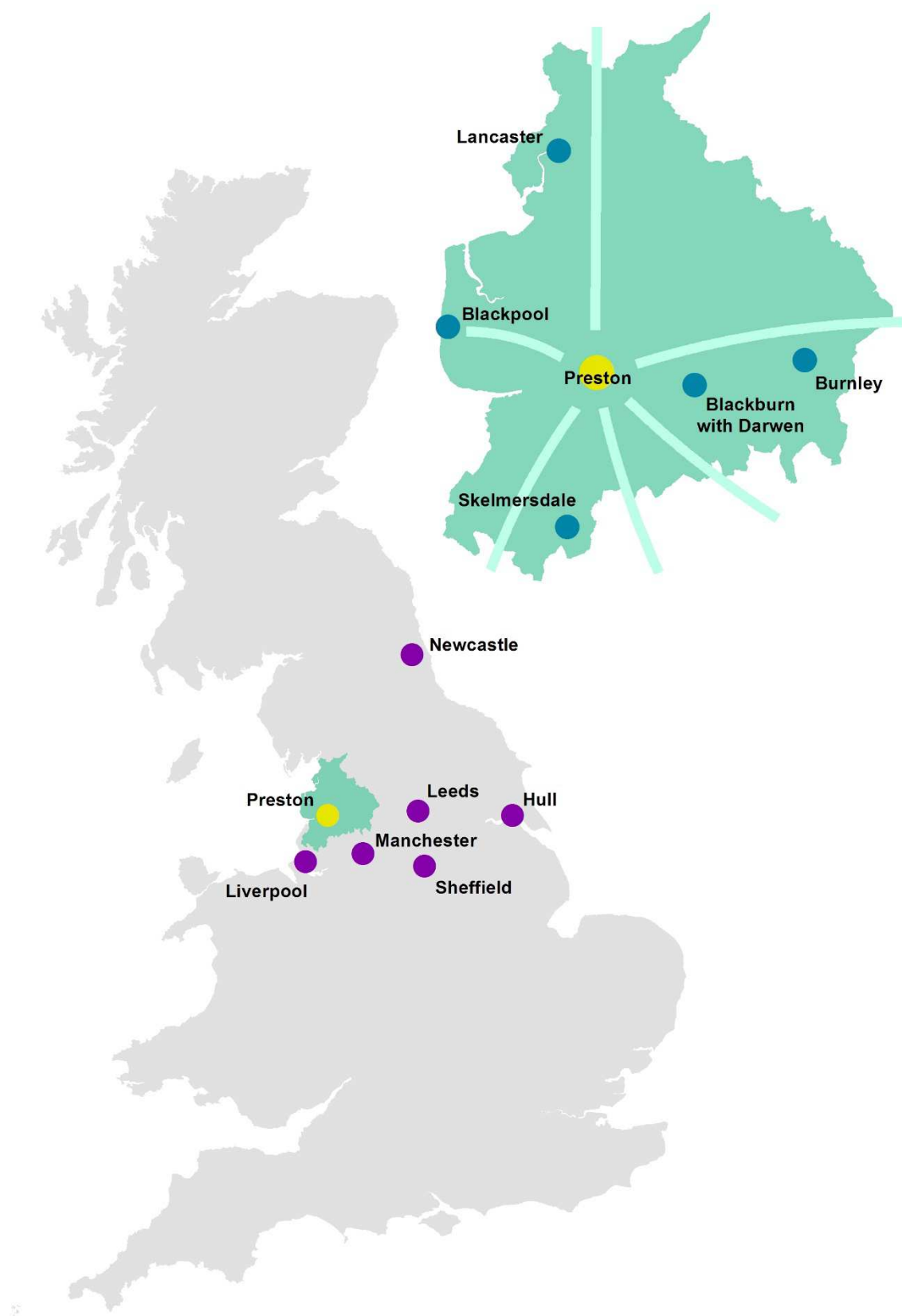
FOREWORD

Chair of Transport for Lancashire / Chair of Lancashire Enterprise Partnership

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CONTENTS

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EXECUTIVE SUMMARY

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Introduction - An Interconnected North

In June 2014, the Chancellor of the Exchequer set out his vision for a 'Northern Powerhouse', a collection of northern cities sufficiently close to each other that, when combined economically would be able to challenge the World and in so doing, contribute to rebalancing the UK's economy¹. The Chancellor considers transport to be key to achieving this vision, together with science and innovation, culture and the environment and governance. However, in his view, the transport network in the North is simply not fit for purpose and certainly not good enough to enable cities to pool their strengths. The Chancellor has therefore identified the need for an ambitious plan to make the cities and towns across the North much better connected to create the equivalent of travelling around a single global city.

2014 also saw the publication of a number of reports setting out proposals to improve connectivity to, from and across the North of England, particularly by rail.

In March, Sir David Higgins, the incoming Chair of HS2 Limited, published his initial views on HS2², in which he reaffirmed the strategic case for the Phase 2 extension to both Manchester and Leeds. In doing so, he highlighted that, whilst capacity is an issue in some parts of the North to the same extent as it is in the South, the greater problem is connectivity. Journey times are simply too slow. He therefore proposed the integration of HS2 into the existing rail network to transform connectivity across the North along a corridor broadly stretching from Liverpool and Manchester to Leeds, Sheffield and Hull.

Also in March, the HS2 Growth Taskforce published a report³ to the Government setting out the challenges faced in maximising the benefits of HS2 and how these challenges could be overcome. Key among the recommendations was that for each HS2 station, there should be an HS2 Growth Strategy setting out how the faster connections and greater capacity will generate local jobs, growth and regeneration. The taskforce also established that HS2 should be at the heart of an effective transport network that can spread the economic benefits of the project as widely as possible between the city regions.

In responding to the challenge to develop a coherent strategic transport plan integrating HS2 with the existing rail network, the five northern city regions (Leeds, Liverpool, Greater Manchester, Newcastle and Sheffield) set out the 'One North' high level proposals for a pan-northern multi-modal investment programme⁴. The proposition attracted support from the Chancellor, and the five city regions, together with Hull and the Humber, subsequently commissioned further work to develop the strategic economic case and to refine the programme of strategic interventions into one that would be achievable.

¹ Speech delivered by the Rt Hon George Osborne MP at the Museum of Science and Industry in Manchester, 23rd June 2014

² HS2 Plus, A report by Sir David Higgins, Chair of HS2, March 2014

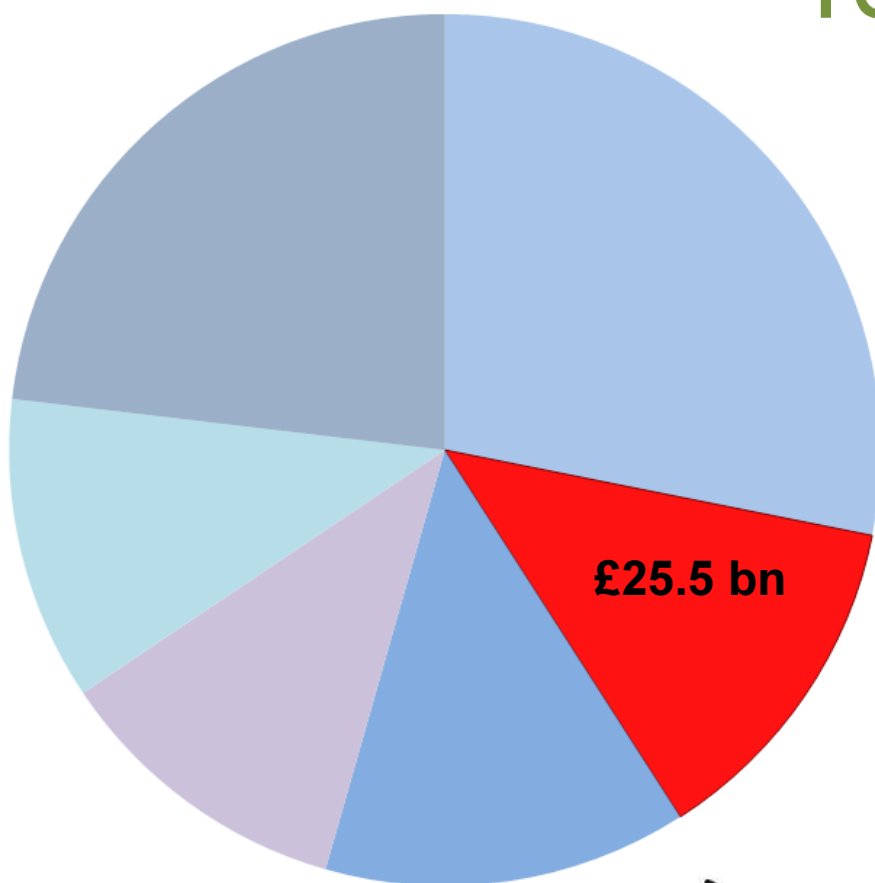
³ High Speed 2: Get Ready, A report to the Government by the HS2 Growth Taskforce, March 2014

⁴ One North – A Proposition for an interconnected North, (Greater Manchester, Merseyside, South Yorkshire, West Yorkshire and Tyne & Wear) July 2014

£850m Global Strength



Regional GVA 2013



100%

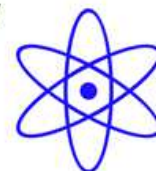
Percentage of FE colleges
and locally-based training
providers that are good or
outstanding

- Greater Manchester
- Lancashire
- Merseyside
- Tyne and Wear
- South Yorkshire
- West Yorkshire

£25.5 bn



Global excellence -
polymer science, nuclear and
renewable energy



In October, Sir David Higgins published a second report, *Rebalancing Britain: From HS2 towards a National Transport Strategy*⁵, setting out his latest views on HS2 and the 'One North' proposition. Whilst this report is not a statement of Government policy, it nevertheless represents a set of recommendations to the Government, including support for substantially improved east-west connectivity across the North, concluding that significantly improved journey times between the principal cities in the North is as important to the North as 'Crossrail' is to London. The report also recommended that formal arrangements be put in place with a clear remit to turn the 'One North' analysis into reality.

The Prime Minister and the Chancellor subsequently gave their backing to develop 'HS3', a high speed rail link that would significantly reduce journey times between the North's key cities. The Government is now working with a new body, 'Transport for the North', to develop a comprehensive transport strategy to include options, costs and a delivery timescale for HS3. An interim report will be available in March 2015, with a full report scheduled for March 2016.

This document, Lancashire's Strategic Transport Prospectus, confirms why and how Lancashire has a key role to play in this interconnected Northern Powerhouse by providing access to global markets through its advanced engineering and manufacturing capabilities across a wide spectrum of industries, through its developing innovation base and through its large and skilled workforce.

The prospectus then sets out the highway and transport interventions needed for Lancashire to realise that role, which will not only bring substantial benefits to Lancashire, but to the UK as a whole, making the Northern Powerhouse truly 'One North'.

⁵ *Rebalancing Britain; From HS2 towards a national transport strategy*, October 2014

The Northern Powerhouse: Why Lancashire is a Key Component

Lancashire has one of the largest local economies in the North of England, valued at over £25 billion, is home to over 40,000 businesses employing in excess of 670,000 people, and has a population of 1.4 million. It also has a particularly rich and varied economy and geography, from the agriculture and horticulture of the coastal plain through diverse urban areas priding themselves on innovation in engineering and manufacturing to dramatic moorlands above heritage industrial towns that are reshaping themselves for the 21st century.

Lancashire has experienced sustained growth in the last decade, with readily identifiable economic 'hotspots' such as the cities of Preston and Lancaster, and we are now the second largest economy in North West England and one of the biggest in the North; only Greater Manchester and Leeds at the heart of the Northern Powerhouse are significantly bigger. Our world-leading aerospace sector alone contributes £850 million to the economy, while a core of ambitious SMEs is geared up for growth. They are supported by the extensive research and development facilities of major employers and the region's three universities. Increasing economic growth across the Northern Powerhouse can only benefit Lancashire and vice versa.

Over the last 3 years, the Lancashire Enterprise Partnership (LEP), working with Lancashire's 15 local authorities, county, unitary and district, has brought forward a comprehensive economic strategy to underpin Lancashire's future growth. That work has built on Lancashire's already significant contribution to key sectors of the UK economy and paved the way for both the Preston, South Ribble and Lancashire City Deal and the subsequent Lancashire Growth Deal. These deals will not only lead to a major expansion of Lancashire's economy but will expand Lancashire's role in providing a vital contribution to the Northern Powerhouse.

The Preston, South Ribble and Lancashire City Deal agreed with the Government builds on the strong economic performance of the area over the last ten years and will help to ensure that the City Deal area continues to grow by delivering new jobs and housing. Over a ten-year period the Deal will generate:

- More than 20,000 net new private sector jobs, including 5,000 in the Lancashire Enterprise Zone;
- Nearly £1 billion growth in Gross Value Added (GVA);
- 17,420 new homes; and
- £2.3 billion in leveraged commercial investment.

The overarching purpose of the Lancashire Strategic Economic Plan⁶ and Growth Deal is to re-establish Lancashire as an economic powerhouse and a national centre of excellence in advanced manufacturing by maximising its clear competitive strengths and capabilities in the aerospace, automotive, energy and health science related sectors. The Strategic Economic Plan will harness the power and potential of Lancashire's national industrial hotspots and key strategic sites, its key clusters of high value activity and its internationally recognised centres of excellence in research and innovation.

With a tradition in the aerospace, advanced manufacturing and nuclear sectors, Lancashire already has a strong platform on which to develop, sustain and grow business and industrial

⁶ Lancashire Strategic Economic Plan: A Growth Deal for the Arc of Prosperity, Lancashire Enterprise Partnership, March 2014

Advanced engineering and manufacturing:

- Global aerospace sector unique in the North
- Lancashire Advanced Engineering and Manufacturing EZ
- Automotive including high value OEM supply chains
- M65 Growth Corridor, with the largest concentration of employment in advanced manufacturing in England
- Advanced chemical and polymer presence

Energy:

- Strong nuclear industry presence – power generation and fuel production
- Internationally recognised centres of excellence in energy and environmental studies.
- Logistics support to one of the largest offshore gas fields in UK waters.
- Key location bringing offshore electricity onshore to connect with the National Grid
- Energy HQ – national specialist training for onshore and off shore energy

Innovation:

- Health Innovation Park - new facilities for product and service development collaborating with the University
- New Engineering Innovation Centre (EIC) of international standing at UCLan
- New Centre for Quantum Technology Innovation (Lancaster University)
- New Cyber-Security Innovation Centre (Lancaster University)

Business and Finance:

- Growing financial and professional service sector
- Business process outsourcing - already includes industry leaders
- 'Near-shoring' opportunities where costs can be contained whilst still providing access to a skilled workforce.

Tourism:

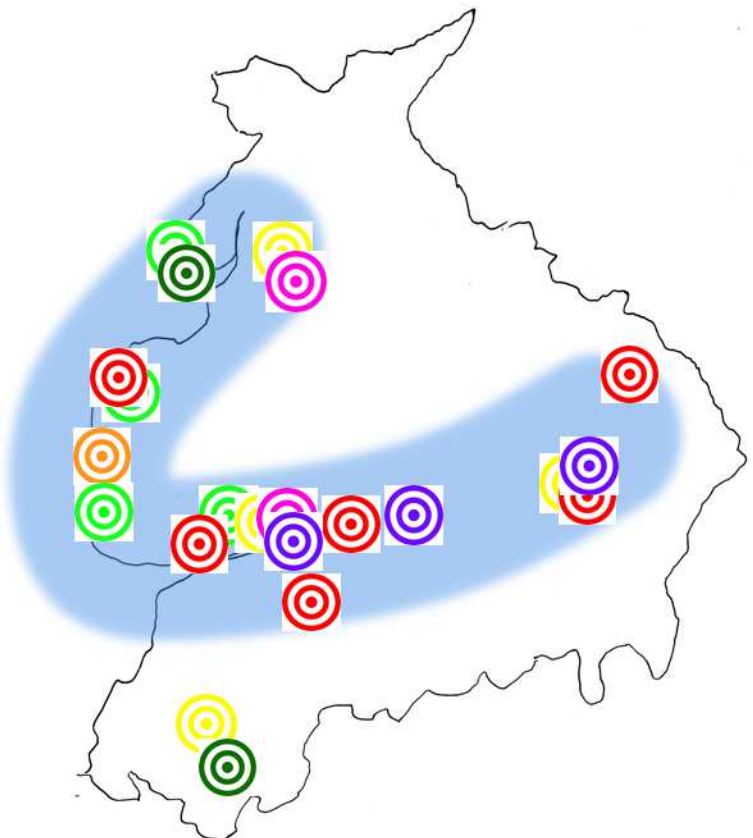
- Blackpool - UK's largest seaside resort ,17 million visitors per year

Logistics and Distribution:

- Heysham - Nationally important asset for Irish Sea freight transportation
- Heysham - supply base for major offshore gas fields and wind farms in the Irish Sea.
- Skelmersdale - proximal to Atlantic Gateway corridor, excellent access to the motorway network

Top Universities:

- Lancaster, Preston and West Lancashire



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clusters of international importance, as independent economic analysis ⁷ has shown. These sectors, which have the potential to deliver a scale of growth, will have a transformative impact on the northern economy:

- Lancashire is central to a regional cluster of aerospace capability which is recognised as the fourth largest in the world. One of three key clusters of aerospace capability in the UK, it is the only one in the north of England. As a result of inherent sector strengths and specialisms, Lancashire provides a world class development opportunity for the Northern Powerhouse as a whole, enabling companies to be at the heart of the county's nationally significant aerospace supply chain.
- The automotive sector has an important base in Lancashire. Again the supply chain is significant, with the majority of business activity focussed on the supply of high value parts to UK and European Original Equipment Manufacturers (OEMs), a key Lancashire capability that the UK as a whole is seeking to grow. Exploiting a legacy of testing facilities, Lancashire also has a significant cluster of innovative design and development companies, including Torotrak, Clean Air Power and Scorpion Automotive, on which to build.
- Lancashire's close proximity to a number of Nuclear Decommissioning Authority sites makes it an ideal central location from which to serve the industry. Also, the Springfield Fuels site has the capability and capacity to manufacture fuel for all designs of nuclear reactors worldwide. The specific strengths of Lancashire's nuclear sector, if properly linked with key assets and opportunities in Cumbria, Manchester, Cheshire and Sheffield, creates the potential for establishing a coherent sector industrial and skills strategy for the North of England under the overarching direction of the Nuclear Advanced Manufacturing Research Centre (NAMRC) based in Sheffield.

