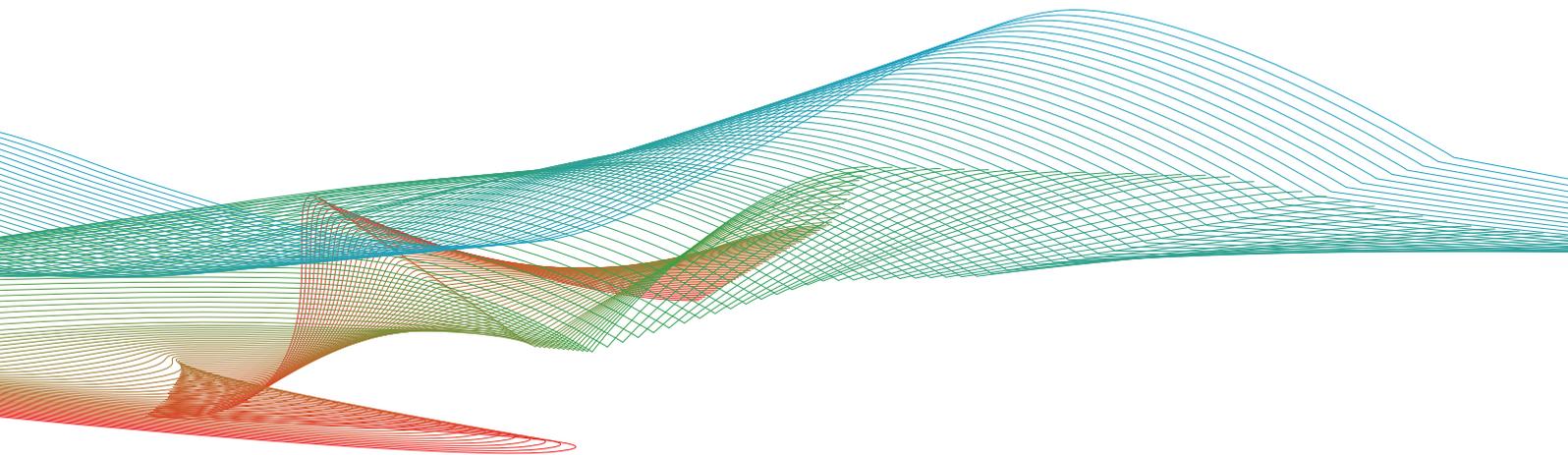


Multi Area Agreement

Pennine Lancashire



Foreword

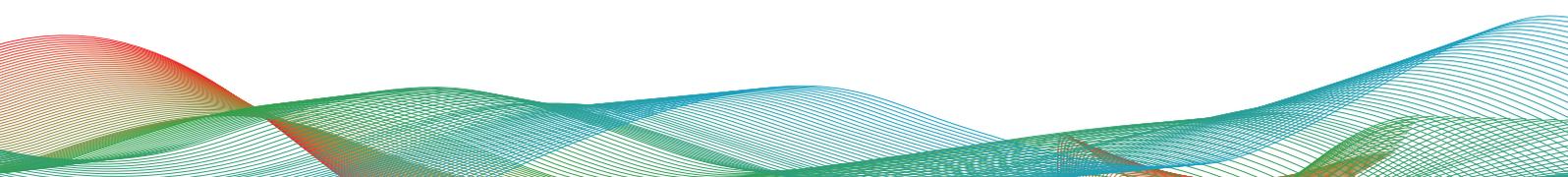
Pennine Lancashire Leaders and Chief Executives (PLACE)

This Multi Area Agreement (MAA) reflects our ambitions for Pennine Lancashire. We want to increase prosperity to enable everyone to enjoy a better quality of life. Pennine Lancashire's economy is undergoing a transition and in order to speed this up we need action from Government in a number of key areas. Pennine Lancashire has real growth potential and with the right support can make an important contribution to the productivity and competitiveness of the region.

We believe through devolved flexible funding, improved transport links, and more higher education places we can bring about transformational change.

This proposal is built on a strong evidence base, years of existing partnership work and informed by a number of key strategy documents. It outlines clearly what Government will get in return for making a commitment to the area. We will impact on important Government PSA Targets, deliver transformational projects much earlier, and attract more private sector investment.

We welcome the opportunity to submit an MAA and support the devolutionary tone of the Sub National Review and the Framework for Regeneration. We look forward to a new era of cooperation between local and central Government to achieve sustainable economic growth.



Pennine Lancashire

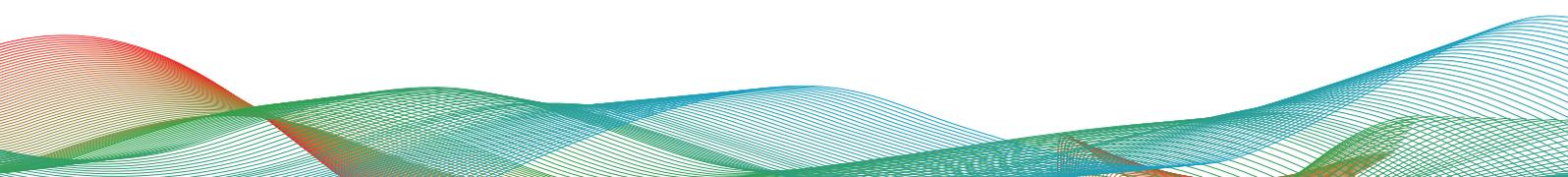


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Summary of Government and Pennine Lancashire actions, each action has a greater level of detail (see main body of document), and all actions involve engagement from Pennine Lancashire partners and Government.

Section 1

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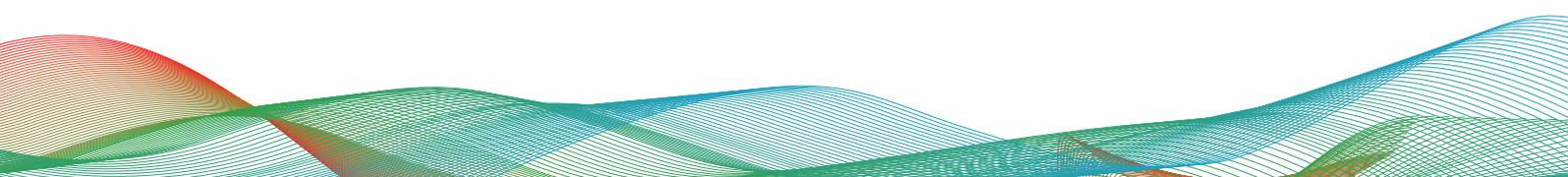
“...interventions which we acknowledge are either in our own gift or need a greater level of detail from the partnership, but we seek in principle agreement from Government on the proviso that we provide additional supporting evidence”.

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1. Introduction

Pennine Lancashire is facing a challenge; recent evidence suggests that the area is falling further behind neighbouring areas on a number of key economic indicators. While other places have enjoyed strong economic growth and increased prosperity Pennine Lancashire has struggled to keep up. The causes of this decline relate to the de-industrialisation of the economy over a number of years. However there are grounds for optimism, recent evidence has allowed us to identify our barriers to growth and come up with solutions to address the underlying causes. This agreement sets out how we'll take forward these solutions in a new relationship with Government.

The *Sub-national review of economic development and regeneration (SNR)* (HMT, BERR & CLG, 2007) recognised that administrative boundaries often do not correspond with functioning economic areas, and proposed developing cross boundary working. The SNR made it clear that economic development should be carried out at the most appropriate spatial level, and a commitment was made to devolve resources to those best placed to deliver economic improvements. The *national framework for regeneration: Transforming places; changing lives* takes forward the SNR with a renewed focus on ensuring that regeneration tackles the underlying economic challenges to increase social mobility. It acknowledges that resources should be aligned against local regeneration priorities and sets out a new framework to devolve power and resources to the most appropriate spatial level to achieve the greatest outcomes. This agreement aligns with the Government's new approach to regeneration – and provides a clear statement of our priorities and demonstrates the outcomes that can be realised.

Our MAA is built on years of strong partnership work, a robust evidence base and a clear vision for the future of Pennine Lancashire. In the context of the MAA the term Pennine Lancashire is taken to denote the six local authority districts¹ that comprise the travel to work area and together function as a distinct economic footprint – five of which are two tier districts with Lancashire County Council. Through developing complementary assets across Pennine Lancashire we can be more than the sum of our parts. Within a polycentric city region it is in everyone's interests for strong economic growth across the principal urban areas, opening up opportunities and spreading prosperity. Officers from a range of organisations are working cross-boundary to develop and deliver strategies and interventions across all the key priority themes. New governance structures have been developed and throughout we highlight the steps we are taking to work more effectively to achieve greater economic outcomes.

To support our aspirations we want Government to work with us to provide Pennine Lancashire with the support needed to close the widening gap. Without Government action on key elements of the agreement we cannot bring about transformational change. However we recognise that we must provide a framework for change at a local level too. Indeed we see the MAA as the start of a new approach to regeneration in Pennine Lancashire and this document articulates our ambitions for the future.

¹ Blackburn with Darwen UA, Burnley, Hyndburn, Pendle, Ribble Valley and Rossendale.

1.1. A Unique Challenge

Pennine Lancashire has a proud history and was at the forefront of the industrial revolution, specialising in the textile industries, an area characterised by innovative and hard working people. Although recent times haven't been kind, we have an ambitious vision for the future of Pennine Lancashire, **"to provide a confident, dynamic and growing economy, characterised by a thriving higher value business base, supported by a responsive education and training system; an area with fast and reliable transport links to employment opportunities underpinned by a revitalised housing market and cohesive communities."**

Pennine Lancashire's **economy** is over reliant on a declining manufacturing base with very limited high value service sector employment; between 1995-2005, 20,800 manufacturing jobs were lost. The area has high levels of benefit dependency and concentrations of worklessness, as well as underperformance on higher-level skills particularly among younger age groups. Wage levels lag well behind both regional and national levels, as a result a per capita productivity gap of over a £1 billion exists with the rest of the North West. Population is growing but at a much slower rate than our neighbours, and in terms of net population flows the area has experienced a net outflow of people, suggesting low-level job opportunities and a 'quality of place' that can neither attract new people nor retain the existing population. Although property prices have increased faster than regional and national averages there are still significant concentrations of very low value properties and a dearth of higher end executive houses. (Ekosgen, 2007) Transport connectivity between Pennine Lancashire and the ²wider City Region, as well as neighbouring City Regions, is inadequate and is a significant barrier to economic growth and prosperity. Indeed, just 2.6% and 3.6% of resident employees in Burnley and Blackburn respectively commute to Manchester (Centre for Cities, 2008).

This economic underperformance has led to an increase in relative **deprivation**. The Indices of Multiple Deprivation (2007), not only highlighted that parts of Pennine Lancashire are among some of the most deprived nationally, but that the situation is worsening relative to other areas. There are over 117,000 people living within the 10% most deprived areas in the country, accounting for over 22% of the total population. Those living in the 5% most deprived areas have increased by 71% since 2004, equating to over 67,000 residents. Over 1/2 of children residing in 4 of the Pennine Lancashire districts³ are in 'low income families', in each district a higher proportion is attributed to families with parents in work. This suggests that the low wage economy has a direct influence on **child poverty** rates in Pennine Lancashire.

Pennine Lancashire has a **population** of over 520,000, with 11.8% from an ethnic minority background (Census 2001), although in some districts this is as high as 21%. **Community cohesion** is extremely important to the local economy – businesses are much more likely to invest in an area where people from different backgrounds work and live together in harmony. It is recognised that economic exclusion can cause mistrust and exacerbate division between communities. Pennine Lancashire local authorities and partners are working on a number of levels to engage communities and promote cohesion. This work must be supported by a strong economy; people within

² Central Lancashire City Region comprising the sub region of Lancashire

³ Blackburn with Darwen, Hyndburn, Burnley and Pendle

our communities must feel that training and quality employment opportunities are within their reach.

