

M55 Heyhouses Link Road

Strategic Outline Business Case

February 2019

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Introduction:

This report presents the Strategic Outline Business Case (SOBC) for the M55 Heyhouses Link Road scheme. The scheme, which is being promoted by Lancashire County Council, is seeking Full Approval from the Lancashire Local Enterprise Partnership (LEP) and funding via the Local Growth Deal.

In line with LEP's Accountability Framework, a proportionate approach to the development of the Transport Business Case has been applied. Given the Growth Deal contribution towards the scheme costs is less than £5m an Outline/Full Business Case will not be required, instead the scheme only requires a Strategic Outline Business Case to seek Full Approval.

Scheme Overview:

The M55 Heyhouses Link Road scheme provides a 2.5km high quality Link Road allowing for significantly improved access to proposed new development (1047 housing units), the facilitation of this development beyond a planning condition trigger point of 375 dwellings, plus accelerating development at an adjacent employment site. In addition, it improves access between J4 of the M55, Lytham St Annes and Whitehills Business Park and Blackpool & Fylde Industrial Estate.

It is estimated that the total cost of the scheme, allowing for design, preparation and supervision is £27.18m (based on undiscounted 2017 prices, with an allowance for inflation).

A Benefit Cost Ratio (BCR) and Gross Value Added (GVA) assessment has been undertaken to calculate the economic benefits of the M55 Heyhouses Link Road scheme.

The BCR assessment has been undertaken using a route choice logit model. The journey time and distance savings generated by the scheme have been used to calculate the Journey Time benefits as well as the Vehicle Operating Cost savings and Marginal External Cost savings.

The M55 Heyhouses Link Road scheme is expected to deliver £48.06 m of benefits (2010 prices, discounted over 60 years). The scheme therefore has a Benefit to Cost Ratio (BCR) of 3.2 and is subsequently expected to deliver 'High' Value for Money, thus meeting the LEP's Assurance Framework requirements.

In addition, the scheme will unlock and accelerate housing and employment developments that are expected to generate an additional £78.35m of GVA for the local economy over the period to 2037.

The scheme will be procured through a traditional public sector procurement approach (OJEU).

1 Strategic Case

The strategic case helps to determine the need for a scheme. It must demonstrate the case for change, presenting a clear rationale for making an investment against the strategic objectives of the organisation proposing it and other relevant Government objectives. It provides important evidence and sets out robust assumptions at an early stage in the development of a business case and explains how various options have been sifted and distilled into a preferred scheme.

1.1 Strategic Context

Please explain the wider strategic context for the proposed scheme by describing the aims and objectives of the promoting organisation. Consider what is driving the need for change at a strategic level, including external factors such as new legislation, technology.

Scheme Overview

The proposed M55 Heyhouses Link Road scheme is located to the north of Lytham St Annes between the B5410 Annes Way at the roundabout with Cropper Road and Lytham St Annes Way.

A scheme plan is included in Figure 1A.

The Core benefits and rationale of the scheme are;

- Facilitate housing development at Queensway.
- Improve connectivity between the Queensway Development and the wider strategic road network, thus bringing additional capacity to the network and improving journey times.
- Assist with economic development by improving connectivity between Lytham St Annes and J4 of the M55 and nearby business parks.
- Improve facilities for pedestrians, cyclists and equestrian users.

The scheme will deliver a 2.5km high quality road link allowing significantly improved access to proposed new development (residential and commercial), as well as improving access between Junction 4 of the M55 and Lytham St Annes.

Fylde Borough Council's emerging Local Plan to 2032 states that the Queensway Development (HSS1) is dependent on the proposed scheme, whilst accelerating the adjacent employment site (ES1).

The scheme will crucially provide additional highway capacity and unlock access to planned, significant development sites identified in the Lancashire LEP's Strategic Economic Plan and Fylde Borough Council's Local Plan to 2030 Part 1 and Emerging Local Plan to 2032, located to the north of Lytham St Annes.

The need for housing, and in particular family housing in St Annes, is stated in the Emerging Local Plan where the predominance of apartments for older populations has led to an increase in demand, particularly given that the area, well connected to local Business Parks, Blackpool and Preston, is a popular area for accessing employment.

The scheme will also improve access to and from the Strategic Road Network which has long been an issue, given that routes to Junction 3 and 4 of the M55 are slow and generally of poor quality, and the route via Wild Lane (before it was closed in part in 2013 due to a structural failing of a section of road) had a reduced road width. This has the result of;

- Increasing traffic through the southern part of Blackpool and the village of Wrea Green,
- Increasing the volume of traffic using the already congested M55 Junction 3,
- Increasing journey times and reducing connectivity to M55 J4 for longer distance movements,
- Requiring the permanent closure of Midgeland Road in May 2016 (until the link road is constructed) to avoid rat running, and further inhibiting the road network capacity
- Constraining the potential for development in areas identified in the Lancashire LEP's Strategic Economic Plan.

The proposed scheme is a continuation of an existing project (North and South corridor road improvements) for Lancashire County Council (LCC) and its project partners.

The preferred route option consists of providing a new road parallel to the existing B5410, which is currently a substandard single track carriageway, with passing places. This will create a direct link to access the strategic road network by re-establishing a road link, which is currently closed. It will provide a significant improvement to Wild Lane which is a single track road, which even when fully open would not be able to accommodate additional development traffic.

The scheme will therefore remove the need for traffic to divert onto other longer and unsuitable routes on the surrounding local road network.

The proposed link road will be a standard 2-lane single carriageway (two way) road.

As part of the scheme, the currently closed B5410 Wild Lane will be designated as a segregated path for pedestrians, cyclists and equestrians.

The proposed link road, under the current delivery funding mechanism, will directly unlock approximately 1,047 homes to be delivered by the Queensway housing development (HSS1, the primary residential scheme), Valentines and Roseacre developments, whilst accelerating the adjacent employment site (ES1).

It will also enhance access to residential sites to the west of Cropper Road (HSS5), east of Cropper Road (HSS6), north of Moss Hall Lane and link to Whyndyke Farm (MUS2).

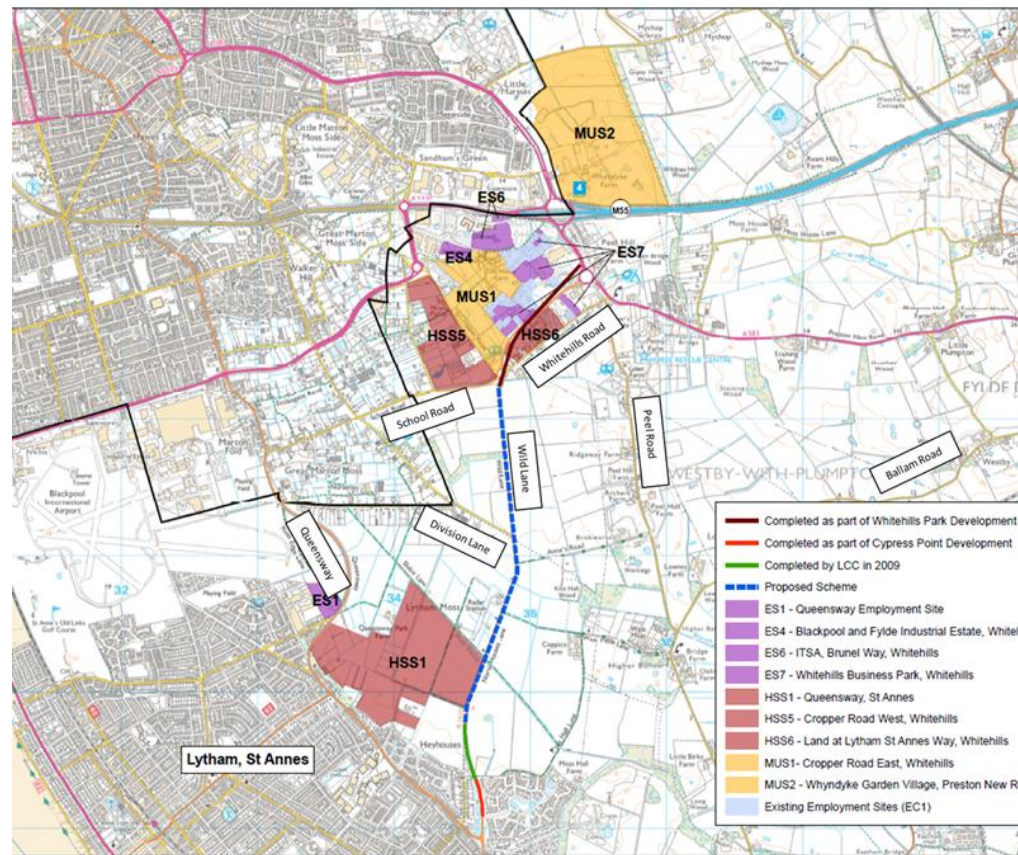


Figure 1A: Scheme Plan

It will also provide support for employment of up to 2,000 people at two existing business parks adjacent to the M55 (Whitehills Business Park and Blackpool and Fylde Industrial Estate – MUS1, ES4, ES6, ES7), which will heighten accessibility and support their continued growth. The scheme is also essential for ensuring routing to the Blackpool Airport Enterprise Zone which will be located on the congested Queensway corridor.

The scheme will provide a new roundabout to the south of Moss Sluice to connect the B5410 to the B5261 Queensway Road and provide access to the Queensway development.

Existing arrangements

Project Background and Current Status

The scheme originally comprised of three sections, namely the northern, central and southern sections. The planning permission for the northern section of the road was granted by the Secretary of State in 1996, as part of the proposed extension to the Blackpool / Fylde Industrial Estate at Dugdale Farm. The northern section between the A583 and Cropper Road / Whitehill Road was then constructed by the developer as part of Whitehills Park development. The southern sections were partly completed with financial contribution received via Cypress Point development in 2001 and partly by LCC during 2009.

The remaining section of the scheme, which is the scope of this project, was granted planning permission by the Secretary of State in 2012, as part of the proposed Queensway residential development, north of Lytham St Annes.

In terms of current status, up until August 2013, the B5410 Wild Lane provided a link between Lytham St Annes and the M55 at Junction 4. However, the capacity of Wild Lane was restricted due to its width and poor condition. Due to a structural failing of a long length, the road was closed to traffic in August 2013 between Division Lane and the Cropper Road roundabout resulting in significant diversions along Queensway or Peel Road, resulting in additional travel time.

As a result, traffic travelling between Lytham St Annes, the western parts of Salcotes and the Strategic Road Network must now travel along one of the following routes:

- North-west via the B5261 Queensway /A5230 to M55 Junction 4; or
- East via Ballam Road / Peel Road; or
- Northeast through Wrea Green via the B5259/A585 to M55 Junction 3.

The impact of this closure is subsequently three-fold:

- It is resulting in increased traffic through other unsuitable routes such as Peel Road, Blackpool and Wrea Green;
- It is increasing the volume of traffic using the already congested M55 Junction 3; and
- It is constraining the potential for development in areas identified in the Lancashire LEP's Strategic Economic Plan and Fylde Borough Council's Local Development Plan.

Accessing the M55 via Junction 4 further west from St Annes and further north towards Blackpool airport (now Lancashire Enterprise Zone, Blackpool Airport site), is likely to result in an increased volume of traffic through parts of south Blackpool without the proposed scheme.

Consideration of the alternative routes has helped to define the area of coverage for appraisal, and in terms of assessing potential benefits of the scheme.

Supporting Economic Growth

The primary scheme outputs – the facilitation of housing and employment development to support economic growth - is now an important objective for the Lancashire Enterprise Partnership and to deliver its Strategic Economic Plan. In simple terms, new housing is required to attract the skilled workforce necessary to support the growth of the priority sectors, for example aerospace and advanced manufacturing, energy, finance and business services. Additional employment generates in-migration and new housing needs to accompany and not lag behind employment growth.

Similarly, a commensurate amount of good quality employment land is required to support the expansion of the local and sub-regional economy, in turn supporting key aerospace and energy sectors based at the Lancashire Enterprise Sites at Blackpool Airport and Warton.

As with the national housing market, Lancashire's house building was impacted upon by the economic downturn. Completions are less than half what they were in 2000. Indeed, such was the strength of Lancashire's housing market in certain places at this time that self-imposed moratoriums were introduced to support the regeneration of key urban centres.

The Lancashire Local Enterprise Partnership's Growth Deal, which the Link Road scheme will support its delivery, aims to realise the growth potential of the whole of Lancashire, building on key local economic assets and improving transport connectivity to release economic activity

and housing potential particularly in Preston, East Lancashire, and Blackpool and the Fylde coast.

The Lancashire Economic Partnership's Strategic Economic Plan recognises the potential of the scheme, stating that;

Ensuring that the local road network can support growth is also important to Blackpool and the broader Fylde Coast economy. The Lytham and St Annes strategic location for development could have a profound effect on the housing market in this important area, to the north of Lytham St Annes, south of Blackpool as well as being directly adjacent to Blackpool Airport and the significant employment sites of Whitehills and Blackpool & Fylde Industrial Estate.

However, as outlined in Lancashire's Strategic Economic Plan, the existing highway capacity will be unable to take this scale of development, especially with the closure of the B5410 Wild Lane and its adverse impacts on the surrounding road network.

To directly support this growth, as well as underpin access to the resort towns, the M55 Heyhouses Link Road will provide an improved road link between the M55 at Peel Hill and St Annes.

Provision of the road would be of additional benefit to the broader Lancashire economy in that it would address a primary concern of the R&A over future Open Golf Championships being held at Royal Lytham & St Annes. The Open last came to Royal Lytham & St Annes in 2012 and had a local economic impact of £80m (The Open, Royal Lytham & St Annes 2012, Economic Impact Assessment, Sport Industry Research Centre, Sheffield Hallam University, 2012), placing the Fylde Coast, including Blackpool, on a prestigious world platform with the event viewed by more than 400-million households. Retaining such events and connecting them into the renewal of the broader area would provide a significant boost to the local economy.

Policy Alignment

National Planning Policy Framework (2012)

The scheme aligns with the principles of NPPF where it is stated that "Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure" (para 21); " and "Local planning authorities should identify and protect, where there is robust evidence, sites and routes which could be critical in developing infrastructure to widen transport choice." (para 41).

The M55 Heyhouses Link Road therefore provides the necessary infrastructure to facilitate development.

Government Response to Heseltine Review (2013)

The Government's response to Lord Heseltine's plan for growth, "No Stone Unturned" led to the devolution of funding powers and the Single Local Growth Fund aimed at fostering and promoting growth across the UK. The scheme aligns with these aspirations and provides the infrastructure needed to facilitate development and housing.

Fylde Coast Highways and Transport Masterplan (July 2015)

As indicated in the Fylde Coast Highways and Transport Master Plan, there is no direct, high standard link between the M55 motorway and Lytham St. Anne's. Access by way of Squires Gate Link is circuitous, as is the main alternative route via Queensway, School Road and

Whitehills Road. The more direct route is via Wild Lane has been closed since 2013 for safety reasons. Wild Lane is a historic road originally built on moss ground and this road type also tends to require more maintenance than other roads as there is often ground movement beneath them.

The existing highway capacity is unable to accommodate the scale of development originally envisaged. To support growth, the link road was always anticipated to be funded principally through the Queensway development site with others providing financial support through section 106 agreements, the scheme would be delivered in line with Queensway housing trigger points in the future. Growth funding would ensure that the provision of this key infrastructure does not impede positive economic change in the area and beyond.

The M55 Heyhouses Link Road addresses the key issues outlined in the Fylde Coast Highways and Transport Masterplan such as mitigating the strain upon which emerging development plans put on the local highways network, and which includes plans to;

- Improve access into areas of economic growth and regeneration
- Provide better access to healthcare, education and employment
- Improve people's quality of life and wellbeing
- Manage congestion levels

Lancashire Economic Partnership Strategic Economic Plan (March 2014)

The proposed link road is highlighted within the Lancashire LEP's Strategic Economic Plan as a key priority infrastructure project to help deliver its housing and employment growth objectives.

The scheme will enhance the viability of the local and wider areas in line with the golden thread of sustainability of the NPPF. It will also provide greater connectivity with major employment areas such as Lancashire LEP's Enterprise Zone at Blackpool Airport, providing an increased pool of potential labour.