Further market specialisms also have the necessary pre-requisites to grow into significant employment and value generating sectors in the future, and again the Northern Powerhouse can both benefit from and be key to their development. These sectors include health (including the Lancaster Health Innovation Park), unmanned aerial vehicles, digital (cyber security, big data and sector specific software applications), and business process outsourcing. These latter sectors in particular have a particular synergy with the rest of the Northern Powerhouse as well as complementing Lancashire's existing key business and financial services sector.

Lancashire's innovation assets are internationally recognised and will be critical to supporting future economic growth through world-class research, knowledge transfer and innovation. Lancashire has one of the largest concentrations of university assets in the North, comprising Lancaster University, the University of Central Lancashire (UCLan) based in Preston and Edge Hill University in West Lancashire. Lancaster is also home to the largest campus of the University of Cumbria.

Lancaster University is a world renowned academic institution, consistently ranked amongst the top 10 UK universities for research and teaching, and is ranked number 1 for physics research. The University continues to grow and now has over 11,000 students, with an international profile which will see the university establish industrial links with key international markets. UCLan is the 5th largest university in the country in terms of its undergraduate in-take and was the first modern UK University to be ranked in the prestigious

⁷ *Strategic Commercial Development Advice*, Colliers, 2014. This advises that defining what a cluster constitutes is not an exact science but there are indicators which can give an idea as to whether a cluster is present; these include the geography of where companies are based and their proximity to one another, the number of companies based in a certain geographic area and the size and levels of employment of companies.

QS World Rankings. By combining the research excellence and industry capacities of Lancaster University and UCLan, the LEP is developing an innovation programme that can deliver a step-change in local economic performance.

Lancashire also boasts an outstanding further education (FE) and vocational offer, capable of meeting all skill needs; the county is the only LEP area in the country where all FE colleges and locally-based training providers are recognised as good or outstanding.

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Why Transport is our Key Priority

Whilst Lancashire has benefitted in recent years from key transport and infrastructure schemes of national significance such as the West Coast Route Modernisation programme completed in December 2008, apart from the completion of the Heysham to M6 Link Road due to open in summer 2016 and the Pennine Reach public transport scheme in East Lancashire, there has been a collective failure to secure investment needed for critical local transport infrastructure over recent decades. This failure, it is estimated, accounts for one-quarter of Lancashire's current economic performance gap with the rest of the UK.

To address this key barrier to growth, the LEP has established two specific economic development initiatives:

- *Transport for Lancashire* (TfL) is a fully functioning and dedicated committee of the LEP. TfL has provided for the first time the opportunity to align strategic transport investments with agreed economic and housing growth priorities. TfL is now working with key partners to guide delivery of a transport investment programme across Lancashire worth over £300m; and
- A series of Highways and Transport Masterplans are nearing completion to cover the whole of Lancashire. A key output is the identification of schemes critical to unlocking economic and housing growth opportunities across Lancashire, an approach that has underpinned the development of the successful Preston, South Ribble and Lancashire City Deal and helped shape the Strategic Economic Plan and its subsequent Growth Deal.

The principle behind these masterplans is simple. If the current highways and transport situation and all future plans and priorities that will affect it are understood, then the improvements that are required, and opportunities that may be available to fund them, will become apparent. These improvements and opportunities are, in each masterplan, guided by an area specific vision based on a common set of guiding principles:

- 1) Transforming Lancashire's economy will benefit everyone; our residents and businesses will prosper as will those we share our economic fortunes with, particularly in the North. Connectivity, both within and outside the county is key to our plans to grow.
- 2) We can no longer plan modes independently. We must have a truly integrated highways and transport plan for both people and freight that will provide a long term strategy to support a transformed economy. That means we must look to the long term impacts and viability of service provision as more roads will not be an option.
- 3) Rail travel offers a solution for longer journeys and demand for rail is growing across Lancashire if there are better standards of service; greater connectivity, greater integration of services, better rolling stock and infrastructure.
- 4) Our agenda is transformational; major capital expenditure will be required, as justified by economic benefits.
- 5) We must make the best use of available resources and prioritise those investments that deliver the best overall return by stimulating economic transformation.
- 6) Lancashire must take full advantage of investment beyond the county. HS2 and the North's interconnected city regions will together make the North a new destination of choice for mobile businesses; Lancashire's international and national connections make it well placed to both benefit from this and to make the North's offer more attractive.

An ineffective transport network constrains economic growth and the potential to deliver new employment and housing. Better connectivity, reducing congestion, developing a reliable

and efficient public transport network, unlocking strategic employment sites and linking to neighbouring growth areas and important national and international markets are all vital to transforming economic growth in Lancashire.

So seriously does the LEP take Lancashire's transport issues that Lancashire's Growth Deal is specifically designed to establish, for the first time, a transport investment programme, under the direction of TfL, commensurate with Lancashire's economic and housing growth opportunities and challenges.

The investment programme will ensure key locations can fulfil their potential as growth corridors and major industrial, commercial and transport hubs for Lancashire as well as neighbouring economies in the Northern Powerhouse. It will also maximise the connectivity within the Powerhouse to opportunities afforded by new national and regional initiatives, including HS2, Airport City, Media City UK, Northern Hub, Atlantic Gateway and Liverpool SuperPort.

The Strategic Economic Plan recognises that places such as Skelmersdale, in West Lancashire, and Rossendale, in East Lancashire, are equally capable of taking advantage of their location adjacent to growth opportunities in neighbouring city-regions, especially in Liverpool and Manchester. The Growth Deal positions the connectivity solutions necessary to maximise these key cross-boundary opportunities.

The economic benefits of transformational positive change to our highways and transport networks is established. In Lancashire, these changes will not only be inward looking though; we have set out in this prospectus why our own proposals are in synergy with the wider One North proposition. Since the benefits will be in synergy too and will impact across the Northern Powerhouse, we reiterate them.

Better connectivity means improved journey time reliability, better travel quality and shorter journeys that will widen and strengthen the North's labour markets and improve business efficiency by:

- Stimulating business investment and innovation by supporting economies of scale and new ways of working;
- Achieving agglomeration economies by bringing firms and their employees closer to business rivals and partners;
- Enabling firms to access a larger labour supply and providing wider employment opportunities for workers and those seeking work;
- Increasing competitiveness through access to new and larger markets with the benefits of increased labour market specialisation;
- Reducing trading costs and using more efficient logistics networks; and
- Strengthening the existing comparative advantages of the North as a place to do business.

All these things mean a more productive northern economy, which means higher wages, profits and tax receipts for the Exchequer.

Our Transformational Agenda

The five highways and transport masterplans that underpin our transformational agenda have been produced to coincide with the five distinct economies of Lancashire. Each of these areas has been studied, their future plans and priorities identified and a vision developed of how a genuinely integrated highways and transport system will support the specific requirements of each area.

Central Lancashire has Preston, Lancashire's principal city, at its heart. Preston is the most significant transport hub in the county, providing most of the county's connections to the West Coast Main Line and, in the future, to HS2. The Preston, South Ribble and Lancashire City Deal will see Central Lancashire transformed, with 20,000 new jobs and over 17,000 new homes. Whilst our growth sectors will account for many of these jobs, Preston's business and financial sector will also expand. Add to this the University of Central Lancashire, already growing and reconfiguring to place itself truly in the heart of the city, and the need for high quality, effective inter-city connectivity has never been stronger. It will be vital for business, whether based in Central Lancashire or further afield, that accessing Lancashire is straightforward and not compromised by problems on the road and rail networks of the North.

Lancaster holds one of Lancashire's greatest assets in its universities, with Lancaster University being one of the country's top teaching and research institutes, in the top 1% of global universities. That emphasis on research makes Lancaster a key hub for innovation and so connectivity for business and academia is a particular need and with major expansion proposed around the University to the south of the city's historic centre, new infrastructure will be critical to ensuring effective access to the motorway network. Lancaster is also home to the major port of Heysham, a key facility for Irish Sea Ro-Ro traffic between the UK mainland and Northern Ireland, the Isle of Man and the Irish Republic. Completion of the £130m Heysham to M6 Link Road in the summer of 2016 will significantly improve the port's access to the Strategic Road Network, but for the port to reach its potential, the Strategic Road Network across the North must be effective.

East Lancashire has a growing portfolio of higher value industries with aerospace, advanced manufacturing, advanced flexible materials, digital and creative industries all featuring strongly in the area's economy, making it key to both the Enterprise Zone and to the Arc of Prosperity. The area also has the potential to be a sought after commuter area for the Northern Powerhouse. With the quality of many local rail services and infrastructure leaving much to be desired, there is a significant identified requirement for greatly enhanced rail connectivity, with higher speeds, greater frequency and better rolling stock quality to enable East Lancashire to link into and support both Lancashire's growth and that of neighbouring areas such as Manchester. The area's motorway gateways are also pivotal to supporting our ambitions, again both for Lancashire as a whole and for its role in the wider northern economy.

The Fylde Coast is one of the most affluent areas in Lancashire, containing towns and rural areas popular with commuters, with the advanced engineering and manufacturing sector providing highly paid jobs that underpin local economies. With the nationally significant resort of Blackpool central to the area, with a visitor economy that is revitalising, supported by recent substantial investment, it is not surprising that leisure and tourism are important components of the economy. Ensuring the Fylde Coast links in effectively to the strategic road and rail networks is therefore vital and will become even more so as the Northern Powerhouse develops and once HS2 is operational.

West Lancashire, despite its fundamentally rural nature, is home to a number of international and nationally recognised companies and Edge Hill University, which has been

named University of the Year in the 10th Annual Times Higher Education Awards for its exceptional performance and innovation. Lying between major growth areas in Central Lancashire, Liverpool and Manchester, attractive, high quality rail connections will be a must going forward. Skelmersdale, with two junctions on the M58 that are within easy reach of the M6, provides the perfect location for logistics and distribution companies; better connectivity within the town and, critically, by rail to nearby city regions, will allow the town to grow and fulfil its true economic potential, enabling residents to commute across Manchester and facilitating West Lancashire's role in the growth of SuperPort.

Lancashire's role as part of the Northern Powerhouse is clear, providing key international and national growth sectors, a nationally significant university based innovation asset, a large and highly skilled workforce in most areas of the county and a high quality of life for residents who choose to commute to larger cities.

Our transformational agenda is therefore not just critical to Lancashire, for Lancashire to grow in isolation from the rest of the North, but critical for Lancashire to grow far more strongly as part of the Northern Powerhouse and for the Northern Powerhouse to reap the benefits of Lancashire's offer.

Our agenda is explained in more detail below, but has reached the same conclusion as the wider 'One North' proposition. We need high quality, high speed connectivity to other cities and we need our 'city region' networks to interconnect to these high quality intercity services.

Our Transformational Agenda Explained

Part 1: Our Transformational Priorities

National Connectivity: Connecting to HS2

Preston lies approximately mid-way between Glasgow and London on the West Coast Main Line, and also has regular direct services to Manchester, Manchester Airport, Birmingham, Edinburgh, Leeds and Liverpool, as well as servicing more local centres including Blackpool, Blackburn and East Lancashire, Lancaster and the Lake District. The railway station is a critical asset for the city and also acts as a gateway to Lancashire and for communities further north for local, regional and national connectivity. With over 4.5 million passenger users annually and a further 1.3 million interchanges, Preston is the busiest station in the North West outwith Manchester and Liverpool city centres.

As a key economic centre in its own right and identified by Government as such, it is vital that Preston has direct and frequent access to HS2 and potentially HS3 in fit for purpose surroundings. However, the station fabric has seen little investment in recent years resulting in a poor passenger experience and preventing the station from contributing towards the wider commercial development of the city centre. The station needs transforming into a modern, 21st Century facility from which, to which and through which passengers can pass in comfortable surroundings, one that will encourage greater rail use and fully maximise the inherent advantages of Preston's location on the rail network. Such a transformation will also help to enhance the station's presence within the city centre and its relationship to existing and proposed business district development.

The significance of Preston Station as a driver of economic growth is recognised by stakeholders both within and outside Lancashire. As such, the station's development is of fundamental importance to the economic growth aspirations across Lancashire, and in so doing, particularly once HS2 becomes operational, will reinforce Preston's role as the North West's major rail hub north of Manchester. Establishing an HS2 Growth Strategy as recommended by the HS2 Growth Taskforce for Preston will be an important element to achieving this. In addition, Network Rail has requested the City and County Councils prepare a long term vision for the station to inform its strategic review of West Coast Main Line capacity north of Crewe.

From a Lancashire perspective, whilst the recommendation from Sir David Higgins⁸ to accelerate delivery of an HS2 Hub at Crewe in 2027 rather than 2033 as originally planned is welcomed, it is essential that a connection from HS2 to the West Coast Main Line further north is retained. The recommendation to review this connection in light of concerns raised through consultation is noted, as is Sir David's assertion that such a link will be necessary sooner rather than later as part of the wider consideration of how to improve services to Scotland. Lancashire also wishes to see this link considered in conjunction with the proposed wider examination of east-west connectivity across the North including HS3 / 'Crossrail North'.

Inter City Region Connectivity within the Northern Powerhouse

The Northern Hub, due for completion in 2018, will address capacity and network constraints on the rail network in and around Manchester and when considered alongside completion of electrification between Manchester / Liverpool and Preston / Blackpool will deliver a

⁸ Rebalancing Britain; From HS2 towards a national transport strategy, October 2014

significant improvement in terms of connectivity and capacity in the key corridors linking parts of Lancashire with Manchester and Liverpool city centres and Manchester Airport.

At the heart of the 'One North' proposition is a proposal for a new 200kph (125mph) Trans-Pennine rail connection that would deliver 30 minute journey times between Manchester and Leeds and Sheffield city centres. The route would also serve Manchester Airport directly and link with the north-south HS2 line on the eastern side of the Pennines between Leeds and Sheffield.

Preston to Manchester Rail Corridor

The rail corridor linking Preston with central Manchester and Manchester Airport is not only of strategic importance to Lancashire but also to Cumbria and Scotland, and the transport strategy for the North needs to reflect this. Connections are available in central Manchester for onward travel to a range of other key destinations across the North, including Leeds⁹ and Sheffield. Electrification works between Preston and central Manchester are due to be completed by December 2016 and modern electric rolling stock has already been introduced on Trans-Pennine Express services between Scotland and Manchester Airport, which currently travel via Wigan North Western. However, significant overcrowding remains on some services between Preston and Manchester, particularly those originating in Scotland / Cumbria / Blackpool that continue through to Manchester Airport.

Although the Government announced more diesel powered carriages for selected services in the corridor in January 2015, it will be essential to ensure that the advantages electrification will deliver in terms of improved quality of service are not squandered. Recent economic and employment growth in Lancashire has been strongest with this corridor, with parts of Central Lancashire in particular seeing strong employment growth. It is also the corridor with the greatest opportunity to grow the business travel market in Lancashire and in tandem to reduce congestion on the parallel M61.

M6 and M61 Motorways

The M6 is an integral part of the UK's main north-south transport spine between London, the West Midlands and Scotland, which also includes the West Coast Main Line. From a Lancashire perspective, it is particularly important for the movement of freight, for example, to and from the Port of Heysham. South of Preston, deterioration in the operational effectiveness of the route is resulting in increased average journey times and a worsening of journey time reliability. This is likely to have a damaging effect on freight operations, many of which function on the basis of 'Just in Time' delivery. Lancashire therefore welcomes the commitment in the Road Investment Strategy¹⁰ to upgrade much of the M6 south of Junction 26 (the M58 west of Wigan) to Smart Motorway by 2019/20.

Even with full delivery of the schemes set out in the Central Lancashire Highways and Transport Masterplan, evidence suggests that the M6 Preston Bypass will be under pressure by 2026, particularly during peak periods between Junctions 30 and 32 with the M61 and M55 respectively. This length of the M6 already has four lanes in each direction, so at some stage the potential to introduce 'Smart Motorway' technology will need assessing. Possible scheme elements could include access controls at junctions and variable speed limits. For consistency, Lancashire would therefore wish to see the 'smart spine' linking the North West and London referred to in the Road Investment Strategy ultimately extend as far north as Junction 32.

⁹ It is almost as quick to travel from Preston to Leeds by changing trains in Manchester as it is to use the direct service via Burnley and Bradford.

¹⁰ Road Investment Strategy, Department for Transport, December 2014

The M61 links the M6 at Preston with the M60 Manchester Outer Ring Road and the Trans-Pennine M62. Although existing traffic flows are generally within the capacity of the road, the M61 Corridor is heavily used by commuters, and significant congestion with long queues of standing traffic occurs during the morning peak period on the southbound approach to the M60 at Junction 15 as traffic attempts to access Manchester City Centre via the A580 and other destinations via the M60. Lancashire therefore has a strategic interest in both the operational effectiveness of the M60 as this provides access to and from Manchester Airport via the M56 and Yorkshire and eastern England via the M62. Consequently, the Manchester North West Quadrant Study proposed in the Road Investment Strategy is of particular importance to Lancashire.

Cross City Services: Connecting Lancashire to City Region Networks

The 'One North' proposition is not just about travel between city regions. It also includes the development of city region rail networks that provide the additional capacity required to sustain city centre growth. These networks will interconnect with HS2, new intercity services across the North and metro/tram systems, supported by much expanded park and ride facilities. They will require electrification, new rolling stock (a matter of urgency for the North in terms of quality and sufficiency), higher service frequencies, new services and the removal of network pinch points. Development of European style cross city region networks centred on hub stations is a key aspiration.

East Lancashire Rail Network

In East Lancashire, a number of improvements to the rail network have either been delivered or are programmed, for example, the recently completed upgrade to Burnley Manchester Road station and the forthcoming introduction of a new direct train service between Blackburn, Accrington, Burnley and Manchester Victoria via Todmorden and Rochdale. The County Council and Blackburn with Darwen Borough Council are also working with Network Rail to deliver a scheme to improve the reliability and frequency of rail services on the route between Clitheroe, Blackburn and Manchester Victoria. This is now a funded scheme within the Lancashire Enterprise Partnership's transport investment programme, subject to demonstrating value for money.