Pennine Lancashire is a predominantly urban area, with 85% of Lower Super Output Areas classified as 'Urban - less sparse', 7.5% 'Town and Fringe - less sparse' and 7.5% 'Village Hamlet/Isolated Dwelling - less sparse' (ONS, 2004; ONS, 2005). However the area boasts **brehtaking countryside** and a string of accessible **beautiful villages and small towns**. The Pennine Lancashire Economic Strategy outlines how these natural assets can be harnessed to support economic growth. Promoting 'quality of place' attributes and changing perceptions of the area are important factors in attracting mobile capital. Economic growth must take place within sustainable and environmental limits and we propose a number of interventions within this agreement, and supporting Economic Strategy, which seek to achieve this balance. For example we are seeking to improve the area's digital connections, we've identified key employment sites that will provide local people with accessible jobs, prioritised investment in our town centres, as well as putting forward transport solutions to connect and support sustainable economic growth of both Pennine Lancashire and neighbouring areas.

Pennine Lancashire was identified in the Regional Economic Strategy 2006 as an '**area remote from growth**', 4NW's Review and Scrutiny Group has commissioned a briefing paper to support a Special Hearing Inquiry, "*Inquiry into Stimulating Economic Activity in Areas Remote from Growth – Special Hearing Briefing Paper.*" (Regeneris Consulting, 2008) The paper highlighted Pennine Lancashire's key challenges as: capturing new investment and creating new higher value employment opportunities; improving rail and road links; increasing delivery capacity and strengthening governance arrangements. The research showed that at £40 per capita Pennine Lancashire has received less regional funding than other areas classified as 'remote from growth', such as Barrow and West Cumbria (£112), and less than the North West as a whole (£57). Our MAA addresses the challenges put forward in the paper and working with the Agency, PLACE governance structures are being strengthened, in order to provide a robust framework and conduit for future funding. PLACE will take ownership of the MAA and the suite of supporting strategies (see Fig 6).

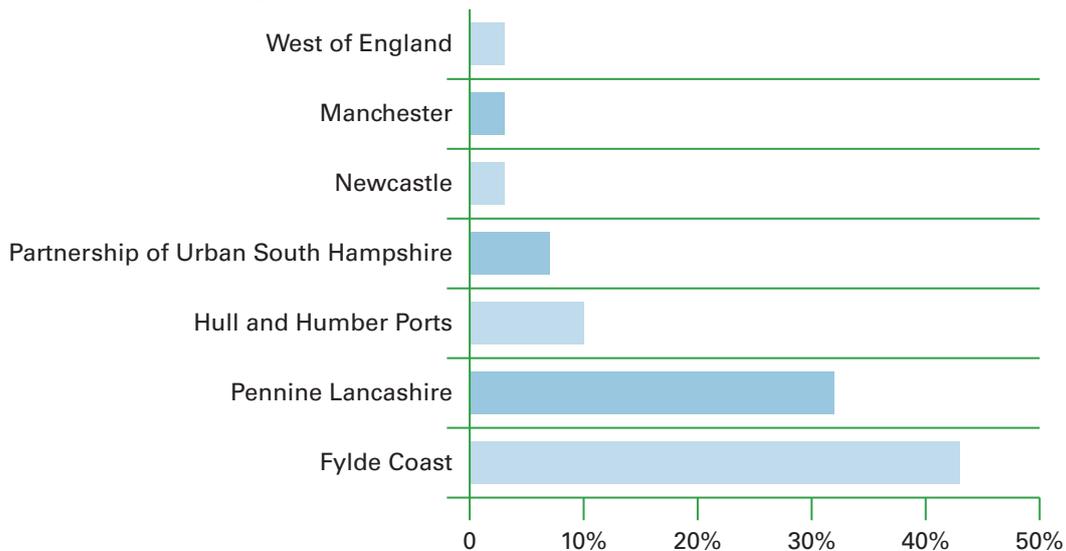
Fig 1. Pennine Lancashire's economic relationship with neighbouring areas



1.2. A Unique Opportunity

Despite the area's economic underperformance there are pockets of real potential. For example the **aerospace sector** demonstrates all of the key attributes that Pennine Lancashire is aiming for. It is a high value, high knowledge industry, characterised by high wage rates and significant investment in R&D training. Pennine Lancashire has two prime contractors – BAE Systems and Rolls Royce, together with a significant number of subcontractors and support companies.

Fig 2. BAE Systems' Share of Employment in Knowledge Intensive Production for Selected MAA Sub-regions



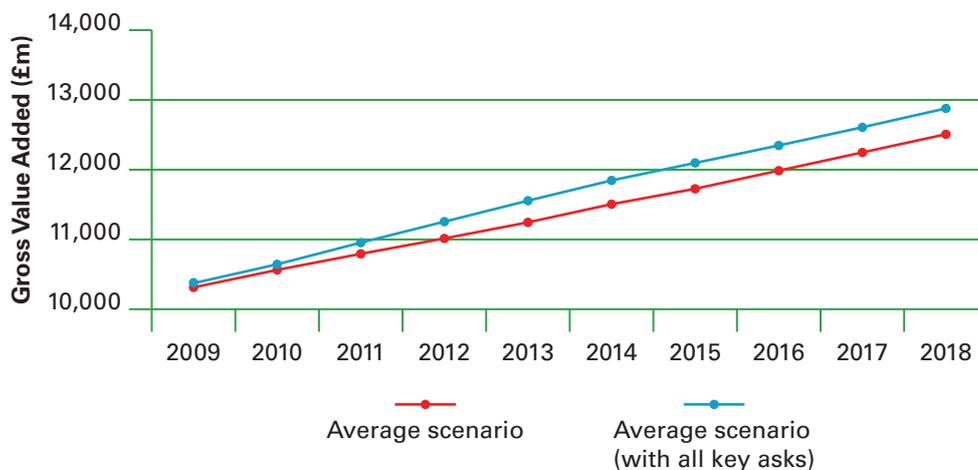
Pennine Lancashire is one of the most **manufacturing** dependent areas of the UK: 25% of all employment is in the sector, with many more employed indirectly in support services. In recent years many jobs in low wage, low value, high volume sub-sectors have been lost. However, there are also numerous local companies which are not only beacons of innovation and best practice in Pennine Lancashire, but worldwide leaders. They are engaged in a range of activities – advanced engineering, electronics, advanced flexible materials. These, together with the remaining traditional companies which are capable of making the transition represent an opportunity for the area.

It is recognised that in uncertain economic times the aerospace and advanced manufacturing sectors provide the Pennine Lancashire economy with a strong foundation. The **Pennine Lancashire Economic Strategy**, which underpins the MAA, details a number of strategic interventions aimed at harnessing these assets. Increasing the Higher Education provision in the area is a vital component in growing the local economy, and both Burnley and Blackburn colleges are tailoring their HE offer to reflect the profile of the local economy, as well as linking more effectively to businesses.

Providing degree level qualifications within Pennine Lancashire is also important in raising aspirations, and giving people the skills and qualifications to access new higher value job opportunities planned for the area, as well as those which will open up through improved transports links. We believe significant economic outcomes can be realised through adopting a three pronged approach to regeneration: **improved connections to areas of growth; restructuring the Pennine Lancashire economy to achieve long-term sustainable endogenous growth, and improving access to opportunities for local people.**

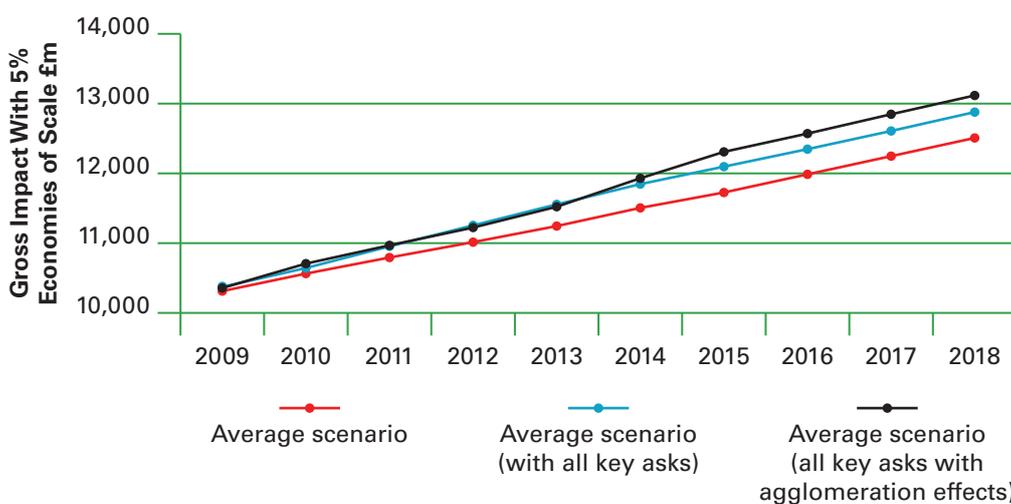
Pennine Lancashire is an area of untapped potential, conservative estimates suggest that an additional **£384m of GVA** can be achieved through the delivery of this agreement, closing over a quarter of the output gap that currently exists with the wider North West. It is evident that there is a degree of interdependency between the interventions; however this estimate does not take into account the agglomeration effects of the schemes, which would undoubtedly lead to significant additional GVA per annum. Other impacts include a net additional 4,745 new jobs, of which 2,251 are at Level 4 and above, and it is forecast over 1,100 people currently out of work would secure employment, saving over £5.3m per annum for the public purse, through reduced benefit payments and increased tax revenues.

Fig 3. Estimated GVA Impact of Pennine Lancashire MAA



Were agglomeration effects to be generated, then the potential GVA impact could be significant. In the scenario set out below, agglomeration benefits arising from firms being more productive as a result of better transport links and access to a wider, more highly skilled labour force generate an additional GVA per annum of £245m from 2018, over and above the GVA impact of the MAA interventions.

Fig 4. Estimated GVA Impact of Pennine Lancashire MAA with agglomeration effects



Economic impacts to be achieved by 2018 through the MAA can be summarised as:

GVA generated	£384m
Gross employment impact	6,583
Net employment impact	4,745
New jobs at NVQ2	3,732
New jobs at NVQ3	962
Higher level jobs (NVQ4 and above) introduced	2,251

Wider Pennine Lancashire outcomes on delivery of the MAA in total:

Indicator	Baseline	Target
GVA	£6.8 billion (2004 figure)	Additional £225.7m by 2012; £384m by 2018
Employment Rate	69.7%	73.7% (2012)
Benefit Reduction	17.96% (four qtr. average Feb 06 - Nov 07)	15.46% (a net reduction of 7,996 claimants by 2012)
Level 4 Skills (working age population)	21.9%	25.9% (net additional 12,804 by 2012)
Housing		Achieve RSS targets by 2016. Resulting in an increase in Council Tax income by 8% on 2008 base
Business Registrations	Awaiting guidance from Government.	

Pennine Lancashire partners have a strong track record of working together to deliver regeneration schemes. Both the Housing Market Renewal Pathfinder and the Local Enterprise Growth Initiative are in tandem successfully tackling some of our most intractable problems at a neighbourhood level. Building on this model Pennine Lancashire partners are committed to the formation of an **economic development company** to drive forward the regeneration of the area. This will achieve economies of scale, attract greater private sector investment and expertise, and deliver major schemes a much faster rate. We believe with increased local collaboration, targeted investment and Government action on key elements of the agreement the local economy can over time make a significant contribution to wider regional economic growth.

2. Closing the Gap – Delivering Government PSA Targets

Our MAA aims to close the productivity gap between Pennine Lancashire and the wider northwest – and in doing so make a positive contribution to the achievement of the Department for Business, Enterprise and Regulatory Reform (BERR) **PSA 7: “Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions”**.

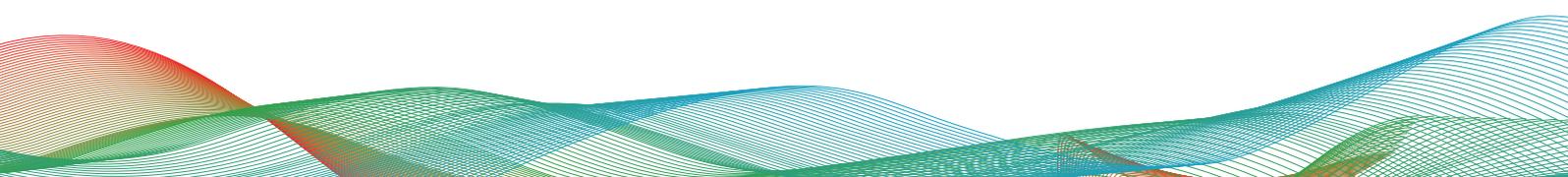
Our MAA is fully tested against PSA 7 - the Pennine Lancashire Economic Strategy that informs this proposal makes clear which interventions will have the greatest impact on increasing GVA. The sustainable growth potential of Pennine Lancashire is there for all to see. However, it is not just PSA7 on which the MAA can have an impact. With improved transport links the area can provide the neighbouring conurbations of Manchester, Leeds and Preston with an untapped labour source. This will contribute to the Department for Transport’s (DfT) **PSA5: “deliver wider and efficient transport networks that support economic growth”**.