The delivery of the Link Road aligns with the priorities of Lancashire Economic Partnership's Strategic Economic Plan;

By concentrating focus on Lancashire's competitive strengths and capabilities, tackling major infrastructure constraints, boosting the business base, and refocusing the approach to skills.

Without further strategic intervention and investment Lancashire will not deliver the transformational change necessary to recover much of the economic ground Lancashire has lost over the last 50 years.

Fylde Borough Council Local Plan (2005)

The scheme has also been identified in the Fylde Borough Local Plan to 2030 (Policy T1) and the emerging Local Plan to 2032 as one of the strategic highway major improvements.

This states that there is currently no direct link between the M55 motorway and St. Annes. Access by way of the new Squires Gate Link road is circuitous, as is the main alternative route via Queensway, School Road and Whitehill Road.

The more direct route via Wild Lane (currently partially closed)/North Houses Lane is only a single track road with passing places.

Given the status of Lytham St. Annes as a main urban area in which substantial amounts of new growth will need to be accommodated, the Council considers that a new direct link road to the motorway is necessary and Policy 34 of the Lancashire Structure Plan anticipates its construction in the period to 2006.

A further advantage of the proposed link is that it would form an extension to the Fylde Coast Easterly By-Pass, thereby providing a significant and comprehensive improvement in road connections between the north and south of the coastal urban area. The middle section of this road would follow the existing route across Lytham Moss. The existing North Houses Lane/Wild Lane is to be retained as a route for pedestrians, equestrians and cyclists.

The southern part of the road was granted outline planning permission by the Secretary of State for the Environment in association with the housing site at Cypress Point, and part of this has been completed.

Similarly, planning permission for the northern section of the road was granted by the Secretary of State in 1996 as part of the proposed extension to the Blackpool/Fylde Industrial Estate at Dugdale Farm. The length of road between the A583 and the junction of Cropper Road/Whitehill Road was constructed by the developer as part of the Whitehills Park development. Financial contributions to the proposed road south of Whitehill Road (up to its junction with Anna's Road) will be required as and when the land west of the existing planning permission at Whitehills Park allocated under Policy EMP1, is developed, and as Policy TR13 states;

'A corridor of land for the proposed St. Annes to m55 link as shown on the proposals map will be safeguarded on behalf of the county council. Within the safeguarded corridor, development which would prejudice the future implementation of the road scheme will not be permitted.'

Fylde Local Plan (Local Plan to 2032 Vision)

This states that to overcome existing traffic congestion and to accommodate all of the development proposed in Fylde to the year 2032, the M55 (Junction 4) the Heyhouses Link Road between Whitehills and St Annes will have been completed.

The Fylde Local Plan also references the following Strategic Objectives which are pertinent to the support for the Link Road;

Strategic Objective 3: To make services accessible by:

- v. Encouraging the delivery of the M55 to Heyhouses (St Annes) Link Road and the M55 to Fleetwood Corridor improvements (i.e. formerly known as the Blue Route).

Chapter 7 Strategic Locations for Development FLP-2032

Cropper Road West, Whitehills (site HSS5)

7.18 Employment at Whitehills Business Park (site ES7), Cropper Road East (site MUS1) and Whyndyke Garden Village (site MUS2) will recognise the sub-regional significance of land at the end of the M55 as a strategic location and its contribution towards diversifying both Fylde's and the wider Fylde Coast's economic base by

making provision for high quality and readily available sites and developing a distinctive image based on existing assets.

Chapter 12 FLP – 2032

12.31 The Fylde-Blackpool Periphery Strategic Location for Development has good access to Junction 4 of the M55 and to the A583, while links to St Annes and Lytham will be improved by the construction of the M55 to Heyhouses (St Annes) Link Road. The Link Road will provide a direct north / south route across the Moss linking the M55 motorway and Lytham St Annes. Planning permission for the link road was granted by the Secretary of State in 2012, as part of the proposed Queensway, St Annes (housing site HS1).

Policy T1

Strategic Highway Improvements

The delivery of the following strategic highway improvements within Fylde will be supported:

- a) The M55 to Heyhouses (St Annes) Link Road;

Fylde Council's Corporate Plan 2016-2020 Actions

The following Corporate Plan actions will be delivered:

- Progress the re-opening of the M55/Moss Road link.

Strategic Housing Land Availability Assessment (SHLAA) (September 2011)

The SHLAA identifies "*Land at Queensway, St Anne's*" as a "*Settlement Extension - Potentially Suitable*" for 1,150 dwellings to help to meet Fylde Borough Council's housing requirements over the next 15 years. The study is part of the evidence base, which will underpin the preparation of the Council's *Local Development Framework*. The SHLAA identifies St Anne's as "*the largest town within the borough and provides a good range of shopping, professional, educational and health facilities*". Locating development within the St Anne's area can therefore be considered sustainable.

Policy Alignment Summary

There is evidence of a strong policy alignment and strategic fit for the proposed M55 Heyhouses Link Road scheme, with documented strategic and planning policy specifically stating that implementation of the scheme is vital to ensure that sustainable development can take place.

Political Support

The scheme has strong and broad political support in LCC. It is identified in the Fylde Coast Highways and Transport Masterplan and supports other schemes put forward in the Fylde Local Plan. Furthermore, the £1.7m allocated to the project from LCC'S Highways Capital project is a demonstration of its political support.

Fylde Borough Council has also indicated its political support through the allocation of housing in their Local Plan and their £1m local funding allocation towards the M55 Heyhouses Link Road scheme.

1.2 Challenge or Opportunity to be addressed

Please describe the key characteristics of the challenge to be addressed and the opportunity presented. Provide an overview of the evidence supporting this and the impact of not progressing the proposed scheme.

Opportunity to be addressed by the scheme

Accelerating housing

The key project challenge is to accelerate housing growth by supporting the delivery of a Link Road that is required, as per the planning conditions of the Queensway residential development, once housing units pass the specific trigger point of 375 units.

In order then to provide greater certainty of delivery of the Link Road, the construction of the highway is proposed in one phase.

The Developer's Business Plan for a single phase construction requires public sector funding to mitigate against greater finance costs associated with a single construction phase (as opposed to a more incremental phase), which **otherwise would be unviable**.

The amount of money being loaned by the HCA to the developer for the M55 Heyhouses link road is understood to be the optimum sum that could be provided to the developer in terms of affordability and the developer's own viability.

Due to the complex ground conditions, the scheme requires substantial surcharging on the highway corridor and the existing utilities on Wild Lane should be relocated before the highway can be constructed.

The new link, funded with LGF support, will provide a direct route fit for all users between the M55 at junction 4 and A583 Preston New Road to the B5261 Blackpool Road in St. Annes, using an initial section of link road that was completed a number of years ago. It will give better access to development sites, including Whitehills Business Park, Blackpool & Fylde Industrial Estate Blackpool International Airport (now Lancashire Enterprise Zone Blackpool Airport site), to new housing at Heyhouses and for tourism, including future hosting of the R&A Open Golf Championships.

Discussions with Kensington Development, who is the major landowner/developer, have been ongoing for around 5 years to accelerate the delivery of the link road in advance of development related trigger points.

Limited housing numbers only can be delivered without significant road infrastructure in place. The scheme is **unviable** for the private sector to accelerate the delivery of the Link Road (and consequently housing) due to the substantial costs of providing a new link road. It is also considered that limited phase development is unviable / unattractive for development.

The housing development has planning permission and is within the Local Plan and is therefore critical to ensuring that Fylde Borough Council can deliver a housing supply within the plan period.

Appendix A provides the proposed dates for the completion of each phase of housing of the Queensway residential site and includes the earliest opportunity that the Queensway employment site can come forward. The table presents the phasing under two scenarios: one where Growth Deal funding is available (accelerated delivery), and one where it is not (with development related trigger points).

Further details on the assumptions adopted is included in the Traffic Modelling & Economic Appraisal Report contained within **Appendix B**.

For the employment site, it is assumed that without Growth Deal funding it would be ready for occupancy from 2028 (in line with the completion of the Queensway residential site). However, should the scheme receive Growth Deal funding the employment site has been assumed to be ready for occupancy from 2021 (7 years earlier, in line with the accelerated delivery programme of the link road). In both cases it is assumed that occupancy increases by 10% each year to full occupancy 10 years after opening.

Accelerating employment land

The full link road will support the delivery of up to 3.8ha of employment land at the Queensway employment site. The scheme will also improve access to the Whitehills Business Park and Blackpool and Fylde Industrial Estate that are adjacent to the M55 junction 4, and subsequently support the growth of these sites.

The Whitehills business area located at Junction 4 of the M55 spans the boundaries of Blackpool and Fylde and represents key strategic employment locations for both Fylde and Blackpool local authorities. Whitehills is already home to some 100 companies, including major facilities for the Department for Work and Pensions; National Savings & Investments; NST Travel Group – the UK’s largest educational travel company and modular buildings and street furniture manufacturer, Glasdon. Whitehills has a significant amount of land available for further development for business or housing. Ensuring that the road network can support growth is also important to Blackpool and the broader Fylde Coast economy.

Currently, Wild Lane is partly closed, is a single lane track with passing places and is therefore a slow route that cannot readily accommodate additional traffic associated with development and recent correspondence by one employer relays the experience of their staff accessing their place of employment. The Link Road will therefore help to;

- Generate employment demand and improve the build out of remaining development plots thereby supporting the local employment sustainability,
- Increase access to labour and improve business productivity,
- Improve travel times for staff,
- Accommodate additional traffic generated by the growth in the Business Parks.

The provision of the link will also have the additional benefit of supporting future Open Golf Championships, which have a significant regional economic impact. Without a direct link to the SRN, Open Golf traffic for Royal Lytham St Annes Golf Course is routed along Squires Gate via Queensway, School Road and Whitehills Road, and the provision of a new strategic high standard link would improve connectivity, reduce congestion and result in time savings between Lytham St Annes and north east Blackpool, the Whitehills Business Park, the Blackpool Enterprise Zone and the M55 Motorway. It will also provide congestion relief and enable a sustainable transport link for pedestrians, cyclists and equestrians alongside the route.

The M55 Link Road is cited in the Lancashire LEP's Strategic Economic Plan as a project that is important in supporting growth in Blackpool and the broader Fylde Coast economy, and as noted above, providing additional labour supply in close proximity to the Lancashire Enterprise Zone at Blackpool Airport.

Positive impacts of the scheme

Delivery of further housing and employment developments are essential to significantly supporting Lancashire's economic growth and to meet demands for housing including affordable homes, but would not ordinarily be permitted without the proposed Link Road, which is the critical infrastructure required to facilitate and accelerate the delivery of housing.

It will specifically;

- Deliver 2.5km quality road link
- Improve access between Junction 4 of the M55 and a major housing site
- Directly unlock 948 homes (as per KDL detailed layout) at the Queensway site and 99 served off Wildings lane. Note Fylde approved 984 homes at the Queensway site
- Directly unlock 3.8ha Queensway employment land
- Improve access to the Whitehills Business Park and Blackpool and Fylde Industrial Estate that are adjacent to the M55 junction 4, and subsequently support the growth of these sites.
- Provide greater connectivity to the LEP's Enterprise Zones at Blackpool Airport and Warton
- Relieve congestion at Junction 3 of the M55, supporting the Strategic Road Network by providing quicker access to M55 Junction 4
- Reduce the impact of strategic traffic using unsuitable local routes.
- Create opportunities for the enhancement of alternative travel modes by relieving current traffic conditions, including the provision of improved pedestrian, cyclist and equestrian facilities both for commuting and leisure use.

Negative impacts of the scheme

The Link Road will attract vehicles to the adjacent highway network, however it is designed to accommodate and distribute additional traffic.

There will be minimal disruption to the highways network as the road is tied into the Division Lane during the construction stage.

Impact of not progressing the scheme

The County Council would undertake a repair of Wild Lane, to allow it to be re-opened and to operate as it did previously, but this would not provide a full link road to the Queensway residential site nor support the delivery of 1,047 housing units.

	<p>In terms of the scheme outputs, the Developer would be constrained by a slower build out rate governed by their ability to fund and finance the Link Road before they can build out beyond the trigger point.</p> <p>In addition, there would be;</p> <ul style="list-style-type: none"> • Ongoing congestion levels, • Continuing poor connectivity, • Constrained job creation and access to labour at the Business Parks, • Difficulty in promoting manageable vehicular traffic in order to attract future Open Golf events.
<p>1.3 Strategic Objectives <i>Please present the SMART (specific, measurable, achievable, realistic and time-bound) objectives that will resolve the challenge or opportunity identified in Section 1.2 and explain how these contribute towards achieving the wider context set out in Section 1.1.</i></p>	<p>The M55 Heyhouses Link Rd scheme has the following objectives, which aim to address the current problems and issues and maximise potential opportunities;</p> <ul style="list-style-type: none"> • Facilitate housing development at Queensway. • Improve connectivity between the Queensway Development and the wider strategic road network, thus bringing additional capacity to the network and improving journey times. • Assist with economic development by improving connectivity between Lytham St Annes and J4 of the M55 and nearby business parks. • Improve facilities for pedestrians, cyclists and equestrian users. <p>The principle aim of the scheme is to provide a link road in to facilitate and accelerate housing growth.</p> <ul style="list-style-type: none"> • Deliver 2.5km quality road link • Directly unlock 1,047 homes • Directly unlock 3.8ha Queensway employment land <p>The scheme subsequently has the following sub-objectives;</p> <ul style="list-style-type: none"> • Stimulate demand at Whitehills Business Park and Blackpool & Fylde Industrial Estate, • Improve accessibility and resultant journey time savings to/from the Strategic Road Network for Lytham and St Anne's residents • Provision of a bridle path (former Wild Lane) which will improve walking and cycling opportunities for residents, • Reduce rat running through local, rural communities, • Support wider economic growth for tourist and Open Golf access to/from the Fylde Coast.
<p>1.4 Achieving Success <i>Please describe how the success of the proposed scheme</i></p>	<p>Reporting on the success of the scheme and associated benefits will be through the Growth Deal monitoring, implementing and reporting arrangements.</p> <p>The scheme will be considered a success if;</p> <ul style="list-style-type: none"> • The link road is completed on programme (January 2022)

<p><i>will be assessed and/or quantified.</i></p>	<ul style="list-style-type: none"> • 1,047 housing units are delivered • The delivery of 3.8ha of employment land is accelerated. <p>Further details on the Monitoring and Evaluation strategy for the scheme and metrics selected to assess the scheme's success are contained within Section 5.8.</p>
<p>1.5 Delivery Constraints <i>Please describe any high level internal/external constraints or other factors that present a material risk to the delivery of this scheme.</i></p>	<p>A full Risk Register is available in Appendix C.</p> <p>The key delivery Constraints for the scheme are highlighted below;</p> <ul style="list-style-type: none"> • Gaining funding approval from the LEP • Ensuring that the Planning Permission conditions are met • The Developer cannot deliver a sustainable development and in doing so cannot deliver the Link Road • Ground conditions/drainage issues delay the delivery of the Link Road or increase costs • Link Road costs escalate beyond the ability of the Developer to deliver a commercially viable development • Legal agreements in place to adopt road • Changes to land requirements or easements impact on deliverability and scheme maintenance • Tendering risks, delays to scheme delivery <p>Risk is being actively managed using a Risk Register to understand residual Risk from which these are actively monitored through regular meetings. In summary, the major risks are mitigated as follows;</p> <ul style="list-style-type: none"> • Development of the Growth Deal Business Case • Technical Officer meetings to sign off Planning Conditions • Support to the Developer in securing affordable and flexible finance • Production of Ground Conditions reports to inform Technical Officer Meetings and a review of similar moss road developments • A letter is to be provided by Lancashire County Council's Section 151 Officer confirming that as the scheme promoter, Lancashire County Council will commit to and can afford any cost increases. This agreement is in accordance with the LEP's Assurance Framework. • S278/S38 to be signed in accordance with design standards to support road adoption and maintenance <p>The proposed M55 Link Road scheme is constrained in terms of land take in the area where the highway is bounded by Oyston Estates land. It should be noted that the 'constrained scheme' as proposed, provides an adequate road width to support 2-way movement (6.5m) and a footway. The road satisfies its intended uses. However, the constrained scheme could not be easily modified post-delivery, which is a limitation, this is predominately due to ground conditions as well as relocated BT infrastructure. If Oyston Estates wished to construct additional road width and junctions post-delivery of the constrained scheme (with its sheet piling, concrete capping beam and integrated drainage and utilities within), it would be expensive to deliver and disruptive. This would consequently influence site viability and place a greater financial burden on Oyston Estates, if it were to come forward as a housing site in the future.</p>

