



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

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Growth Deal Funding Approval and Update Report (Appendix 'A' refers)

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Executive Summary

This report requests that the Lancashire Enterprise Partnership (LEP) Board approves a funding allocation for the Pennine Gateways – Furthergate Link Road scheme.

The report also provides the LEP Board with an update on the overall performance of the Growth Deal programme, including the requirement from Government for the LEP Board to sign-off Growth Deal claims specifically the claim for the period Quarter 4 (January to March) 2017/18 which is attached at Appendix 'A'.

Recommendation

The LEP Board is asked to:

- (i) Approve a maximum funding allocation of £3.44m to the Pennine Gateways – Furthergate Link Road scheme; and
- (ii) Approve the Growth Deal reporting submission to the Cities and Local Growth Unit for the Quarter 4 (January to March) 2017/18 Quarterly Reporting Summary Dashboard set out at Appendix 'A'.

Background and Advice

Pennine Gateways – Furthergate Link Road Scheme

At the meeting of Transport for Lancashire (TfL) on 5th June 2018, Jacobs UK Ltd presented their independent assurance findings of the Pennine Gateways – Furthergate Link Road scheme business case.

The Furthergate Link Road scheme is one of three infrastructure packages comprising the Pennine Gateways project. The Pennine Gateways project received a £12m Growth Deal 3 allocation and aims to support the delivery of new homes, new



businesses and jobs in three specific growth areas in Blackburn, whilst at the same time alleviating congestion on key routes.

Specifically, the Furthergate Link Road scheme comprises a new link road and associated junction improvements in the A678 corridor linking Blackburn town centre with the M65 Junction 6 at Whitebirk. The existing highway network in this corridor operates close to capacity, with high volumes of traffic resulting in congestion and unreliable journey times as well as creating environmental issues for local residents. In addition to addressing these problems, the scheme will unlock new areas of land for potential development.

In accordance with the LEP's Assurance Framework, Blackburn with Darwen Council has submitted a strategic outline business case for funding approval. The consultants, Jacobs, have undertaken an independent assurance of the strategic outline business case on behalf of the LEP. Jacobs are satisfied that the scheme has been developed to the expected standard and recommend that funding approval be granted.

The total cost for the scheme is £3.96m (2018 Quarter 1 prices), funded through a maximum £3.44m contribution from the Local Growth Fund through the Lancashire Growth Deal and a £520,000 contribution from Blackburn with Darwen Council. The local contribution amounts to 10% of total scheme total cost. The council expects construction to take place between June 2018 and May 2019.

The scheme is predicted to deliver very high value for money with a benefit to cost ratio of **9.97**, and has the potential to generate a further £630,000 (2010 prices discounted) of wider economic benefits on average per annum over the 60-year appraisal period arising from the development of employment sites that the scheme will unlock.

In addition to the transport benefits, the scheme will indirectly deliver the following economic returns: 438 Jobs, 17,500 sq m of commercial floor space and £71m Private Sector Investment.

TfL, at its meeting on 5th June, resolved that a maximum funding approval of £3.44m of Growth Deal funding be recommended to the next meeting of the LEP Board subject to receipt of a letter from Blackburn with Darwen Council's Section 151 officer stating that the authority will guarantee the local contribution to the scheme and will cover any cost overruns on the scheme. The Board is asked to note that this has now been received.

Growth Deal Programme Performance Update

The £320m Growth Deal programme is delivering in accordance with Lancashire's agreed Growth Deal milestones and Government's reporting requirements, with no queries having been raised in relation to the last claim submitted to Government in February 2018.

In terms of the programme, 100% of funds have been allocated and 84% of schemes within the programme have now received a LEP funding approval. This equates to 37 out of the 44 schemes within the programme. Of the 37 schemes which have a funding



approval, 35 have completed contracting. The remaining seven schemes are on track to progress in line with agreed contracting and delivery timescales.

Of the 44 schemes in the programme, two are now complete with both achieving their contracted targets in terms of spend and outputs.

Growth Deal Cities and Local Growth Unit – Quarter 4 (January to March) 2017/18 Reporting

As part of the governance arrangements for the delivery of the Growth Deal programme, Lancashire County Council in its role as Accountable Body for the Growth Deal programme, is required to provide cumulative reporting on the delivery of the Growth Deal programme to the Cities and Local Growth Unit. This is to be provided on a quarterly basis and includes performance against both financial and output metrics for each scheme within the Growth Deal programme.

In October 2017, the Cities and Local Growth Unit issued new guidance which included the requirement for Local Enterprise Partnerships and their Accountable Bodies' S151 Officers to approve the quarterly reporting, prior to its submission to the Cities and Local Growth Unit.

With regards to the quarterly reporting for the period to the end of Quarter 4 2017/18 (1st January 2018 to 31st March 2018), approval is now sought from the LEP Board. The quarterly reporting summary dashboard is attached at Appendix 'A'.

The Board is asked to note that the dashboard identifies a Local Growth Fund award of £226.67m. This number is less than the £320.86m Growth Deal programme allocation, which also includes retained transport schemes and a £26m loan from the Public Works Loan Board to Blackpool Council at a project rate discount of 40 basis points below the standard Public Works Loan Board rate.

List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A