An injection of new jobs locally is also necessary to help close the existing employment gap. This is a vital component in the restructuring of the Pennine Lancashire economy, both for addressing worklessness and supporting a more productive economy. These new opportunities will allow us to deliver on the Department for Work and Pension’s (DWP) **PSA8: “maximise employment opportunities for all”**.

To sustain economic growth a commensurate growth in higher quality housing is required, providing an attractive and affordable alternative to commuters, as well as retaining existing residents to support a higher value economy. Our MAA seeks to accelerate this supply and provide an offer that reflects the aspirations we have for our economy. This will help us assist in the achievement of the Communities and Local Government’s **PSA20: “increase long term housing supply and affordability”**.

We recognise the importance of higher value skills to the future of our economy and believe that an area the size of Pennine Lancashire should have its own university. This would give us the opportunity to become more competitive and provide greater social mobility for our residents. This would have a significant impact on the Department for Innovation, University and Skills’ (DIUS) **PSA2, “Improve the skills of the population, on the way to ensuring a world-class skills base by 2020”**.

The MAA will help speed up the transformation of Pennine Lancashire and deliver on key Government PSAs targets; we believe a small number of Government actions can make a big difference not only to Pennine Lancashire but also to the prosperity of the region as a whole.



3. Local Area Agreements and the MAA

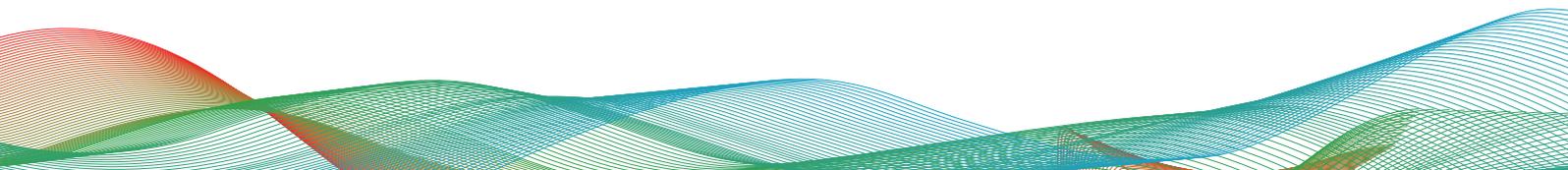
The MAA has been developed to add value to both Lancashire County Council and Blackburn with Darwen Local Area Agreements. The MAA is more than the sum of the LAAs and reflects priorities that are essential to the long term restructuring of the Pennine Lancashire economy. Delivery of the MAA will improve the competitiveness and economic performance of Pennine Lancashire which will help in the achievement of recently negotiated ambitious LAA targets, as well as forming the basis for stretching MAA outcomes.

It is not our intention to simply replicate these agreements on an alternative spatial level. It is recognised that there are certain issues which are more appropriately picked up by the LAAs, and although our MAA is ambitious and wide ranging it can not and should not try to do everything. Local authorities, through their LSPs, successfully tackle a range of issues, from health, crime, basic skills and worklessness. However, there are underlying economic causes which prevent Pennine Lancashire from realising its potential and as a result social issues are much harder to resolve.

It is the underlying economic problems that the MAA and supporting Economic Strategy are seeking to address, based on strong evidence, it is clear the area lacks the key building blocks that are fundamental for a modern economy. We have identified problems that if tackled will over a period of time bring significant economic gains to the area and its people. Through the supporting strategies and the MAA we have prioritised interventions which are of Pennine Lancashire importance, and are mutually beneficial for the area as a whole. This will bring the added value to the LAAs and assist in the achievement of their targets. For example, the ambitious worklessness targets of the respective LAAs will benefit from the MAA opening up new job opportunities, it will also provide a framework for the sharing of best practice, commissioning of interventions, and the development of an integrated employment and skills approach. However it will not arbitrarily roll out interventions on a Pennine Lancashire footprint if it is more appropriate for neighbourhood solutions to be found.

Appended to the MAA is a summary of indicators adopted by the LAAs, an overview of the Lancashire County Council LAA process and a diagram developed by the Blackburn with Darwen LAA, which highlights the interrelationships between LAA themes.

Due to the economic imperative of the MAA we are clear that the overarching outcome is to increase GVA and close the output gap. Other higher-level outcomes that will contribute to this aim are detailed in Section 9. Negotiations of detailed targets can only take place when it is clear which elements of the agreement will be taken forward.



4. The Agreement

This section sets out the terms of the agreement, highlighting our priorities and the actions required from Government. Each theme makes the case for intervention, providing the context and evidence, as well as showing the impact on the economy⁴. We acknowledge that much can be done locally without additional Government action, however the agreement is also between the partners of Pennine Lancashire and it is useful to show the collaborative approach we are now taking to regeneration - these are highlighted as **Pennine Lancashire Actions**.

The agreement comprises seven strands, it is important to note that many of these are interrelated, but to present the agreement simply we have divided the actions by the following:

- Funding
- Transport
- Skills - Higher Education
- Worklessness
- Economic Development (Jobs/Digital Connectivity/Culture)
- Spatial Planning
- Strategic Housing

In order to take forward the negotiations this section is split into three parts.

Section One – Key Government Actions: priorities that are a matter of urgency for Pennine Lancashire and with Government action would allow us to plan delivery immediately. These are relatively small actions, but do need Government intervention for their realisation. Within this section we also highlight the actions Pennine Lancashire partners are undertaking to support the request for Government action.

Section Two – Pennine Lancashire Actions: interventions which we acknowledge are either in our own gift or need a greater level of detail from the partnership, but we seek in principle agreement from Government on the proviso that we provide additional supporting evidence.

Section Three – Future Priorities: a small number of longer-term priorities which Pennine Lancashire partners acknowledge are important to the economic renewal of the area, which we seek to have a constructive dialogue with Government over a longer timescale.

4.1. The Agreement – Section One– Key Government Actions

“...priorities that are a matter of urgency for Pennine Lancashire and with Government action would allow us to plan delivery immediately. These are relatively small actions, but do need Government intervention for their realisation. Within this section we also highlight the actions Pennine Lancashire partners are undertaking to support the request for Government action”.

⁴ Appendix B details assumptions made on economic impact statistics.



4.1.1 Funding

Context/Evidence

Local: As with many areas across the country Pennine Lancashire has benefited from a myriad of regeneration pots and has various different sources of mainstream funding. This has led to a disjointed approach to regeneration and a significant barrier to place shaping. For too long we've had to make Pennine Lancashire fit the funding programmes, rather than funding fitting our priorities. This has led to ad-hoc regeneration and has prevented us gaining the critical mass necessary to affect real market change. We accept that locally competing priorities have exacerbated the situation, however over recent times, and through the development of this agreement, a more strategic approach is now being taken. This is backed by strong evidence and robust governance structures, providing a local framework for effective prioritisation.

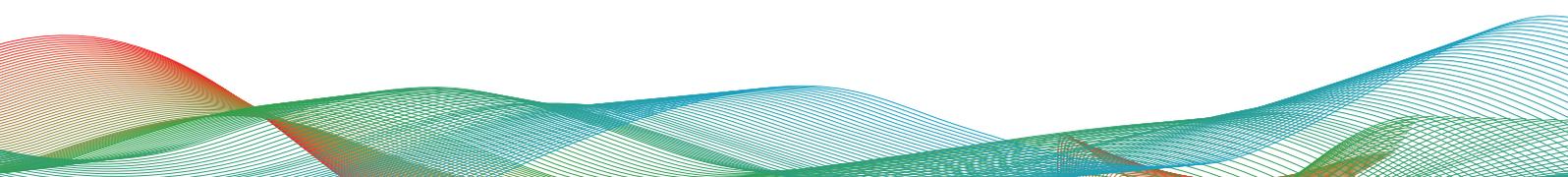
National: Through the SNR and Framework for Regeneration the Government has recognised that the barriers detailed above have slowed down regeneration efforts across the country. The SNR supported delegation of funding to collaborating local authorities on a programme not project basis. The Framework for Regeneration is seeking to prioritise funding to address underlying economic causes to achieve greater outcomes for deprived communities. In addition, the proposed reforms to the Local Authority Business Growth Incentives Scheme support local authority groupings on functioning economic footprints, allowing a clear link to be made between the economic performance of collaborating areas and 'reward' payments. (Note: discussions are ongoing in Pennine Lancashire regarding LAGBI's role in the MAA).

Government Action – HM Treasury / BERR / CLG / DFT / DIUS / DEFRA

Government Action 1: On delivery of a Pennine Lancashire Business Plan to the North West Development Agency funding is delegated directly to the area on a programme basis.

Pennine Lancashire Action 1: Pennine Lancashire partners have developed an Economic Strategy, identifying key regeneration priorities for the area. This has been worked up into a detailed Delivery Plan for submission to the NWDA in Autumn 2008.

We will work with the NWDA to ensure that an appropriate framework for receiving this funding is put in place at a Pennine Lancashire level. Additionally, we are fully committed to the RDA's Business Support Simplification Programme. Through recent dialogue with the Agency we have agreed that we will jointly commission the regional business support framework on a Pennine Lancashire footprint, and in doing so harmonise all existing Pennine Lancashire business support products.



Government Action 2: On delivery of a robust Investment Framework from the Pennine Lancashire MAA partners a single Strategic Investment Block Allocation, within the context of a developing sub regional approach, would be made to Pennine Lancashire. This delegation of funding would be fully consistent with the SNR and would potentially comprise:

- Geographic element of RDA single programme
- Housing Market Renewal (HMR)
- Integrated transport and maintenance block funding elements of RFA
- North West Operational Programme (ERDF) funding
- Local Enterprise Growth Initiative
- Homes and Communities Agency funds
- Network Rail (?)
- HEFCE (?)
- Rural Development Programme for England⁵ (?)

This block would potentially:

- Be un-ringfenced, enabling virement across different funding streams e.g. RFA to HMR or vice versa, subject to agreement of local partners.
- Provide a five-year commitment to funding in relation to the above elements, with rolling biennial review. This includes a commitment to honour the HMR and LEGI programme within the current Comprehensive Spending Review (CSR) period and beyond.
- Allow flexibility, where it doesn't already exist, to re-profile individual projects up to a fixed 25% of value in any given year.
- Provide for projects below £10 million in value to be appraised at a Pennine Lancashire level, where such arrangements are not already in place.

In order to involve any unnecessary duplication, where projects involve multiple funding streams a single appraisal framework based HM Treasury Green Book will be adopted.

Pennine Lancashire Action 2: A Strategic Investment Block Allocation would allow us to deliver key transformational projects much earlier. We will prioritise interventions that will have the greatest economic impact, and use the promise of funding certainty to increase investor confidence and provide attractive packages of programme/project funding to lever in more private sector investment. Building on the Pennine Lancashire Economic Strategy and Delivery Plan, MAA partners will develop an Investment Framework identifying monies that can be pooled on a local basis. It is intended that Lancashire County Council will act as the accountable body for funding channelled through the MAA, and Blackburn with Darwen Borough Council will be responsible for programme management.

Economic Impact: The cumulative effect of the MAA proposals is estimated to be £384m of GVA per annum from 2018. Additional benefits will be secured from other priorities identified in the Economic Strategy. Pennine Lancashire partners have undertaken a major prioritisation exercise in order to arrive at the final set of proposed

⁵ Discussions ongoing around the potential to achieve synergy between this funding and the wider strategic block allocation.

interventions. The exercise was based on a range of criteria including estimated GVA impact, skills and employment access benefits, and contribution to securing transformational change. Only those interventions which scored highly on all criteria are being put forward by partners for funding.