	<p>At the time of writing, LCC are still in discussions with Oyston Estates about the purchase of some land which would enable an 'unconstrained scheme' to be constructed. The unconstrained scheme provides road width as per the northern section (with a combined cycle/footway) but is future proofed to allow accesses into Oyston Estates land without disruption to highway users. The unconstrained scheme is also a more efficient way to build the link road and is consequently estimated to be circa £1m cheaper. The unconstrained scheme would therefore be a betterment to the proposed constrained scheme</p> <p>The County Council is consequently progressing 2 deliverable schemes through the procurement process. This is because delivery of the scheme cannot be delayed, as funding already secured is time limited and the funding needs to deliver a complete scheme.</p> <p>A decision will subsequently be undertaken by LCC as to whether they deliver the constrained or the unconstrained scheme, based on how the ongoing discussions with Oyston Estates conclude.</p>
<p>1.6 Stakeholders <i>Please outline the main stakeholder groups/organisations and their relevance or involvement in the development of the scheme. Identify any specific requirements, constraints or conflicts between stakeholders.</i></p>	<p>The main stakeholder groups affected by the scheme are:</p> <ul style="list-style-type: none"> • Kensington Development – landowner and scheme developer with liability to cover any Link Road cost over-runs • Lancashire County Council – scheme promoter and procurer and potentially the delivery body of the Link Road • Fylde Borough Council – Local Planning Authority and part funder • Highways England – part funder (subject to bid outcome, see financial case for further detail) • Homes & Communities Agency – part financier to the Developer • United Utilities – utilities service provider • Environment Agency – maintenance of water courses and drainage • Public – As per stated in the Secretary of State Decision notice (June 2012) 'Significant weight should be attached to the 5,700 letters of support. They unequivocally support both schemes and there is not one representation made by any person approached that the process was unacceptable or misleading. The support has been fully analysed and, specifically, some 4,000 people who live in the locality have indicated support for the scheme. There is also, understandably, overwhelming support from business interests. The support bears out the outcome of the public exhibition where 83% of respondents supported the housing and road schemes. A local paper's on-line poll led to 72% of respondents saying that it was worth accepting new homes to get a new road in place'. <p>Public Local Inquiry (2012)</p> <p>As part of the statutory process for planning applications, the scheme underwent a public inquiry between 10th and 19th January 2012. This noted that the Link Road is a much-needed piece of essential infrastructure, necessary to replace a very dangerous road. Its funding by a private developer would be advantageous to the taxpayer. <i>(N.B. As reported in section 1.2 of</i></p>

	<p><i>the SOBC, a single phase construction requires public sector funding to mitigate against greater finance costs associated with a single construction phase (as opposed to a more incremental phase), which otherwise would be unviable).</i></p> <p>The combined provision of the Link Road and T5 (Heyhouses Bypass) would adequately cater for any new traffic that would be generated. New houses are needed in Fylde and there would be advantages of building them on the proposed site as the development would allow for the provision of a new school and countryside park and the FCA would be an amenity in its own right. The development would result in a huge boost for, and confidence in, the local economy at a time when there are large-scale redundancies at BAE Systems at Warton and St Annes town centre needs investment. It would employ many in the construction process, offer the opportunity for training and apprenticeships and would support local businesses. A boost to the economy is required.</p> <p>The Queensway development would provide the opportunity to create a high quality gateway development with a choice of sustainable homes with strong structural landscaping, associated Nature Park with public access, and a FCA. KPT is a local company responsible for high quality development, which has included the neighbouring Cypress Point.</p> <p>Planning Application Consultation between Cole Easdon Consultants (CEC), Kensington, the Highway Authority (LCC), the Planning Authority (FBC) and local residents took place prior to submission of the planning application with particular reference to a number of meetings between October 2007 and October 2009.</p> <p>Ongoing meetings have also been held to inform the planning application and subsequent public inquiry. These meetings between the Developer and LCC Highway Authority have been maintained since Planning Approval, for example to progress the design and discharge planning conditions.</p>
<p>1.7 Alternative Options</p>	<p>A detailed consideration of alternative options and packages of Interventions has been carried out over the history of the scheme's development and during the initial planning application stages, (as per called in planning application for proposed completion of M55 to Heyhouses Link)</p> <p>The alternative options were discounted by LCC in favour of the preferred option, because they were assessed as dealing less effectively with meeting the Strategic Objectives.</p> <p>The promoted scheme was supported by a Public Inquiry.</p> <p>The rejected alternatives are outlined in Table 1.8.</p> <p>Determination of the Route The M55 to Heyhouses Link Road was proposed in the early 1990's by Lancashire County Council to improve the strategic road network in the Lytham St Annes area and to link up developments proposed within the Fylde area.</p> <p>THE PROPOSED SCHEME Principles Governing the Design There are three main principles involved that govern the design of the scheme. Firstly, the ground conditions – weak soils including layers of peat and estuarine clays, particularly at the southern and northern ends of the route, will not support the weight of road construction</p>

without settlement. This limits the maximum height of embankment possible and complicates the provision of a new road by the widening of the existing.

The second main principle is the limit set by the Environment Agency for discharge of water into existing watercourses. This means that storage areas for a large volume of water are required to be provided.

The third main principle is the design requirements for the type of road. These govern the horizontal and vertical aspects relative to the design speed of the road.

The combination of these three principles has led to the proposed road, over most of its length, being located at a distance of between 20m and 30m from the existing roads, with the intervening space being used for stormwater storage etc. A route to the east of the existing road was chosen to avoid St Anne's Radar Station and Midgeland Road Landfill site.

At the southern end of the scheme land acquisition problems prevent the preferable (in highway engineering terms) 'off line' solution and the existing road is to be widened within existing highway limits, and then a new carriageway constructed to the east of the existing road.

By considering Aerodrome Safeguarding Advice Note 2: Lighting near Aerodromes the final detailed lighting design of the road will ensure that the lighting will not impact, by way of causing confusion, on the aerodrome lighting at Blackpool International Airport (now Lancashire Enterprise Zone, Blackpool Airport site).

CONSIDERATION OF ALTERNATIVES

Non road building options

The main purposes of the scheme are to improve connections between the south west corner of the Fylde peninsular and the M55, to relieve congestion on existing roads and to enable new development. The scheme includes improved cycle and walking provision which will encourage reduced car usage for short journeys of up to two miles (walking) and five miles (cycling). However, many of the journeys to and from the Lytham St Annes urban area are much longer than this; e.g. the distance from St. Annes to Warton is around six miles whilst between Lytham and central Blackpool it is around eight miles. For this type of journey, it is acknowledged that some modal shift to public transport would be possible but not of the 'step change' proportions that would be required to release the level of additional highway network capacity needed to fulfil the aforementioned purposes.

Therefore, significant new highway infrastructure is required. And the proposed scheme will introduce considerable extra capacity through the replacement of a single track road with a (genuine two-way) road.

Widening of the existing North Houses Lane/Wild Lane

The existing road is a single track road with passing places built on shallow embankment on poor quality ground. It is subject to subsidence and ground movement. To widen the existing carriageway would require extensive works and even then there is likely to be differential settlement between the old and existing surfacing. Furthermore, widening the existing road would require the removal of some of the adjoining hedges and ditches so causing ecological damage.

Lastly, providing a new carriageway allows the existing road to be downgraded to a bridleway, thereby providing an added benefit to the area. At the southern end of the scheme, due to land acquisition problems, there will be a short length (approximately 150m) of online widening of the existing carriageway. Here the works will be within the highway limits and will not affect any hedges or ditches. Provision will be made for cyclists and pedestrians but not for equestrian users. However, equestrians can use the existing Bridleways 18 (Moss Hall Lane) and 13 (Sluice Lane) to bypass this section.

Alignments

Alignments to the west of North Houses Lane/Wild Lane were discounted due to the presence of the Radar Station and the former Midgeland Road landfill site – this latter site extends from Midgeland Road right across to Wild Lane. It is a former landfill site for the disposal of domestic refuse and is producing significant concentrations of landfill gas. This alone precludes any routes to the west. Therefore, a route to the east of Wild Lane was selected for the majority of the proposed scheme and the alignment has been kept as close as possible to the existing road to minimise the impact and severance.

As previously mentioned, at the southern end there is a short length of online widening and then a length of new carriageway to the west of the existing road, again due to land acquisition problems.

1.8 Strategic Assessment of Alternative Options

	Option 1	Option 2	Option 3 (preferred option)	Option 4
Option Name <i>Please insert the name by which the option is known</i>	Do nothing	Repair Wild Lane only (Do Minimum)	Delivery of the Link Road by 2022	Widen the existing North Houses Lane/Wild Lane
Infrastructure Type <i>Please provide if different from the proposed scheme.</i>	n/a	Repair a 900 metre section of Wild Lane between School Road and Division Lane.	2.5km link road between the B5410 Annes Way at the roundabout with Cropper Road and Lytham St Annes Way	2.5km road
Variation from Proposed Scheme <i>What are the key differences (characteristics) between the proposed scheme and this option? How is it different?</i>	The current highways will remain the same with Wild Lane and Midgeland Road closed to vehicular traffic. The Link Road will be delivered at a slower rate.	This option would just involve repairing the existing road and does not involve the construction of a new link road,	Proposed scheme	This option would involve widening of the existing North Houses Lane/Wild Lane, whereas the proposed scheme would be constructed primarily off-line. This option would also not provide the benefit of a bridle way.
Technical Assessment & Appraisal <i>Please describe the level of technical appraisal or assessment undertaken – including previous studies and relevant data – to assess this option, including application of the Early Assessment and Sifting Tool.</i>	As part of the called in planning application for proposed completion of M55 to Heyhouses link, it was stated that the main objective of the scheme is to improve connections between the south west corner of the Fylde peninsular and the M55, to relieve congestion on existing roads and to enable new development. Doing Nothing would prevent acceleration of connection improvements and	Wild Lane would be re-established (enabling Midgeland Rd to be re-opened), but there would not be full Link Road to Queensway, and there would be restrictions to traffic flow with a reduced road capacity.	Supportive reports, documents and studies include; <ul style="list-style-type: none"> • Planning Application submitted and approved in 2010. • Statement of Common Ground (2012) • Transport Assessment (2011), including; 	The existing road is a single track road with passing places built on shallow embankment on poor quality ground. It is subject to subsidence and ground movement. To widen the existing carriageway would require extensive works, including the diversion of utilities, and even then there is likely to be differential settlement between the old and existing surfacing. Furthermore, widening the existing road would require the removal of some of the adjoining hedges

	Option 1	Option 2	Option 3 (preferred option)	Option 4
	development sites would not be unlocked. This was based upon current traffic travelling to and from Lytham St Annes, plus modelled traffic flows.		<ul style="list-style-type: none"> - Development trip generation, distribution and assignment, as per TRICS Version 2009b - interrogation, - Local highway network performance assessment - Framework Travel Plan measures - Results of the <i>PICADY</i>, <i>ARCADY</i> and <i>LINSIG</i> analyses - Personal Injury Accidents - RSS Accessibility Questionnaire 	and ditches so causing ecological damage. Lastly, providing a new carriageway allows the existing road to be downgraded to a bridleway, thereby providing an added benefit to the area.
<p>Consultation <i>Please explain the extent of any stakeholder or wider consultation on the option and summarise the key findings.</i></p>	Consultation on the potential options took place between Cole Easdon Consultants (CEC), Kensington, the Highway Authority (LCC), the Planning Authority (FBC) and local residents prior to submission of the planning application.	Consultation on the potential options took place between Cole Easdon Consultants (CEC), Kensington, the Highway Authority (LCC), the Planning Authority (FBC) and local residents prior to submission of the planning application.	<p>Consultation on the potential options took place between Cole Easdon Consultants (CEC), Kensington, the Highway Authority (LCC), the Planning Authority (FBC) and local residents prior to submission of the planning application.</p> <p>The Secretary of State Decision Notice (June 2012) states that;</p>	Consultation on the potential options took place between Cole Easdon Consultants (CEC), Kensington, the Highway Authority (LCC), the Planning Authority (FBC) and local residents prior to submission of the planning application.

	Option 1	Option 2	Option 3 (preferred option)	Option 4
			<p>Significant weight should be attached to the 5,700 letters of support. They unequivocally support both schemes and there is not one representation made by any person approached that the process was unacceptable or misleading.</p> <p>The support has been fully analysed and, specifically, some 4,000 people who live in the locality have indicated support for the scheme. There is also overwhelming support from business interests. The support bears out the outcome of the public exhibition where 83% of respondents supported the housing and road schemes.</p> <p>A local paper on-line poll led to 72% of respondents saying that it was worth accepting new homes to get a new road in place.</p>	
Indicative Cost (£M) & Economic Appraisal <i>Please provide indicative costs if known or provide information on the likely affordability against the headings 'high' 'medium' or 'low.' Also explain</i>	£0	c£1.7m Re-build cost estimate for the failed section.	£21.46m	It is considered that there would be an uplift in costs compared to the preferred option due to additional construction risk and

	Option 1	Option 2	Option 3 (preferred option)	Option 4
<i>any economic appraisal undertaken, including benefit/cost analysis</i>				timescales associated with widening an existing road rather than building a new road.
<p>Impact against Strategic Objectives <i>Please describe how this option delivers against the strategic objectives set out in Section 1.3. Make reference to the outputs of the Early Assessment and Sifting Tool process.</i></p>	<p>The Link Road will be developed in phases at a significantly slower pace than with Growth Deal funding, and with a greater deal of risk of delivery of housing outputs.</p> <p>This will result in a significant delay (3.5 years at a minimum) in the delivery of the Link Road, and in doing so putting at risk of it being delivered at all. In the absence of a Link Road the housing outputs beyond 375 units are similarly delayed by at least 3.5 years and any additional units over and above that are put at risk.</p> <p>There will also be delayed or no connectivity benefits and stimulus to commercial development at Whitehills Business Park and Blackpool & Fylde Industrial Estate without the Link Road.</p> <p>The Bridle Path will also be either delayed or not</p>	<p>There would be limited access improvements, but no support for accelerated housing.</p> <p>The Link Road will be developed in phases at a significantly slower pace than with Growth Deal funding, and with a greater deal of risk of delivery of housing outputs.</p> <p>This will result in a significant delay (3.5 years at a minimum) in the delivery of the Link Road, and in doing so putting at risk of it being delivered at all. In the absence of a Link Road the housing outputs beyond 375 units are similarly delayed by at least 3.5 years and any additional units over and above that are put at risk.</p> <p>In the short-medium term (until the Link Road</p>	<p>Strategic Objectives met as per Section 1.3.</p>	<p>Strategic Objectives met as per Section 1.3, except for the Bridle Path but with additional cost and timescales (environmental disadvantages as per above).</p>

	Option 1	Option 2	Option 3 (preferred option)	Option 4
	available in the short-medium term.	is built) congestion levels would not be improved as significantly as with the delivery of the Link Road and journey time savings would be more limited. There would also be no Bridle Path.		
Key Risks <i>Please identify the key technical, funding and delivery risks associated with this option.</i>	<p>This option would not include the delivery of a Link Road, thereby preventing the delivery of houses beyond 375 units.</p> <p>All Housing Development could therefore potentially be commercially unviable or unsustainable.</p> <p>This will impact upon the delivery of;</p> <ul style="list-style-type: none"> - housing units against the Fylde Local Plan - congestion level improvements and journey time savings - commercial development at Whitehills Business Park and Blackpool & Fylde Industrial Estate 	<p>This option would not include the delivery of a Link Road, thereby preventing the delivery of houses beyond 375 units.</p> <p>All Housing Development could therefore potentially be commercially unviable or unsustainable.</p> <p>Whilst Wild Lane will provide some congestion relief and journey time savings compared with when it was closed it will impact upon the delivery of;</p> <ul style="list-style-type: none"> - housing units against the Fylde Local Plan - Full congestion level 	<p>As per Risk Register;</p> <ul style="list-style-type: none"> • Variation in surcharge quantities • Worse than expected ground conditions • High groundwater levels • Groundwater contamination • Soft ground due to bad weather • Suitability of excavated material for re-use • Worse than expected ground conditions for earthworks and drainage 	<p>Environmental, cost, delivery issues as noted above, plus;</p> <ul style="list-style-type: none"> • Variation in surcharge quantities • Worse than expected ground conditions • High groundwater levels • Groundwater contamination • Soft ground due to bad weather • Suitability of excavated material for re-use • Worse than expected ground conditions for earthworks and drainage

	Option 1	Option 2	Option 3 (preferred option)	Option 4
	<ul style="list-style-type: none"> - the Bridle Path 	<ul style="list-style-type: none"> improvements and journey time savings - commercial development at Whitehills Business Park and Blackpool & Fylde Industrial Estate - the Bridle Path 		
<p>Rationale for Rejection <i>Please explain why this specific option has been rejected in favour of the proposed scheme.</i></p>	Doesn't deliver against the Strategic Objectives in; facilitating/accelerating housing units, providing accelerated congestion relief/journey time savings, support for commercial development or a bridle path.	Doesn't deliver against the Strategic Objectives in; facilitating/accelerating housing units, providing accelerated congestion relief/journey time savings, support for commercial development or a bridle path.	N/a	<p>Rejected due to the greater costs and timescale associated with engineering and environmental constraints.</p> <p>It will also not allow the delivery of the Bridle Path.</p>

2 Economic Case

The Economic Case assesses options to identify all their impacts and the resulting value for money. This is a key requirement in fulfilment with HM Treasury's requirement for appraisal. In line with HM Treasury's appraisal requirements, the impacts considered are not limited to those directly impacting on the measured economy, nor to those which can be monetised. The economic, environmental, social and distributional impacts of a proposal are all examined, using qualitative, quantitative and monetised information. In assessing value for money, all of these are consolidated to determine the extent to which a proposal's benefits outweigh its costs.