Whilst the above developments will bring about some improvement to the rail network in East Lancashire, they will not address the fundamental issue of whether or how the rail network can contribute towards a transformational change in East Lancashire's economic fortunes. East Lancashire is perceived as an area that is poorly connected with a transport network that hinders the efficient movement of both people and goods, and that this relative isolation has a negative impact on economic development and impedes regeneration. The East Lancashire Rail Connectivity Study has examined this issue in depth, in particular, the importance of enhanced connectivity between East Lancashire and the growth centres of Preston and Central Lancashire, Manchester including Manchester Airport, and Leeds.

East Lancashire's rail network is relatively constrained in terms of connectivity, capacity, performance, journey quality journey times and passenger facilities, and without investment is likely to have a negative impact on future economic growth, particularly given recent announcements of rail improvements elsewhere across the North, as people and businesses would be less likely to locate in the area. The current deficiencies can make rail an unattractive mode of travel; consequently, use of the rail network in East Lancashire is relatively low compared to neighbouring areas, including between East Lancashire and neighbouring city regions. If the existing rolling stock is not improved or replaced, then the quality and reliability of the trains will deteriorate further with time, which could deter existing

rail passengers from continuing to use the train, placing additional pressure on the highway network.

The Rail Connectivity Study, which adopted a Conditional Outputs approach, has identified that improving service frequency and journey times within East Lancashire would deliver the greatest level of benefit. Whilst the realisation of each output will be subject to the identification of an affordable and value for money solution, it is clear that electrification of the routes between Preston and Leeds / Colne and Clitheroe / Blackburn and Bolton together with associated rolling stock improvements would make the most significant contribution.

Skelmersdale

Whilst Skelmersdale enjoys excellent strategic connectivity to the Strategic Road Network via the M58, the local transport network is no longer capable of supporting current economic growth aspirations, with a road network that is not fit for purpose, inadequate public transport provision, lack of provision for pedestrians and cyclists and an inhospitable public realm. The West Lancashire Highways and Transport Masterplan adopted by Lancashire County Council in October 2014 is therefore proposing the wholesale reconfiguration of Skelmersdale's transport networks to meet both current and future needs, not just for local residents and businesses but for West Lancashire as a whole.

This is a transformational proposal and once in a generation opportunity to reshape Skelmersdale through a single programme of works spread over a number of years to ensure that the town has a sustainable, integrated transport network that will allow it to grow and prosper in the future. At its heart is a new rail link and town centre railway station fully integrated with the bus network and easily accessible on foot or by cycle, and with sufficient car parking provision to function as a 'Parkway' station for the wider West Lancashire area. The station would be served by a new spur from the existing Wigan Wallgate to Kirkby line, enabling through services to operate to both Liverpool (via Kirkby) and Manchester (via Wigan), and hence provide direct access to growth opportunities in both city centres and potentially at Manchester Airport and the Airport City Enterprise Zone. Furthermore, the new station and interchange is intended to act as a catalyst for the wider redevelopment and growth of Skelmersdale town centre. The Skelmersdale Rail Link also features in the Liverpool City Region Long Term Rail Strategy published in August 2014.

Lancashire County Council and its partners Merseytravel and West Lancashire Borough Council commissioned Network Rail to undertake a GRIP Stage 1-2 (output definition / feasibility) study to develop the proposal set out in the masterplan, including indicative costs. This work has now concluded. The County Council also commissioned Jacobs UK limited to undertake an assessment of the likely value for money and wider economic benefits of the proposal commensurate with a Strategic Outline Business Case and the Accountability Framework of the Lancashire Enterprise Partnership.

The work undertaken to date has demonstrated that it is technically feasible to construct a heavy rail link into Skelmersdale town centre in the corridor identified in the adopted West Lancashire Highways and Transport Masterplan, and that the project could deliver value for money. The County Council and partners anticipate that a scheme could be delivered during the next rail industry investment period covering 2019 to 2024 (known as 'Control Period 6'), although most likely financed through the Local Growth Fund, and are currently establishing appropriate governance and working group arrangements to oversee the future development of the project once a commitment to fund the next stages in the GRIP process (option selection and single option development) is forthcoming.

Skelmersdale is best placed in Lancashire to take advantage of the opportunities presented by the development of the Liverpool SuperPort concept, a key priority for the Liverpool City Region Strategic Economic Plan. The Atlantic Gateway initiative, a collection of assets including transport infrastructure that represents an opportunity for growth, lies just to the south. As such, Lancashire is supportive of proposals in the recently published Road Investment Strategy¹¹ to deliver a comprehensive upgrade of the main link between the Port of Liverpool and the motorway network at Switch Island.

Draft

¹¹ Road Investment Strategy, Department for Transport, December 2014

PART 2: Our Key Supporting Infrastructure Priorities

Central Lancashire

New Ribble Crossing: The Central Lancashire Highways and Transport Masterplan included a longer term (post 2026) proposal to construct a new crossing of the River Ribble to link together the Preston Western Distributor and the South Ribble Western Distributor via a completed Penwortham Bypass to provide a continuous dual carriageway route between Cuerden and the M55 to the west of Preston. Delivery of these schemes has been accelerated through the Preston, South Ribble and Lancashire City Deal; therefore, the County Council and partners are investigating whether a new crossing could progress more quickly and how such a project might be funded.

East Lancashire

M65 East Lancashire Gateway: The M65 plays an essential role in the economy of East Lancashire, connecting people and businesses internally as well as providing the primary means of access to Central Lancashire and the M6, particularly for freight. Unlike most motorways, the M65 is not three lanes throughout its length, with reduced capacity on some sections, particularly between the M61 and Junction 6 at Whitebirk. Traffic has grown consistently by around 4% per annum since the motorway's completion in 1997, and evidence now suggests that the current level of demand at peak times is causing congestion, with some junctions at or near capacity.

The predominantly two lane section between the M61 and Whitebirk is increasingly likely to become a bottleneck, reducing the ability of the M65 to function as a major gateway to East Lancashire. Through the East Lancashire Connectivity Study, Lancashire County Council and partners are investigating whether and when additional capacity on the M65 between the M61 and Whitebirk might become necessary and how it might be provided. This work is expected to conclude by summer 2015.

M66 East Lancashire Gateway: As part of the East Lancashire Connectivity Study, Lancashire County Council and partners are undertaking a study to examine the importance of enhanced connectivity in the M66 corridor to Rossendale and the rest of East Lancashire and to identify how best to achieve this enhanced connectivity if there is demonstrable evidence that investment will deliver significant wider economic benefits for East Lancashire and Rossendale in particular. The study scope includes the Strategic Road Network and relevant routes into Manchester city centre, the 'Metrolink' line between Bury and Manchester Victoria and the national rail network between Rochdale and Manchester Victoria. The study is also considering what form a commuter rail link between Rawtenstall and Manchester could take, as there are a number of potential solutions to rail provision in the corridor. Given the concern locally that congestion in the M66 corridor is now acting as a constraint on economic growth and social opportunities, the study is also assessing the wider economic, social and distributional benefits and Gross Value Added uplift of any potential transport investment. The study is expected to conclude in spring 2015.

West Lancashire

Ormskirk to Preston Rail Electrification: Merseyrail currently operates a fast and frequent electric train service between Liverpool and Ormskirk. Travel onwards to Preston requires a change of train to a diesel-operated service that is infrequent and run to an irregular timetable. Rolling stock quality is also poor. Electrification of the Ormskirk to Preston route with appropriate infrastructure enhancements would resolve the majority of issues, significantly improving connectivity between Preston, West Lancashire and the Liverpool city region. In addition, there is the potential to provide better interchange between Liverpool-

Ormskirk-Preston and Manchester-Wigan-Southport services at Burscough. Both are aspirations in the Liverpool City Region Long Term Rail Strategy published in August 2014.

Fylde Coast

Blackpool North Interchange (Talbot Gateway): Blackpool's new central business district development (Talbot Gateway) is located adjacent to Blackpool North station, the new offices opening up opportunities for commuting by rail. Blackpool North is also the key gateway to the resort for longer distance travellers but for such a major arrival point, the actual experience on offer is not good.

The Tramway is to be extended from the Promenade to the station, significantly improving public transport connectivity for both residents and visitors. Seamless interchange between the rail network and the tram system will be achieved, providing rail-borne access between the railway station with its newly electrified trains and the Fylde Coast's attractions and hotels. It is therefore essential that a high quality, multi-modal transport interchange be established at this vital location in support of wider interventions set out in the Lancashire Growth Plan for the renewal of Blackpool.

South Fylde Line: The consultation draft Fylde Coast Highways and Transport Masterplan identifies the South Fylde Line (Blackpool South to Kirkham and Preston via Lytham St Annes) as a key weakness in the Fylde Coast public transport network. The potential of the line could increase significantly if possible connections with the Blackpool Tramway are considered. Lancashire County Council has recently become a partner in the European SINTROPER (Sustainable Integrated Tram-based Transport Options for Peripheral European Regions) project. The Council has secured funding to investigate the best way of enhancing the role of the South Fylde Line in providing a southern gateway to Blackpool and to establish what the most viable and cost-effective way of linking the South Fylde Line and the Blackpool Tramway might be and what benefits such a link might deliver. The study is due to report by June 2015.

A585 Corridor: The A585 between Fleetwood and the M55 is currently part of the Strategic Road Network and therefore managed and maintained by the Highways Agency. Its strategic role as part of an inter-regional route between Great Britain and Northern Ireland ceased with the withdrawal of the Ro-Ro ferry service from the Port of Fleetwood to Larne in December 2010. The A585 nevertheless remains a key route within the Fylde Coast highway network and is vital to the regeneration of Fleetwood and the success of the Hillhouse International Business Park at Thornton.

As part of its Pinch Point Programme, in 2014/15 the Highways Agency will deliver significant improvements at the A585/A586 'Windy Harbour' junction near Singleton and the A585 junctions with Bourne Way and West Drive between Thornton and Cleveleys at a combined cost of £3.1m. Congestion nevertheless remains an issue at a number of other locations, in particular, the Five Lane Ends traffic signals at Little Singleton, which is arguably the worst remaining bottleneck on the route and a difficult location at which to make a significant improvement. The Roads Investment Strategy published on 1st December 2014 includes a commitment to deliver a new, off-line bypass of Little Singleton to reduce the impact of traffic on the local community and remove the bottleneck.

The A585 needs to operate as effectively as possible along its entire length. The County Council will therefore work with the Highways Agency to identify a programme of cost effective, viable improvements to remove any remaining pinch-points on the route, in particular, the unimproved length between the M55 and the Windy Harbour junction.

Lancaster

Lancaster South: The area immediately to the south of Lancaster has been identified as one capable of delivering significant development, critical to meeting the future housing and employment growth needs of Lancaster and which will deliver wider economic benefits to Lancashire and beyond. It lies adjacent to Lancaster University and includes major housing sites at Bailrigg and Whinney Carr as well as the site of the planned Health Innovation Park, an agreed priority in the Lancashire Growth Deal. Jointly these sites are capable of delivering up to 2,000 houses, circa 40,000m² of business and innovation space accommodating over 4,000 high-value jobs and circa 5,000m² of retail and leisure space.

Releasing the development potential of south Lancaster, including the Health Innovation Park, is severely constrained by the existing highway network, with the main access route (the A6) already operating close to capacity. A comprehensive transport solution is therefore required, including strategic and local highway improvements. This could include a reconfiguration of M6 Junction 33 to support both south Lancaster and implementation of a City Centre Movement Strategy post completion of the Heysham to M6 Link Road. Key objectives for the Movement Strategy are to secure an attractive, healthy and safe local environment that contributes to the economic and social wellbeing of the city, its residents and visitors, and to reduce the environmental and social impacts of traffic to the benefit of pedestrians and cyclists and make city centre attractions more identifiable.

Lancaster to Morecambe Rail Electrification: Electrification of the short length of route between the West Coast Main Line north of Lancaster and Morecambe would significantly enhance the town's connectivity in conjunction with the ongoing electrification programme across the North West thereby allowing the resort to benefit fully from the wider 'Connected North' agenda.

BROAD TIMESCALES FOR DELIVERY

By 2021

- Preston, South Ribble and Lancashire City Deal Highway Improvements*
- Preston to Manchester Rail Corridor Improvements to provide additional capacity and better quality rolling stock
- Blackburn to Bolton Rail Corridor Improvements to provide additional capacity*
- Blackpool Tramway Extension North Pier to Blackpool North Station*
- Blackpool North Interchange (Talbot Gateway)
- A585 Corridor Improvements, including a bypass of Little Singleton*

By 2026

- Preston Railway Station / HS2 Interchange
- New Ribble Crossing
- East Lancashire Rail Network Transformation, including electrification and better quality rolling stock
- M65/M66 East Lancashire Gateway Improvements
- Skelmersdale Rail Link and Town Centre Transport Interchange
- Lancaster South Supporting Infrastructure
- Lancaster to Morecambe Rail Electrification

By 2031

- 'Smart Motorway' technology extended northwards along the M6 to Junction 32
- Ormskirk to Preston Rail Electrification
- South Fylde Line Enhancements

*Funding commitment

Lancashire Enterprise Partnership Limited

Private and Confidential: YES

Date: 10th February 2015

Blackburn to Manchester Rail Corridor Improvement Scheme – Conditional Approval Decision

Report Author: Chair of Transport for Lancashire

Executive Summary

The Blackburn to Bolton Rail Corridor Improvement Scheme is included in Lancashire's transport investment programme as a scheme due to commence works in 2015/16. In accordance with the Lancashire Enterprise Partnership's Assurance Framework, the scheme is therefore subject to a two stage approvals process, the first stage of which is a Conditional Approval decision by the Board.

Independent scrutiny of the Outline Business Case has been undertaken by Jacobs UK Limited on behalf of the Transport for Lancashire Committee. It is the consultant's view that the Blackburn to Manchester Rail Corridor Improvement Scheme be granted Conditional Approval to enable it to progress to Full Business Case submission, subject to a number of conditions that the scheme promoter will need to address as part of that submission.

Recommendation

The Board is asked to:

- (i) Approve the granting of Conditional Approval for the Blackburn to Manchester Rail Corridor Improvement Scheme; and
- (ii) Advise the scheme promoter that the six conditions set out in the Jacobs report (attached as an appendix) to the Transport for Lancashire Committee need to be addressed in the Full Business Case submission.

1. Background

- 1.1 The Blackburn to Bolton Rail Corridor Improvement Scheme is included in Lancashire's transport investment programme as a scheme due to commence works in 2015/16. The scheme's funding profile includes a maximum £12.4m contribution in 2015/16 from the Local Growth Fund through the Lancashire Growth Deal. In accordance with the Lancashire Enterprise Partnership's Assurance Framework, the scheme is therefore subject to a two stage

approvals process, the first stage of which is a Conditional Approval decision by the Board.

- 1.2 Conditional Approval indicates the Lancashire Enterprise Partnership's acceptance of an Outline Business Case demonstrating high value for money, ie a benefit to cost (BCR) ratio of greater than 2. Conditional Approval is granted on the basis that there will be no material changes to the scheme's scope, cost, design, expected benefits and value for money. The granting of Conditional Approval may be subject to a small and limited number of conditions.
- 1.3 Lancashire County Council commissioned its framework consultants Jacobs UK Limited on behalf of the Transport for Lancashire Committee to undertake an independent, comprehensive review of the Outline Business Case submitted by Blackburn with Darwen Borough Council, and to recommend whether or not the scheme should be granted Conditional Approval. Jacobs presented their findings to Transport for Lancashire at its meeting held on 3rd February 2015; the consultant's report is attached as Appendix 'A'.
- 1.4 It is the consultant's view that the Blackburn to Manchester Rail Corridor Improvement Scheme be granted Conditional Approval to enable it to progress to Full Business Case submission, subject to a number of conditions that the scheme promoter will need to address as part of that submission.
- 1.5 Having considered Jacobs' report, the Transport for Lancashire Committee agreed to recommend to the Lancashire Enterprise Partnership that it grant the Blackburn to Bolton Rail Corridor Improvement Scheme Conditional Approval, with Full Approval subject to the following six conditions as set out in the Jacobs report being addressed in the Full Business Case submission:
 1. Confirmation is received (when the Invitation to Tender for the new Northern Franchise is publically available) that the Manchester to Blackburn service is to be included as part of the baseline specification for the next Northern Franchise.
 2. Confirmation is received (when the Invitation to Tender for the new Northern Franchise is publically available) that the operational costs of the Manchester to Blackburn service will be funded as part of the next Northern Franchise, thus removing the need for Blackburn with Darwen Borough Council to subsidise the scheme.
 3. The scheme Benefit to Cost Ratio is currently 1.47 (based on latest guidance), rising to 2.25 with the inclusion of wider economic benefits. In accordance with the LEP's Assurance Framework, the scheme should deliver high Value for Money (BCR >2 when incorporating both traditional and wider economic benefits), once the target scheme costs are confirmed and with optimism bias applied at 6% (consistent with the Department for Transport's Rail Appraisal guidance for a scheme at GRIP Stage 5). This is considered the key risk associated with the scheme being granted Full Approval.

4. The results of a more detailed environmental assessment (including consideration of noise and air quality) demonstrate that the scheme does not have a significant detrimental impact upon any sensitive receptors.
5. The scheme opening year being confirmed, and if necessary the Business Case (including the economic assessment) being updated accordingly.
6. Clarification is sought that any cost overspends will be met by Blackburn with Darwen Borough Council (in accordance with the LEP's Assurance Framework) to ensure that the scheme will be delivered in its entirety.

Date **3rd February 2015**

To Transport for Lancashire Committee (TfL)

From Jacobs

Subject **Blackburn to Manchester Rail Corridor Improvement Scheme**

Introduction

Jacobs have undertaken a comprehensive review of the Outline Business Case (December 2014) produced by Blackburn with Darwen Borough Council (BwDBC) for the Blackburn to Manchester Rail Corridor Improvement Scheme.

The review findings should be used to inform a recommendation on whether the scheme should be granted Conditional Approval status at the LEP Board meeting on the 10th February 2015.