An increase in funding allocation would enable the GVA gap with regional and national averages to be narrowed further. Were a linear relationship to be assumed, then the following additional impacts could be expected:

- 5% additional funding – £18.6m additional GVA per annum
- 10% additional funding – £37.2m additional GVA per annum
- 15% additional funding – £55.8m additional GVA per annum

Pennine Lancashire partners have identified the investments which would be implemented, were any additional funding to be made available. Potential investments which could be progressed with additional funding are set out in the Economic Strategy.

Government Action 3: Allow Pennine Lancashire to pilot the European Union's Joint European Support for Sustainable Investment in City Areas (JESSICA), as part of a pan Lancashire approach if appropriate.

JESSICA is an initiative of the European Commission (EC) in cooperation with European Investment Bank (EIB) to promote sustainable investment in urban areas. It allows for the leveraging of additional resources for public and private sector partnerships, financial and managerial expertise from specialist institutions such as the EIB, and long-term sustainability through the revolving character of the ERDF contribution. Investments will be delivered to projects via either Urban Development Funds or holding funds.

Pennine Lancashire Action 3: Pennine Lancashire partners have submitted an expression of interest to the NWDA and await a response. It is expected that the CLG will produce more detailed guidance after the results of feasibility studies and clarification on issues from the EC.

4.1.2 Transport

Context/Evidence

Local: Despite Pennine Lancashire's close proximity to two of the North's most economically successful City Regions (Manchester and Leeds) the area has not been able to share in their success. A recent Centre for Cities (2008) report, *City Links*, found that poor commuter transport networks and weak trade links were stopping wealth from spilling over into Pennine Lancashire. Indeed, just 2.6% and 3.6% of resident employees in Burnley and Blackburn commute to Manchester. Research carried out by Ekosgen (2008), *Economic Relationship between Pennine Lancashire and Greater Manchester*, found that poor connectivity is the main constraint to greater interaction between the economies of Pennine Lancashire and Greater Manchester. The infrequency of trains reduces the likelihood of many people commuting. Given the scale of the labour market, the numbers commuting in to the City of Manchester (just over 2000) are very low. With a forecast growth of over 90,000 jobs, improving

accessibility will need to be a major priority. While road connectivity with northern Greater Manchester and Manchester City centre are adequate, increasing congestion and issues over sustainable development make increasing car borne commuting counter productive, and a threat to the environment.

There is a need to link transport planning more effectively to the economic and housing growth policies of the area. The format of the LTP3 (2011-2016+) may change with local authorities being asked to develop an Integrated Transport Strategy with a corresponding implementation plan. The current LTP system focuses Government objectives at a local level and is not conducive to strategic planning across functioning economic areas. As such we are developing an Integrated Transport Strategy and Implementation Plan for Pennine Lancashire, within a wider Lancashire context, as well as developing complementary LTP3 submissions.

Pennine Lancashire partners are working together to develop a rapid bus transport system through Pennine Lancashire. **Pennine Reach** is a proposed dynamic, new bus service designed to improve the public transport network between a number of Pennine towns. The scheme is being jointly promoted by the local highways authorities of Lancashire County Council and Blackburn with Darwen Borough Council, the scheme is identified as a priority in RFA1.

The Lancashire and Cumbria Route Utilisation Strategy (Network Rail, 2008) acknowledges both the Clitheroe-Manchester and Todmorden Curve schemes as potential projects providing a robust case can be made and third party funding secured. Both schemes are prioritised within the Pennine Lancashire Economic Strategy Delivery Plan, and the NWDA recognise the importance of the schemes in the wider economic renewal of the area. The Benefit Cost Ratio currently used to prioritise schemes does not take into account the wider economic, environmental and social benefits.

National: The Government commissioned *Eddington Transport Study* (2006, p5) acknowledged there is “clear evidence that a comprehensive and high-performing transport system is an important enabler of sustained economic prosperity”. This is consistent with the local evidence highlighted above, and reiterates the importance that must be placed on improving transport links in order to boost the economy and housing market. Eddington also recommended a sophisticated policy mix to unlock the economic potential of areas. This included:

- Ensuring transport planning at all levels draws on a comprehensive assessment of all the impacts of transport policies – economic, environmental and social.
- Targeting new infrastructure investment with smaller projects to unlock pinch points potentially offering very high returns.
- Adapting the delivery chain to meet changing demands: this includes rigorously prioritising those policies which offer the highest returns for each pound of resources. (DfT, 2007).

In November 2007 the Government published its Local Transport Bill. The Bill will allow areas to put forward proposals to set up PTAs, enabling benefits of a joint approach to the management of public transport, as well as more effective engagement with Highways Agency, Network Rail and bus operators and the potential to deliver economies of scale with regards bus service procurement.

The Stern Review on the economics of climate change highlighted the economic consequences of failing to tackle the problem of carbon emissions. In response to Stern and Eddington the Government published *Towards a Sustainable Transport System – Supporting Economic Growth in a Low Carbon World* (DfT, 2008). The Government's agenda is summarised in five broad goals:

Goal 1: Competitiveness and productivity

Goal 2: Climate change

Goal 3: Safety, security and health

Goal 4: Quality of life

Goal 5: Equality of Opportunity

Through the MAA process we hope there would be an acknowledgement of these broad goals in relation to the three priority schemes detailed below.

Government Action – DfT/Network Rail

Government Action 4: : Improvements to Clitheroe – Manchester Rail Link.

DfT will work with Pennine Lancashire MAA, Northern and Network Rail to facilitate the introduction of new services in the period 2009-2014 (CP4) for which funding would need to be sourced by local authorities. If required, DfT would also be prepared to include them as priced options in the specification of the new Northern franchise. In the light of the actual operating experience and the prices quoted by the winning bidder, DfT will discuss with Pennine Lancashire whether the services should continue and, if so, how they should be funded.

There is currently an hourly rail service between Manchester (Victoria), Bolton, Blackburn and Clitheroe, with additional services in peaks to create a half-hourly service between Blackburn and Manchester during these times. Significant service enhancements are restricted by infrastructure constraints related to signalling capacity (especially between Blackburn and Clitheroe), platform lengths, line speed restrictions and/or single track operation (between Blackburn and Bolton). (Faber Maunsell, 2007). The North West Route Utilisation Strategy (RUS) identifies Blackburn (Clitheroe) into Manchester as one of two lines currently experiencing the most severe crowding. The North West RUS and Lancashire and Cumbria RUS recommend that train and platform lengthening is required on the Manchester – Clitheroe services. In addition the Lancashire and Cumbria RUS also recommends that the additional peak services between Manchester and Blackburn should all be extended as far as Clitheroe, and although the case for an half-hourly service through the day between Manchester and Blackburn had not yet been made, it recommends that the Rail Industry work with outside parties to establish the additional cost, and level of support the service would require to be operated. Early indications suggest that the total scheme would cost approximately £8m.

Pennine Lancashire Action 4: Following discussions with Network Rail - Blackburn with Darwen Borough Council, Lancashire County Council and the NWDA are jointly commissioning research to identify and model the infrastructure required to allow a half-hourly service to run reliably between Manchester Victoria and Blackburn. The findings of this research will be available in October 2008, and will put forward the case for capital and service improvements to become operational in control period 4

(2009-14). On the delivery of this report we expect a constructive dialogue to take place between Pennine Lancashire partners and Network Rail supported by the DfT.

Economic Impact: An additional £6.7m GVA per annum can be achieved by 2016.

Government Action 5: Reinstatement of Todmorden Curve

DfT will work with Pennine Lancashire MAA, Northern and Network Rail to facilitate the introduction of new services in the period 2009-2014 (CP4) for which funding would need to be sourced by local authorities. If required, DfT would also be prepared to include them as priced options in the specification of the new Northern franchise. In the light of the actual operating experience and the prices quoted by the winning bidder, DfT will discuss with Pennine Lancashire whether the services should continue and, if so, how they should be funded.

Pennine Lancashire Action 5: Partners in Pennine Lancashire, together with key stakeholders from West Yorkshire and Greater Manchester, have already carried out some initial feasibility work. This work estimates that a rail link, via a re-instated Todmorden Curve could be achieved for less than £5m. This would provide a potential 38 minute journey between Burnley and Manchester and 49 minutes to Accrington, benefiting approximately 170,000 residents. Improved station facilities and car parking at Burnley and improvements to Rose Grove station would allow interchange for Pendle commuters shaving 40 minutes off the current journey time.

Pennine Lancashire partners are working with METRO and GMPTE to secure the extension of the Manchester Rochdale service to Todmorden which makes an incremental increase in service to Burnley and Accrington more viable with a view to it becoming operational in control period 4 (2009-14).

Economic Impact: An additional £8.4m GVA per annum can be achieved by 2018.

Government Action 6 - DfT to engage with Pennine Lancashire and other partners to explore the scope for using the East Lancashire Railway (ELR) to provide a commuter rail service which would connect Rawtenstall, and other stations on the ELR line to Manchester.

Pennine Lancashire Action 6: Partners in Pennine Lancashire, together with key stakeholders from GMPTE and AGMA have been investigating the possibility of using the infrastructure of the East Lancashire Railway (ELR) to provide a commuter rail service which would connect Rawtenstall, and other stations on the ELR line to Manchester, via conventional (heavy) rail services.

The GMPTE commissioned two studies to inform and advise on the feasibility of the ELR commuter project. The first of these, the 'Rail Scheme Options Costing Study' (the Faber Maunsell Report) findings provided cost estimates for developing the rail scheme at approximately £30m plus some costs of Park and Ride facility in Rossendale, estimated at £1m, and demonstrated that the scheme warranted further investigation.

The service would be run half hourly and would provide a journey time of 34 minutes between Rawtenstall and Manchester Victoria benefiting approximately 67,000 residents. A site for the Park and Ride facility has been identified that would also capture current users of the M66/A56 in Rossendale from neighbouring districts.

NOTE: In addition, Pennine Lancashire Partners have also been working with GMPTE and AGMA on developing a bid made under the TIF for a major investment in public transport to invest up to £2.8 billion to transform the transport system in Greater Manchester. If successful, 80% of capital works are required to be completed by 2013 and may result in resources being available to support the development of the proposed commuter rail service to Rawtenstall.

The scheme is linked to the delivery of new employment sites within Rossendale, most notably the Rawtenstall Business Park, identified within the Pennine Lancashire Economic Strategy Delivery Plan.

Next Steps:

DfT would engage with Pennine Lancashire and partners to develop a process to take forward the aspiration to introduce a Rawtenstall – Manchester link. This would include advice on work which would need to be commissioned by the Partners to cover the following areas:

Definition of Objectives: Work with the partners, who would be asked to define high level objectives for improved links and, through undertaking some baseline work define what the challenges/issues are that currently mitigate against the achievement of these objectives both now and in the future.

Development of Options: Work with the Partners to develop options that might address these challenges; the partners would carry out a high level assessment of these options in terms of deliverability, value for money and cost; with a view of identifying 2 or 3 options for further more detailed assessment.

Preferred option: agreeing with the partners the preferred option which is both deliverable and value for money and working with the partners to assess the route to implementation in the light of funding and delivery resources available.

Economic Impact: An additional £3.93m GVA per annum can be delivered by 2014.

Government Action 7/Pennine Lancashire Action 7: Pennine Lancashire partners to share drafts of Pennine Lancashire business case to ensure turn around within 6 months at the latest.

4.1.3 Higher Education

Context/Evidence

Local: Just 22% of the Pennine Lancashire population hold a NVQ4 level four qualification. The Pennine Lancashire economy currently has 14,000 less graduates compared to other areas and with a population of over 522,000 Pennine Lancashire is the largest area in the country not to have its own university. Both Burnley and Blackburn College have been earmarked to receive HEFCE funding in the recent University Challenge consultation document. Both colleges are currently undergoing a transformation with significant HE capital build projects taking place, linking to wider town centre masterplans. In order to stimulate demand both colleges are aligning their

HE provision to the local economy. In Blackburn's case this sees the College taking centre stage in the proposed Knowledge Zone with links being made to the aerospace industry and potentially a new Regional Advanced Engineering Academy. The College has a long history of working with employer partners in the development of innovative and responsive provision, specifically tailored to the needs of the local economy and employers.