2.1 Value for Money

Please describe to what extent the proposed scheme has been assessed in terms of value for money. Also explain how this will be developed through the Outline Business Case to provide accurate benefit-cost ratio information.

Where applicable, please include details of all options that have been appraised.

VfM should also include reference to the proposed scheme's economic, social, environmental and public accounts impact. (in line with the DfT's Transport Appraisal Framework)

[The Transport Appraisal Process](#)

An economic appraisal has been undertaken to assess the economic benefits of the M55 Heyhouses Link Road. The appraisal considers the transport user benefits of the scheme in relation to the scheme costs (Benefit Cost Ratio), dependent development benefits in terms of land value uplifts and Gross Value Added (GVA) gains.

Whilst the calculation of the Benefit Cost Ratio (BCR) is the traditional approach to assessing the merit of transport schemes, GVA analysis seeks to complement standard transport appraisals where these have already been produced.

The wider economic impacts of the proposed transport schemes are particularly important to understand in terms of the potential benefits for the locality, and in the context of supporting the Growth Deal Funding bid for the scheme as well as Lancashire's and the Government's economic growth agenda.

In accordance with the Lancashire Enterprise Partnership's (LEP) Accountability Framework, the scheme was appraised based on a proportionate, largely spreadsheet based approach, as per the methodology outlined in the scheme's Appraisal Specification Report (ASR).

The details of methodology for the modelling approach and the scheme's economic appraisal exercise, undertaken for the M55 Heyhouses Link Road, are included in the supporting Economic Appraisal Report (February 2019) in **Appendix B**.

2.1.1 BCR Assessment

The BCR assessment considers travel time savings and distance based user benefits/disbenefits with regards to associated vehicle operating cost, safety, noise, carbon, air quality, journey quality, indirect taxation and infrastructure maintenance cost changes as a result of the scheme.

These distance based impacts have been calculated from the DfT's Marginal External Cost Approach (MEC).

The user benefits have been derived from the analysis of observed traffic counts and Traffic Master journey times for links in the vicinity of the scheme, made available by Lancashire County Council.

Due to lack of a suitable traffic assignment model in the area, a simple route choice logit model was developed to derive changes in traffic flows and journey times as a result of the scheme. This methodology was agreed with Highways England and the LEP's independent assurer as

a suitable and proportionate approach for assessing the benefits of the M55 Link Road scheme.

The spreadsheet logit model used generalised costs of travel calculated from journey time and distance information of each competing route in the study area, along with observed traffic count data.

The logit model is based on exponential utilities, themselves derived from the generalised costs of travel for each route; before and after the scheme, using the WebTAG formulation, as defined below:

$$P_p = \frac{\exp(-\lambda U_p)}{\sum_q \exp(-\lambda U_q)}$$

Where,

P_p = Proportion of trips using route p

λ = Scaling parameter

U_p = Utility (cost) of using route p

WebTAG generalised cost parameters (Pence per Minute – PPM, and Pence per Kilometre-PPK) were used as key inputs to the logit model, and were developed from the Summer (July 2016) release of the WebTAG databook, reflective of very latest and current guidance at the time of assessment.

The logit model parameters were calibrated using the changes in traffic flows following the closure of Wild Lane.

The future networks were developed for two forecast years: 2019 opening year and 2034 design year of the scheme.

Following further correspondence with LCC, it was assumed as part of this study that Wild Lane will remain closed in the future and therefore the Without Scheme scenario network remained consistent with the 2016 post-closure network.

The With Scheme road network included the proposed M55 Heyhouses Link Road (Wild Lane) as well as the East-West Heyhouses Bypass which is a development related road and will provide direct vehicular access to the Queensway Development via the proposed M55 Heyhouses Link Road

Traffic counts were uplifted using a locally NTEM (v7.2) adjusted Road Traffic Forecast 2015 (RTF15) approach to derive the 2019 opening year and 2034 design year forecasts for Without and With the Scheme scenarios.

Quantification of the scheme's benefits was also undertaken in a spreadsheet based appraisal tool that has been developed in line with WebTAG principles and values from the WebTAG databook (DfT, Summer 2016). This methodology monetises the benefits from the following sources between Without Scheme and With Scheme scenarios:

- Travel Time Savings: Time savings for the opening and forecast years have been monetised for each time period, using local vehicle split, and standard WebTAG values of time and journey purpose splits.
- Vehicle Operating Costs (VOC): VOC changes occur due to changes in costs associated with such items as fuel, maintenance, and wear and tear. They have been quantified from changes in distance travelled between without and with the scheme scenarios, using the non-fuel and fuel rates based on market prices, calculated as per WebTAG databook Summer (July 2016).
- Marginal External Costs (MECs): These are the external costs borne by non-travellers, in addition to private costs borne by the individual traveller (such as fuel costs and personal travel time). They include congestion changes, infrastructure maintenance changes, noise, green gases and fuel/ indirect tax changes as a result of changes in distances travelled. The assessment utilised the methodology outlined in WebTAG Unit A5.4 'Marginal External Costs', and applied appropriate rural road types.
- Accidents: Based on observed accident rates and predicted changes in traffic flows from the spreadsheet model, the change in the number of accidents over a 60 year appraisal period was calculated. These benefits were converted to monetary benefits. These calculations were undertaken in the DfT's COBA-LT software.

The benefits have then been calculated for peak hours and factored up to daily and annual periods to produce a yearly benefit for the scheme (for the opening and design year). Comparison of the weekend traffic flow pattern with the weekday pattern was used to derive annualisation factors for weekend travel time savings, where applicable.

Benefits were consequently interpolated and projected over a standard 60-year appraisal period, from 2022 to 2081, in accordance with TAG Unit A1.1 (Paragraph 2.1.1).

Benefits were then discounted to 2010 within the spreadsheet over the 60-year appraisal period using a 3.5% discount rate for the first 30 years and then a 3% discount rate for the next 30 years, as defined in WebTAG, and in line with Treasury Green Book guidance.

In addition, part of the economic assessment process is to derive the costs associated with the scheme development and maintenance. These costs were provided by Lancashire County Council, the scheme promoter, and represent the latest available estimates at the time of writing.

As detailed in the Financial Case (Section 3 of this report), the total scheme cost is £27.18m. This cost includes the following assumptions:

- QRA was undertaken, producing a value of £5.63m (with inflation allowance) that was added to the scheme costs.
- Optimism Bias has been included at a rate of 3% on all construction costs.
- Optimism Bias has then been added to the risk adjusted cost (i.e. including the QRA);
- Scheme costs have been inflated by 5.1% to accommodate future scheduling and to account for inflation to 2020. For the purposes of the economic appraisal only, a further adjustment was applied based on the conservative assumption of 5.5% per annum construction related inflation beyond 2020.

The capital cost of maintenance is the cost of people, machinery and materials to maintain the highway network. The capital cost of maintenance of the M55 Heyhouses Link Road scheme has been calculated based on standard road maintenance profiles and costs contained within Table 4/1 of the QUADRO manual (DMRB Volume 14, Section 1, Part2, Chapter 4).

The scheme's estimated maintenance cost (2016 prices, Market Prices) and its expenditure profile is shown below:

Year	2031	2042	2052	2062	2072	Total
Cost	£180,306	£655,659	£180,306	£688,442	£180,306	£1,885,019

The scheme costs have been provided in resource prices, i.e. net of indirect taxation. As part of the economic appraisal process, scheme costs have been converted into market prices, as required.

As detailed in the Financial Case (Section 3 of this report), the scheme will be partially funded through £7m of contributions from the developer Kensington Developments Limited. As these contributions mean that part of the scheme cost ultimately comes from the private sector rather than government funding, these contributions are subtracted from the overall scheme costs. However, the developer contributions are also subtracted from the transport user benefits accruing to business users and providers

In order to use the costs estimated above in the economic appraisal, both scheme cost and maintenance cost have been rebased to 2010 prices and discounted to 2010 to provide a Present Value of Costs (PVC) in Market Prices.

The final scheme costs input into the economic analysis are shown below,

Cost	PVC
Scheme Cost	£19,695,694
Maintenance Cost	£508,541
Developer Contribution	-£5,306,771
Total PVC	£14,897,463

The overall results of this BCR assessment for the M55 Heyhouses Link Road Scheme are summarised in the Analysis of Monetised Costs and Benefits (AMCB) table below.

Element		Benefits
MEC – Noise		-£7,066
MEC - Greenhouse Gases		-£34,548
MEC - Journey Quality (Congestion)		-£403,592
MEC - Infrastructure Maintenance		-£7,647
Accidents		£1,702,700
Economic Efficiency: Consumer Users (Commuting)	Travel Time	£5,390,824
	VOC	-£98,688
Economic Efficiency: Consumer Users (Other)	Travel Time	£35,292,199
	VOC	-£646,083
Economic Efficiency:	Travel Time	£12,264,564

Business Users and Providers	VOC	-£224,523
	Developer Contribution	-£5,306,771
Wider Public Finances (Indirect Taxation Revenues)		£138,879
Present Value of Benefits (PVB)		£48,060,247
Broad Transport Budget		£14,897,463
Present Value of Costs (PVC)		£14,897,463
Net Present Value (NPV)		£33,162,784
Benefit to Cost Ratio (BCR)		3.23

The economic appraisal results of the scheme show that the majority of benefits come from the journey time savings as a result of implementing the proposed scheme.

Having the scheme in place does result in an increase of distance travelled; therefore, the MEC benefits are generally negative since they have been calculated based on a change in distance travelled between the Without and With Scheme scenarios. However, the amount of disbenefit is small compared to the expected journey time benefits.

The result of COBALT assessment shows that the proposed scheme will reduce the number of accidents, resulting in £1.7m of benefits over the appraisal period. Although it is expected that there will be an overall increase in distance travelled, the scheme provides accident benefits as a result of lower forecast accident rates on the new route compared to observed accident rates on parallel existing routes. Indirect Tax Revenue is positive due to an increase in the distance travelled and consequently an increase in fuel consumption.

With a **BCR of 3.23**, the M55 Heyhouses Link Road Scheme can be shown to deliver '**High**' **Value for Money**, as outlined in DfT guidance.

There are also expected to be Local Air Quality benefits, as the scheme will provide benefits to a number of competing corridors by reducing congestion and delays thus reducing vehicle emissions. However, these benefits have not been quantified at this stage.

The results of the sensitivity testing, discussed in section 2.3, also demonstrate that the proposed scheme still represents 'High' Value for Money.

This BCR does not incorporate dependent development benefits, or the net GVA associated with their delivery.

In addition, the scheme is also expected to reduce traffic volumes accessing the M55 at J3 via the A585, with a daily transfer away from this junction of over 800 trips. However, this benefit has not been monetised as part of this appraisal and therefore the scheme VfM could in fact be higher than reported.

2.1.2 Dependent Development Benefits

In addition to the user benefits, calculation of planning gain associated with land value changes as result of implementation of the proposed scheme has been undertaken specifically for development that is dependent on the link road.

In line with WebTAG, these benefits have been estimated as further evidence in terms of social welfare benefits associated with the scheme but not included in the calculation of the scheme BCR.

In this study, the planning gain associated with the change in land use of the dependent development is represented by the uplift in land value arising from the Queensway residential and employment developments.

This uplift is defined as the value of the land in its new residential or employment use minus the value of the land in its existing (e.g. agricultural) use.

The non-transport external impact of the 'dependent development' reflects the loss in amenity value of the land in its existing use. This is calculated based on values within the WebTAG 'Valuing Housing Impacts' workbook.

The overall uplift in land value arising from the planning permission for this area has been estimated at £94.3m.

The loss in amenity value of the agricultural land for the 71ha was estimated to be £56.2m which represents the non-transport external costs from the dependent development.

The transport external costs caused by the dependent development have also been calculated to be £0.6m, based on the results of the logit assignment models described above.

Thus, the benefits of the Queensway dependent development are expected to be £37.5m. Considering qualitative assessment scores suggested by WebTAG guidance, this development is expected to have a **moderate beneficial** score.

2.1.3 GVA Assessment

A separate Gross Value Added (GVA) assessment has been undertaken on the development that the scheme unlocks. Transport acts as an enabler of growth by allowing additional jobs to be accommodated in a certain location thanks to enhanced transport links and transport capacity. This applies especially to areas suffering from congestion and insufficient transport links. This GVA assessment aims to quantify the increase in GVA for the local economy as a result of unlocked jobs and houses.

The GVA values presented are net figures (inclusive of deadweight, displacement, leakage and substitution factors). They were assessed using a tool developed to support Highways England's Growth and Housing Fund (GHF) scheme. This is based on empirical evidence and research and has been used to assess similar transport schemes across the country.

The Queensway development, Roseacre and Valentine's residential sites are directly dependent on the scheme and provide 1,047 dwellings and 3.8Ha of employment land. The development will generate jobs in two ways:

- directly from those new jobs located within the employment site; and,
- indirectly through new jobs for people moving into the new homes being built.