Scheme Description

The Blackburn to Manchester Rail Corridor Improvements Scheme will deliver a half-hourly service between Blackburn and Manchester throughout the day through the addition of 7 journeys between these stations each day Monday – Saturday. This increased service level will cater for the current demand and improve the economic relationship between East Lancashire and Greater Manchester.

In order to deliver a robust half hourly service throughout the day an extension to the passing loop (double track) at Darwen is required. The project, as identified by Network Rail as the preferred solution through the GRIP process, is to extend the double track section known as the Darwen loop to run from approximately 19 miles 440 yards to approximately 21 miles 440 yards on the Bolton to Blackburn Line, with associated works at structures along that part of the route. In addition, the scheme includes enhancement works at selected stations on the line (including stations north of Blackburn).

Methodology

The Outline Business Case has been reviewed and assessed against the Department for Transport's (DfT) guidance on *The Transport Business Cases (January 2013)*. This approach shows whether schemes:

- are supported by a robust case for change that fits with wider public policy objectives – the 'strategic case';
- demonstrate value for money – the 'economic case';
- are commercially viable – the 'commercial case';
- are financially affordable – the 'financial case'; and
- are achievable – the 'management case'.

A Red-Amber-Green (RAG) appraisal has been undertaken on each of the five cases in order to:

- a. Highlight any keys risks associated with the successful delivery of the project in accordance with the Lancashire Enterprise Partnership's Accountability Framework.
- b. Identify areas of the Outline Business Case where there is insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme.

The completed RAG appraisal has been appended to this document as **Appendix A**.

As part of the review process, Jacobs have actively engaged with the scheme promoter (BwDBC) in order to seek clarification on any key issues associated with the Outline Business Case.

An Operational Review of the scheme has been undertaken and is included in **Appendix B**.

Conclusions

The Blackburn to Manchester Rail Corridor Improvement Scheme should be granted 'Conditional Approval' status, to enable the scheme to progress to the Full Business Case stage, subject to the following conditions:

1. Confirmation is received (when the ITT for the new Northern Franchise is publically available) that the Manchester to Blackburn service is to be included as part of the baseline specification for the next Northern Franchise.
2. Confirmation is received (when the ITT for the new Northern Franchise is publically available) that the operational costs of the Manchester to Blackburn service will be funded as part of the next Northern Franchise, thus removing the need for BwDBC to subsidise the scheme.
3. The scheme BCR is currently 1.47 (based on latest guidance), rising to 2.25 with the inclusion of wider economic benefits. In accordance with the LEP's Accountability Framework, the scheme should deliver high VfM (BCR >2 when incorporating both traditional and wider economic benefits), once the target scheme costs are confirmed and with optimism bias applied at 6% (consistent with the DfT's Rail Appraisal guidance for a scheme at GRIP Stage 5). This is considered the key risk associated with the scheme being granted Full Approval.
4. The results of a more detailed environmental assessment (including consideration of noise and air quality) demonstrate that the scheme does not have a significant detrimental impact upon any sensitive receptors.
5. The scheme opening year being confirmed, and if necessary the Business Case (including the economic assessment) being updated accordingly.
6. Clarification sought that any cost overspends will be met by BwDBC (in accordance with the LEP's Accountability Framework) to ensure that the scheme will be delivered in its entirety.

Recommendations

As documented in the appended RAG appraisal, the following updates should be incorporated into the 'Full Business Case' for the Blackburn to Manchester Rail Corridor Improvement Scheme.

Business Case	Criteria	Recommendations
Strategic	Impact of scheme not being delivered	Whilst the scheme benefits have been indicated within Chapter 3 of the OBC, no text is provided detailing the impacts of not implementing the scheme (e.g. traffic congestion worsens / rail facilities deteriorate).
	Study Area / affected population	Business Case needs to emphasise what schemes, jobs, major employers, schools and leisure facilities are within the catchments of the actual scheme proposals; particularly linked to key sites that unlock growth linked to the LEP's key priority growth sectors.
	Identification of short listed options	It is recommended the performance data used in the GRIP analysis is confirmed by Network Rail that it characterises the annualised level of delay.
	Consideration given to the economic, environmental and social benefits of the possible approaches	Provide clarification on how the Social, Economic and Environmental Benefits quoted in Figure 3.10 have been derived.
	Consultation / stakeholder engagement	Include further details on the public consultation event which will be scheduled.
	Traffic Modelling work undertaken	It is recommended consideration is given to modelling with refreshed performance data. Journey time reliability benefits associated with the scheme have not been monetised, but could be to enhance the case.
	Level of public support considered?	Obtain letters of support from local MPs and other key stakeholders to append to Business Case.
	Key risks and constraints identified?	Produce a project Risk Register complete with mitigation measures for inclusion within the Outline Business Case.
	Connectivity with other schemes assessed?	Quantified evidence of the impact on other planned schemes (e.g. Farnmouth Tunnel electrification) should be included.
Economic	Appraisal Summary Table	<p>Distributional Impacts column needs updating to include results of the scheme's DI assessment (e.g. The 'Commuting and Other Users' row should contain the User Benefits assessment score).</p> <p>The 'Cost to Broad Transport Budget' row should be entered as a negative figure.</p> <p>AST should fit on one page.</p>
	BCR	<p>BCR should be presented consistently with and without economic benefits throughout the Outline Business Case.</p> <p>Optimism Bias figure should be adjusted accordingly for a scheme at WebTAG Level 4 (18%), and then at WebTAG Level 5 (6%) for the Full Business Case submission.</p>
Financial	Scheme Cost	<p>It is recommended service mobilisation and train crew numbers and availability is monitored. This is to ensure the resource levels are reflective of the additional service level and sufficient for service introduction.</p> <p>Operating costs for the OBC were pro-rated between Blackburn and Bolton, however it is now understood the service will be fully funded between Manchester and Blackburn as part of the baseline for the next franchise.</p>

Commercial	Is there a robust contracting and procurement strategy?	<p>Confirm who will be responsible for the scheme preparation costs and update financial and commercial case accordingly.</p> <p>Have the scheme preparation costs been included within the scheme costs? Have monitoring and evaluation costs been included within the scheme costs?</p>
	Key risks and constraints identified?	<p>Append scheme Risk Register (covering project risks) to Business Case.</p> <p>If one doesn't already exist then a risk workshop should be programmed in the short term to ensure that the delivery team map the key risks of the project moving through the major scheme project lifecycle, attribute owners, actions and a monitoring plan for reporting these to the Project Board as part of the scheme Governance.</p>
Management	Delivery Programme	<p>Reason why the scheme construction is completed by October 2015 yet the timetable changes don't take place until December 2016 is confirmed, but risk to delivery potentially slipping to 2017. TfL require to be notified of any potential change in draw-down of funds and their profile.</p> <p>Business Case acknowledged that the scheme delivery programme will require further work now that Network Rail have addressed the signalling record risk issue that was identified in October 2014. NR have confirmed they are seeking approval from MSRP on 27th January 2015.</p> <p>It is recommended the current scheme delivery plan and Northern Rails objection to the possession arrangements is presented to the January 2015 Project Board. This is to ensure any risks to the current arrangements are transparent and managed.</p>
	Governance / Assurance work	<p>It is recommended the governance arrangements between the two projects, Darwen loop and Farnmouth tunnel, are formalised. This is to ensure no risks develop which may affect the other project and if they do suitable mitigations are put in place.</p>
	Evidence of similar projects that have been successful.	<p>Were these scheme delivered on programme and within budget? What other metrics have been used to monitor and evaluate the success of these schemes?</p>
	Fall back Plans	<p>DfT requires a 'fully worked up' low cost alternative option to be identified (TAG Unit A5.3 Rail Appraisal). A low cost alternative option should therefore be identified and included in the business case, in a proportionate manner.</p>

Appendices

Appendix A - RAG Appraisal

Appendix B - Operational Review




Scheme Name:	Blackburn to Manchester Rail Scheme	Appendix A
Scheme Description:	The Blackburn to Manchester Rail Corridor Improvements Scheme will deliver a half-hourly service between Blackburn and Manchester throughout the day through the addition of 7 journeys between these stations each day Monday – Saturday. This increased service level will cater for the current demand and improve the economic relationship between East Lancashire and Greater Manchester. In order to deliver a robust half hourly service throughout the day an extension to the passing loop (double track) at Darwen is required. The project, as identified by Network Rail, is to extend the double track section known as the Darwen loop to run from approximately 19 miles 440 yards to approximately 21 miles 440 yards on the Bolton to Blackburn Line, with associated works at structures along that part of the route. In addition, the scheme includes enhancement works at selected stations on the line (including stations north of Blackburn).	

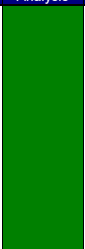
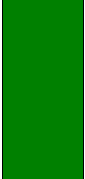
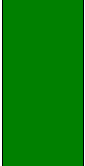




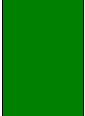

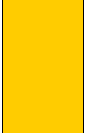
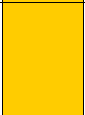
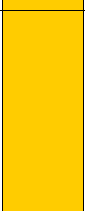
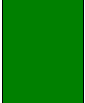
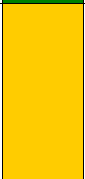

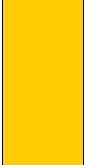
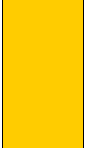
The purpose of this review is to examine the evidence base for the above scheme in order to identify any gaps. Additional work can then be undertaken on the scheme to ensure the business case for the scheme is comprehensive, which will limit the risk of future challenges.

The criteria used for the assessment is based upon the DfT document, 'The Transport Business Cases' (January 2013).

The review which has been undertaken is based upon:
The Blackburn to Manchester Rail Scheme Outline Business Case (December 2014)

A RAG analysis has been undertaken to highlight areas where there appears to be insufficient evidence to demonstrate that the scheme has followed DfT best practice for the development of a major scheme. Recommendations have been included on work which could be undertaken to strengthen the business case for the scheme.

KEY	
	= Sound evidence base
	= Some additional work required
	= Information Missing

Business Case	Criteria	Evidence	RAG Analysis	Recommendations
STRATEGIC	Existing arrangements for the provision of services	<p><u>Include a description of the current situation</u></p> <p>Detailed description of the route is included in the section 2.2 of the GRIP 3 Interim Option Selection Report, Bolton to Blackburn Capacity Improvements, Issue 01 dated 17th December 2012. GRIP report is attached as Appendix O of the December 2014 Outline Business Case. The information provided describes the layout between Bolton and Blackburn including speed profiles, gradients and signalling control.</p> <p><u>Can services be better utilised, or are more fundamental changes required?</u></p> <p>The current service levels reflect the infrastructure constraints and timetable pathing opportunities between Manchester Victoria, Bolton and Blackburn. Any changes to the current timetable is likely to have a knock on affect to other services out with Bolton/Blackburn route. Any increase to services on the route is likely to increase levels of train delay as identified in a number of modelling investigations.</p> <p><u>What are the constraints?</u></p> <p>Details of existing constraints on the Blackburn to Manchester line are set out in Chapter 3.6 of the Outline Business Case under the following 5 headings:</p> <p>a) Service Frequency - the potential to increase the service frequency is prevented by the existence of a predominantly single line track between Bolton and Blackburn.</p> <p>b) Train Capacity - as of December 2011, the Bolton corridor was understood to be the most crowded route in Greater Manchester, with 45% of 0800-0859 peak services exceeding total capacity.</p> <p>c) Service performance - The service between Blackburn and Manchester is one of Northern Rail's most popular; however it is also one the worst performing. The single line sections of the track contribute to reactionary delays, while trains await access to the single line. In addition, the poor quality rolling stock of the line also contributes to daily</p>		
	Problem Identification	<p><u>How have the problems been identified?</u></p> <p><u>Provide quantification of the extent of the problems</u></p> <p>Various investigations and modelling studies have been undertaken which have followed three distinct stages. In stage 1 Sinclair Knight Merz were commissioned in 1999 to carry out a pre-feasibility study for the development of a rapid transport system. The study conclusions also recognised the benefits in heavy rail improvements. During phase 2 Posford Rail Ltd conducted a feasibility study in 2002 with a focus on introducing an all day half hourly service. It was concluded a half hourly service could be introduced but it would not be reliable and a number of infrastructure recommendations were made. In 2003 VST York Ltd were commissioned to undertake a timetabling study specifically focused on service enhancements. The findings concluded technically a half-hourly service could operate but the single line sections would compromise reliability. Progressive analysis was carried out by Eden Business Analysis in 2004, Faber Mannell in 2007 and Arup in 2009. Arup concluded a half hourly service, based on the 2008 timetabling rules, could operate but not reliably. A solution was identified which was to extend the length of Darwen loop by approximately 1 mile in each direction to reduce reactionary delays (it was recognised this may introduce a performance risk caused by the timetabling margins when leaving and entering the single line sections), and convert Turton AOCL to a Manually Controlled Barrier - Closed Circuit Television to improve the line speed and rolling stock would need to increase from three to five units. In 2010 Darwen and District Borough Council initiated phase 3 by commissioning Network Rail to develop a half hourly inter peak service from GRIP 1 to 3.</p>		
	The need for investment	<p><u>Why is the scheme needed now?</u></p> <p>It is reported that single line sections of track are acting as a capacity constraint on the future development of the service and the economic prosperity of Pennine Lancashire. Chapter 3.4.2 of the Outline Business Case indicates that across the north, rail use is growing much more strongly than other transport modes. Between 2003/04 and 2012/13, station footfall in Blackburn alone rose by around 57%. The need for the scheme has also been supported by local MPs, who identified that the increase in train passenger numbers, despite the less than satisfactory service, highlights that even with minor improvements, there would be benefits to the economy.</p> <p>The conclusion of Chapter 3 outlines the rationale for investment, in that investing in the scheme would address key issues for Blackburn with Darwen, linking to the major employment centre of Manchester and helping to reduce the reliance on the private car, whilst also supporting the wider Lancashire Enterprise Partnership area in terms of growth and regeneration benefits.</p> <p>A benefit of delivering the scheme now is that it has been identified already that the construction phase could be accommodated in an already agreed possession therefore reducing disruption to passengers and cost.</p>		
	Impact of scheme not being delivered	<p><u>Impact on transport network, economy, future development, other schemes etc.</u></p> <p>The Wider Benefits Report (Mott MacDonald, November 2012) outlines the positive impact that the scheme could have on the economy, the movement of labour and the housing market. A refreshed business case was developed in November 2014 taking account of changes to WebTAG guidance in 2014.</p> <p>Figure 3.10 of the OBC document indicates the operational, social, economic and environmental benefits of implementing the scheme. Were the scheme not implemented, it is considered that the problems that the scheme seeks to rectify would remain.</p>		Whilst the scheme benefits have been indicated within Chapter 3 of the OBC, no text is provided detailing the impacts of not implementing the scheme (e.g. traffic congestion worsens / rail facilities deteriorate).
	Study Area / affected population	<p><u>Include a plan showing the scheme location.</u></p> <p>Figure 3.2 contains a plan showing the geographical location of the scheme. A Scheme Drawing is contained within Appendix A.</p> <p><u>Provide a description / plan of targeted population.</u></p> <p>The characteristics of the population of the local communities of each station on the line are outlined within Chapter 3.7.2. However, no info provided on the catchment area of each station.</p>		Business Case needs to emphasise what schemes, jobs, major employers, schools and leisure facilities are within the catchments of the actual scheme proposals; particularly linked to key sites that unlock growth linked to the LEP's key priority growth sectors.
	Scheme Objectives	<p><u>What are the aims of the proposed scheme, and how do they address all the problems identified?</u></p> <p>Formalised study objectives have been provided in Chapter 3.11. The scheme objectives have been derived following the development of the three Local Transport Plans dating back to 2001 and the development of the Community Rail Partnership Action Plan for the Clitheroe line dating back to 2008/07. Table 3.3 indicates the strategic fit between the objectives and identified problems.</p>		
	Strategic Fit (e.g. DfT's business plan and wider government objectives).	<p><u>How does the scheme contribute to key objectives, including wider transport and government objectives?</u></p> <p>Table 3.3 indicates the strategic fit between the scheme objectives and local / regional policies. Chapter 3.13 provides further detail on the strategic fit between the scheme and different National, Regional and Local policies.</p>		
	Option Identification	<p><u>How were potential options identified? Evidence that alternative options (covering a range of different modes) were considered.</u></p> <p>Chapter 2.1 of the OBC provides details on how the potential options were identified. The development of options was broken down into three stages. Stage 1 included a review of multi-modal options and three options were hence considered: 1). Delivery of a rapid transport system, 2). Improvements to bus services and highways, and 3). Improvements to the rail service.</p> <p>During Stage 2 of the process, a focus was placed on options to improve the rail connection between Pennine Lancashire and Manchester, e.g. increasing the length of double track sections between Bolton and Blackburn and improving line speeds.</p> <p>During stage 3 of the process, options to extend the double track sections of the Blackburn to Bolton rail line were considered, identifying four suitable locations.</p>		
	Early Assessment and Sifting	<p><u>Methodology for sifting options</u></p> <p>The ARUP timetable study provided the background for GRIP 1 and 2. An appraisal study was undertaken by Mott MacDonald on behalf of Network Rail which considered a range of infrastructure interventions. The process to identify the preferred solution from a number of options was Network Rail's GRIP process.</p>		
	Identification of short listed options	<p><u>How were the potential options shortlisted?</u></p> <p>At GRIP stage 2 nine options were identified which had been derived from the stage 1 and 2 feasibility work that Blackburn with Darwen Council had previously commissioned. A tenth was added after discussions at the Pennine Lancashire Rail Projects Board. At GRIP 3 five options were selected for further appraisal based on their contribution to improving the level of reactionary delays. The performance data used was from an unidentified 14 week period in 2011. It has not been possible therefore to confirm if the data was fully representative of the annual level of delay.</p> <p><u>What were the other shortlisted options?</u></p> <p>At GRIP 3 the other shortlisted options were: 1. Extend Darwen loop approximately 1 mile in each direction and increase the line speed to 60 mph. 2. Raise the line speed over Turton level crossing to 60 mph. 3. Raise the present Darwen loop speed to 60 mph. 4. Raise the line speed to 60 mph between 23m 0c and 24m 08c (single line section north of Darwen to Blackburn Bolton Junction).</p>		It is recommended the performance data used in the GRIP analysis is confirmed by Network Rail that it characterises the annualised level of delay.
	Consideration given to the economic, environmental and social benefits of the possible approaches	<p><u>What are the high-level strategic and operational benefits envisaged? How do they link to the objectives of the scheme?</u></p> <p>A full economic appraisal has been undertaken, as indicated in Chapter 4.</p> <p>Information on and quantification of the operational benefits are stated in the OBC, within Chapter 4.4.4.</p> <p>The Wider Economic Benefits for Clitheroe Line Improvement Study (November 2014) quantifies the wider benefits to the economy (e.g. agglomeration and labour supply) using WITA software.</p> <p>The Clitheroe-Manchester Rail - Wider benefits Report (Mott MacDonald, November 2012) quantifies the likely social benefits (e.g. on housing, employment, developments). Figure 3.10 of the OBC summarises the Operational, Social, Economic and Environmental Benefits associated with the scheme although it is not clear how some of these benefits have been derived and whether or not there is any supporting evidence.</p>		Provide clarification on how the Social, Economic and Environmental Benefits quoted in Figure 3.10 have been derived.
	Consultation / stakeholder engagement	<p><u>Provide details of any consultation events or stakeholder engagement that has taken place / is planned?</u></p> <p><u>Who was consulted?</u></p> <p><u>Include consultation results where available.</u></p> <p>Figure 3.11 in the OBC summarises the groups that were consulted as part of the scheme development. The groups included Local MPs, Local Transport Plan stakeholders, Rail Industry stakeholders and the Public. Consultation with Local MPs, Jack Straw MP (Blackburn) and Jake Berry MP (Rossendale & Darwen) revealed their support and backing for the scheme. Chapter 13 of the OBC also indicates that since the commissioning of the Posford Study in 2002 the scheme has ensured full rail industry consultation from infrastructure management organisations and the DfT to regional transport bodies and train operating companies, for example, SRA, Network Rail, Rail Track, First North Western, Northern Rail and the NWRA.</p> <p>In terms of public consultation, Chapter 3.13.1 (c, ii) of the OBC indicates that during the past 14 years, various public workshops, seminars, drop-in information sessions have taken place and Action Plans have been developed to ensure meaningful public engagement to help develop the scheme alongside wider transport priorities for the borough.</p> <p>Additionally Chapter 3.13.1 states that consultation with the general public and stakeholders will continue with information shared through Community Rail Lancashire and the</p>		Include further details on the public consultation event which will be scheduled.
	Preferred Option	<p><u>How was the preferred option identified? Reasons why it was the preferred option.</u></p> <p>Selection of the preferred option was in two phases at GRIP stage 3. The first phase identified the performance impact of the options by undertaking RailSys timetable modelling. As highlighted previously the data used cannot be confirmed as representative of the annual level of delays. The second phase was to review the most cost effective interventions from the first phase. The recommended solution, based upon cost, operating requirements and client approval, is to extend Darwen loop by 1,420 yards at its Southern end and 1,200 yards at its Northern end. The GRIP 3 AFC was estimated at £13,815,909. In April 2014 Blackburn with Darwen Councils Executive Board approved contractual arrangements with Network Rail on an emerging price basis of £13,354,466 (including Residual Factors, Risk and Contingency) to develop the proposal from GRIP 4 to GRIP 8. In 2012 Mott MacDonald were appointed to refresh the business case which has resulted in the December 2014 Outline Business Case.</p>		
	Traffic Modelling work undertaken	<p><u>Details of any traffic modelling work which has been undertaken.</u></p> <p>RailSys timetable modelling was undertaken at GRIP stage 2. Performance was benchmarked using historical data. Each infrastructure intervention was modelled and compared with the baseline to measure the respective performance benefits.</p> <p><u>Results of modelling work</u></p> <p>As a result of the scheme over 335,000 vehicle kilometres annually are forecast to be removed from the highway network, rising to 424,000 in 2032 and onwards. This results in benefits being provided in a number of other areas of the appraisal, particularly around road decongestion and safety, together with associated carbon benefits, each of which are key objectives of local and national policy.</p> <p><u>Has the need for any further traffic modelling work been identified?</u></p> <p>Since the GRIP 2 modelling results performance of the route has deteriorated significantly. This is likely to mean the Darwen loop performance benefits have changed over time. To accurately monitor the scheme benefits it should be compared with analysis that is reflective of current performance. To achieve this will require fresh modelling using updated performance data.</p>		It is recommended consideration is given to modelling with refreshed performance data. Journey time reliability benefits associated with the scheme have not been monetised, but could be to enhance the case.
	Level of public support considered?	<p><u>What are the attitudes of key groups (e.g. the general public, residents, businesses and wider stakeholders) to the proposed scheme?</u></p> <p>Information on public consultation is provided above within the Consultation / Stakeholder Engagement section. This ultimately summarises that prior to the commencement of works at Darwen, a public consultation will be arranged to ensure all local interested parties are fully aware of the timescales and affect this will have on the rail line in the interim (bus replacement) and long term (enhanced connectivity).</p>		Obtain letters of support from local MPs and other key stakeholders to append to Business Case.
	Key risks and constraints identified?	<p><u>What are the main risks associated with delivering the scheme?</u></p> <p>No evidence of a project Risk Register exists, however the following key risks have been identified: Northern Rails objection to the engineering blockade may result in a delay in the construction phase delaying the project and increasing the cost. It is understood NR have recently responded to Northern Rails concerns and await confirmation of the objection will be withdrawn. Timetable development has only been robustly applied between Blackburn and Bolton. Additional paths existed to extend the service to Manchester Victoria but are currently regular. Paths have therefore been assumed between Manchester Victoria and Bolton based on the recasting of the December 2016. Timetable mitigation is strategic approach and will be taken by the cross industry Steering Group and the recasting of the December 2016 timetable.</p> <p><u>Include a Risk Register containing appropriate mitigation measures.</u></p> <p>A Quantitative Cost Risk Analysis (QCRA) workshop was held on 28th January 2014. The risk register for the project was expanded and updated in a brainstormed session. Evaluation was conducted using Monte Carlo analysis in which 10,000 simulations were conducted using @Risk software. However a project risk register has not been included as part of the OBC documentation.</p>		Produce a project Risk Register complete with mitigation measures for inclusion within the Outline Business Case.
	Connectivity with other schemes assessed?	<p><u>How does the scheme impact on other planned schemes?</u></p> <p>The OBC document (Chapter 3.13.1, (e)) indicates that the delivery of an extension to Darwen Loop is phased to coincide with the development of the Farnmouth Tunnel electrification works as part of the wider North West electrification programme. By delivering the infrastructure works during an existing blockade for the line, prelims and build costs become more efficient, track unit rate efficiencies are realised and a reduction in Network Rail management costs is achieved by allying with contractor to avoid man marking.</p> <p><u>What is the overall level of impact in combination with other connected schemes?</u></p> <p>The scheme is designed to provide an uplift in the public transport offer for the region and is therefore complimentary to investment in other local rail and bus schemes including Pennine Reach which has been awarded funding. Section 4.3.2 of the OBC discusses the relevant rail schemes which have been incorporated within the economic appraisal of the Blackburn- Manchester Rail Scheme.</p>		Quantified evidence of the impact on other planned schemes (e.g. Farnmouth Tunnel electrification) should be included.