Burnley College are linking their new campus to the needs of employers through a planned Enterprise Park. Of the 10 new degree courses, the flagship areas will focus on engineering, manufacturing and health and social care. The new provision aims to improve the skills base, as well as offer accreditation of existing employer training in order for employees to achieve credits towards a university qualification.

The Pennine Lancashire Economic Strategy identifies a number of interventions which the Pennine Lancashire college partnership are to play an integral role, these include: growing the knowledge economy; promoting growth sectors, establishing a school of business management; and developing a graduates into industry scheme.

National: The Leitch Review (2006) highlighted the importance of skills development if the UK is to successfully compete in the global economy. The Review concluded that by 2020 90% of adults should be qualified to at least Level 2 and 40% to Level 4 and above. In March 2008, Government published a paper announcing a new "University Challenge", the objectives for the new centres are: unlocking the potential of towns and people; driving economic regeneration; and the ability to deliver. The Government has allocated £150 million from the Strategic Development Fund, with the expectation that other funding sources will also be utilised. HEFCE on behalf of DIUS published a consultation document in July 2008, identifying Blackburn and Burnley as priorities.

Government Action – DIUS/HEFCE

Government Action 8: DIUS/HEFCE to engage with Pennine Lancashire to discuss appropriate flexibilities on funding to support additional HE places, and reach agreement on what flexibilities can be granted within 6 months.

In order to compete in a modern economy Pennine Lancashire must increase the number of graduates within its workforce and develop stronger links between business and our Higher Education institutions. The table below highlights the current position, projected places, and the stretch we are hoping to achieve through the MAA. On reaching 4,000 places colleges may pursue the option of attaining University College Status. Current funding arrangements act as a barrier to stimulating demand for new places. Projections of HE places are provided to HEFCE and a 5% over subscription results in a shortfall of funding.

Institution	Current Full Time Equivalent HE Places	Projected Places Fte HE Places 2011	MAA Long-term Cumulative Target
Accrington and Rossendale	330	500	500
Blackburn	2,487	2,765	4,000
Burnley	380	1,100	4,000
Nelson and Colne	0	0	0
Total	3,197	4,365	8,500

Pennine Lancashire Action 8: Continue to work with Blackburn and Burnley Colleges and the NWDA to develop proposals for submission to the HEFCE regional team. Embed the ongoing development of the respective college sites into the regeneration of our town centres. As identified in the Economic Strategy, make linkages between HE institutions and local businesses to develop knowledge transfer and spin out activities, as well as introducing a 'Graduates into Industry' scheme to support the retention and attraction of degree level workers. Work in partnership with DIUS/HEFCE to agree flexibilities on funding future HE places.

Economic Impact: An additional £42.6 million GVA per annum by 2018; 757 gross new jobs; £0.4m in fiscal benefits; 364 Level 4 jobs.

4.1.4. Worklessness

Context/Evidence

Local: Pennine Lancashire suffers from high levels of economic inactivity, accounting for 25% of the working age population, with only 20% of these stating that they would actually like a job. Intergenerational benefit dependency is the root cause of economic inactivity with particularly high levels of Incapacity Benefit claimants compared to national levels. Excluding Ribble Valley, Pennine Lancashire has a working age benefit claim rate of 18.8%, compared to 17.4% regionally and 13.7% nationally. However, this masks the fact there are severe pockets of worklessness with claim rates of up to 65% in some communities across Pennine Lancashire. In order to tackle persistent pockets of worklessness it is vital that funding and delivery is devolved to the lowest spatial level. Blackburn with Darwen is a City Strategy Pathfinder area and increasingly local districts are coming together to bid for funding and to promote a Pennine Lancashire Employment Charter. Furthermore, local Third Sector organisations have demonstrated a wealth of experience in tackling barriers to work at a neighbourhood level and through the City Strategy pathfinder funds are being directed to increase the capacity of these organisations to play a greater role in the future. The MAA will provide the conduit for the devolution of funding and a wider commissioning role to add value to the activity of LAA/LSPs. It will also allow for the sharing of good practice across the area.

National: In February 2008 the DWP published their Commissioning Strategy, which set out the vision for modernising and strengthening the welfare-to-work market. It opened up the opportunity for larger and longer contracts whereby providers are rewarded for helping people into sustained work. The first major contract to be let under this strategy is Flexible New Deal which will be procured in regions and sub regions in two phases. The first being April 2009 and the second, October 2010. City Strategy Pathfinders in first phase areas of the Flexible New Deal have been involved in tailoring contracts to communities. The DWP plan is to involve them in choosing who should win contracts and in monitoring performance.

The DWP public consultation document '*No one written off: reforming welfare to reward responsibility*' (July 2008) is explicit in its intention to devolve more power to the right level to improve employment and skills outcomes for individuals. The Government plan to introduce a new delivery model – one in which there is a common 'spine' across the country so that there are common standards and services

wherever people live. The intent is to work closely with City Strategy pathfinders and MAA partnerships as the DWP develop and learn about what works in these new approaches to commissioning, funding and delivery. The DWP want to give freedom for providers to deliver through a black box approach – outcomes are set but no method is prescribed – With the two year extension of City Strategy Pathfinders and support for MAAs. The MAA is a preferred route to empower local partners.

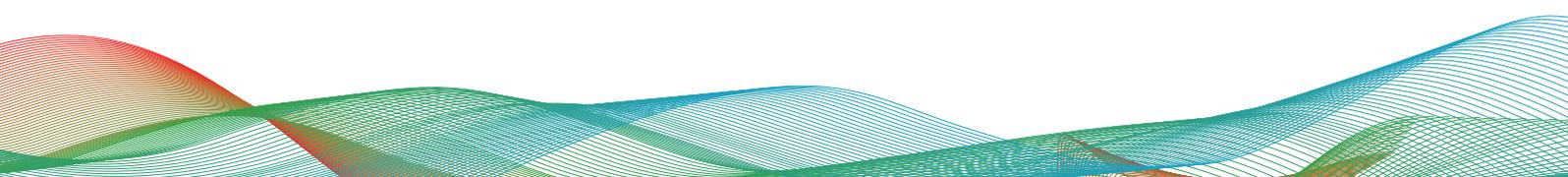
The DWP are also exploring, through three pathfinders, a financial mechanism put forward in the Freud Report. The 'AME-DEL' model funds upfront investment in individuals with complex needs to get back to work with future benefit savings. The savings made to HMT allow DWP to pay more money to providers to come up with innovative approaches. The initial pathfinders start in 2010/11 and in the following year DWP propose to establish a further two, three-year pathfinders.

Government Action – DWP/HMT

Government Action 9: Extend the geographic area of the Blackburn with Darwen City Strategy Pathfinder to Pennine Lancashire from April 2009 – March 2011, to roll out the best practice of the Lancashire County Council and Blackburn with Darwen LAAs.

Rationale: It is recognised that in order to effectively tackle worklessness interventions must take place at the most appropriate spatial level. However it is important to provide a wider strategic framework that aligns with the functioning economic and travel to work area. Blackburn with Darwen is a successful City Strategy Pathfinder and already works closely with its neighbouring local authorities and Lancashire County Council to develop a strategic approach to tackling worklessness at a Pennine Lancashire level. Blackburn with Darwen City Strategy pathfinder, using the newly devolved Deprived Area Fund, held its first commissioning round in December 2007. They funded objectives relating directly to gaps identified in their local Employment Progression Model. In addition the pathfinder funded a Worklessness Awareness and Development Programme, this allowed local providers, particularly third sector organisations to build capacity to access future contracts, and shape the attitudes of agencies whose primary purpose may not be addressing worklessness. By extending the City Strategy pathfinder Government will be able to devolve more power to local partnerships and providers. The expanded City Strategy pathfinder will map existing provision, identify gaps, and draw on the best practice of the respective LAAs to provide the most appropriate solutions. The Pennine Lancashire Economic Strategy identifies a number of strategic worklessness interventions that would benefit from a Pennine Lancashire City Strategy Pathfinder, particularly, the development and delivery of an integrated approach to employment and skills across Pennine Lancashire through a Joint Investment Framework, which would allow for the targeting of new and existing investment at priority areas.

Government Action 10: Allow Pennine Lancashire partners to co-commission Flexible New Deal on a Pennine Lancashire footprint, and a commitment to an ongoing conversation on co-commissioning of future welfare contracts and potential risk sharing arrangements for new devolutionary approaches to commissioning.



Pennine Lancashire Action 9: Blackburn with Darwen City Strategy Consortium adopted a black box approach to commissioning activities using Deprived Area Funding. A robust contract monitoring system is already in place. This produced a number of innovative bids from providers who identified additional need and offered solutions. This also resulted in local partners bidding jointly and offering complementary services to individuals. Through the MAA we can add value by developing, monitoring and letting contracts for services on a Pennine Lancashire footprint. Pennine Lancashire partners will revise the City Strategy Business Plan accordingly, including a revision of current targets.

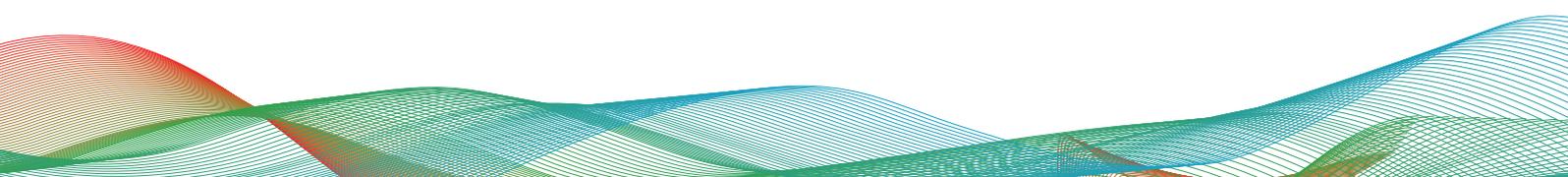
Government Action 11: Following Government evaluation of current AME-DEL pilots, if appropriate allow the Pennine Lancashire City Strategy Pathfinder to adopt this mechanism in the future.

Pennine Lancashire Action 10: The economic and population characteristics of the Pennine Lancashire economy are different to the initial three AME-DEL pathfinders (for example the declining manufacturing base and high EM population). The Pennine Lancashire City Strategy Pathfinder would willingly work with DWP and HMT to act as a conduit between them and local providers, to test innovative approaches on a Pennine Lancashire footprint and the risks and rewards of the financial arrangements for both Government Departments.

The actions detailed above run in chronological order, on agreement of the first action and signing of the MAA, a shadow Pennine Lancashire City Strategy Consortium will be established in readiness for April 2009. This would allow for the new pathfinder to be well established to take forward commissioning responsibilities and would be willing to test future pilot initiatives on behalf of Government.

Pennine Lancashire Action 11: Pennine Lancashire partners will develop a bespoke Private Rented Sector/Worklessness Advice and Regulation model.

The Government has recently announced pilot proposals in respect of linking the Social Rented Sector more fundamentally to addressing issues of worklessness. That solution is not appropriate within Pennine Lancashire given the relatively low levels of social rented stock. Given that the Private Rented Sector is a growing market and worklessness is an issue across the area, work is underway to develop a pilot that responds to these issues. It will look at the potential to establish an agency working across the area on issues of Private rented Sector regulation and tenant advice with specific linkages to worklessness and accredited accommodation. The aim is to build on the new Pennine Lancashire Choice Based Lettings scheme which is focused on social lettings.



4.2. The Agreement – Section 2 – Pennine Lancashire Actions

“...interventions which we acknowledge are either in our own gift or need a greater level of detail from the partnership, but we seek in principle agreement from Government on the proviso that we provide additional supporting evidence”

4.2.1. Spatial Planning

Context/Evidence

Local: In Pennine Lancashire existing administrative arrangements are not conducive for joining up spatial land-use planning, transport strategy and economic growth strategies. Whilst Pennine Lancashire is a functional single economic entity historically the two strategic planning authorities have considered transport and spatial planning issues, to a large degree in isolation of one another. However, through the MAA and strengthening of local governance, real progress is now being made.