	<p>The net GVA per year has been calculated in line with published guidance based on the number of jobs in any given year with and without the scheme.</p> <p>Without Growth Deal funding, the Queensway housing site could not be finalised completed until 2032, with development-related trigger points. With Growth Deal funding, accelerated delivery is facilitated with possible completion by 2028. Full details of the phasing of development with and without works is provided in Appendix A.</p> <p>It is assumed that without Growth Deal funding the employment site would be ready for occupancy from 2028 (in line with the completion of the link road scheme).</p> <p>However, should the scheme receive Growth Deal funding the employment site has been assumed to be ready for occupancy from 2021 (7 years earlier, in line with the accelerated delivery programme of the link road).</p> <p>It should be noted that in a scenario without Growth Deal funding the approved Queensway Residential development provides a mechanism to deliver the road over a long time period. Until the road is delivered providing its network benefits, a development restriction would remain to those proposals that impact on Queensway such as the Queensway employment site not being supported by the local highway authority as development impacts would result in severe conditions on the network.</p> <p>In total, the scheme is estimated to add £78.35m to the local economy over the period to 2037, if Growth Deal funding is secured. This compares to £49.59m if no Growth Deal funding is available.</p> <p>The accelerated delivery of the housing and employment developments (which the Growth Deal funding enables) would therefore add approximately £30m more the local economy over the period up to 2037 compared to the situation where no Growth Deal funding is provided. This is due to the employment and housing sites being delivered earlier, resulting in the economic benefits of these jobs also being realised earlier.</p>
<p>2.2 Economic Assumptions <i>Please describe any economic assumptions made or that will be made as part of future appraisal work and the development of the Outline Business Case.</i></p>	<p>Capital costs have been derived from LCC cost estimates and have been discounted to 2010 values, in 2010 prices, as required by WebTAG Unit A1.2 “Scheme Costs”. The costs have been developed for the purposes of the value for money appraisal to be inclusive of:</p> <ul style="list-style-type: none"> • Scheme costs have been inflated to accommodate future scheduling and to account for inflation; • Optimism Bias has been included at a rate of 3% on all construction costs. • Optimism Bias has then been added to the risk adjusted cost (taken from the QRA); • Scheme costs have been confirmed as in resource prices, i.e. net of indirect taxation. An uplift factor of 1.19 has been used in the economics to convert the costs to market prices for appraisal; • Maintenance costs have been estimated by LCC and applied over the scheme design life, based on Table 4/1 of the QUADRO manual. <p>These costs, when deflated and discounted, formulate the Present Value of Costs (PVC), for inclusion in the cost benefit analysis.</p> <p>Benefits for the scheme have been formulated based upon guidance set out in WebTAG Units A1-1 ‘Cost-Benefit Analysis’, A1-2 ‘Scheme Costs’, A5-4 ‘Marginal External Costs, and</p>

	<p>adopted values contained within the WebTAG Databook (DfT, Summer 2016). These benefits, when discounted formulate the Present Value of Benefits (PVB).</p> <p>The appraisal period of the proposed link road is 60 years, from 2022 to 2081. This is in line with guidance set out within WebTAG Unit A1-1 “Cost-Benefit Analysis” which indicates an appraisal period of 60 years for schemes with and indefinite lifetime, as long as maintenance and renewal activity is continued.</p> <p>Traffic Growth factors have been estimated using a locally NTEM adjusted Road Traffic Forecast 2015 (RTF15) to uplift traffic counts to the 2019 opening year and 2034 design year of the scheme.</p> <p>In accordance with transport appraisal guidance, annualisation factors were calculated to expand hourly benefits to daily and to a full year. Peak hour factors were also derived from the traffic counts to convert peak hour demand to peak period demand.</p> <p>Benefits from weekend peak periods were included; while the off-peak periods (19:00 – 07:00) and bank holidays were not included.</p> <p>WebTAG ‘Valuing Housing Impacts’ workbook was used to estimate the land value uplift with the scheme in place.</p> <p>It has been established from LCC and through the planning application process that the Queensway residential and employment developments can only go ahead in full if the link road is built and are therefore fully dependent on the scheme. None of the other developments are actually directly dependent on the scheme, although access to them will be improved by the scheme.</p> <p>In the GVA analysis, the net GVA includes an allowance for deadweight, displacement and leakage for jobs moving from other areas into the development site. These allowances have drawn on HCA guidance.</p> <p>The GVA analysis has also drawn on HCA guidance to estimate the number of jobs, and guidance on employment density (Employment Density Guide 3rd Edition, 2015) to gain estimates for the Gross Floor Area (GFA) required per full time employee (FTE).</p> <p>Further details on the modelling and economic assumptions are provided in the supporting Economic Appraisal Report (August 2016) in Appendix B.</p>
<p>2.3 Sensitivity & Risk Profile <i>If applicable, please describe how changes in economic, environmental and social factors could affect the impact of the proposed scheme in terms of its</i></p>	<p>The economic assessment results presented in 2.1 were calculated using ‘the most likely’ traffic forecasts known as the Core Scenario.</p> <p>As reported in the Traffic Modelling & Economic Appraisal Report in Appendix B, several sensitivity tests have been undertaken on the economic appraisal of the scheme. A summary of the results is included below:</p> <p>2.3.1 Low Growth Scenario</p> <p>In line with WebTAG, an additional Low Growth traffic forecast scenario was developed to take into account of the possibility of reduced traffic as a result of national uncertainty regarding</p>

<i>benefit and costs.</i>	<p>forecasts of population, households, employment, GDP growth and fuel price trends and their impact on future traffic growth.</p> <p>To create a Low Growth scenario in line with WebTAG Unit M4 a proportion of base year demand was subtracted from the Core scenario, in line with the square root of the forecast year.</p> <p>The results of the Low Growth sensitivity test are presented in the AMCB table below.</p> <p>With a BCR of 2.97, the M55 Heyhouses Link Road Scheme is still forecast to deliver ‘High Value for Money’, even when considering a low growth scenario.</p> <p>The Low Growth scenario predicts moderately lower travel time benefits than the core scenario.</p> <p>2.3.2 Core Scenario without Weekend Benefits</p> <p>As detailed in the economic report, the profile of weekend traffic flows in this area is actually very similar to those in the weekday; albeit with a different purpose mix.</p> <p>Nevertheless, a sensitivity test has also been carried out to assess the impact of excluding weekend benefits from the value for money assessment of the proposed scheme.</p> <p>As presented in the table below, the BCR of the M55 Heyhouses Link Road Scheme is 2.15 and is forecast to remain ‘high value for money’, in traditional BCR terms, even when excluding weekend benefits.</p> <p>As expected, this scenario predicts lower travel time benefits than the core scenario in particular for Other users, since the majority of weekend trip purpose split was given to this user class in line with WebTAG Unit A1.3.4.</p> <p>2.3.3 WebTAG Databook November 2018 Sensitivity Analysis</p> <p>The table below provides the summary results of applying the latest WebTAG databook (November 2018) parameters in the transport user benefit calculations of the proposed scheme. The BCR value is 2.57 which indicates that the proposed scheme still remains within the ‘high’ VfM category.</p> <p><i>WebTAG Databook November 2018 Sensitivity Analysis (2010 prices, discounted to 2010)</i></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #0056b3; color: white;"> <th>PVB</th> <th>PVC</th> <th>NPV</th> <th>BCR</th> </tr> </thead> <tbody> <tr> <td>£36,746,181</td> <td>£14,297,329</td> <td>£22,448,852</td> <td>2.57</td> </tr> </tbody> </table> <p>2.3.4 Optimism Bias Sensitivity Analysis (Based on November 2018 WebTAG Databook)</p> <p>The table below presents the results of sensitivity tests around the scheme cost in the core scenario using the latest WebTAG databook values (November 2018). As shown, the proposed</p>	PVB	PVC	NPV	BCR	£36,746,181	£14,297,329	£22,448,852	2.57
PVB	PVC	NPV	BCR						
£36,746,181	£14,297,329	£22,448,852	2.57						

	<p>scheme still represents 'high' to 'medium' value for money even when including 15% or 44% optimism bias, with the BCR ranging from 2.30 to 1.84 respectively.</p> <p>Given the high amount of risk included in the scheme cost estimate (over 30% of the construction cost) and the level of detail behind the scheme cost estimate, 44% optimism bias is unrealistic at this stage, and this exercise has been merely performed to provide assurance with regards to the robustness of scheme cost and its impact on the BCR analysis.</p> <p>Optimism Bias Sensitivity Analysis (2010 prices, discounted to 2010)</p> <table border="1" data-bbox="342 499 1523 674"> <thead> <tr> <th>Level of Optimism Bias</th> <th>PVB</th> <th>Scheme Cost</th> <th>PVC</th> <th>NPV</th> <th>BCR</th> </tr> </thead> <tbody> <tr> <td>15%</td> <td rowspan="2">£36,746,181</td> <td>£29,476,441</td> <td>£15,952,577</td> <td>£20,793,604</td> <td>2.30</td> </tr> <tr> <td>44%</td> <td>£35,034,267</td> <td>£19,952,762</td> <td>£16,793,419</td> <td>1.84</td> </tr> </tbody> </table>	Level of Optimism Bias	PVB	Scheme Cost	PVC	NPV	BCR	15%	£36,746,181	£29,476,441	£15,952,577	£20,793,604	2.30	44%	£35,034,267	£19,952,762	£16,793,419	1.84
Level of Optimism Bias	PVB	Scheme Cost	PVC	NPV	BCR													
15%	£36,746,181	£29,476,441	£15,952,577	£20,793,604	2.30													
44%		£35,034,267	£19,952,762	£16,793,419	1.84													
<p>2.4 Value for Money Statement <i>Using the Appraisal Summary Table (AST) (see section 2.5), please include a summary of the conclusions from the Value for Money assessment. The statement should provide a concise summary of the proposed scheme's economic, environmental, social and public accounts impact.</i></p>	<p>The M55 Heyhouses Link Road Scheme is expected to deliver a Present Value of Benefits of £48.06m (2010 prices, discounted to 2010).</p> <p>The Present Value of Costs for the scheme, when adjusted for risk and optimism bias, is £14.90m (2010 prices, discounted to 2010).</p> <p>The scheme therefore has a BCR of 3.23 and is expected to deliver 'High' Value for Money.</p> <p>The appraisal results of the scheme show that the majority of benefits come from the travel time savings, mostly between 2 to 5 minutes, as a result of implementing the proposed scheme. Commuting and other users largely contribute to this benefit compared to business trips due to the nature of the surrounding area. This saving has been estimated using a rule of a half to ensure consistency with the approach otherwise adopted in TUBA, along with use of the Summer (July 2016) WebTAG databook.</p> <p>Having the scheme in place does result in an increase of distance travelled; therefore the MEC benefits are all negative since they have been calculated based on a change in distance travelled between the Without and With Scheme scenarios. However, the amount of disbenefits is insignificant compared to the expected journey time benefits.</p> <p>In light of the latest WebTAG databook (November 2018), a sensitivity test has been undertaken to re-assure the value for money category of the scheme under the impacts of the latest guidance. The result of the test showed BCR of 2.57, indicating 'High' Value for Money.</p> <p>With Growth Deal funding granted, the developments directly dependent on the link are forecast to generate £78.35m of net GVA to the local economy over the period to 2037; of which approximately £30m is an additional net GVA as a result of the accelerated scheme delivery (2010 prices, discounted to 2010).</p>																	

	<p>The proposed scheme is also expected to result in £37.5m from dependent development planning gain. This corresponds to a Moderate Beneficial impact.</p> <p>The scheme is anticipated to have a generally neutral impact against most social impacts. Beneficial impacts to commuting and other users are expected to be realised due to a shorter travel time as a result of the provision of a direct link between Lytham St Annes and the strategic road network.</p> <p>In addition, the scheme is expected to benefit Non-Motorised Users (NMUs), and therefore promote physical activity, as the currently closed B5410 Wild Lane will become a dedicated path for pedestrians, cyclists and equestrians.</p> <p>However, due to lack of local counts on usage by existing users, no assessment has been undertaken to evaluate benefits gained from the proposed walking/cycling path. These benefits are expected to be small relative to benefits gained from road users travel time savings.</p> <p>The SOBC has not assessed the majority of the environmental impacts since an environmental statement has been produced for the proposed link road as part of the Queensway development study, as outlined in the 2012 Appeal Secretary of State Decision Letter (APP/M2325 / A / 09 / 2103453).</p> <p>The scheme is expected to have a positive impact on Indirect Tax Revenues due to an increase in distance travelled and consequently fuel consumption.</p>
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2.5 Appraisal Summary Table

Appraisal Summary Table				Date produced:		February 2019		Contact:			
The Quantitative column of the AST above has been greyed out as this is a SOBC and therefore scheme appraisal is primarily qualitative.											
Name of scheme:		M55 Heyhouses Link Road						Name		Neil Stevens	
Description of scheme:		The proposed scheme consists of providing a new road parallel to the existing B5410, creating a 2.5km, standard 2-lane single carriageway (two way) road. It will extend from the B5410 Annes Way at the Cropper Road roundabout to Lytham St Annes Way. As part of the scheme, the currently closed B5410 Wild Lane will be designated as a segregated path for pedestrians, cyclists and equestrians.						Organisation		Lancashire County Council	
								Role		Promoter/Official	
Impacts	Summary of key impacts	Assessment									
		Quantitative			Qualitative	Monetary £(NPV)	Distributional 7-pt scale/ vulnerable grp				
Economy	Business users & transport providers	Value of journey time changes (£)		£12,264,564		N/A	£6,733,269	N/A	N/A		
		Net journey time changes (£)			N/A					N/A	N/A
		0 to 2min	2 to 5min	> 5min							
	Reliability impact on Business users	The scheme is expected to have a positive impact on journey time reliability. However, these benefits have not been formally assessed in this economic appraisal.		N/A		N/A	N/A	N/A	N/A		
Regeneration	No formal regeneration impact assessment has been undertaken.		N/A		N/A	N/A	N/A	N/A			
Wider Impacts	Unlocked and accelerated developments and employment opportunity as a result of the scheme is worth £78.35m of GVA benefits to the economy in the period to 2037, of which approximately £30m is a result of accelerated delivery due to the road scheme. The scheme is expected to deliver £37.5m through planning gain benefits.		GVA benefits of £78.35m from unlocked developments. £37.5m through planning gain benefits.		Moderate Beneficial	N/A	N/A	N/A			
Environmental	Noise	There is a slight overall disbenefit from noise level due to a slight increase in distance travelled.		N/A		N/A	-£7,066	N/A	N/A		
	Air Quality	There are expected to be Local Air Quality benefits, as the scheme will provide benefits to a number of competing corridors by reducing congestion and delays thus reducing vehicle emissions. However, these benefits have not been quantified.		N/A		N/A	N/A	N/A	N/A		
	Greenhouse gases	There is a slight overall disbenefit from greenhouse gases due to a slight increase in distance travelled.		Change in non-traded carbon over 60y (CO2e)		N/A		-£34,548	N/A		
				Change in traded carbon over 60y (CO2e)		N/A					
	Landscape	Not Assessed		N/A		N/A	N/A	N/A	N/A		
	Townscape	Not Assessed		N/A		N/A	N/A	N/A	N/A		
	Historic Environment	Not Assessed		N/A		N/A	N/A	N/A	N/A		
	Biodiversity	Not Assessed		N/A		N/A	N/A	N/A	N/A		
Water Environment	Not Assessed		N/A		N/A	N/A	N/A	N/A			
Social	Commuting and Other users	Value of journey time changes (£)		£40,683,023		N/A	£39,938,252	N/A	N/A		
		Net journey time changes (£)			N/A					N/A	N/A
		0 to 2min	2 to 5min	> 5min							
	Reliability impact on Commuting and Other users	The scheme is expected to have a positive impact on journey time reliability. However, these benefits have not been formally assessed in this economic appraisal.		N/A		N/A	N/A	N/A	N/A		
	Physical activity	The scheme is expected to benefit Non-Motorised Users (NMUs); however due to lack of local counts on usage by existing users, no assessment has been undertaken to evaluate benefits gained from the proposed walking/cycling path.		N/A		N/A	N/A	N/A	N/A		
	Journey quality	There is a slight monetised disbenefit on journey quality due to increased distance travelled. However, the quality of the new route is significantly better.		N/A		N/A	-£403,592	N/A	N/A		
	Accidents	There is a small accident benefit, due to travellers transferring to a newer, safer road.		N/A		N/A	£1,702,700	N/A	N/A		
	Security	N/A		N/A		N/A	N/A	N/A	N/A		
	Access to services	N/A		N/A		N/A	N/A	N/A	N/A		
	Affordability	N/A		N/A		N/A	N/A	N/A	N/A		
Severance	N/A		N/A		N/A	N/A	N/A	N/A			
Option and non-use values	N/A		N/A		N/A	N/A	N/A	N/A			
Public Accounts	Cost to Broad Transport Budget	Cost to broad transport budget = £14,897,463		N/A		N/A	£14,897,463	N/A	N/A		
	Indirect Tax Revenues	There will be an increase in indirect tax revenues of £138,879 due to the scheme		N/A		N/A	-£138,879	N/A	N/A		

3 Financial Case

The Financial Case concentrates on the affordability of the proposal and its funding arrangements. It presents the financial profile of the proposed scheme and any associated risks. It determines the project costs per year and over its lifespan.

3.1 Affordability Assessment

Please explain how the affordability of the proposed scheme has been assessed.