ECONOMIC	Outline approach to assessing value for money.	<p>Evidence of any VFM assessment which has already been undertaken.</p> <p>Full details of the economic appraisal process is contained in a dedicated report 'Clitheroe Line Improvement Study – Business Case Report' produced in November 2014 by Mott MacDonald.</p>		
	Consideration of economic, environmental, social and distributional impacts.	<p><u>Qualitative / Quantitative assessment of the likely impact of the scheme</u></p> <p>Section 4.6 of the OBC summarises the Environmental and Social Impacts of the scheme.</p> <p>A preliminary environmental impact appraisal has been undertaken which provides an initial overview of the potential environmental effects (both beneficial and adverse) associated with the scheme. The full preliminary environmental appraisal is included in Appendix E of the OBC.</p> <p>This Social Impact appraisal has addressed the eight social impact areas outlined in TAG Unit 4.1. The report has followed a qualitative approach, assigning an assessment score on a seven point scale of beneficial, neutral and adverse for each impact area. The appraisal has found that the scheme will deliver broadly beneficial impacts.</p> <p>The Distributional Impact appraisal has addressed eight DI areas outlined in TAG Unit 4.2. The report has followed a quantitative and qualitative approach, assigning an assessment score on a seven point scale of beneficial, neutral and adverse for each impact area. Overall, the appraisal has found that the scheme will deliver moderate beneficial impacts for accessibility and user benefit categories.</p> <p>Wider benefits Report (Mott MacDonald, November 2012) quantifies the likely social benefits (e.g. on housing, employment, developments).</p>		
	Appraisal Summary Table	<p>Has an AST been produced?</p> <p>AST included in Appendix F.</p>		<p>Distributional Impacts column needs updating to include results of the scheme's DI assessment (e.g. The 'Commuting and Other Users' row should contain the User Benefits assessment score).</p> <p>The 'Cost to Broad Transport Budget' row should be entered as a negative figure.</p> <p>AST should fit on one page.</p>
	BCR	<p><u>Details of any economic appraisal work which has already been undertaken. Provide an indication of the likely VFM (using relevant schemes to benchmark where appropriate) where VFM assessment not been completed yet.</u></p> <p>The economic appraisal of the scheme incorporates a 'core economic appraisal' of expected scheme impacts across a range of measures, using best available estimates of the quantified impact of the scheme on each measure (in practice, all being related to the estimated demand impact), and A 'wider impacts' assessment (using DfT's 'WITA' methodology) to determine the further impact of the demand changes on economic output measures, reflecting mainly the benefits to the regional economy of the closer integration of labour with workplaces brought about by enhanced transport links.</p> <p>The scheme Benefit to Cost Ratio (BCR) is reported as being 2.55, however this figure includes the wider economic benefits (calculated using WITA). The BCR without the wider economic benefits included is 1.67. This is the figure which should be reported.</p> <p>Details of the inclusion of Optimism Bias Adjustments are included in sections 4.4.3 of the OBC. Optimism Bias has currently been included at 6% on the track infrastructure</p> <p>Please provide as much detail as possible, including scheme development costs, itemised construction costs, running costs, maintenance costs and range cost estimates.</p> <p>The financial case of the OBC states that the capital cost of the scheme is £13.679 million with additional revenue costs to December 2019 of £1.489 million.</p> <p>Infrastructure Capital scheme costs are provided in Network Rail's document '117353 Blackburn to Manchester Capacity Enhancement' of 6 February 2014. This sets out an Emerging Cost estimate to the sponsor, Blackburn with Darwen Borough Council, for delivery of the scheme. The cost covers all remaining elements of delivery of the scheme, i.e. GRIP stages 4 to 8 inclusive, and includes Construction costs, Delivery costs, allowance for risk and sponsor contributions to Network Rail / Industry fee funds. This document has not been provided as part of the OBC and therefore no review has been undertaken on the accuracy of the scheme costs.</p> <p>How were the scheme costs calculated?</p> <p>The OBC states that GRIP stages 1 – 3, provided scheme option costing sufficient to allow Option Selection (and subsequently, in GRIP stage 3 AIP, costing sufficient to allow Fixed or Emerging Cost prices to be committed to the sponsor for delivery).</p> <p>Details of the assessment of Risk Adjustments and Optimism Bias Adjustments are included in sections 5.5 and 5.6 respectively. Optimism Bias has not been included in the scheme costs. However, the level of optimism bias should be updated in the Economic Case.</p> <p>The operating and mobilisation costs have been calculated on a per vehicle mileage or train basis as appropriate. The estimate includes variable track access based on vehicle type and per mileage, capacity charge calculated on train mileage basis based on service group; additional station access charges, increased diesel fuel and maintenance costs</p> <p>Detail the funding sources and values which have been outlined.</p> <p>Outline any potential risks to securing funding.</p> <p>Preferred funding arrangements are included within section 5.8 of the OBC. Scheme will be joint funded by BwDBC and LGF contribution as illustrated below:</p> <p>Competitive LGF £3.400m</p> <p>LGF £9.000m</p> <p>Local capital contribution £1.179m</p> <p>Local capital contribution LCC £0.100m</p> <p>Local revenue contribution BwDBC £1.489m</p> <p>Total: £15.169m</p> <p>A signed letter from the Section 151 Officer for BwDBC is included in Appendix I.</p>		<p>BCR should be presented consistently with and without economic benefits throughout the Outline Business Case.</p> <p>Optimism Bias figure should be adjusted accordingly for a scheme at WebTAG Level 4 (18%), and then at webTAG Level 5 (6%) for the Full Business Case submission.</p>
FINANCIAL	Scheme Cost	<p>Please provide as much detail as possible, including scheme development costs, itemised construction costs, running costs, maintenance costs and range cost estimates.</p> <p>The financial case of the OBC states that the capital cost of the scheme is £13.679 million with additional revenue costs to December 2019 of £1.489 million.</p> <p>Infrastructure Capital scheme costs are provided in Network Rail's document '117353 Blackburn to Manchester Capacity Enhancement' of 6 February 2014. This sets out an Emerging Cost estimate to the sponsor, Blackburn with Darwen Borough Council, for delivery of the scheme. The cost covers all remaining elements of delivery of the scheme, i.e. GRIP stages 4 to 8 inclusive, and includes Construction costs, Delivery costs, allowance for risk and sponsor contributions to Network Rail / Industry fee funds. This document has not been provided as part of the OBC and therefore no review has been undertaken on the accuracy of the scheme costs.</p> <p>How were the scheme costs calculated?</p> <p>The OBC states that GRIP stages 1 – 3, provided scheme option costing sufficient to allow Option Selection (and subsequently, in GRIP stage 3 AIP, costing sufficient to allow Fixed or Emerging Cost prices to be committed to the sponsor for delivery).</p> <p>Details of the assessment of Risk Adjustments and Optimism Bias Adjustments are included in sections 5.5 and 5.6 respectively. Optimism Bias has not been included in the scheme costs. However, the level of optimism bias should be updated in the Economic Case.</p> <p>The operating and mobilisation costs have been calculated on a per vehicle mileage or train basis as appropriate. The estimate includes variable track access based on vehicle type and per mileage, capacity charge calculated on train mileage basis based on service group; additional station access charges, increased diesel fuel and maintenance costs</p> <p>Detail the funding sources and values which have been outlined.</p> <p>Outline any potential risks to securing funding.</p> <p>Preferred funding arrangements are included within section 5.8 of the OBC. Scheme will be joint funded by BwDBC and LGF contribution as illustrated below:</p> <p>Competitive LGF £3.400m</p> <p>LGF £9.000m</p> <p>Local capital contribution £1.179m</p> <p>Local capital contribution LCC £0.100m</p> <p>Local revenue contribution BwDBC £1.489m</p> <p>Total: £15.169m</p> <p>A signed letter from the Section 151 Officer for BwDBC is included in Appendix I.</p>		<p>It is recommended service mobilisation and train crew numbers and availability is monitored. This is to ensure the resource levels are reflective of the additional service level and sufficient for service introduction.</p> <p>Operating costs for the OBC were pro-rated between Blackburn and Bolton, however it is now understood the service will be fully funded between Manchester and Blackburn as part of the baseline for the next franchise.</p>
	Funding Arrangements	<p>Detail the funding sources and values which have been outlined.</p> <p>Outline any potential risks to securing funding.</p> <p>Preferred funding arrangements are included within section 5.8 of the OBC. Scheme will be joint funded by BwDBC and LGF contribution as illustrated below:</p> <p>Competitive LGF £3.400m</p> <p>LGF £9.000m</p> <p>Local capital contribution £1.179m</p> <p>Local capital contribution LCC £0.100m</p> <p>Local revenue contribution BwDBC £1.489m</p> <p>Total: £15.169m</p> <p>A signed letter from the Section 151 Officer for BwDBC is included in Appendix I.</p>		
	Key Risks	<p>Please provide a risk register including mitigation measures.</p> <p>Has any sensitivity analysis been undertaken? What are the results?</p> <p>The infrastructure capital scheme cost is inclusive of uplift for the findings from a Quantitative Cost Risk Analysis (QCRA) workshop held on 28th January 2014. Evaluation was conducted using Monte Carlo analysis in which 10,000 simulations were conducted using @Risk software. The mean level of risk exposure was identified at £913,000, with the 80% confidence level assessed at £1.14m (the latter figure being included within the emerging cost schedule).</p>		
COMMERCIAL	Is there a robust contracting and procurement strategy?	<p><u>Outline the intended procurement strategy. How was the proposed procurement approach developed?</u></p> <p>The project is intended to be delivered through Network Rail's Control Period 5 panel framework. The contractor to be used is VolkerRail with civil engineering works delivered by Buckingham Group contracting.</p> <p>Have Local Authority contributions been secured?</p> <p>A signed letter from the Section 151 Officer for BwDBC is included in Appendix I.</p> <p>Have preparation costs been budgeted for?</p> <p>Section 6.2 of the OBC states that Development services will be managed on an emerging cost basis with a default cap of 10% (which is subject to prior agreement between parties) of the project value. It is assumed that the scheme preparation costs will be met by BwDBC (given that LGF money cannot be used for this purpose), however this is not clearly stated in the Commercial Case of the OBC.</p> <p>Have any third party funding arrangements been secured?</p> <p>Preferred funding arrangements are included within section 5.8 of the OBC. Scheme will be joint funded by BwDBC and LGF contribution.</p> <p>Include details of any other potential funding risks.</p> <p>Project risk will be allocated and managed in accordance with the Network Rail Procurement and Supply Chain Strategy which is contained within Appendix K of the OBC.</p>		<p>Confirm who will be responsible for the scheme preparation costs and update financial and commercial case accordingly.</p> <p>Have the scheme preparation costs been included within the scheme costs?</p> <p>Have monitoring and evaluation costs been included within the scheme costs?</p>
MANAGEMENT	Key risks and constraints identified?	<p>What are the main risks associated with delivering and implementing the scheme?</p> <p>Include a Risk Register containing appropriate mitigation measures.</p> <p>A Quantitative Cost Risk Analysis (QCRA) workshop was held in Square One, Manchester on 28th January 2014 with the objective of reviewing the risk exposure and proposing a contingency figure for the Bolton to Blackburn project. However, no project risk register has been included in the Outline Business Case</p>		<p>Append scheme Risk Register (covering project risks) to Business Case.</p> <p>If one doesn't already exist then a risk workshop should be programmed in the short term to ensure that the delivery team map the key risks of the project moving through the major scheme project lifecycle, attribute owners, actions and a monitoring plan for reporting these to the Project Board as part of the scheme Governance.</p>
	Delivery Programme	<p><u>Please include indicative timescales for Scheme Development / Design / Procurement / Construction</u></p> <p>A detailed scheme delivery programme has been developed in conjunction with Network Rail and is included within Appendix J. The key dates are:</p> <p>GRIP 4: Single option development which was scheduled to commence on 19th September 2014 and be completed by 9th April 2015;</p> <p>GRIP 5: Detailed design which was scheduled to commence on 19th September 2014 and be completed by 24th June 2015;</p> <p>GRIP 6: Construction, Test and Commission. Pre blockade construction to commence on 19th September 2014 and be completed on 16th July 2015. Blockade construction works are scheduled to commence on 16th July 2015 until blockade hand back planned for 14th August 2015.</p> <p>GRIP 7 and 8: Scheme hand back and project close out to be completed between 14th August and 15th October.</p> <p>The new service is scheduled to be introduced at the December 2016 timetable change which includes a recast of the industry timetable based on the North of England infrastructure improvements.</p> <p>The December 2014 Outline Business case describes the final commission in November 2015 not October 2015 as per the delivery plan. This, it is explained in the Outline Business Case, is, caused by a signalling risk changing the delivery programme. Discussions with Network Rail confirmed the November reference is only for billing arrangements and for any outstanding paperwork remaining to be completed. It has been advised the Scheme Signalling Plan has continued to be developed as GRIP 4 is closed out. NR have advised the plan is relatively risk free and will be submitted to the approving body (MSRP) on Tuesday 27th January.</p>		<p>Reason why the scheme construction is completed by October 2015 yet the timetable changes don't take place until December 2016 is confirmed, but risk to delivery potentially slipping to 2017. TTL require to be notified of any potential change in draw-down of funds and their profile.</p> <p>Business Case acknowledged that the scheme delivery programme will require further work now that Network Rail have addressed the signalling record risk issue that was identified in October 2014. NR have confirmed they are seeking approval from MSRP on 27th January 2015.</p> <p>It is recommended the current scheme delivery plan and Northern Rails objection to the possession arrangements is presented to the January 2015 Project Board. This is to ensure any risks to the current arrangements are transparent and managed.</p>
	Governance / Assurance work	<p>Who is in charge? What is the allocation of roles and responsibilities? Is there a Project Board?</p> <p>What control measures will be put in place to ensure the scheme development process is managed suitably?</p> <p>Has a SGAR been undertaken / scheduled?</p> <p>The Blackburn to Manchester Rail Scheme has a governance and assurance structure consisting of a Project Board, a Project Delivery Team and a Client and Stakeholder Management sub-group. The Project Board is responsible for: sanctioning and approving any material change to the scope of the project, approving any change request which could result in an increase in cost or the extension of the programme, manage all press and public relations matters, submission of all reports to LEP and TTL and the submission of all payment requests from LEP. The Project Delivery Team are accountable for the periodic reports and the provision of suitable personnel to the Project Board as and when required. The client and stakeholder management sub-group will directly manage all internal and external communications.</p> <p>Governance arrangements - Section 7.2 of the Business Case sets out the personnel to be included in both the project board and project delivery team and describes the frequency of meetings (project board = quarterly and project delivery team = every 4 weeks).</p> <p>Representatives from appropriate organisations have been included (e.g. Network Rail, Northern, LCC, TFGM, BwDBC).</p> <p>Assurance - A full assurance plan has been produced (see Appendix M) which sets out the project parties associated with each element of the scheme including the communication strategy, meeting and reporting procedures and change management procedure. Dashboard reports on key issues to be presented to project board. Quarterly</p>		<p>It is recommended the governance arrangements between the two projects, Darwen loop and Farnmouth tunnel, are formalised. This is to ensure no risks develop which may affect the other project and if they do suitable mitigations are put in place.</p>
	Evidence of similar projects that have been successful.	<p><u>Provide details of similar projects and their successfulness.</u></p> <p>Table 5.5 in the Business Case Report (Appendix N) provides passenger growth indications following service frequency increases on other lines in the UK.</p>		<p>Were these scheme delivered on programme and within budget?</p> <p>What other metrics have been used to monitor and evaluate the success of these schemes?</p>
	Who is the client / sponsor?	<p>Include details of the client / sponsor of the scheme.</p> <p>The assurance plan contained within Appendix M states that the partnership between BwDBC and Network Rail forms the Client and Project Board.</p> <p>The scheme will be funded via the Local Growth Fund (LGF) and BwDBC.</p>		
	Fall back Plans	<p><u>Do alternative schemes exist?</u></p> <p>Although a number options were identified at GRIP stages 2 and 3, the Darwen loop extension was considered the only viable solution in terms of cost and/or performance benefits.</p> <p>Is there a lower cost alternative?</p> <p>Alternative options were considered as part of the GRIPOS report. However, the Outline Business Case does not present any info on alternative options other than to say that the 'only alternative for the purposes of the economic appraisal is the 'DoNothing' option'.</p> <p>Would expect to see Next Best / Low Cost options included within the business case. Has any economic assessment been undertaken on the alternative options?</p> <p>What will constitute success for the project, and how will it be measured?</p> <p>Appendix P contains the Monitoring and Evaluation plan report for the Blackburn to Manchester Rail Scheme. The plan details the metrics to be collected and the timing of the data collection. The sponsor has chosen to monitor the following metrics in addition to the Core metrics:</p> <ul style="list-style-type: none">• Day to day travel time variability• Average annual CO2 emissions• Annual average daily and peak hour passenger boardings• Mode share <p>The Business Case states that BwDBC is aware that the costs of Monitoring and Evaluation cannot be included within the scheme costs and that an estimation of £10 -£15k to cover the costs each year will be allocated from LTP3.</p>		<p>DfT requires a 'fully worked up' low cost alternative option to be identified (TAG Unit A5.3 Rail Appraisal). A low cost alternative option should therefore be identified and included in the business case, in a proportionate manner.</p>
	Arrangements for monitoring and evaluating the intervention.	<p>What will constitute success for the project, and how will it be measured?</p> <p>Appendix P contains the Monitoring and Evaluation plan report for the Blackburn to Manchester Rail Scheme. The plan details the metrics to be collected and the timing of the data collection. The sponsor has chosen to monitor the following metrics in addition to the Core metrics:</p> <ul style="list-style-type: none">• Day to day travel time variability• Average annual CO2 emissions• Annual average daily and peak hour passenger boardings• Mode share <p>The Business Case states that BwDBC is aware that the costs of Monitoring and Evaluation cannot be included within the scheme costs and that an estimation of £10 -£15k to cover the costs each year will be allocated from LTP3.</p>		