National: The SNR announced a new Integrated Regional Strategy to replace existing Regional Economic and Spatial Strategies. Government's Planning Policy Statement 12, *Creating Strong and Safe Prosperous Communities through Local Spatial Planning* (CLG, 2008b), is clear in the advantages of planning across administrative boundaries, “Many issues critical to spatial planning do not respect local planning authority boundaries. Housing markets and commuting catchments often cover larger areas, which makes planning an individual district in isolation a difficult task, even where the Regional Spatial Strategy gives a strong steer. Critical discussions on infrastructure capacity and planning may be more effectively and efficiently carried out over a larger area than a single local planning authority area. Joint working between local planning authorities can address these issues properly, and also make the best use of scarce skills and capacity in different authorities. The production of one core strategy instead of two or more may save resources. Joint working also resonates with approaches to sub-regional working as set out in the Sub-national Review and supports the development and implementation of Multi Area Agreements”

Pennine Lancashire Action 12: Develop a Pennine Lancashire Spatial Guide, as part of a pan-Lancashire approach.

Rationale: In order to reflect and support the delivery of the Pennine Lancashire Economic Strategy, Pennine Lancashire Housing Strategy and the Pennine Lancashire elements of the Lancashire Integrated Transport Strategy partners are keen to develop a spatial document to fill a gap that currently exists between local district plans and the Regional Spatial Strategy, and in future the Regional Integrated Strategy. It is intended that an initial non-statutory Spatial Guide will be produced on a Pennine Lancashire footprint, which would take into account local district plans and the strategic priorities of the suite of strategies mentioned above and the MAA. This would act as a precursor for a future Pennine Lancashire Integrated Strategy, (see Strategic Contexts) and in the longer term move towards a Joint Core Strategy.

Next Steps:

- a) Pennine Lancashire partners have produced a scoping paper which identifies the following advantages of such an approach:
- To build on joint working relationships in Pennine Lancashire would be a sound basis for considering a more formal partnership approach to producing a joint Core Strategy.
 - It would provide strategic direction for the production of the Core Strategies currently being prepared.
 - That time and funds spent on developing the Core Strategies to date would not be wasted.
 - To articulate a high-level spatial vision for Pennine Lancashire providing a clear statement of priorities for strategic development and investment in the area.
 - To act as a guide and catalyst for the development and delivery of projects in conjunction with partners, including the private sector, funding partners and public sector agencies.
 - To give a consistent basis and voice for influencing policy affecting Pennine Lancashire, including the Integrated Regional Strategy, local authority Core Strategies, and national initiatives.
 - To assist with the development of the Pennine Lancashire brand as a marketing tool and as something with which local communities identify.
 - To secure necessary public sector funding support for the key projects identified.
 - To provide a spatial context to the work of the new Pennine Lancashire Development Company.
- b) Pennine Lancashire Partners to agree in more detail the nature and scope of the Guide
- c) Pennine Lancashire partners to explore opportunities for further collaboration on Local Development Documents.
- d) Support from Government is sought to facilitate the process of developing the Guide.

Pennine Lancashire Action 13: Pennine Lancashire partners to carry out a local Green Belt study east of Blackburn/Rishton (Hyndburn) to potentially facilitate the release of land for the Whitebirk Phase II Strategic Employment Site and the Lords House Farm Sustainable Construction Centre.

Rationale: There exists the potential for the expansion of the Whitebirk Strategic Site to provide additional higher value jobs and the development of a state of the art Sustainable Construction Centre. There is evidence to show that Pennine Lancashire does not have a sufficient supply of 'prestige' employment sites capable of attracting inward investment in the higher-value sectors which are fundamental to securing economic change. One opportunity to meet investor requirements in terms of type and location is an extension to the existing strategic employment site at Whitebirk. The main opportunity for extension would require a change to the Green Belt boundary.

Although the change is viewed as non strategic, and therefore capable of being progressed through local planning policy, there is a case for a study considering a number of key issues, including:

- Testing the assumption that this is the only viable option to create a strategic site capable of attracting investment in the key target sectors.
- Potential of the development to reduce the out-commuting of skilled residents.
- The ability to ensure high levels of public transport accessibility.
- Ability to maximise employment opportunities for local residents.
- The ability to protect and enhance major environmental, historic and resource assets
- The ability of the site to be developed in a way that preserves the function of Green Belt, with regard to separation of urban areas.
- The ability to ensure the integration of the development with the landscape meets high environmental standards.

Pennine Lancashire partners are to draft a study methodology and agree with Government prior to approaching 4NW, and commitment from Government is sought to:

Government Action 12: Work with the Regional Planning Body/4NW to clarify the policy context and process by which they will consider whether proposed changes to Green Belt boundaries can be made through the Local Development Framework process. Ensure through close working with the Regional Planning Body and through the provision of guidance that risks associated with soundness of green belt policies in Local Development Frameworks are minimised. Where clear evidence or monitoring indicates the need for strategic studies on green belt Government will work with 4NW through its business planning processes to identify necessary resources.

4.2.2. Housing

Context

Local: After an extended period of stagnation and decline the housing market in many parts of Pennine Lancashire has turned a corner: attractive areas such as Barrowford and Rawtenstall are flourishing, with high demand and high values. These have potential for early growth and demonstrate how the Pennine Lancashire market could develop.

In other parts of the area, however, problems persist. The unusual structure and imbalance of the market is well documented. High and persistent levels of vacancy and dereliction are exacerbated by high levels of social and economic deprivation in many neighbourhoods. Achieving higher levels of sustainable demand will require a stronger economy to drive medium term demand. The ambitious Pennine Lancashire Economic Strategy will deliver this through new investment and skills/employment development.

Pennine Lancashire must shape the future housing market to underpin the economic interventions. It must provide the homes and neighbourhoods that higher value workers demand, whilst continuing to address neighbourhood regeneration. The two parts of this approach must be delivered simultaneously.

The Pennine Lancashire Housing Strategy [PLHS] has been developed specifically to deliver growth and regeneration. It aims to promote both economic competitiveness and inclusion by accelerating areas of growth, whilst addressing housing and neighbourhood regeneration arising from market failure in the land, labour and housing markets. It provides a framework for the six local housing strategies.

A central element of PLHS is the concept of a Housing Market Progression Model [MPM]. *This Model is a way of designing and targeting housing interventions to make sure they are informed by market conditions, and are designed to deliver neighbourhood regeneration and growth. It uses a diagram to express the range of conditions in the market, from those with low income and high need, to those with high income and lots of choice. It diagnoses which interventions are most appropriate for each type of market. In this way, interventions can be co-ordinated across the whole market area, ensuring maximum impact and value for money.*

Efforts to secure growth will focus on linking new development and other interventions with increasing prosperity. Regeneration activity will focus on enhancing the intermediate housing offer so that it better addresses affordability and becomes an option of choice, as well as ensuring sustainable neighbourhoods.

The MPM represents a radical shift from needs based interventions to a focused, market led approach for sustainable economic and social renewal. It makes the market the most important determinant of investment type and location, with the aim of tackling the underlying economic challenges of Pennine Lancashire and increasing social mobility. The nature, scope and phasing of specific interventions will vary in order to promote appropriate neighbourhood market circumstances.

The MPM will allow Pennine Lancashire partners to plan and move the housing and neighbourhood offer from where it is now to where it needs to be, in support of economic growth. The diagram appended to this document illustrates the concept, its relationship with the wider economic renewal and individual local authority housing strategies.

Pennine Lancashire needs to marshal all available resources to deliver growth and regeneration effectively. It is essential to have an effective “single conversation” across the Pennine Lancashire “footprint”. There is significant development work needed to ensure the integration of planning housing and economic policy and outcomes. Partners will work with NWDA and HCA to implement the MPM and support the establishment of a Development Team to realise opportunities for housing growth. This will require closer working with the private sector and the strengthening of the strategic planning processes. Pennine Lancashire would benefit from external expertise and experience to support and provide challenge in this critical growth development work

In terms of regeneration, Pennine Lancashire will work with HCA and CLG to support essential refurbishment of non-decent and clearance of surplus or obsolete property to secure sustainable neighbourhoods. Other initiatives will include continuing issues addressing quality (particularly in respect of unfit) through the development of appropriate products such as loan products and local maintenance services; covenants and service charges to fund environmental and property maintenance; energy efficiency schemes; and an advice initiative to address high levels of worklessness, particularly in the Private Rented Sector.

The MPM will deliver an appropriate housing offer to meet the needs and aspirations of a successful Pennine Lancashire. It builds on emerging new confidence and maximises the potential of both people and place.

National: The Homes and Communities Agency (HCA), announced in January 2007, will bring together housing and regeneration into one national agency. It will combine English Partnerships (EP), the investment programme of the Housing Corporation, the Academy for Sustainable Communities and key housing and regeneration programmes, currently delivered by Communities and Local Government.

PLHS has been developed within the framework of the Government's SNR and marks a move away from needs-based to market-based housing strategy.

Pennine Lancashire Action 14: Work with Government to establish a Growth/Regeneration Delivery Team. This will be responsible for developing a strategic approach to housing growth and a 'growth point investment plan. It will require close working with the private sector via the MPM. This will ensure the housing offer complements and supports delivery of the Pennine Lancashire Economic Strategy.

The PLHS recognises the strengths and on-going challenges of its housing markets. In order to continue to build on excellence in respect of neighbourhood regeneration and secure high-value growth to support the Pennine Lancashire Economic Strategy, the MPM is proposed. MPM will be a framework for strategic planning and delivery of housing interventions harnessing the energies of the private sector to deliver growth. The two-pronged approach will also ensure delivery against an appropriate range of regeneration targets for Pennine Lancashire.

Next Steps: NWDA/HCA to provide technical and secondment support for the establishment of a Delivery Team. This will include the development and implementation of the MPM.

Government Action 13: To work with CLG to discuss the feasibility of adopting a joint approach to Selective Licensing for private sector landlords in areas within Pennine Lancashire, whereby Pennine Lancashire partner authorities would research, evidence, and propose to CLG appropriate areas for consideration via the MAA partnership, taking account of regional housing strategic aims, and then work with those areas individually and/or collectively to support them through application process, aimed at making the application process smoother, better co-ordinated, and therefore speedier.

Pennine Lancashire Action 15: Pennine Lancashire partners do not see selective licensing as a panacea to low demand problems in the area – its remit is tough and narrow and needs to be implemented in conjunction with other schemes in order for it to reach its full potential. It is clear from the Housing Act 2004 and subsequent guidance and information, that Government expect Local Housing Authorities who apply for selective licensing designations to have a package of schemes to support a designation and to have already tried other alternatives, such as voluntary accreditation schemes. Across Pennine Lancashire voluntary schemes such as the Good Landlords and Agent Scheme (GLAS) Landlord Accreditation Scheme and the Good Tenant Scheme continue to flourish, however often their impact is not felt in our most severely deprived areas; these areas require additional measures as well as incentives to make sure the regeneration brought about through the extensive housing market renewal programme is maximised.

Its inclusion in the MAA represents the level of frustration partners feel at the barriers put in place to obtaining selective licensing. Licensing in Pennine Lancashire is very much part of a wider package of initiatives, aimed at addressing all of the issues in the area. Partner schemes such as the Vacant Property Initiative will be targeted in the designation area to ensure low demand is addressed as a whole, and support such as training events, tenancy support workers and mediation will be made available and promoted to licence holders. We believe by adopting a transparent approach to licensing, Government should allow Pennine Lancashire partners the authority to issue approvals at a local level as appropriate.

4.2.3 Economic Development - Jobs

Context/Evidence

Local: As evidenced above Pennine Lancashire residents struggle to access job opportunities in neighbouring areas due to poor transport links. Through this agreement we hope to open up those opportunities by fast tracking key transport schemes. However, allied to this it is important that jobs lost locally in the declining manufacturing sector are replaced. Between 1995-2005, 20,800 manufacturing jobs were lost; over the same period there was just a net increase of 5,100 business service sector jobs. This has been offset by unprecedented growth in the public sector over 16,000, a 33% increase. Forecasts suggest that the decline in manufacturing will continue and public sector jobs growth will end.

National: The Government has set out their aspiration for an 80% full-employment rate by 2020. In order to achieve this in Pennine Lancashire a net additional 32,500 jobs would have to be created, to gain parity with current regional levels an additional 8,000 is needed. Evidence has suggested that without significant jobs growth in old industrialised areas of the country, Government employment targets will not be met and growth in the major conurbations will prove unsustainable.