Funding Basis

The scheme will be partially funded by the private sector (Kensington, the Developer), and who has considered the commercial viability of delivering the Link Road in a single phase (with public sector support) and 1,047houses against an accelerated build-out programme.

The Developer has made this investment commitment based upon its ability to finance the Link Road in accordance with estimated costs, based upon construction costs, design, site supervision, Quantified Risk Assessment, and Optimism Bias applied at 3% of the construction costs.

As reported in the economic case, since the scheme costs are not finalised at this stage, sensitivity analysis have also been undertaken to consider other possible levels of optimism bias included in the scheme construction costs and examine their impacts on the value for money assessment of the proposed scheme. These tests were performed for 15% and 44% optimism bias in the Core Scenario based on the WebTAG Databook November 2018.

The Developer's business plan also includes a cashflow assessment based upon the range of finance borrowing required to fund the Link Road costs, including possible variance noted above.

This cashflow assessment has been conducted based upon the funding profile as per Section 3.4.

Whilst the current Link Road costs are estimates, these are based upon detailed design work undertaken by Wardell Armstrong (Kensington's design consultants). The scheme cost estimates have been calculated in 2017/18 prices and inflation applied to convert to out-turn prices.

The specific (and higher) construction risk elements that have been included in the QRA are;

- Variation in surcharge quantities
- Worse than expected ground conditions
- High groundwater levels
- Groundwater contamination
- Soft ground due to bad weather
- Suitability of excavated material for re-use
-

	<p>They also take into account the experience of road build programmes on similar moss roads in the Fylde Coast area.</p> <p>The ability of the Developer to finance the Link Road will be supported by a HCA Loan. The remaining funding will be provided by Fylde Borough Council (confirmed), Highways England Growth and Housing Fund (confirmed), HCA's Housing Infrastructure Fund (confirmed), Lancashire County Council (confirmed), Growth Deal funding (as per this funding application process) and DfT National Productivity Investment Funding (confirmed).</p> <p>The Local Authority funding commitments is provided in the Appendices via Section 151 Officer letters (Appendix D). The Developer funding commitment is provided in Appendix E.</p> <p>The Lancashire Growth Deal aims to accelerate the delivery of the Link Road into one contract, with staged placing of surcharge material, consolidation and a highways construction phase, thereby both accelerating the delivery of housing and crucially removing future risks through the delivery of the highways infrastructure.</p> <p>The scheme cost estimate for the Link Road is based on route optioneering for the preferred option (which already has planning permission), horizontal alignment (see below) and ground survey/geo-technical studies.</p> <p>The current design work status is that a horizontal alignment has been established for the north/south link road along with a layout for the roundabout junction for the new link to Queensway to the west.</p> <p>The uncertainty around the surcharging cost and vertical alignment is identified and evaluated in the Risk Register.</p> <p>A Bill of Quantities has been produced which informed the development of the scheme cost estimate. This is included in Appendix J</p> <p>The current scheme cost estimate is £27.18m, which includes a risk allowance of £5.63m (based on the QRA), and an additional Optimism Bias applied at a rate of 3% of the scheme construction costs.</p> <p>This scheme has been progressed by LCC since 2008 and has had a series of stop/start decisions based on the developer's commercial needs and pressures. LCC's design costs up to January 2019 amount to approximately £300k (included the estimate to complete the tendering process).</p> <p>The works will be delivered through a single contract. The contract will comprise the staged placing of surcharge material to consolidate the weak ground beneath the highway; this will be left in place until immediate settlement has occurred and will be followed by the construction of the new highway and all associated infrastructure, culverts, bridges, drainage, lighting and signing.</p>
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These works will be delivered through the OJEU procurement methodology and a competitive tender exercise.

As outlined in the Commercial Case, it is anticipated that the contract will be administered under the NEC Option B (Priced Contract with Bill of Quantities). This form of contract is better suited for dealing with unanticipated events and provides a clearer method of dealing with changes in quantities and the pricing of any new aspects of work using competitively established rates.

Any increases in scheme costs, above the cost estimates outlined in this Financial Case, will be covered by LCC, as the scheme promoter and as per the Section 151 Officer Declaration included in **Appendix D**.

The costs are based on the construction of a 2.5km link road between July 2019 and January 2022. The advanced contract for utilities works has started from January 2019.

The current cost estimate (£27.18m) is based upon the following breakdown;

- £2.78m Preliminaries
- £2.05m Statutory Undertakers Costs
- £0.42m Signs and Road Marking
- £0.28m Landscape and Ecology
- £11.0m Road Construction Cost
- £1.81m Structural Costs
- £5.63m QRA
- £0.83m Inflation
- £0.38m Land Compensation
- £1.43m Site Supervision
- £0.57m Optimism Bias

The following general assumptions have been made in the preparation of LCC's cost estimate:

- Detailed QRA undertaken;
- Additional Optimism Bias applied
- Estimate only covers those works within the "red line" planning permission boundary;
- An allowance has been made for the diversion of utility services (BT, £1.3m) and a further enquiry will be made to arrive at a contemporary figure. The Link Road crosses no other utilities;
- Costs based on 2017 prices with an inflation of 1.7% for 3 years applied to convert to Out-turn prices to account for the road delivery timescale;
- Inclusion of Part 1 Claims

An independent review of the scheme cost estimate was scheduled to be undertaken by Highways England as part of the scheme's application to the Growth & Housing Fund (GHF).

	<p>Assumptions – Works As per the programme, the Link Road will be constructed between July 2019 and January 2022 covering an estimated works period of 30 months..</p>					
<p>3.2 Financial Costs <i>Please provide details of the Whole Life Costs of the proposed scheme and a profile of the costs over the period shown.</i> See Scheme Costs Guidance</p>	Whole Life Costs (£m)					
	Year	2018/19	2019/20	2020/21	2021/22	2022/23
	Profile	1.00	5.15	13.37	7.2	0.46
<p>3.3 Funding Allocation</p>	<p>The £27.18m M55 Link Road scheme will be funded from the following contributions, which have been confirmed as per the letters in Appendix D, E & F:</p> <ul style="list-style-type: none"> • £1.98 Growth Deal funding. • £4.78m Highways England GHF funding • £1.0m Fylde Borough Council • £1.7m Lancashire County Council • £7.0m Developer • £5.0m DfT NPIF • £3.81m Housing Infrastructure Fund <p>£1.91m Risks (The scheme cost estimate has increased by £1.91m since November 2017 submission. This amount is currently treated as risk and will be ultimately covered by LCC, according to the Section 151 Officer Declaration. Once the tender costs are known, a report will be submitted to LCC Cabinet to approve the exact increase in scheme cost).</p> <p>The £1.98m available from central government via Growth Deal funding is subject to the development of a Strategic Outline Business Case which demonstrates that the scheme will deliver high value for money (Benefit Cost Ratio >2) as per DfT guidance and the TfL Assurance Framework, as well as supporting delivery of economic growth objectives and the delivery of the LEP's Strategic Economic Plan.</p> <p>As outlined in the Economic Case, the scheme has been assessed as having a BCR greater than 2 which means it offers high VfM, therefore fulfilling the VfM criterion required to release funds.</p> <p>A signed letter from Fylde Borough Council has been provided to confirm to their financial commitment and ability to fund the scheme (see Appendix D).</p> <p>A signed letter from the Developer has been provided to confirm to LCC their financial commitment and ability to fund the scheme (see Appendix E).</p> <p>A signed declaration from LCC's Section 151 Officer is to be provided following the completion of the procurement exercise, which will confirm LCC's financial commitment and ability to fund the scheme following Cabinet Member approval.</p> <p>Maintenance</p>					

	<p>The M55 Heyhouses Link Road has been estimated to have future year maintenance costs of £1.90m (in 2017 prices) for the 60-year economic appraisal period.</p> <p>These costs relate to routine maintenance and non-traffic related maintenance costs such as drainage, street lighting, fencing, grass cutting, etc.</p> <p>It is confirmed that any ongoing operation and maintenance liabilities over the lifecycle of the scheme will fall to LCC (supported through a commuted sum) as stated in the Section 151 Officer letter).</p>						
<p>3.4 Financial Cost Allocation <i>Please illustrate how the Whole Life Costs (WLC) will be allocated between the organisations involved in the delivery of the proposed scheme. Also provide a cost profile of the costs allocated to each organisation over the period shown.</i></p>	Year	18/19	19/20	20/21	21/22	22/23	Total
Local Growth Fund (WLC £m)							
Profile		1.98					£1.98
Private Sector (WLC £m)							
Profile			5.85	1.15			£7.00
NPIF (WLC £m)							
Profile		1.00		4.00			5.00
Highways England GHF (WLC £m)							
Profile			3.17	1.61			4.78
HCA Housing Infrastructure Fund (WLC £m)							
Profile					3.81		3.81
Fylde (WLC £m)							
Profile					1.00		1.00
LCC (WLC £m)							
Profile					1.24	0.46	1.70
Risk (LCC) (WLC £m)							
Profile				1.91			
Total		1.00	5.15	13.37	7.20	0.46	27.18
<p>3.5 Financial Risk <i>Please provide details of any financial risks associated with the delivery of the proposed scheme. Explain how these have been assessed and quantified. Have funds been committed? Identify any known shortfall in funding and provide evidence of how this shortfall will be addressed.</i></p>	<p>Quantified Risk Assessment A Quantified Risk Assessment (QRA) has been undertaken by Lancashire County Council for the Link Road. See attached Risk Register in Appendix C.</p> <p>A risk allowance of £5.63m has been identified through the development of a QRA, which equates to more than 20% of the scheme costs. Instead of adopting a probability adjusted (P95) risk value (as is typical for the financial case), the full value of the quantified risk has been included in the scheme cost estimate to ensure robustness.</p> <p>A summary of the risks with the highest cost impacts are:</p> <ul style="list-style-type: none"> • Excavated earth (with additives) is not suitable for reuse (£0.75m) • BT costs exceed the paid (C3 Budget Cost) C4 Detail Cost (£165k) • Additional works to satisfy consents (£350k) 						

- Agreements required with adjacent land owners to satisfy access requirements, over sailing (£200k)
- Delays in awarding tender result in estimated unit costs being out of date (£250k)
- Contractor profit margins higher than expected at 5-10% per item (£492k).

Risks were also categorised based their likelihood and impact. The risks in the 'high risk' category are included below for ease of reference:

- Electric costs (diversions/protection) exceed paid informal Kensington discussions - £122.5k
- BT costs exceed the paid (C3 Budget Cost) C4 Detail Cost- £165k
- Delivery of new road section within the constrained existing highway boundary (width, utilities, poor ground conditions, excavating below water table), results in additional time/materials/plant/change in construction approach - £100k
- Moss sluice and branch drain, significant working constraints (width, utilities, poor ground conditions, excavation below water table) - £60k
- Poor weather conditions result in greater materials on haul road - £100k
- Poor weather conditions require additional water pumping or increases duration of water pumping or modifications to watercourse diversions - £100k
- Poor ground conditions require additional temporary haul roads to deliver structures, additional equipment, plant or materials, as well as hire additional plant - £50k
- Utilities fail to turn up on time or work to programme - £100k
- Agreements required with adjacent land owners to satisfy access requirements, temporary/permanent easements, or specific requirements for NATS - £200k
- s106 renegotiated with Kensington - £120k

The QRA will be updated in consultation with the contractor post the outcome of a procurement exercise.

Optimism Bias

Optimism bias refers to the tendency for scheme promoters to be overly optimistic about scheme costs. Optimism Bias has been applied at a rate of 3% to all scheme costs.

As reported in the economic case, since the scheme costs are not finalised at this stage, sensitivity analysis have also been undertaken to consider other possible levels of optimism bias included in the scheme construction costs and examine their impacts on the value for money assessment of the proposed scheme. These tests were performed for 15% and 44% optimism bias in the Core Scenario.

There are other contingencies to cover for unknown site conditions, as summarised in the QRA, providing robustness to the cost estimates. For this reason, the 3% optimism bias was considered appropriate.

<p>3.6 Financial Risk Management <i>Please provide details of any risk allowance or contingency built into the Whole Life Costs of the project. Explain the rationale for the level of risk/contingency allocated and how this will be managed.</i></p>	<p>As outlined in section 3.5, a QRA has been developed which has resulted in a risk allowance of £5.63m being included in the scheme cost estimates, which equates to more than 20% of the scheme construction costs.</p> <p>A shortfall in funding / finance is not expected as LCC and the Developer has reviewed the scheme cost estimates and considered these within their business plan.</p> <p>As stated above, the Developer has made a statement regarding its ability to finance the Link Road and deliver a commercially viable housing development. LCC has made a commitment to underwrite any cost over-runs.</p> <p>Risk Management will be built into the scheme delivery through the Project Management arrangements and managed by the Programme Manager, with reporting to the Project Working Group and Programme Board.</p> <p>Residual risks will be actively managed, mitigated and monitored by the Project Manager, using the Risk Register.</p>
<p>3.7 Financial Accountability <i>Please explain who will be responsible for managing the finances of the project. What arrangements are in place to ensure diligent financial management is in place?</i></p>	<p>The overall scheme costs will be monitored by the LCC Highways Design Team through their contract management arrangements in accordance with the preferred New Engineering Contract Option B, Priced Contract with Bill of Quantities.</p> <p>The scheme is being procured using OJEU competitive tender. Once the Tenders are received then overall costs of the works will be reviewed and confirmed. Under the terms of the contract, the costs will be assessed every 4 weeks.</p>

4 Commercial Case

The Commercial Case provides evidence on the commercial viability of the proposed scheme and the procurement strategy. It should clearly set out the financial implications of the procurement strategy. It presents evidence on risk allocation alongside implementation timescales and details of the capability and skills of the delivery team.

<p>4.1 Commercial Viability <i>Please outline the approach taken to assess commercial viability.</i></p>	<p>The Commercial Viability of the scheme has been assessed under the following headings:</p> <ul style="list-style-type: none"> • Procurement Strategy; • Identification of Risk; • Risk Allocation; and • Contract Management.
<p>4.2 Procurement Strategy <i>Please summarise potential procurement options available (e.g. partnership, framework, new competitive tender). Details of the intended procurement strategy and the rationale behind selecting it should be provided.</i></p>	<p>The works consist of:</p> <p>Carriageway</p> <p>TR6 Urban Section - Moss Hall Lane (northern edge of Cypress Point development) to TR5/TR6 roundabout near Moss Sluice</p> <p>Carriageway width – 6.5m, no hard strips (this is sufficient for 2 HGV's to pass).</p> <p>Through pinch point, 1.5m footway on west side, 0.5m verge on east side.</p> <p>Elsewhere 1.8m verge, 2.0m footway adjacent to the carriageway on the east side and a 4.0m verge on west side. This will allow possibility of widening to 7.3m carriageway with 1m hard strips at some point in the future if required.</p> <p>Existing newly constructed carriageway north of Moss Hall Lane to be reduced to 6.5m carriageway by provision of 1.4m on-carriageway cycle lanes.</p> <p>On new length of carriageway, cycle provision to be on carriageway with no cycle lane markings.</p> <p>Lighting – 10m columns</p> <p>TR6 Rural Section (R5/TR6 roundabout to Whitehills Roundabout)</p> <p>Carriageway width – 7.3m with 1m hard strips</p> <p>Verge widths – 2.5m both sides, no footway</p> <p>Speed Limit – 50mph</p> <p>Lighting – No</p>

TR5

Carriageway width – 6.5m no hard strips

Speed Limit – 30 mph

Lighting – 10m columns

LCC has chosen what is referred to in procurement as a 'traditional approach', with the design being undertaken in house and the Contractor appointed by tender. The works will be procured in accordance with the requirements of the Public Contracts Regulations 2006.

With an estimated scheme cost of £27.18m, the scheme is above the threshold of £4,104,394 where contracts have to be advertised in the Official Journal of the European Union (as at January 2016).

The proposed form of contract used will be the New Engineering Contract Option B, Priced Contract with Bill of Quantities.

There are six main Options within the New Engineering Contract (NEC) suite:

- A: Priced Contract with Activity Schedule
- B: Priced Contract with Bill of Quantities
- C: Target Contract with Activity Schedule
- D: Target Contract with Bill of Quantities
- E: Cost Reimbursable Contract
- F: Management Contract

Option B (Priced Contract with Bill of Quantities) is the preferred form of Contract Option.