Blackburn to Manchester Rail Corridor Improvement Scheme

Outline Business Case Review

Appendix B - Operational Review

January 2015

Document Control Sheet
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Project: Blackburn to Manchester Rail Corridor Improvement Scheme
Client: Transport for Lancashire **Project No:** B2237505
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	Andy Thomas	Mark Romanowski	Leighton Cardwell		
Approved by	NAME	As Project Manager I confirm that the above document(s) have been subjected to Jacobs' Check and Review procedure and that I approve them for issue			INITIALS
	Leighton Cardwell				LC
DATE	27.01.15	Document status: Final			

REVISION	NAME	NAME	NAME		
Approved by	NAME	As Project Manager I confirm that the above document(s) have been subjected to Jacobs' Check and Review procedure and that I approve them for issue			INITIALS
DATE					Document status

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DATE					Document status

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Contents

1	Operational Review	1
1.1	Introduction	1
1.2	Current Infrastructure	1
1.3	Timetable Review	1
1.4	Current Service Reliability	4
1.5	Option Development and Selection	5
1.6	Operating Costs	8
1.7	Station Facility Costs	10
1.8	Scheme Delivery	11
1.9	Management Arrangements	11
1.10	Delivery Programme	14

1

Operational Review

1.1 Introduction

This note reviews the operational aspects of the December 2014 Outline Business Case for the Blackburn to Manchester Rail Scheme. The assessment considers the following:

- *The methodology and rationale used to identify and decide the infrastructure single design option;*
- *The operational costs, supplied by Northern Rail, which include those for mobilisation, Network Rail (e.g. Capacity Charge), additional traincrew resources, light maintenance and diesel fuel;*
- *Station facility enhancement costs; and*
- *Management arrangements which include governance, assurance and communications.*

1.2 Current Infrastructure

The track layout between Bolton and Blackburn consists of double and single track, positioned on a previous double track formation. Commencing from Bolton West Junction at 10m 1100y the line ends at Blackburn Bolton Branch Junction at 23m 990y. The Down direction is from Bolton to Blackburn and the Up direction Blackburn to Bolton. From Bolton West Junction the track doubles at Astley Bridge Junction (11m 1434y) and continues to 13m 1650y where it returns to single line operation. The double track passes through Hall I` Th` Wood and Bromley Cross stations. At 20m 110y Darwen Loop commences and returns to single line operation at 20m 990y. Darwen station is located in the double track section. There is a further 3 miles of single line to Blackburn Bolton Branch Junction. Entwistle station is located on the single line between the two sections of double track along with an automatic open crossing locally monitored (AOCL) at Turton and Sough Tunnel.

The line climbs from Bolton to the South end of Sough tunnel to approximately 17m 880y at a gradient of approximately 1 in 75. It then descends at approximately 1 in 80 to 21m 880y and continues to Blackburn.

Signals are two and three aspect operated under track circuit block regulations. Line speed is typically 60 mph with lower speeds at the turnouts to the single to double line sections. Turton level crossing has a permanent speed restriction (PSR) of 10 mph in the Down direction and a differential speed of 10 mph over 25 mph in the Up direction. The PSR is to give train drivers sufficient sighting time of the crossing.

1.3 Timetable Review

1.3.1 Current Timetable

The present timetable is valid from 14th December 2014 to 4th April 2015. Services operate between Manchester Victoria, Blackburn and Clitheroe. During the morning and evening peaks, Monday to Saturday, there is an irregular half hourly service between Blackburn and Manchester Victoria. Journey times differ slightly but normally take around 50 minutes.

In the morning peak two trains per hour run from the 06:27 until the 10:08 departure between Blackburn and Manchester Victoria. Three services originate from Blackburn with the remainder commencing from Clitheroe. In the evening peak a half hourly service operates from the 18:07 until the 20:08 departure. One service originates from Blackburn and the remainder start at Clitheroe.

From Manchester Victoria to Blackburn a half hourly services operates in the morning peak from the 07:26 until the 09:03 departure with one service commencing from Buxton. Two services terminate at Blackburn with the remainder extended to Clitheroe. During the evening peak a half hourly service operates from the 16:03 until the 19:03 departure. Two services originate from Todmorden and one from Huddersfield. Two services terminate at Blackburn with the remainder extended to Clitheroe.

During the off peak periods services run hourly between Manchester Victoria and Clitheroe. The first and last services between Blackburn and Manchester Victoria are 06:27 and 23:15 respectively. From Manchester Victoria to Blackburn the first and last trains are 05:55 and 23:04 respectively.

On Saturday mornings a half hourly service operates between Blackburn and Manchester Victoria from 07:29 until the 12:08 departure. Four services originate at Blackburn with the remainder starting at Clitheroe. A half hourly service from Manchester Victoria, (one service commences from Hazel Grove), to Blackburn operates from the 07:00 to the 11:03 departure. Two trains terminate at Blackburn with the remainder extended to Clitheroe. In the evening a half hourly service operates from 16:03 until the 19:03 departure. Three of the services commence from Todmorden, Huddersfield and Stalybridge. Two of the services terminate at Blackburn with the remainder extended to Clitheroe. First and last services are similar to Monday to Friday.

An hourly service operates in both directions on a Sunday. Services from Blackburn to Manchester Victoria operate from 09:08 until 23:15. Services in the opposite direction operate from 08:03 until 22:03.

With the exception of Entwistle, which is a request only stop, services stop at all stations between Blackburn and Bolton which are Darwen, (Entwistle), Bromley Cross and Hall i' th' Wood.

Services are operated by class 142, 150 and 153 rolling stock.

1.3.2 Proposed Timetable

The Monday to Saturday "test timetable" is Appendix N to the December 2014 Outline Business Case entitled Clitheroe Line Business Case Report (November 2014).

A half hourly inter peak service from Manchester Victoria to Blackburn is planned to run, Monday to Saturday from the December 2016 timetable. It is understood no changes to the hourly Sunday service are planned (Reference: 2014 Outline Business Report, page 58 section (b)). The service will integrate with the current Manchester Victoria to Clitheroe service creating a half hourly clock face service from/to Blackburn. The new service will be formed by an extended hourly Manchester to Bolton service which is also scheduled to commence from the December 2016 timetable. It is understood all timetable development and service

evaluation for the inter peak service has been undertaken between Bolton to Blackburn only. Although paths exist between Bolton and Manchester Victoria they are irregular and do not provide for an evenly timed clock face end to end service. It is assumed therefore that the cross industry Events Steering Group will develop and integrate the timetable in association with the North of England infrastructure enhancements and wider December 2016 timetable re-cast.

The new service will provide an additional eight trains between Blackburn and Bolton and seven between Bolton and Blackburn Monday to Friday. On a Saturday six extra services are planned in each direction. Monday to Friday services will not call at Entwistle or Hall I' th' Wood but will on a Saturday with the exception of the 16:29 ex Manchester Victoria which will call at Entwistle.

Table 1-A and Table 1-B describe the arrival and departure times at Manchester Victoria and Blackburn.

Service Code	2230	2230	2230	2230	2230	2230	2230	2230
Blackburn	10:33	11:33	12:33	13:33	14:33	15:33	16:33	17:33
Manchester Victoria	11:21	12:21	13:21	14:21	15:21	16:21	17:21	18:21
Service Code	2231	2231	2231	2231	2231	2231	2231	
Manchester Victoria	09:29	10:29	11:29	12:29	13:29	14:29	15:29	
Blackburn	10:19	11:19	12:19	13:19	14:19	15:19	16:19	

Table 1-A: Proposed extension to Manchester Victoria to Bolton services - Monday to Friday

Service Code	2230	2230	2230	2230	2230	2230
Blackburn	12:31	13:31	14:31	15:31	16:31	17:31
Manchester Victoria	13:22	14:22	15:22	15:22	17:22	18:22
Service Code	2231	2231	2231	2231	2231	2231
Manchester Victoria	11:29	12:29	13:29	14:29	15:29	16:29
Blackburn	12:20	13:20	14:20	15:20	16:20	17:20

Table 1-B: Proposed extension of Manchester Victoria to Bolton services- Saturday only

Although there are operating costs associated with the additional services no extra rolling stock has been specified for the new inter peak service. This was discussed with a Northern Rail representative on 8th January 2015. He advised the additional services will utilise current peak strengthening rolling stock. The peak strengthening stock is stabled during inter-peak period. The rolling stock utilisation is based on the specification Northern Rail was provided with for the December 2016 timetable. Any change to the specification therefore requires a review of the rolling stock requirements.

1.3.3 Conclusion

Timetable development has not confirmed the route between Bolton and Manchester Victoria as the current available paths are irregular. The December 2016 "test timetable" however must be integrated with the North of England infrastructure changes and December 2016 timetable recast to ensure reliability. No additional rolling stock has been specified by Northern Rail. This is based on the December 2016 timetable specification. If the specification changes in any way a further evaluation of the rolling stock requirements must take place.

1.4 Current Service Reliability

Appendix O of the December 2012 Outline Business Case is the Network Rail Governance of Railway Projects Infrastructure Interim Option Selection Report (GRIPOS). The report highlights that the Clitheroe to Manchester Victoria service was in the lower section of Northern Rails performance league table although performance was improving. The Public Performance Measure Moving Annual Average (PPM MAA) for the route was 91.09%. The report comments on the rail industry acknowledgment that the routes single line sections contributed to reactionary delays. This is caused by trains waiting to access the single line sections when trains in the oncoming direction are late. The most recent Northern Rail data taken from industry period 15/10 shows the PPM MAA has actually fallen to 88.16%. Figure 1-A shows the MAA and periodic PPM from period 11/01 to period 15/10.

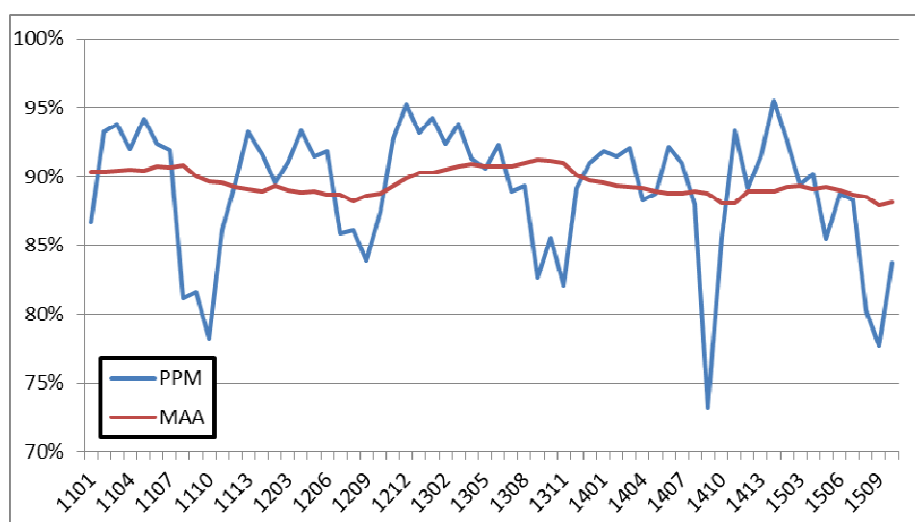


Figure 1-A: Periodic and MAA PPM

Train performance was discussed with a Northern Rail representative on 9th January who confirmed there are a number of factors causing the fall in performance levels which include traincrew, rolling stock and infrastructure delays, particularly at Daisyfield Junction near Blackburn. These factors have increased the level of imported delays to the route between Blackburn and Bolton. The single line constraints however remain the principal cause of reactionary delay.