Government Action – BERR / CLG

Pennine Lancashire Action 16: Pennine Lancashire partners to work with Govt/NWDA/4NW to establish Whitebirk (Hyndburn), Pollard Moor/Burnley Bridge (Burnley) and Blackburn Knowledge Zone as Strategic Regional Sites

Whitebirk is a 80 acre strategic employment site located in Hyndburn, east of Blackburn at M65 Junction 6. Significant improvements have already taken place to the highway infrastructure at Junction 6 (signalisation) to provide the necessary capacity for this development. The development of the site will focus on the promotion of high growth industries and clusters, including: Aerospace, Advanced Manufacturing, Medical, Creative Industries and Environmental Technologies. The 80 acres of land developed would provide approximately 3000 new and safeguarded jobs. Planning permission has been granted for a mixed-use strategic employment site, which has been designed with sustainability issues in mind, and will incorporate the installation of two public transport hubs, and quality bus and cycle routes. Due to the significant contribution the site would make to increasing wage levels and GVA in Pennine Lancashire, it has been recognised, along with Pollard Moor and the Blackburn Knowledge Zone, as a priority in the Pennine Lancashire Economic Strategy.

Next Steps: Agree final planning conditions, and market the site in Autumn 2008. A developer will be selected in Spring 2009, approval of detail planning application by Autumn 2009, with development starting in Spring 2010.

Economic Impact: An additional £119.5m GVA per annum can be achieved by 2018; 2,194 gross new jobs; £8m fiscal benefits.

Pollard Moor/Burnley Bridge is a 70 acre Brownfield site located in Burnley at Junction 9 M65. A developer purchased the site in 2007 and the total development value is in the region of £48m. The site would create around 1,500 jobs, and the developer is close to agreeing a pre-let deal with a public quoted company for the first phase of the development. Infrastructure/highway improvements and land remediation is required to facilitate the development. The site is identified in the Pennine Lancashire Economic Strategy as a priority.

Next Steps: Secure gap funding for the required infrastructure improvements, Phase 1 would provide 200,000 sq. ft. of employment space, enabling residential site release by March 2010. Phase 2 a further 230,000 sq. ft. by March 2012, and Phase 3, an additional 250,000 sq. ft. of employment land completed in March 2014.

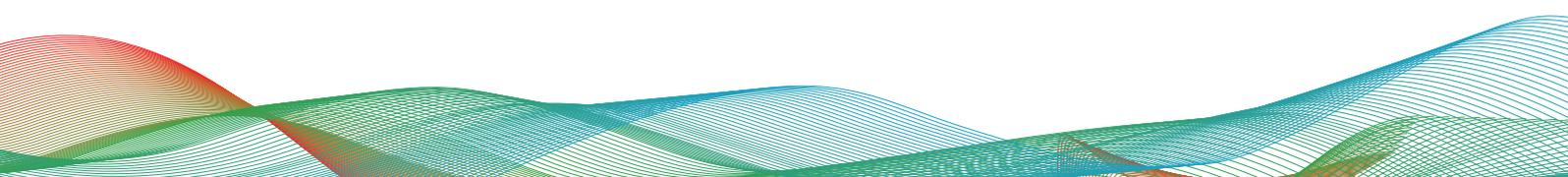
Economic Impact: An additional £61m GVA per annum can be achieved by 2014; 1,214 gross new jobs; £4m fiscal benefits.

Blackburn Knowledge Zone: The Knowledge Zone seeks to capture and generate high levels of investment, provide higher value jobs and harness the nearby FE/HE assets to boost the Pennine Lancashire economy. The zone is intended to act as a catalyst, as part of the wider Pennine Lancashire Economic Strategy, to move towards a knowledge-based economy. It will link public and education resources with the private sector, attracting and working with higher value businesses, and in particular will make links to local aerospace industries.

Next Steps: The Cathedral Quarter development is Phase 1 of the Knowledge Zone and is proposed to start on site in Autumn 2009. The Freckleton Street area of the Zone has recently seen a dramatic improvement to its infrastructure with the completion of the Freckleton Street Bridge, which will complement a new Link Road. There is a need to acquire and clear sites to provide modern business premises in the Freckleton Street area of the Zone. Phase 2 of the College's Masterplan is expected to start in the New Year for completion in Summer 2009.

Economic Impact: An additional £63m GVA per annum can be achieved by 2014; 1,128 gross new jobs; £4m fiscal benefit.

Government Action 14: Government to engage with Pennine Lancashire partners to consider public sector jobs relocation and apply a second stage consideration on existing public sector jobs within Pennine Lancashire. Significant relocations out of Pennine Lancashire would automatically result in an audit of the impact this would have on the local economy - this would inform a dialogue between Pennine Lancashire partners and Government to look at suitable alternatives.



Context: The Lyons Review (2004) recommended that over 27,000 jobs should be relocated from the south of England. Government committed to dispersing 20,000 of these jobs by 2010. It is recognised that this would not only make significant savings to the public purse but would also act as a catalyst for regeneration of deprived areas.

Rationale: Areas remote from growth, such as Pennine Lancashire, would maximise relocation savings to the Treasury through lower running costs and greater regeneration benefits.

Pennine Lancashire Action 17: Pennine Lancashire partners will develop a 'Location Review' identifying potential relocation sites and workforce supply, as well as a commitment to put in place, through the Pennine Lancashire City Strategy Pathfinder, programmes to ensure that workless residents fully benefit from any relocation. On delivery of further evidence from Pennine Lancashire, Government to support Pennine Lancashire to engage with the Office of Government Commerce to prioritise the area for future relocations.

Economic Impact: Between £24.9m - £36.2m additional GVA can be achieved by 2014; 1,070 gross new jobs; £3m fiscal benefit.

4.2.4. Economic Development – Digital Connectivity

Pennine Lancashire Action 18/Government Action 15: Pennine Lancashire partners to supply BERR with evidence of lack of broadband provision as an economic barrier and a market failure, BERR to respond on options for facilitating a solution.

There are many areas within Pennine Lancashire that are unable to access broadband, or the service they receive is insufficient to support day-to-day business activities, particularly areas within Rossendale and Ribble Valley. BT defines broadband as a connection of 500kbs (kilo bits per second) or more, other telecom providers are now claiming up to 8000 kbps. In reality a user would have to be very close (physically) to a BT exchange to receive that level of service. Furthermore, lines are shared and subject to 'contention ratios' normally around 50:1, therefore 8000mbps is shared over 50 users, at busy times resulting in individual users getting less than 160mbps. The reduction of connection speed is exacerbated by the distance that a user is located from the exchange. There are a number of local examples where businesses are poorly served, which has impeded their growth, or resulted in relocation from the area. In the Edgeworth Village unsuitable cabling restricts access preventing businesses and several farms from broadband coverage. Even larger industrial estates, such as Shadsworth and Whitebirk (Blackburn) have poor and unreliable connections. A new 450-property development in Ribble Valley (Brockhall and Calderstones Village) has no broadband connection; meaning residents are unable to telework or run a business from home.

This patchy coverage is common across all of Pennine Lancashire and is a growing problem in an economy increasingly reliant on exchanging electronic information. It not only prevents local enterprise growth, but also means that Pennine Lancashire will not be able to benefit from, or support the growth of regional projects such as MediaCityUK in Salford. Further, it prevents rural communities from engaging in the information society and makes the diversification of rural businesses impossible.

In order to achieve sustainable economic growth it is important that this issue can be resolved.

Pennine Lancashire partners are to map existing coverage and produce on-site speed test evidence to support the existing research. On production of robust evidence we seek Government support and expertise to engage with the relevant telecommunications providers to achieve 100% coverage.

Economic Impact: An additional £29.8m GVA per annum by 2018; 220 gross new jobs; £0.17 fiscal benefits.

4.2.5. Economic Development – Culture

Context/Evidence

The National Living Places initiative was established to demonstrate the important role of culture in developing thriving, vibrant communities in areas of housing growth and renewal. Pennine Lancashire is the only area in the North of England, and the only housing market renewal area to be designated a Priority Place within the scheme. Living Places are an alliance of public bodies who believe everyone should benefit from the arts, sport, public space, heritage, museums, libraries and archives, the built environment and the creative industries, regardless of where they live. Members include the national cultural agencies – Arts Council England, CABE, English Heritage, MLA, the Regional Cultural Consortia and Sport England – and two Government departments – Communities and Local Government and the Department for Culture, Media and Sport. Delivering ‘Quality of Place’ and ‘Improving Image and Perceptions’ are identified in the Pennine Lancashire Economic Strategy as important components in the wider economic renewal of the area. Maximising the area’s cultural and natural assets will help redress external perceptions of the area, attract mobile capital and tourists, retain existing residents and increase business confidence.

Pennine Lancashire Action 19: Pennine Lancashire partners to work with Government to maximise its status as a ‘Priority Place’.

In response to the initiative, The Pennine Lancashire Living Places Partnership was established, which includes representatives from key cultural bodies and agencies from across the region. To date the partnership has undertaken a headline audit of existing agency/sector offers, which has informed a 12 month action plan focused on:

- Intelligence gathering and connecting knowledge of the existing and potential offer in terms of cultural provision.
- Adding value to ‘signature’ projects in Pennine Lancashire through collaboration between cultural agencies.
- Developing a needs based development plan.

The partnership has commissioned independent research which will inform the development plan process, The findings of which are due to report back in December 2008, through the MAA we seek to ensure that Government departments and agencies support Pennine Lancashire partners in the development plan process and take into account Priority Place status when allocating future resources and providing pre-funding support as appropriate.

4.3. The Agreement – Section 3 – Future Priorities

“...longer-term priorities which Pennine Lancashire partners acknowledge are important to the economic renewal of the area, which we seek a constructive dialogue with Government over a longer timescale”

4.3.1. Transport

Context/Evidence as 4.1.2

Priority 1: Pennine Lancashire Partners to engage Highways Agency and regional partners to discuss the feasibility of additional capacity on sections of the M65 motorway that have either reached full capacity or will reach capacity when major strategic sites come to fruition and work with Pennine Lancashire to find solutions to problems at specific motorway entrance and exit points to aid the flow of traffic (Junctions 5 & 9).

Rationale: The M65 motorway is a vital link between the main Pennine Lancashire towns and the rest of the City Region. Initially it was designed with the option of including a third lane at a later date. Evidence suggests that sections of the existing infrastructure would be unable to cope with the additional jobs that we will create on delivery of the Pennine Lancashire Economic Strategy.

Economic Impact: An additional £2.5m GVA per annum can be achieved by 2018.

Priority 2: Pennine Lancashire to engage regional partners to develop options to take forward the A56 Bypass Scheme.

Rationale: Various road improvements have been made in recent years (and more are planned) to the highway network in North and West Yorkshire adjacent to Pennine Lancashire. Essentially, east of the A56/A59 junction at Elslack/Broughton there are good highway links into North Yorkshire (towards Teeside) and West Yorkshire (towards Humberside). The DETR “New Deal for Trunk Roads” report identified further improvements to this network east of Skipton. The missing link between Pennine Lancashire and the above is from the termination of the M65 at Colne, the A56 Villages Bypass will complete the network.

For a number of years traffic congestion in the North Valley area of Colne has been increasing. After passing through the North Valley area as the A6068, the A56 heads in a north-easterly direction through the communities of Foulridge, Kelbrook, Sough and Earby, before crossing into North Yorkshire where it passes through Thornton-in-Craven, eventually joining with the A59 at Broughton, west of Skipton. Traffic flows of around 25,000 vehicles per day have been observed on A6068 in the North Valley area of Colne, and include approximately 2,300 heavy goods vehicles. On the A56 north of Colne, there is a traffic flow of 16,000 per day containing over 1,000 heavy goods vehicles. Traffic flows on the A56 decrease further north with flows at Thornton-in-Craven being 9,500 vehicles per day. Langroyd Road in Colne, although not a classified road, is carrying over 8,000 vehicles per day between A6068 and A56. The most severe problems are experienced where traffic flows are heaviest, along North Valley Road in Colne, where signal-controlled junctions and right turning movements interrupt traffic

flows and result in congestion and delays. There is also deterioration in air quality as a result of standing traffic.

The A56 is of single carriageway standard throughout, much of it poorly aligned with significant lengths subject to a speed restriction of 40mph or less. The significant volume of heavy goods vehicles and other traffic using the route has a considerable environmental impact upon local communities.