Option B sees the contract awarded based on the tendered total of an Employer created Bill of Quantities (BoQ). The BoQ makes the pricing of the works easier for the tenderers and re-measurement under the contract provides Contractor reassurance that he will be paid for the quantity of work undertaken. The risk in an increase in quantities and subsequent project cost escalation lies with the Employer. Whilst Option B may be regarded as offering less cost certainty than Option A, there should be much less need for the tenderers to place a premium on rates to cover an increase in quantities and Option B may therefore be regarded as a better means of administering a contract where quantity variation is anticipated. The provision of rates in the BoQ under competitive tendering conditions can offer a means of valuing any new aspects of work that arise under the contract.

The Employer retains relatively low risk under Options A and B whilst the Contractor carries lesser risk under Options E and F. Options C and D offer an opportunity for more risk sharing but are best used in circumstances where the design is incomplete so that the Contractor can positively influence the outturn cost.

Due to a requirement for the lowest level of contractual oversight, the need for financial certainty and the advanced design stage of the scheme, LCC have opted for Option B, Priced Contract with Bill of Quantities for both the initial surcharging works and the subsequent highway works.

The procurement process will be managed by Paul Johnstone, Procurement Manager at Lancashire County Council and this management will continue into the contract management phase.

LCC will continue to manage the design aspects with the Contractor responsible for construction tasks, and which will be part of the Project Working Group (see Management Case for further details).

The NEC is published in the form of a set of core clauses with a range of main and secondary option clauses enabling scheme specific contracts to be produced depending on individual requirements. The choice of option is a balance between risk, apportionment of risk and certainty of cost. The contract options legally define the responsibilities and duties of the Employer (who commission work) and the Contractor (who carry out work) in the Works Information.

The tender process is underway. Full details of the procurement programme are provided in the table below.

Milestone	Date
Issue SQ / ITT & Contracts Finder notice / OJEU notice using the Restricted Procedure	(Actual publication date) Monday 13 th December 2018
Tenderer Workshop	Friday 11 th January 2019
SQ closing date	10.00 am Friday 25 th January 2019
SQ evaluation period	Monday 28 th January 2019 to Friday 22 nd February 2019
Approval of the minimum number of 5 tenderers for the ITT stage by Head of Service/procurement	Monday 25 th February 2019
Notification to Successful / Unsuccessful tenderers	Tuesday 26 th February 2019
ITT publication date to the minimum 5 tenderers	Friday 8 th March 2019
ITT return date	10.00 am Friday 3 rd May 2019
ITT evaluation period	Tuesday 7 th May to Friday 24 th May 2019

	Pre Award meeting (to verify tenderer position and understanding)	Friday 24 th May 2019
	Award approval from Head of Design & Construction/Procurement & logged on the ModGov system.	Thursday 30 th May 2019
	Letters dispatched to all tenders, (successful contractor is subject to no challenge received and signing agreement) Standstill period starting date)	Friday 31 st May 2019
	Standstill period completes	Tuesday 11 th June 2019 (Midnight)
	Confirmation Letter to successful Contractor	Friday 14 th June 2019
<p>4.3 Identification of Risk <i>Please outline the main commercial risks associated with the scheme (e.g. at-risk funding (capital and revenue)) and what strategy is in place to monitor and review these risks.</i></p>	<p>As discussed in section 3.5, key risks have been identified in a Risk Register. This Risk Register will be used in order to mitigate and monitor residual risks.</p> <p>The main commercial risk associated with this scheme is that the required funding is not secured as per the intended funding arrangements outlined in the Financial Case.</p> <p>One of the main financial and programme risks, and therefore ultimately a commercial risk, is the Surcharging element. The programme plan accommodates a period of time between the settlement of the surcharging element before construction takes place, plus a contingency amount to accommodate any increase in costs. This element will be managed via Contract Management through the New Engineering Contract Option B, Priced Contract with Bill of Quantities.</p>	
<p>4.4 Risk Allocation <i>Please describe how the risks identified in section 4.3 will be apportioned and shared to demonstrate that risks are allocated to the organisation / body best placed to manage them to ensure cost effective delivery.</i></p>	<p>Risk Allocation and Transfer</p> <p>Risks and associated cost items will be specifically assessed and assigned depending on which partner is best placed to manage them. The activity schedule will be written by the Contractor since they are the organisation that knows what activities will be carried out. Each activity will be priced as a lump sum by the Contractor.</p> <p>In pricing the activity, the Contractor will take responsibility for estimating the quantities and resources and assessing the pricing risks which are retained by the Contractor.</p> <p>The prevailing economic conditions/inflation have been taken into consideration to ensure correct risk assignment.</p>	

	<p>As referenced previously, the project would be managed using Option B, Priced Contract with Bill of Quantities for both the initial surcharging works and the subsequent highway works.</p> <p>This form of contract means that project risks are transferred to the contractor. The contractor would also take on the risk of programme overrun on the basis of a target date-of-completion contract.</p> <p>The M55 Link Road scheme programme is attached as Appendix G.</p> <p>The scheme's construction programme will be reviewed and updated accordingly post receipt of tenders. The successful Contractor is required to provide a Programme of Works to show LCC the details of the various operations to be carried out during the contract.</p> <p>The Project Team responsible for the day to day supervision and design delivery of M55 Link Road is an experienced in-house Lancashire County Council Highways Design team, supported by external consultants as and when required. Resources have been allocated and prioritised to the project.</p> <p>The project team reports to a Project Board covering all major projects on a monthly basis and by exception.</p>
<p>4.5 Contract Management <i>Please explain the contractual arrangements for delivering the proposed scheme. A high level overview of the implementation timescales should be included (append MS Project Programme, if preferred).</i></p>	<p>The project would be undertaken using a pre-qualification assessment to arrive at a tender list followed by single stage competitive tender for both phases of work.</p> <p>The preferred tender process will use the New Engineering Contract (NEC), Option B, Priced Contract with Bill of Quantities.</p> <p>Tenderers will be asked to hold their prices for 60 days during which it is anticipated that contract award will be made.</p> <p>The tender period is underway and scheduled to complete by May 2019, with award of contract programmed for announcement in June 2019 and a start on site in July 2019.</p> <p>This type of contract is low risk for the Council and provides the greatest certainty of cost.</p> <p>The stated objective of the NEC is to stimulate good management. The principles upon which it is based are that foresight applied collaboratively mitigates problems and shrinks risk and that a clear division of function and responsibility helps accountability and motivates people to play their part. The contract places particular emphasis on the importance of planning/programming and a transparent and collaborative approach to risk management.</p> <p>Option B, Priced Contract with Bill of Quantities establishes a contract sum and the work is re-measured so that payment under the contract matches the work done in the contract. The Contractor carries no risk of underestimating</p>

the size of the works and the Employer is not committed to spending a sum of money on a piece of work which turns out to be smaller than that anticipated at tender stage.

As stated in the Financial Case, any cost overruns will be the responsibility of Lancashire County Council (the scheme promoter). However, this form of contract means that risk is transferred to the contractor. The contractor would take on the risk of programme overrun on the basis of a target date-of-completion contract. Delay of completion is also mitigated through the inclusion within the Contract of Secondary Option Clause X7, Delay Damages.

Established approval processes are in place via the Project Board / Project Sponsor (decision making, etc.). The project tolerances would be approved by the Project Executive. If these tolerances are exceeded, an exception report will be raised by the Project Manager. If there is a prediction that any one tolerance is to be exceeded; this will be raised as an issue to the executive board for discussion.

Payment Mechanism

Payment timing will be adopted to maximise the value from the contract through minimising financing and construction costs. Prompt and fair payment mechanisms will be applied throughout the supply chain. This is covered under the procurement process and will be monitored during the contract to ensure full value is delivered.

Pricing Framework and Charging Mechanism

The contract provides for specified risks to be carried by the Contractor, which may result in the tender sum increasing. If the quantities are over estimated then this should result in a reduced tender sum. Any variations can be accommodated by way of a Compensation Event and the competitively obtained rates in the contract used as a basis for evaluating any new work.

Under the preferred form of contract, a Sub-Contractor may provide the M55 Heyhouses Link Road initial surcharging works.

Contract Length

As per the outline programme included in **Appendix G**, the contract for construction works is expected to run from July 2019 to January 2022. The contract durations will be stated in the contract but will be subject to variance should legitimate extensions of time be established.

Due to the proposed contract type and length there is no potential for indexation of payments.

Contract Management

During the construction phase, the Priced Contract with Bill of Quantities procurement option provides Lancashire with ease of contract management whilst the detailed design stage of the scheme ensures a high degree of scope clarity for the contractor, hopefully minimising risk on both sides.

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5 Management Case

The Management Case assesses whether a proposal is deliverable by reviewing the project planning, governance structure, risk management plan, communication and stakeholder management. The Management Case should be clearly defined, concise and sufficiently robust to enable cost-effective delivery.

5.1 Governance

Please describe the Project Governance arrangements in relation to the Project Team; Project Sponsor/Project Manager; Project Board/Executive and their suitability to the role based on previous programmes of work.

Governance

A project specific governance structure has been created based on established and operating governance arrangements for schemes currently being delivered by LCC, adapted to reflect the specific requirements of devolved Local Major Scheme governance.

To that effect, a Project Board and Project Working Group have been established. The governance structure includes the following organisations to ensure accountability.

- *The Lancashire Local Enterprise Partnership (LEP) is responsible for the overall governance of the Growth Deal programme and the Board comprises the LEP champion for Growth Deal*
- *Transport for Lancashire (TfL) is a sub-committee of the LEP responsible for the transport elements of the infrastructure delivery plan. TfL develops, approves and funds major transport schemes;*
- *The Project Board consists of the appropriate members of the local authority for the scheme (Fylde Borough Council)*
- *The Senior Responsible Owner of Lancashire County Council (Sue Harper) is responsible for the appointment of the Project Manager and Senior User and Supplier (contracts); and*
- *The LCC Project Manager (Neil Stevens) is responsible for commissioning the main works contracts and other elements of the scheme including land assembly, permissions and approvals.*

Highways England (HE) is not currently included within the Governance structure but will be consulted upon in respect of the designs, delivery programme and to ensure appropriate management of the tie in of the Link Road to the SRN and also for funding reporting purposes. Update reports will be provided to HE who will be invited to Project Board/Project Working Group meetings where required.

The Homes and Communities Agency (HCA) Liaison is also of importance to the M55 Link Road due to their finance support to the Developer. Update reports will be provided to the HCA who will be invited to Project Board/Project Working Group meetings where required.

A number of discipline leads have been identified for the project including for planning, finance, legal, highways design and supervision, property and communications, as detailed in the next section.

Evidence of Successful Project Delivery

LCC has a strong track record of project delivery using similar contracts methods to those proposed for the M55 Link Road. A recent major transport project demonstrating successful delivery so far is the £143m Bay Gateway (Heysham to M6 Link Road) scheme, one of the largest local authority highway schemes in the country

The scheme completes the long awaited connection from the Heysham and Morecambe peninsula to Junction 34 of the M6 and will be a 4.8km two lane dual carriageway with a footpath and cycle way along the entire route. This is a complex scheme in terms of ground conditions but the benefits sought from the Heysham to M6 Link road are similar to those sought on the M55 Link Road in respect of improving access to development sites, improved journey times and reduced congestion as well as better local air quality in residential areas subject to high levels of pollution.

Lessons learned from the delivery of Heysham to M6 are shared across the highways service to ensure widespread learning for other projects such as M55 Link Road. Another successful project includes the £3.4m Fishergate Central Gateway project, supported by £1.39m of ERDF funds. This project has transformed central Preston with the creation of a shared space for pedestrians and cars and was completed on time and to budget in October 2014.

In addition, Lancashire has led on the successful delivery of major economic development initiatives for the County including the Preston, South Ribble and Lancashire City Deal; the Lancashire Growth Deal; and the progressing of the Lancashire Enterprise Zones. Through the City Deal and the Lancashire Growth Deal, LCC is delivering a transport investment programme worth a further £250m during the period up to 2020/21. This has involved collaboration with the HE and other stakeholders. The Council is resourced to deliver this extensive programme with strong in-house design and project management expertise supplemented by our Highways Framework Consultant as required LCC understands and has practical experience of successfully delivering schemes such as M55 Link Road and has set a realistic and deliverable project programme.

Corporate / Programme Management

The Lancashire Local Enterprise Partnership (LEP) will adopt the corporate / programme management role. The LEP is a creative collaboration of leaders from business, universities and local councils, who direct economic growth and drive job creation.

Lancashire's LEP is led by a Board of 16 directors who contribute a wide range of expertise. The majority are from the private sector, representing major employers and small and medium enterprises, while the public sector is represented by experts from higher education and political leaders from local authorities.

The Lancashire Local Enterprise Partnership (LEP) is responsible for the overall governance of Lancashire's Growth Deal and the Board comprises a LEP Board Member. Transport for Lancashire (TfL) is a sub-committee of the LEP responsible for the transport elements of the infrastructure delivery plan.

	<p>TfL develops and approves major transport schemes. Lancashire County Council is responsible for operational delivery</p> <p>Project Board The County Council has established a Project Board to support delivery of other schemes seeking Growth Deal funding, that Board will also take ownership of this particular scheme.</p> <p>The Project Board includes a Project Executive, Senior User and Senior Supplier. Representatives for each role have been selected based upon their previous project experience. The makeup of the Project Board and their responsibilities are described below.</p> <p>The Project Board consists of representatives of the following organisations:</p> <p>Lancashire LEP Lancashire County Council Kensington Development Limited Fylde Borough Council</p> <p>Project Working Group The Project Working Group membership includes a number of discipline leads which have been identified for the project including for planning, finance, legal, highways design and supervision, property and communications.</p> <p>All discipline leads report to the Project Manager (PM). These leads include:</p> <ul style="list-style-type: none"> • LCC Highways Discipline Lead • LCC Environment • LCC Planning Discipline Lead • LCC Planning • LCC Strategic Highways • LCC Structures • LCC Tendering & Site Supervision • LCC Legal • LCC Property • LCC Finance • LCC Funding • LCC Communications • LCC Procurement • Fylde BC Planning • Kensington Development
<p>5.2 Go/No-Go & Decision Milestones <i>Please describe any outstanding Go/No-Go processes and Decision Milestones in relation to the</i></p>	<p>Key go/no-go decision milestones for the progression of the scheme are the TfL committee meeting at which the scheme is seeking Growth Deal funding and receiving confirmation of funding from the developer.</p>

<p><i>progression of the proposed scheme.</i></p>	
<p>5.3 Project Programme <i>Please set out an indicative delivery programme, including key milestones. Any programme / project dependencies should be referenced. If applicable, please explain how the programme is aligned to relevant delivery strategies and plans.</i></p>	<p>The proposed delivery programme is provided in Appendix G.</p> <p>Key dates are shown below:</p> <p>July 2018 – Detailed design completed and agreed October 2018 – Document preparation, including Bill of Quantities December 2018 – Tender process start (Publish Supplier Questionnaire (SQ) June 2019 – Confirm final funding approvals (including LCC Cabinet final approval) June 2019 – Contract award process ends June 2019 – Complete mobilisation on site August 2019 – Advanced Contract (utilities) Works Complete January 2022 – Scheme Construction Complete</p> <p>The proposed delivery programme will be reviewed and updated accordingly once the tender has been awarded and the programme has been reviewed by the appointed contractor.</p> <p>Some key risks that could impact the delivery programme are outlined below:</p> <ul style="list-style-type: none"> • Settlement of ground during surcharge period • High groundwater levels/water table • Flood risk management • Land drainage/ditch crossing issues <p>The M55 Link Road is not dependent on any other schemes.</p>
<p>5.4 Assurance and Approvals Plan <i>Please document any key assurance and approval milestones (including any independent assurance).</i></p>	<p>Assurance As the Accountable Body, LCC has put in place arrangements for independent local audits carried out in line with DfT requirements as set out in the TfL Assurance Framework approved by DfT.</p> <p>TfL has a dedicated web page hosted by the Lancashire Enterprise Partnership. This will be used to publish agendas, minutes, the business case, evaluation and appraisal reports and supporting technical material, and regular programme updates on delivery and spend against budget.</p> <p>As per the LEP Assurance Framework, LCC will submit a quarterly monitoring report (QMR) to TfL, setting out progress on scheme preparation and delivery. This will include a regularly updated quantified risk assessment.</p> <p>The next key approval date for the M55 Link Road scheme are:</p> <p>April 2019 – LEP meeting at which the scheme is seeking Growth Deal funding approval.</p> <p>Scheme Assessment and Approval</p>

The officer with overall responsibility for business case scrutiny and for making recommendations to Transport for Lancashire (TfL) is Mike Kirby, Director of Commissioning, Lancashire County Council.