The reactionary delay in the GRIPOS was estimated to be 1,928 minutes. This was calculated by modelling performance data from a 2011 fourteen week period. The level of reactionary delay was based on a half hourly inter peak service being introduced on the existing infrastructure. It is not clear how typical the 2011 modelling data was of the annual level of delays or what 14 week period was used. It is therefore not clear if the modelling results are fully representative of the annual level of delays. The December 2014 Outline Business Case page 22, section (c), Service Performance advises the present annual reactionary delay attributed to the single line sections is 1,000 minutes. This is less than the GRIPOS estimation when performance was better. On 9th January 2015 Northern Rail provided reactionary delay information for the entire route based on performance between industry periods 14/10 to 15/10. The total reactionary delay relating to arrival times at Blackburn, Bolton and Clitheroe is 24,941 minutes. This is considerably more than the Outline Business Case and the GRIPOS modelling results. The reactionary delays from Northern Rail have been broken down to the primary delay causation.

Northern Rail is unable to clarify how the 1,000 minutes reactionary delay from the December 2014 Outline Business Case has been determined.

1.4.1 Conclusion

It has not been possible to determine if the 2011 performance data is representative of the annual level of delays. Northern Rail has also confirmed the level of imported delays to the route have increased since 2011. The difference between the Outline Business Case and Northern Rail's reactionary delay data is significant and not understood. As performance has deteriorated the benefits of the Darwen loop are likely to have changed. To establish the current benefits of extending Darwen loop updated analysis is required. If reviewed, the scope and data used must be clear to all stakeholders to ensure a common understanding of the results.

1.5 Option Development and Selection

1.5.1 Strategic Overview

Three distinct stages have been commissioned to consider how to improve connectivity between Pennine Lancashire and Manchester. These phases led to the Blackburn to Manchester Rail Improvement Scheme. Since 2002 a number of feasibility studies have taken place with the intention to improve the route frequency and journey times.

A brief summary of the stages are:

- *Stage 1: A multi-modal solution was considered. The conclusion reached was that improvements to the rail service would be the most appropriate way to increase levels of connectivity;*
- *Stage 2: The objective of this phase was to identify solutions to improve rail connectivity. The initial conclusions reached were that a half hourly inter peak service could be introduced but the single line sections on the route would act as a train service reliability constraint. The solutions identified were to double track the route and improve the line speed over one section for robust operation. A further review was undertaken to evaluate the feasibility of introducing a half hourly service. The analysis was not undertaken using recognised rail industry performance modelling software such as RailSys. The study however determined the following:*
 - *Based on the 2008 timetable and Rules of the Plan (timetable rules) a half hourly inter peak service cannot be operated reliably;*
 - *A compliant solution can be achieved by extending Darwen loop approximately one mile in either direction. It was identified this may introduce a performance risk at Darwen and Astley Bridge caused by the timetabling margins when leaving and entering the single line sections;*
 - *Converting Turton level crossing to a Manually Controlled Barrier with Closed Circuit Television (MCB-CCTV) to save one minute between Blackburn and Bolton which could be used as a performance buffer; and*

- *The rolling stock numbers to introduce and sustain a half hourly service would increase from three to five*

- *Stage 3: In 2010 Blackburn with Darwen Borough Council signed an agreement with Network Rail to develop a half hourly inter peak service scheme to Governance for Railway Investment Projects (GRIP) 1 to 3. The aim of GRIP 3 is to assess and select the most appropriate option that delivers the clients requirements and ensure the scheme is economical. Network Rail engaged Mott MacDonald to appraise the options.*

1.5.2 GRIP 3 Option Selection

The GRIPOS is described as interim however it is understood no other GRIP 3 reports have been published. The conclusions and recommendations in section 8 however are those evaluated in the December 2014 Outline Business Case.

The report sets out the methodology and approach taken to select the preferred option. Nine possible solutions were identified at GRIP stage 2 (feasibility stage). The GRIP 2 options were derived from the stage 1 and 2 feasibility work that Blackburn with Darwen Council had previously commissioned. The choices fell into two categories; increasing the length of double track sections to provide additional capacity and to improve line speeds to gain a performance benefit. After discussions at the Pennine Lancashire Rail Projects Board a tenth option was identified. Each of the ten options were evaluated and assessed in relation to their affordability and future benefits. Five options were selected as being worthy of further investigation at GRIP 3. All apart from the extension of Darwen loop were line speed improvement initiatives. Of the additional infrastructure options, the Darwen Loop Approval for Construction (AFC) was the least expensive at £14,246,000. The nearest track extension AFC to the Darwen Loop extension was estimated at £21,504,000. One of the five options was that identified at the Pennine Lancashire Rail projects Board. This was the combination of options 1 and 8 and is described below as intervention 1a.

The options considered at GRIP 3 were:

- *Intervention 1 - Extending the Darwen loop approximately 1 mile in each direction with the retention of the current line speeds;*
- *Intervention 1a - Extend the Darwen loop approximately 1 mile in each direction and increase the line speed to 60 miles per hour (mph);*
- *Intervention 5 - Raise the line speed over Turton level crossing to 60 mph by upgrading the crossing;*
- *Intervention 8 - Raise the Darwen loop line speed to 60 mph; and*
- *Intervention 9 - Raise the line speed to 60 mph between 23m 0c and 24m 08c (single line section north of Darwen to Blackburn Bolton Junction).*

The objective for GRIP 3 was to ensure Blackburn with Darwen Borough Council had suitable and sufficient information to select a preferred option. The decision was therefore made to split GRIP 3 into two distinct phases. The first was to use performance modelling to establish the robustness of a half hourly inter peak service between Blackburn and Bolton and to establish the performance impact. Phase 2 reviewed the most effective interventions from phase 1.

Historical performance data from a fourteen week period in 2011 was used for phase 1. The focus of the performance modelling was to compare the level of reactionary delays between the various infrastructure interventions. Prior to

undertaking the analysis a half hourly inter peak service was modelled on the existing infrastructure to baseline the reactionary delay.

The compared modelling results are shown in Table 1-C.

Infrastructure	Off Peak Reactionary Delay Minutes			Performance Benefit
	Down Services	Up Services	Total	
Historical Actual	957	970	1927	N/A
Intervention 1: Extend Darwen Loop	544	632	1176	751
Intervention 5: Raise Turton AOCL level crossing speed from 10/25 mph to 60 mph (45 second timesaving)	704	933	1637	290
Intervention 8: Raise the linespeed from 30/40 mph to 60 mph through Darwen Up Loop	957	970	1927	0
Intervention 9: Raise linespeed from 30 mph to 60 mph between 23m 40c and 24m 08c (35 second timesaving)	957	773	1730	197
Intervention 1a: Combination of Intervention 1 and 5	442	632	1074	853

Table 1-C: GRIP 3, Phase 1 Modelling Results Comparison

After reviewing the modelling results interventions 8 and 9 were withdrawn - intervention 8 did not provide any benefit and intervention 9 was the least effective.

Using the results of the performance modelling it was calculated that intervention 1a reduced delays per train by 9.4%. At phase 1 this was recommended as the preferred option.

The modelling highlighted that overall delay increased for all infrastructure scenarios as more trains would be affected. It was assumed however the existing half hourly peak service would benefit as a result of the infrastructure interventions and subsequently negate the increase.

The previous GRIP 2 report had identified the potential for Turton Automatic Open Level Crossing (AOCL) to be downgraded to a User Worked (UWC) at a cost of £550,000. Subsequent investigations suggested that an Automatic Half Barrier Crossing (AHB), although slightly more expensive, may have been a better option. The proposal was rejected by the Office of Rail Regulation (ORR). Other barrier types and a road bridge were explored but the cost was deemed prohibitive. Further investigations also identified additional track works to increase the linespeed proposal. The outcome meant the cost of providing a solution was significantly greater than the GRIP 2 assumption. Further analysis was undertaken and demonstrated intervention 1 on its own would provide a performance benefit of 5.4% per train. It was therefore recommended by Mott MacDonald that intervention 1 provided a realistic and affordable solution. The Darwen loop is planned to be extended by 1,430 yards at its southern end and 1,210 at its northern end.

The GRIP 3 AFC was estimated at £13,815,909 which is £430,091 less than estimated at GRIP 2 and includes:

- 3,200m of new track and formation work;
- Two new turnouts;
- Signalling works;
- Widening of underbridge 42 (Turncroft); and
- New decking for underbridge 47 (Cotton Hall Street).

It is understood in April 2014 Blackburn with Darwen Councils Executive Board approved contractual arrangements with Network Rail. The basis of the approval is on an emerging price basis of £13,354,466 (including Residual Factors, Risk and Contingency) to progress the scheme from GRIP 4 to GRIP 8. This forms the single option development, detailed design; construction, testing and commissioning, scheme hand back and project close out.

To ensure the GRIP process was followed diligently the aim and objectives of GRIP 1, 2 and 3 were compared with the content and conclusions reached in GRIPOS. Table 1-D describes the GRIP stages aims and objectives and whether there is sufficient evidence to demonstrate they have been complied with.

Grip Stage		Aim	Main Output	Comments
1	Output Definition	To define the output for the project. For example increase line capacity or reduce train delays.	Defining the needs and requirements – the problem or opportunity through stakeholder communication.	Use of client pre-GRIP feasibility studies.
2	Feasibility	Define the scope of investment and define constraints Confirm that the outputs can be economically delivered and are aligned with organisational strategy.	Identify viable solutions in response to the requirements.	Nine options selected based on previous studies undertaken by Blackburn and Darwen Council. An additional option was also agreed with the client.
3	Option Selection	Develop options for addressing constraints. Assess and select the most appropriate option that deliver the stakeholder requirements together with confirmation that the outputs can be economically delivered	Single option determined and stakeholder approval to option approved through to Approval in Principle.	Single option selected and approved by the client Costs approved by the client on an emerging basis of £13,354,466

Table 1-D: Governance for Railway Investment Projects (GRIP) – Policy, dated 7th December 2014, version 3

1.5.3 Conclusion

Network Rail has complied with aims and key outputs of GRIP. The preferred option is based upon the schemes cost, operational requirements and client approval. It should be noted the data used in the GRIP 2 analysis has not been confirmed as reflective of the annual level of delays. Also since 2012 performance has got worse with higher levels of delays being imported on to the route. The approach taken however has resulted in Network Rail being engaged to progress the scheme from GRIP 4 to 8 on an emerging cost basis of £13,354,466.

1.6 Operating Costs

Appendix N of the December 2012 Outline Business Case is the Clitheroe Improvement Line Study Business Case Report, dated November 2014. The operating costs for the enhanced service were supplied by Northern Rail in July 2013 and consist of the following:

- *Variable Track Access which has the purpose of recovering maintenance and renewal costs for Network Rail when traffic levels vary. Costs are calculated on a per vehicle mileage basis based on vehicle type;*

- Capacity charge which compensates Network Rail for increased congestion that results in higher than expected performance regime payments. Costs are calculated on a per train mileage basis based on service group;
- A Station Access charge which is applied to the amount of station departures;
- An estimation of additional costs associated with diesel fuel based on per vehicle miles;
- Estimated additional light maintenance costs based on per vehicle miles; and
- Assumed traincrew resources to operate the additional services.

The Northern Rail estimate is for the full service level between Manchester Victoria and Blackburn. The estimate therefore included the already planned Manchester to Bolton service. It has not been possible to source the detailed breakdown that Mott MacDonald was provided with. Northern Rails representative has confirmed however the rates applied to the additional costs are current.

When reviewing the estimates Mott MacDonald has assumed the Bolton to Blackburn inter peak service is effectively an infill service. Northern Rails estimate therefore has been pro-rated to reflect the mileage between Blackburn and Bolton rather than Northern's original estimate which reflected the Manchester to Blackburn mileage. The revised estimate has been scaled to represent the schemes proportion of the entire Manchester to Blackburn service. An assumption has also been made, based on train mileage, of the level of train crew resources required which has been calculated as three sets of traincrew.

Normally traincrew resources are based on a depot turn average and levels of diagrammed work. The formula generally used is:

Establishment = (total instances of work per week / days per week) * spare ratio multiplier.

The mobilisation costs, which include recruitment and training, have been based on the assumption that recruitment will commence in mid-2016. Normally it takes approximately one year to train a driver which puts their availability beyond the December 2016 timetable date.

The adjusted net costs (excluding any revenue forecast) are shown in Table 1-E.

Reason for Cost	2016/17	2017/18	2018/19	2019/20
Mobilisation	£220,457	N/A	N/A	N/A
On-Going	£153,611	£555,630	£560,193	£565,440
Total	£374,068	£555,630	£560,193	£565,440

Table 1-E: Adjusted Net Operating Costs

1.6.1 Conclusion

Northern Rails original operating costs have been adjusted in the 2014 Outline Business Case to reflect the Bolton to Blackburn inter peak service was originally overstated. The adjustment assumes the December 2016 Manchester to Bolton service is excluded from the overall costs based on a reduction in train mileage. The various cost elements are what would be expected to be seen on a scheme of this type. Service mobilisation and traincrew numbers and availability should be monitored to ensure the resource levels are reflective of the additional service level and sufficient for service introduction.

1.7 Station Facility Costs

It was identified many of the stations on the route are of poor quality. Within the overall scheme six stations have been identified for enhancement work which is scheduled for completion in the Summer/Autumn of 2016. Two of the stations, Langho and Whalley are located between Blackburn and Clitheroe. The stations are:

- *Clitheroe:*
 - *Fencing repairs and repainting*
 - *New waiting shelters*
- *Whalley*
 - *Fencing repairs and repainting*
 - *New waiting shelters*
- *Langho*
 - *Fencing repaint*
 - *Anti-vandal shelter*
 - *Shelter repairs*
 - *New sign*
 - *Customer information screens*
- *Ramsgreave and Wilpshire*
 - *Fencing repaint*
 - *Anti-vandal shelter*
- *Entwistle*
 - *Fencing repairs and repaint*
- *Darwen*
 - *Additional shelters*

The total cost of the work has been estimated at £325,000. No risk exposure costs have been included in the evaluation. Section 5.4.4 of the December 2014 Outline Business Case states the cost excludes the price for Customer Information Screens (CIS) as there is an on-going Northern Rail project to fund CIS. There is however an estimate for two CIS at Langho with a unit cost of £20,000 i.e. £40,000 included in the business case estimate.

CIS provision was discussed with a Northern Rail representative on 8th January 2014. He advised Langho CIS will be funded by the Blackburn to Manchester Rail Scheme, Whalley and Ramsgreave and Wilpshire will be funded via Northern's CIS 100 Direct Award. Blackburn, Darwen and Bromley Cross already have CIS fitted. No decision has been made on the remaining two stations which are Hall i` th` Wood and Entwistle.

It was also advised Northern's Estate team have been fully involved in the station specification and cost analysis.

1.7.1 Conclusion

There are no plans to install CIS at Entwistle and Hall i` th` Wood. If CIS is to be provided, assuming a nominal two CIS screens per station at £20,000 each, there is a potential funding requirement of £40,000.

1.8 Scheme Delivery

1.8.1 Possession Arrangements

The opportunity is being taken to extend Darwen loop during the 3rd May to 4th October 2015 engineering possession of Farnmouth Tunnel. This possession forms part of the North West electrification programme. The train plan is currently being developed on the basis that train services will be reduced but strengthened with intermediate stations between Bolton and Salford being serviced by road transport. The Darwen loop works are scheduled between 16th July and 14th August 2015. It is understood however Northern Rail has formally objected to the combined possession, via industry processes, as they have concerns about the timetable proposals. There are ongoing discussions to resolve the issue. A Network Rail representative on 12th January 2015 advised however that it remains the intention to utilise the Farnmouth possession for the full Darwen work bank.

The combining of the possessions forms part of Network Rails London North Westerns route plan strategy, which supports the overall Control Period 5 Strategic Business Plan. The route strategy describes looking toward more innovative ways to balance the need for access to the network. This includes exploring the financial trade-offs and strategies which reduce planned disruption to passengers.

A Northern Rail representative advised on 8th January 2015 that they anticipate using the Schedule 4 performance regime mechanism for claiming back all additional possession costs. These are not finalised therefore any financial benefit of combining both possessions is currently unknown. Although the timetable is expected to commence in December 2016 the early delivery of the extended loop is likely to have a positive effect on the present level of reactionary delay.

1.8.2 Conclusion

Northern Rail's objection to the possession arrangements should be monitored to ensure any deviation from the original plan is understood from an operational, financial and passenger impact perspective.

1.9 Management Arrangements

The management arrangements for the Blackburn to Manchester Rail Scheme are described in the Outline Business Case 2014 part 7 and include the following:

- *The project governance arrangements;*
- *Project Assurance;*
- *The Delivery Programme and Risk Management;*
- *Communications and Stakeholder Management; and*
- *Monitoring and Evaluation.*

This section reviews the management arrangements.

1.9.1 Governance Structure

The Blackburn to Manchester Rail Scheme governance structure consists of the following:

- *Project Board;*
- *Project Delivery Team; and*

- *Client and Stakeholder Management sub-group.*

Details of the governance arrangements are described below.

(a) Project Board

The Project Board will meet quarterly from January 2015. The board consists of executive representation from Blackburn with Darwen Council, the Network Rail Project Director, senior users which include Lancashire Council, Transport for Greater Manchester and Network Rail along with a stakeholder management representative supplied by Blackburn with Darwen Council. The Project Board is responsible for the delivery of the Blackburn to Manchester Monitoring and Evaluation Plans and will receive monitoring reports, provided by the Project Team, on scheme progress, spend risk and stakeholder management. The Project Board is accountable for:

- *Sanctioning and approving any material change to the scope of the project brief;*
- *Approving any change request which could result in an increase in cost or extension of the programme;*
- *Manage all press and public relations matters;*
- *Submission of all reports to LEP and TfL; and*
- *Submission of all requests for payment from LEP.*

(b) Project Delivery Team

The Project Delivery Team will meet every four weeks to oversee the development of the scheme. The team will initially cover the design aspects but will ultimately become the scheme delivery team. Accountabilities include responsibility for periodic reports and ensuring suitable representation to discuss progress to the Project Board. The Project Delivery Team will consist of representatives from Blackburn with Darwen Council, Network Rail, Northern Rail, Lancashire County Council, Transport for Greater Manchester and the contractor.

Network Rail currently holds fortnightly progress meetings and separate engineering and commercial meetings. Although primarily for Network Rail internal reporting purposes the outputs from these meetings can be adjusted to meet the various project stages to inform the Project Delivery Team.

(c) Client and Stakeholder Management sub-group

A fortnightly Client and Stakeholder Management sub-group will plan and deliver the communications strategy. Representatives will be from Blackburn with Darwen and Network Rail. The Project Board stakeholder management representative is a member of this group.

When discussing the governance arrangements with Northern Rail's representative on 9th January 2015 it was confirmed they only apply to the Blackburn to Manchester Rail Scheme. It is assumed suitable governance arrangements are in place for the Farnmouth project and the two project interdependencies are understood and will be effectively managed. For example if there is a change in one projects programmes scope. It has been confirmed however the Project Manager for both schemes is the same individual which should ensure both projects are managed in an integrated way.

1.9.2 Project Assurance

A detailed Assurance Plan is attached to the Outline Business Case as Appendix M.

As described earlier the Project Board will meet quarterly from January 2015. This means meetings will take place in January 2015, April 2015, July 2015 and September 2015. The Scheme Delivery Plan (attached to the Outline Business Case as appendix J) sets out GRIP stages 4 to 8 along with key dates which are:

- *GRIP 4: Single option development which was scheduled to commence on 19th September 2014 and be completed by 9th April 2015;*
- *GRIP 5: Detailed design which was scheduled to commence on 19th September 2014 and be completed by 24th June 2015;*
- *GRIP 6: Construction, Test and Commissioning. Pre blockade construction to commence on 19th September 2014 and be completed by 16th July 2015. The blockade construction works are scheduled to commence on 16th July 2015 until blockade hand back planned for 14th August 2015;*
- *GRIP 7 and 8: Scheme Hand back and project close out to be completed between 14th August and 15th October*

When comparing the Scheme Delivery Plan key dates and the scheduled meetings of the Project Board meetings are reflective of the GRIP stages. However it has been recognised in the scheme Assurance Plan that ad-hoc meetings may be required.

A traffic light dashboard is to be presented to the Project Board at the inaugural January 2015 meeting which will include the following:

- *The programme timetable;*
- *Cost (including key milestones)*
- *Quality and partnership working*
- *Benefits realisation*
- *Skill and resources to deliver the project*
- *Risk management*
- *Health and Safety*
- *Internal and external communications*
- *Project evaluation*

A quarterly monitoring report, which includes project progress and financial performance updates, will be provided to the LEP. The report will be approved by the Project Board before being submitted to the LEP.

Regular reporting to the Council's Executive Board detailing delivery and financial progress is mandated in the assurance Plan. This is to ensure that the project is held to account by councillors and the general public.

1.9.3 Communications and Stakeholder Management

The 2014 Assurance plan mandates the Project Manager will be the focus for all project communications. A protocol is included for all written and verbal communications which includes requests for information.

All proposed press releases or publicity events are to be coordinated through the Project Director. The Project Director will liaise with the appropriate Client representative.

Approaches from the press are to be referred to the appropriate Press Co-ordinator who will liaise with the Project Director and Project Manager.

The 2014 Outline Business Plan identifies the key stakeholders as:

- *Local communities including rail and non-rail passengers;*
- *Community Rail Lancashire (Clitheroe Line Community Rail Partnership);*
- *Local Councillors;*
- *Local MPs; and*
- *Local businesses.*

For each stakeholder group a number of action plans have been developed for the Communications strategy. The plans include the identification of the stakeholder group, the objective of the communications, the means of communication and the suggested engagement dates.

1.9.4 Conclusion

The project governance and assurance arrangement supports a framework where management decisions can be made. The structure defines collective responsibilities and provides a mechanism to ensure the delivery of the project is efficient, remains as per the delivery plan, risks are managed and reliable and timely information is provided to all key stakeholders.

1.10 Delivery Programme

A detailed scheme delivery programme, which was developed by Network Rail, is attached as Appendix J to the December 2014 Outline Business Plan. The delivery programme commences from 5th September 2014 to completion on 15th October 2015.

A number of critical risks to the delivery programme were identified in October 2014 along with measures to mitigate them. The details are described in Table 1-F.

Critical Risk	Mitigations
Signalling design records availability caused by demand from other schemes	The necessary records have been pre-ordered. The design works will be planned to fit the availability of each record.
Signalling testing and commissioning resource availability.	The contractor has confirmed in-house resources. Names, personal competence records will be made available 3 months before commissioning
Retaining wall renovation – access to undertake the works	The initial proposal requires access from gardens abutting the railway. The gardens have been extended on to railway land. Alternative approaches are being identified to avoid potential conflicts.
Drainage – identification of acceptable solutions for culverts	Discussions are on-going with the relevant Asset Managers to confirm that the previously agreed options are still acceptable
Farnworth tunnel blockade	The programme is planned to fit within the Farnworth tunnel blockade. An extension to the blockade may present opportunities to further de-risk the Blackburn-Bolton Programme. A deferral of the Farnworth blockade would necessitate further discussion with Blackburn with Darwin Council and Northern trains to identify a mutually acceptable opportunity to

Critical Risk	Mitigations
	undertake the works.

Table 1-F: Identified Critical Risks to Delivery Programme

In the December 2014 Outline Business Case it states that the Delivery Programme will require further work as a signalling record risk issue, described in the first item in Table 1-F above will necessitate changes. The scheme commissioning high level milestones describes the final commissioning in November 2015 while the Delivery Programme is scheduled for project close on 15th October 2015. On contacting Network Rail it was advised the November scheme commissioning date applies only to billing arrangements and outstanding paperwork. It was also reconfirmed the Darwen works are expected to be completed prior to the end of the Farnworth blockade.

1.10.1 Conclusion

Close liaison between the project and the Farnmouth tunnel project team is essential to ensure no risks develop which may affect the other project.

A Network Rail representative has confirmed the actual Delivery Plan remains valid.



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

10 February 2015

European Structural & Investment Funding 2007-13 and 2014-20 Update

**Report Author: Sean McGrath, Head of Economic and External Relations,
Economic Development Service, Lancashire County Council**

Executive Summary

The report sets out the latest position on the development of Lancashire's European Structural and Investment Funds (ESIF) Strategy including;

- The current position of the 3 ESIFs Operational Programmes 2014-20
- The revised likely role and functions of the Lancashire ESIFs Partnership 2014-20
- Project and Opt In Development/Pipeline
- Limited opportunity for 'at risk' ERDF calls in March 2015
- Extension opportunities for existing projects in the 2007-13 programme

Recommendation

The Board is requested to:

1. Note and comment on the issues raised in the report; and,
2. Endorse BOOST Growth Hub and LEP Skills Board priorities, as forming the key elements of any early funding calls initiated by Government and the Lancashire ESIFs.

1. European Structural and Investment Funds programme 2014-20 Implementation

- 1.1. As reported at previous meetings the Government has established a National (England) Growth Programme for EU funding over the period 2014-20. The Growth Programme will include the European Regional Development Fund (ERDF), European Social Fund (ESF) and a proportion of European Agricultural, Farming and Rural Development Fund (EAFRD). The EU Growth Plan is worth £5bn in England, with Lancashire having a notional

allocation of £231m. The allocation is split £136.5m ERDF, £89.5m ESF and £4m EAFRD.

- 1.2. In order to access this funding all LEPs have submitted a European Structural and Investment Funds (ESIFs) Strategy. The final version of the ESIF Strategy will not be confirmed by Government until after the European Commission has agreed the Operational Programmes for the European Regional Development and European Social Funds (ERDF/ESF). The ERDF and ESF programmes were originally to be approved in 2014. At the time of writing the ERDF and ESF Operational programmes are not expected to be formally approved until June 2015 with the EAFRD programme expected to be formally approved by the end of March 2015.

Governance – Role of the Lancashire ESIF Partnership

- 1.3. The Government's original governance proposal was that LEPs should establish their own structures, which met with EU requirements, in order to manage the implementation of ESIF Strategies including agreeing calls for projects, carrying assessments and approvals (in conjunction with Government) etc. This position then altered, as a result of discussions with the European Commission, with the implementation of ESIF Strategies now to be managed by LEP Area ESIF Partnerships nominated by LEPs. These partnerships are sub-committees of and accountable to the National Growth Board, the governing body for all European Structural and Investment Funds in England and will not be formally constituted until the national Operational Programmes have been agreed.
- 1.4. The first informal meeting of the Lancashire Area ESIFs Partnership was held on 24th November 2014 and was chaired by the LEP Board Champion for European Funding. The meeting focused on Lancashire's priorities for the ESIFs programme and the proposed process for approving investments and was attended by the three Government Departments managing the ESIFs programme.
- 1.5. More recent discussions at the English National Growth Board have indicated that the Government's proposed governance role for ESIFs Partnerships has changed. The Government has advised that as a result of continuing discussions with the European Commission the role of ESIFs Partnerships will be purely advisory (except for small elements of the programmes delivered by Core Cities). The Government has stated that this is as a result of European Commission insistence that there should be a clear 'line of sight' between the Managing Authorities (Government Departments) and approved projects. It was felt that the proposed formal governance role of ESIFs Partnerships would detract from this principle. The function of the ESIFs Partnership will still be to oversee the delivery of

the priorities, including making recommendations as to the strategic fit of Opt Ins/projects, of the Lancashire ESIF Strategy but without any formal approval or control function.

- 1.6. The Secretariat role for the ESIFs Partnership will be undertaken by the Department for Communities and Local Government although there will be, As yet to be defined, some support for LEPs to engage in project development and publicity activity with partners. Initial indications are that this support will be more limited than in the current North West ERDF programme. The delivery of the ESIF programme, including the governance structure, will be assessed nationally as part of Mid Term Review in 2017.

Opt In/Project Pipeline and Call Opportunities

- 1.7. As previously reported to the Board there are effectively be two ways of delivering the ESIF Strategy, Open Calls for projects and the Opt In process. The Opt In process will involve organisations such as the Skills Funding Agency pre- matching parts of Lancashire's ESIFs allocation and using their own procurement mechanisms for selecting delivery activity. The Open Call process will involve Managing Authorities, advised by the ESIFs Partnership, issuing calls for project with project promoters providing their own match funding. Given the change in the role of ESIF Partnership it is not clear whether they will still need to approve Opt in organisations Business Plans.
- 1.8. Detailed discussions have been taking place with a range of Opt In providers to ensure that LEP priorities are embedded in their plans. In particular, discussions with the Skills Funding Agency are at an advanced stage on a number of project tenders, especially for developments of the current Skills Support for the Workforce and NEETS projects, both of which are considered priorities by the LEP Skills Board. Detailed discussions have also started regarding the NW Fund (Loans to SMEs) and the Local Impact Funds (Loans to Social Enterprises) Opt Ins which will amount to approximately £25m to £30m of investment over the next 6 years.
- 1.9. Officers are also continuing to engage with partners to support the development of a pipeline of projects ready for the Open Call process. In particular the BOOST (Business Support) group has taken the lead on identifying those activities most appropriate for the Open Call process, including a development of the current Growth Hub model beyond its current funding life and a number of Knowledge Transfer/Innovation projects promoted by Lancashire's HEIs.

- 1.10. As indicated earlier the Operational Programme for rural element of the LEP ESIFs allocation is likely to be formally agreed by the European Commission in March 2015 before the General Election 'purdah' period starts. DEFRA have indicated that LEPs can request that calls be issued for projects in March 2015. Currently it is not anticipated that there will be any projects eligible for rural funding that are either in a position to bid into a March 2015 call or cannot wait for calls to be held after the General Election.
- 1.11. In the case of ERDF and ESF activity the Government have indicated, with the formal guidance yet to be received, LEPs can request limited 'at risk' calls in March 2015. Although it not anticipated that the ERDF and ESF Operational Programmes will be formally approved until June 2015 the Government wishes to run limited calls prior to purdah. Any calls would be based upon an *in principle* agreement to certain elements (effectively Lancashire's business support priorities) of the ERDF and ESF Operational Programmes by the European Commission. As a result, any projects approved as part of the pre-purdah call process would be operating at risk until the Operational Programmes are approved. The Government are also planning to hold calls in June 2015.
- 1.12. A more detailed report will be presented to the Lancashire ESIFs Partnership at its next meeting on 5th March 2015 containing any Government guidance on the opportunity for pre-purdah calls and/or tenders via Opt Ins. This report will include the outline details of any projects that stand a realistic prospect of being ready in time for a March call and can also demonstrate a requirement not to wait until after the General Election. In Lancashire, this is likely to involve the BOOST Growth Hub and any priority SFA activity.

2. European Regional Development Fund Programme 2007-13 Project Extensions

- 2.1 In order to support the transition between the current ERDF programme and the late starting 2014-20 ESIFs programme the Government has indicated that it will consider extensions for projects whose activity, although not necessarily the specific project, would be expected by the LEP to be continue in the 2014-20 programme. For a project to be considered for an extension it will need to be currently achieving its targets and utilising its existing allocation.
- 2.2 Projects requesting extensions until June 2014 will be able to be agreed through a straightforward process whereas any projects requesting extension until September 2014 will need to be agreed in Whitehall and are

unlikely to be considered until after the election. It is likely that some, or all, of the projects requesting extensions will take part in project calls for the 2014-20 programme after the General Election and at that time further adjustments to existing project targets and funding may need to be made.

Lancashire Enterprise Partnership Limited

Private & Confidential: NO

Date: 10th February 2015

Department for Transport Local Highways Maintenance Challenge Fund

**Report Author: Dave Colbert, Specialist Advisor Transport Planning,
Lancashire County Council**

Executive Summary

This report presents the LEP Board with information regarding the establishment of the Local Highways Maintenance Challenge Fund announced by the Government in the 2014 Autumn Statement.

Recommendations

The Board is asked to note the report.

1. Issue for Consideration

- 1.1 The Government announced the establishment of the Local Highways Maintenance Challenge Fund in the 2014 Autumn Statement. Its purpose is to enable local highway authorities in England to bid for funding for major maintenance projects that are otherwise difficult to finance through the more traditional capital grants they receive. The total value of the fund is £575m spread over the six financial years from 2015/16 to 2020/21, with £75m available in 2015/16 and £100m in each of the subsequent five years. The Department for Transport is now seeking bids for Tranche 1 covering 2015/16 to 2017/18 (£275m in total). There is a cap of two bids per local authority and funding is 100% capital.
- 1.2 Eligible schemes must require a minimum DfT contribution of £5m or more and to ensure strong local commitment promoters will need to contribute at least 10% of total scheme costs. The greater the overall local contribution the more positively DfT will consider a bid in the assessment process. DfT may also take into account interactions with other central Government funding streams, for example, the Local Growth Fund. As part of the strategic case, bids need to provide evidence of benefits to, and support from, local businesses. This may include endorsement by the relevant Local Enterprise Partnership.

- 1.3 Lancashire County Council and Blackpool Borough Council are submitting bids, the deadline for which is 9th February 2015. However, where political sign-off / LEP endorsement cannot be secured by the deadline, promoters can submit a bid in draft and follow-up with final sign-off by Friday 20th February at the latest. However, bids cannot be changed after 9th February.
- 1.4 The Lancashire Enterprise Partnership is therefore invited to endorse the following bids:

Lancashire County Council: M65 Motorway Exceptional Infrastructure Maintenance

The County Council is the highway authority responsible for the 12km length of M65 between Junctions 10 and 14 in East Lancashire. This bid is for exceptional motorway infrastructure maintenance on this section comprising replacement of the central reserve steel crash barriers with concrete barriers that meet current standards. The scheme also involves the replacement of side crash barriers and upgrading the driver information matrix signs, and will ensure that national standards with regard to central reserve vehicle restraint systems are met. As a local highway authority, the County Council is unusual in having responsibility for maintaining such a long length of motorway; consequently, the scale and urgency of the proposed works would be extremely challenging to finance through traditional capital grant funding.

The bid will complement investment secured through the Lancashire Growth Deal to deliver junction improvements along the M65 in support of the release of additional site capacity for development in the key Burnley-Pendle Growth Corridor. The scheme will cost £6.6m in total with the County Council providing a local contribution of £1.5m (23%).

Lancashire County Council: Upgrading of Street Lighting

This scheme involves upgrading 67,000 energy inefficient street lighting lanterns with modern LED equivalents, replacing up to 4,000 lighting columns that have reached the end of their service life and the provision of approximately 150 electricity charging points suitable for use by Ultra Low Emission Vehicles (ULEV).

The County Council has 148,000 lighting columns, the largest number of any English local authority, and requires a significant financial resource to maintain. In order to replace columns when they reach the end of their assumed 40 year service life, an annual budget of £4m is necessary just to keep pace with the rate of renewal. Whilst good progress has been made with the replacement of existing lamps/lanterns with energy efficient equivalents, the programme terminated early due to budget pressures, leaving a significant number of lanterns 67,000 (46%) still in need of upgrading.

Increasing energy costs are now a growing burden on the County Council's revenue budget. The scheme will also contribute towards the Council's wider

strategy to reduce greenhouse emissions from street lighting activities. Promoting a greater take up of ULEVs in Lancashire will help to reduce emissions further. The scheme will cost £19.8m in total with the County Council providing a local contribution of £5m (25%).

Blackpool Council

Blackpool Council has secured funding through the Lancashire Growth Deal to repair ten defective bridge structures that are either failing or have restriction placed on them, putting key corridors into the resort at risk. Recent detailed assessments have shown that a further three bridges are in urgent need of repair. The Council is therefore seeking additional funding through the Maintenance Challenge Fund to include the three bridges in its wider Growth Deal programme.

The three bridges are in locations of economic importance and cannot be repaired without a further capital injection. Loss of these bridges will sever vital arterial traffic routes, compromise the town's local distributor network and risks undermining the renewal strategy for Blackpool set out in the Strategic Economic Plan. The additional works will cost £7.135m in total with the Council providing a local contribution of £1.57m (22%).