In order to secure the required expertise for business case assurance, TfL has established a consultant panel with a minimum of two independent specialist consultants appointed to a Business Case Scrutiny framework for a set period of three years. This ensures separation between scheme promoters and their own framework consultants and the appraisal team and decision makers.

As Accountable Body, LCC ensures that officers from the three local transport authorities with appropriate technical experience of this type of work oversee the selection process.

The LEP Board Director for Strategic Transport will have an advisory role in supporting scheme assessment and approval arrangements. Consultants appointed to the Business Case Scrutiny framework will provide TfL with a formal report on each submitted local major transport scheme business case specifying the outcome of their assessment against a standard set of key criteria.

Approval Process

The Lancashire Enterprise Partnership has adopted a proportionate approach to the development of transport business cases.

The LEP's Accountability Framework states that 'For individual schemes requiring a Local Growth Fund contribution of less than £5m or packages of small-scale measures requiring a Local Growth Fund contribution of up to £10m where no individual scheme has a capital cost greater than £5m, acceptance of a Strategic Outline Business Case indicates the Lancashire Enterprise Partnership's approval to proceed to implementation. This enables the scheme promoter to commence works and draw down grant funds.'

Programme Entry has already been achieved for the M55 Link Road scheme.

Consequently, given the amount of Growth Deal funding being sought for the M55 Heyhouses Link Road scheme (£2m), a Strategic Outline Business Case is being submitted to the LEP in order to seek 'Full Approval'.

Once granted, Full Approval enables the scheme promoter to commence construction and draw down grant funds.

As the scheme promoter, LCC acknowledge that a procurement exercise is underway (as outlined in the Commercial Case) and will be completed following the TfL board meeting in March 2019. It has been agreed that the SOBC itself will not need updating once the tender costs and programme are finalised and known. Instead, a 'shift statement' will be produced summarising any material differences to content reported in the SOBC (i.e. confirming scheme costs).

An overall framework has been adopted at the Corporate / Programme Management level which defines an assurance role to oversee the governance and working arrangements of the LEP. The framework sets out that, as the accountable body for the LEP, LCC provide the overall assurance role. The purpose of this role is to ensure that:

- *all decisions and activities comply with legal requirements;*
- *the use of all funds is accounted for and reported;*
- *appropriate records of decisions and proceedings are published; and*
- *the assurance framework is being adhered to.*

Given that LCC are the promoter and applicant for the scheme, an independent local audit of the business case work which guides investment decisions will also be carried out prior to the approval decision by the LEP.

Project-level assurance roles would be in place to provide the Project Board and LEP respectively with independent guidance and advice with regard to all matters related to the status of the scheme.

Funding Guarantees

It is noted that TfL requires scheme promoters to provide an absolute minimum 10% contribution towards total scheme construction cost and 100% of any increase in cost once TfL has granted a scheme Approval.

As the scheme promoter, Lancashire County Council acknowledges that Growth Deal, Local Contributions and other public sector funding is capped and therefore any increases in scheme costs are to be met by Lancashire County Council (as supported by the Section 151 Officer letter).

As set out in the Financial Case, the M55 Heyhouses Link Road has a local funding allocation of £2.7m (£1.7m from Lancashire County Council and £1m from Fylde Borough Council) which means the scheme meets the local contribution criteria to support the committed funds from the Local Growth Fund. The additional £1.91m increase in scheme cost based on the latest estimates, will also be covered by LCC and therefore added to the local contribution, once the tender cost becomes available and the actual amount of funding shortfall is approved by LCC Cabinet.

Lancashire County Council and Fylde Borough Council have both under-written the authority's ability to fund the local contribution to the M55 Link Road.

Value for Money

The LEP will only approve schemes demonstrating high value for money, with a benefit to cost ratio (BCR) of greater than 2, and that have significant wider economic benefits to the Lancashire area. As part of the independent scrutiny of a scheme's transport business case, TfL will require the consultant responsible to confirm that the Value for Money assessment aligns with DfT's Advice Note for Local Transport Decision Makers published in December 2013.

	<p>Neil Kissock, Director of Financial Resources, will sign off all Value for Money assessments as true and accurate. The Director of Financial Resources is not involved with scheme development and promotion at Lancashire County Council, thus avoiding any potential conflict of interest with regard to schemes promoted by the County Council.</p> <p>A Value for Money (VfM) statement for the M55 Heyhouses Link Road has been included within the Economic Case for the scheme, along with the scheme's BCR. An updated VfM statement will be included within the 'shift statement' and will be issued to LCC and TfL, once tender scheme costs are known following the procurement exercise. No updates will be made to the SOBC itself.</p> <p>The BCR of the M55 Heyhouses Link Road has been assessed as being greater than 2, which represents 'high' VfM. It is confirmed that the assessment was undertaken in line with DfT WebTAG guidance.</p> <p>Release of Funding, Cost Control and Approval Conditions If funding for the M55 Link Road scheme is approved, the LEP will release funding quarterly in arrears. The LEP requires the submission of a quarterly monitoring report (QMR) setting out progress and updates on scheme delivery and the quantified risk assessment.</p> <p>Requests to draw down funding will be accompanied by a signed statement from Lancashire CC to confirm that costs have been incurred and that delivery is progressing in accordance with the formal contract established between TfL and LCC as scheme promoter. Funds will only be spent on eligible capital costs.</p> <p>As Lancashire is also the Accountable Body, a mechanism will be established through which TfL gives approval to LCC to draw down the funding. This will ensure that the County Council's status as Accountable Body gives it no more favourable a position than the other two local transport authorities within TfL's geographical area.</p> <p>Lancashire will ensure that a process is established to maintain robust records and audit trails. This will include documentation to demonstrate a fair and effective procurement for the construction phase, and to safeguard funds against fraud, bribery or error.</p>
<p>5.5 Communications & Stakeholder Management <i>Please explain how key stakeholders will be engaged throughout the delivery of the scheme, including details of proposed consultation events.</i></p>	<p>The County Council will develop a communications strategy to inform local businesses, residents, transport operators and other stakeholders (for example Lancashire LEP, Fylde Borough Council, Highways England, Homes & Communities Agency, United Utilities, Environment Agency, adjoining landowners) on proposed works and progress. A Communications Strategy is provided at Appendix H.</p> <p>Briefing reports will be undertaken for Local Members throughout the duration of the project to ensure that Members are aware of progress and can feedback to their constituents.</p>

Press releases will be carried out through the Corporate Communications Team using local press and radio. Leaflets with information on the scheme will be delivered in advance of the works to inform those affected on the programme. A site notice board will also be installed to provide regular updates.

Limited aspects of the scheme will be subject to consultation, but it will include the TROs. However, the majority of the works consultation has been employed through the preparation of the proposed scheme phases to ensure comprehensive public participation through the planning process. The public's support for the scheme was summarised by in the Secretary of State Decision Notice (June 2012), which stated that;

Significant weight should be attached to the 5,700 letters of support. They unequivocally support both schemes and there is not one representation made by any person approached that the process was unacceptable or misleading.

The support has been fully analysed and, specifically, some 4,000 people who live in the locality have indicated support for the scheme. There is also, understandably, overwhelming support from business interests. The support bears out the outcome of the public exhibition where 83% of respondents supported the housing and road schemes.

A local paper on-line poll led to 72% of respondents saying that it was worth accepting new homes to get a new road in place.

As the construction phases of the programme are implemented, contact with stakeholders and the public would be increased via the uses of a range of media methods, for example press releases, meetings with Councillors, public consultation events, mailing of flyers to residents, to ensure they are fully informed of project timescales, any possible disruption to local activities, and possible visits to the sites to view construction activities.

The construction phase of project delivery can have a significant impact on the relationship with the local community and their early impressions of the scheme. Many stakeholders will have contact with other opinion formers and influencers so it will be vital to keep stakeholders informed and to be as open as possible with communications. This engagement would continue throughout the delivery phases.

It will be important to ensure all temporary traffic management and construction works are phased to minimise adverse impacts on the journeys of local residents and others.

(i) Stakeholder Engagement

The following engagement with stakeholders is proposed prior to the scheme being constructed to ensure continued support for the scheme:

	<ul style="list-style-type: none"> • Letters to directly affected residents and businesses following the outcome of the procurement exercise with notice of start dates on site; • Briefing material; • Stakeholder Information Event /Meet the Contractor. <p>(ii) Media Relations Strong relationships with the media are important for cascading information to the varied audiences affected by the scheme. Information on the following milestones will be shared with the media:</p> <ul style="list-style-type: none"> • Press release after the challenge period regarding the procurement outcome • Appointment of Contractor • Visualisation of the future road • Pre-Construction start of works • Photo of ground breaking ceremony <p>(iii) E-Communications</p> <ul style="list-style-type: none"> • Web updates • Social Media messages <p>(iv) Contractor Communications</p> <ul style="list-style-type: none"> • Development of a Communications Protocol for working with contractor
<p>5.6 Programme / Project Reporting <i>Please describe the proposed reporting and approvals process. This must cover technical, financial, commercial and management elements.</i></p>	<p>The Project Working Group will report to the Project Board according to a defined and regular programme of meetings. During these meetings, key highlights, risks, programme and the financial position of the project will be discussed. The Project Working Group will be supported by the Project Manager at these meetings as appropriate. Any corrective actions or decisions will be agreed by the Project Board and cascaded to Team Leaders via the Project Manager.</p> <p>Monthly Update Report to Project Board Monthly update reports are currently being provided by the M55 Link Road Project Manager to the Project Board and will continue through the delivery of the scheme. The scheme is at the detailed design stage so the reports currently cover scheme design, surcharging, funding, land and planning. When funding is secured and contracts are let the reports will also cover adherence to programme and budget, issues and decisions made within the tolerances granted and exceptions.</p>
<p>5.7 Risk Management Strategy <i>Please describe the scope of the Risk Management Strategy for the proposed scheme. Include details of the key risks including organisational accountabilities.</i></p>	<p>Risks associated with the overall delivery of the LEP's investment programme will be managed according to the overall monitoring responsibilities set out in the LEP's Accountability Framework. This framework requires risk registers to be produced and maintained for individual schemes once approved.</p> <p>A risk register highlighting the key risks to scheme cost and programme is presented in Appendix C.</p> <p>The Project Board would have overall responsibility for governance and risk associated with the delivery of the scheme. The Project Working Group would</p>

	<p>be responsible for managing and overseeing a Risk Management Strategy to monitor and manage residual risk and where appropriate agreeing and undertaking actions to mitigate key risks. The Project Manager would be responsible for maintaining and updating a Quantified Risk Assessment and undertaking actions to mitigate the risks that do not require escalation to the Project Executive.</p> <p>The project governance structure, as outlined in Section 5.1, will include arrangements for decision making and approvals, and information on roles and responsibilities such that responsibilities with regard to risk will be well defined.</p> <p>Risk management activities and risk registers are already in place as part of ongoing LCC scheme delivery work. These have been informed by regular technical design meetings, including a design risk workshop (the latest one held on the 6th September 2017) which are aligned to key programme design and delivery phases. Going forward, the membership of these meetings will vary and would be dependent upon the particular project phase. For example, technical design meetings have already taken place to capture risks at preliminary and detailed design stages based upon the experience of other Moss Road developments.</p> <p>These risk workshops have been used to review the risk register to identify the range and extent of risks that could adversely affect the delivery of the scheme. These sessions identified the likelihood of each risk occurring and the relative quantifiable impact in terms of cost and programme. The risk register will be maintained throughout the project as a live document and reviewed on an ongoing basis. The most significant risks will have Risk Management Plans developed. Risks can also be identified at any time outside of these formal lines of communication and will be highlighted to the project manager if this occurs.</p>
<p>5.8 Monitoring and Evaluation <i>Please summarise outline arrangements for monitoring and evaluating the performance of the proposed scheme.</i></p>	<p>LCC, as scheme promoter, will monitor and evaluate the M55 Heyhouses Link Road scheme in terms of scheme delivery and its intended outcomes and impacts, in accordance with TfL's Assurance framework.</p> <p>The monitoring and evaluation work will be undertaken in accordance with the Monitoring and Evaluation (M&E) Report attached as Appendix I.1 which has been produced to inform the LEP's requirements. The LEP will publish the results of the Monitoring and evaluation work on its website.</p> <p>The Monitoring & Evaluation Report and LEP Economic Outputs Table, is included in Appendix I.1 and I.2 respectively and describe how each of the following evaluation metrics will be evaluated and when;</p> <ul style="list-style-type: none"> • Jobs connected to the intervention • Commercial floorspace constructed • Housing unit starts • Housing units completed • Total length of newly built roads • Total length of new cycle ways • Commercial floorspace occupied

The data collection requirements for each of the evaluation metrics outlined above is set out in the M&E Report. Where possible, the data collection requirements will utilise survey data which is already collected by LCC for other metrics, for example traffic and pedestrian counts and journey time surveys.

The cost of the data collection requirements to complete the proposed monitoring and evaluation of the M55 Heyhouses link road will be covered by the identified organisation in the Monitoring & Evaluation report.

The management of risk in delivering to the M&E requirements has also been taken into account and mitigation measures set out. For example, there is a risk that the outcome may be evaluated too early. The mitigation is that it will be scheduled to occur 1 year and 4-5 years after scheme completion as recommended by DfT.

Logic Mapping

To support the monitoring and evaluation process it is important to set out the assumptions which underpin how the scheme will deliver the intended outcomes (e.g. facilitating development) and impacts (such as supporting economic growth). DfT guidance recommends logic mapping is undertaken to show a scheme's causal pathways and how it is expected to achieve its anticipated benefits. A Logic Model is a visual way of presenting the key steps required between inputs and outcomes.

A Logic Model for the M55 Heyhouses Link Road is included in the Monitoring and Evaluation Plan (**Appendix I.1**)

The success of the scheme will then be measured by the Growth Deal monitoring and evaluation indicators which have been selected for the scheme (outlined above).

As per the logic model in **Appendix I.1**, the success of the scheme will be measured against whether it has managed to deliver a link Road to support 1,047 housing units and how quickly the houses are built out compared with the original build out programme.

The results of the monitoring and evaluation exercise will be published on the LEP's website.

Reporting

An Evaluation Manager to be nominated by LCC will be responsible for the overall coordination and management of the M&E process. They will be independent of scheme delivery but will be familiar with the scheme and data collection methodologies. Evaluation results will be published in the 'One Year After' Report and the Final Report 5 years after opening.

	<p>Monitoring and Evaluation progress will also be reported to the LEP within the Quarterly Reports to be issued to Growth Deal funded projects on receipt of funding.</p>
<p>5.9 Project Management <i>Please summarise the overall approach for project management at this stage of the project.</i></p>	<p>The project will be managed in line with the principles of PRINCE2.</p> <p>PRINCE2 is a de facto process-based method for effective project management. Used extensively by the UK Government, PRINCE2 is also widely recognised and used in the private sector, both in the UK and internationally.</p> <p>To ensure consistency with the principles of PRINCE2, a defined organisation structure for the project management team will be agreed, as outlined in section 5.1. In addition, the project will be divided into manageable and controllable stages.</p>

Appendix A – Housing Development Phasing

Appendix B - Economic Assessment Report

Appendix C – Risk Register

Appendix D – Letters of Support (LEP, Fylde Council, Blackpool Council)

Appendix E – Funding Commitment Letter (Kensington Developers)

The funding letter from Kensington is outstanding and is expected to be provided imminently.

Appendix F – Funding Approval Letters

N.B. LCC's S151 Officer Letter will not be available until after the procurement process is completed.

Appendix G – Scheme Programme

Appendix H- Communications Strategy

Appendix I.1 – Monitoring & Evaluation Plan

Appendix I.2 – LEP Economic Output Table

Appendix J – Scheme Cost Estimate