The North West RPG recognised the A56 between Colne and the North Yorkshire boundary as being a route of regional significance. The RPG Panel also acknowledged its "inter-regional significance role". This is echoed in the new Regional Spatial Strategy. The Yorkshire and Humberside RPG calls for better cross-Pennine linkages with the North West region. It has been assessed by the NATA appraisal as having a benefit/cost ratio of 3:4.

The benefits of constructing the 'missing link' A56 Villages Bypass include: regeneration (the economy); reducing congestion; environment (improving air quality and the general quality of life in the villages along the A56 corridor); safety (accident reduction); and accessibility (benefit to pedestrians and cyclists). The missing road link would be a wide single carriageway with a parallel footway/cycleway/bridleway.

Next Steps: The Joint Lancashire Structure Plan and the Pendle Local Plan both protect a transport corridor along the line of the former Colne to Skipton railway line. The A56 Villages Bypass Scheme has been ranked (by Lancashire County Council's Scrutiny Panel) as third priority major road scheme in its Local Transport Plan. The intention is that a scheme is developed in this 2006–11 Plan for implementation in the 2011–2016 Plan. Recent work by various transport consultants has shown that a business case might be made for reinstating the above-mentioned railway. (This is acknowledged in the Lancashire and Cumbria Route Utilisation Strategy 2008.) The County Council is therefore evaluating alternative routes for the road scheme, avoiding the railway formation. It is likely that the bypass would now commence/terminate at a new junction on the M65 between Nelson (Junction 13) and Colne (Junction 14). The estimated revised cost is in the region of £60m.

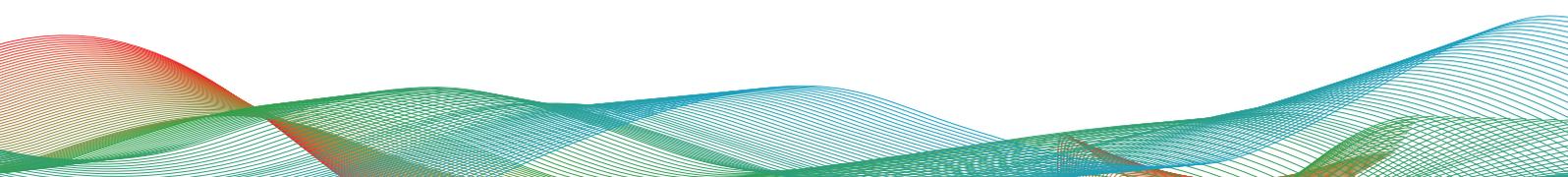
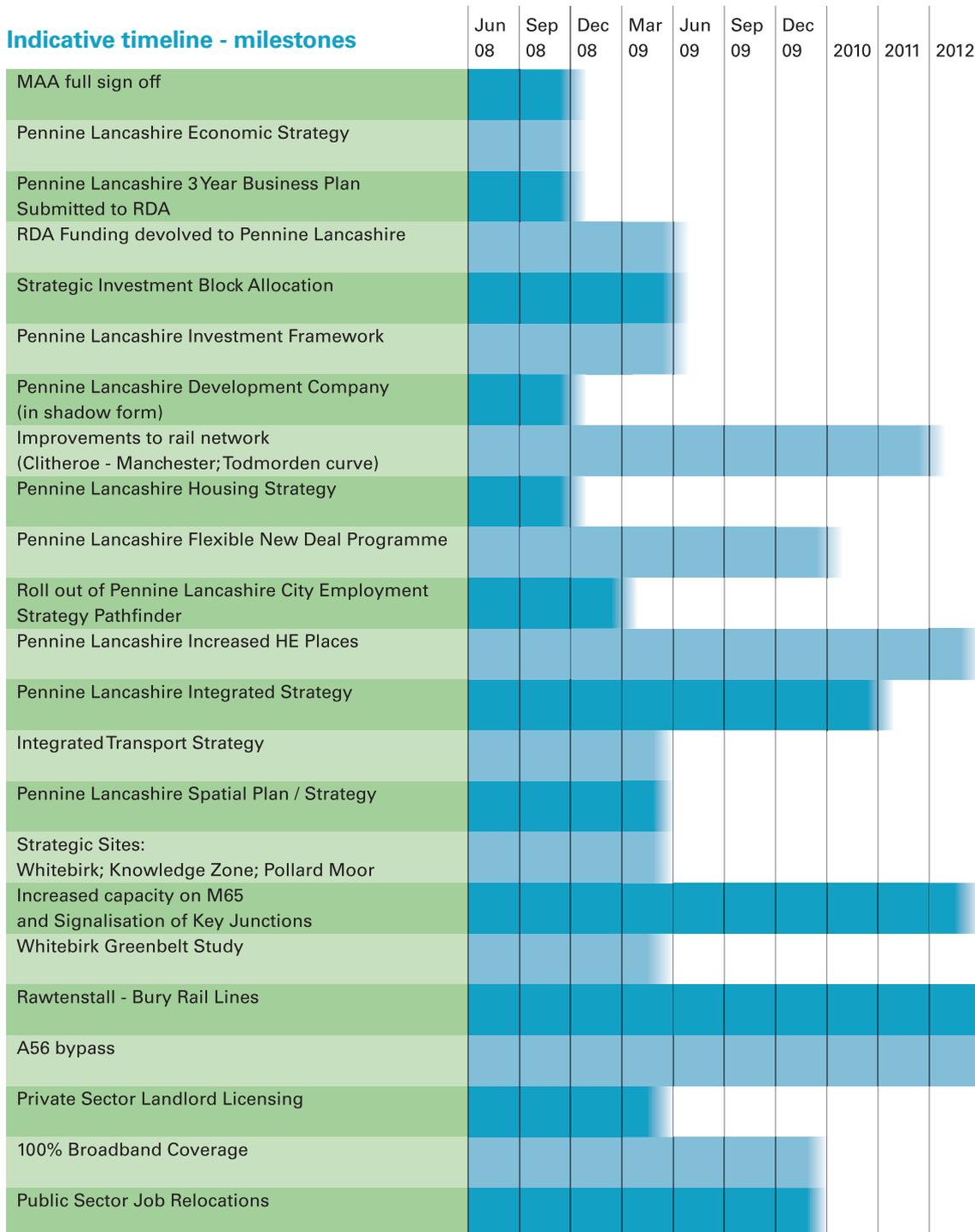
Economic Impact: An additional £12.8m GVA per annum can be achieved by 2014.

Priority 3: DfT/Network Rail to work with Pennine Lancashire partners to develop a process to take forward the Colne to Skipton Rail Reinstatement

The Lancashire and Cumbria RUS acknowledges that the potential for the reinstatement in Control Period 6 and beyond (2019-2029), noting that "In a scenario of high mode-shift from road to rail, additional sources of investment funds could become available, in which case the route between Colne and Skipton could be a candidate for addition to the network. As long as doing so is affordable, the alignment should be protected for future railway use."

5. Timeline and milestones

Fig 5. MAA Timeline



6. Evidence Base

Over recent years the Pennine Lancashire partners have made a commitment to develop evidence based policy and strategy. In 2004, the East Lancashire Strategic Economic Regeneration Group (ELSERG) led a detailed programme of research to inform the East Lancashire Transformational Agenda. These studies provided a wealth of evidence and intelligence to allow us to gain a detailed understanding of the Pennine Lancashire economy. More recently these were refreshed and strengthened to underpin the supporting strategy documents detailed in Chapter 7. The following reports have directly supported the development of the MAA:

- Housing and the Economy: The Pennine Lancashire Market in 2007 (Ekosgen, 2007)
- Economic Relationship between Pennine Lancashire and Greater Manchester (Ekosgen, 2008)
- Pennine Lancashire MAA Economic Impact Assessment (Ekosgen, 2008b) (Appended)

In addition, there are a number of independent research reports which have added value to our commissioned works, these include:

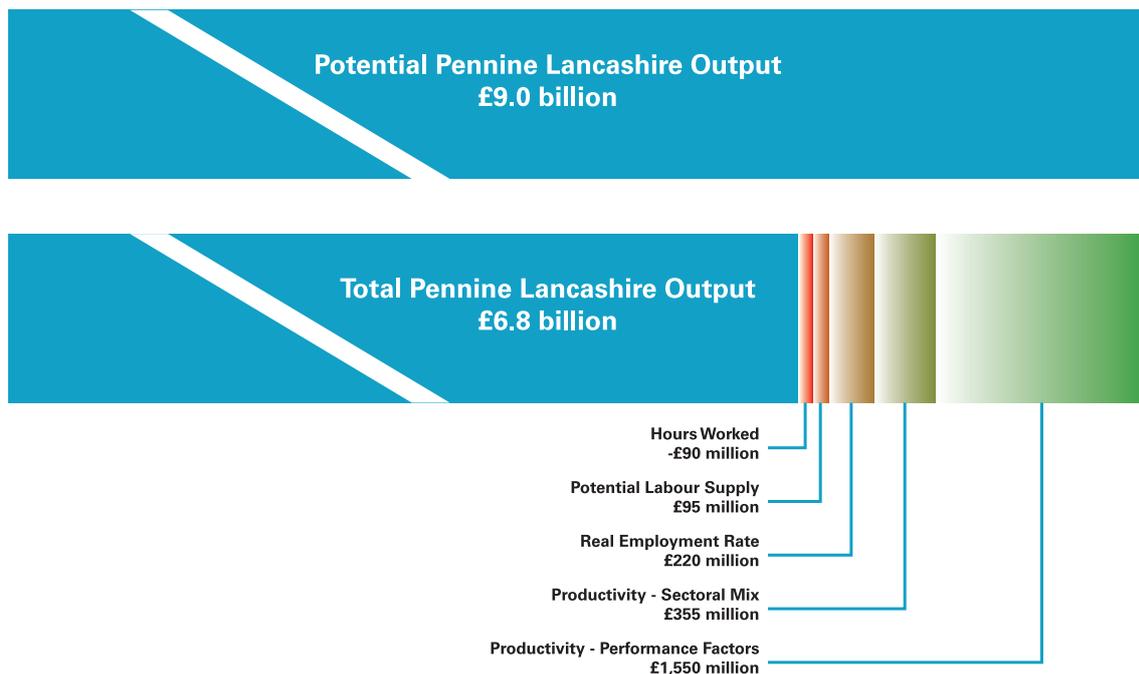
- State of the English Cities (OPDM, 2006)
- The English Indices of Deprivation 2007 (CLG, 2008c)
- City Links (Centre for Cities, 2008)
- Inquiry into Stimulating Economic Activity in Areas Remote From Growth – Special Hearing Briefing Paper (Regeneris Consulting, 2008)
- The Economic Contribution of BAe Systems to the UK in 2006 (Oxford Economics, 2008)

This section provides just a snapshot of this large body of research.

6.1. Economy

The state of the Pennine Lancashire economy dictates the level of prosperity of the area and its people. If the area successfully closed the gap between its output and the British and North West averages it would generate an additional £2.1 billion and £1 billion, respectively. The underperformance is caused by the relatively low proportion of working age residents, high levels of economic inactivity and a relative lack of jobs in higher value sectors. Although there is significant higher value manufacturing across the area, a number of factors have a negative effect on productivity regardless of the sector. These include: low skills base of the workforce; the occupational distribution; low level of business competitiveness; and the level of capital investment per employee (Ekosgen, 2007). The *State of the Cities Report* (ODPM, 2006) identified that Burnley and Blackburn were amongst the worst performers in GVA per capita growth in the country, between 1995 and 2003. Rates of productivity in the Blackburn travel to work area declined, which bucked the national trend.

Fig 6. Pennine Lancashire Output Gap - 2004



6.2. Social Deprivation

The IMD 2007 painted a depressing picture of an area in decline. In 2004, two of the six districts were ranked within the fifty most deprived areas across England – by 2007 this had increased to four. The fact that there has only been a small change in methodology makes comparisons over the period valid; and the weighting of the IMD towards Income and Employment deprivation (45%) suggests that the downward trends can be attributed to poor wider economic performance.

6.3. Population

Pennine Lancashire has a population of over 520,000; sub-national projections forecast population growth of 14,600 by 2026, which is proportionally lower than regional levels. Since 1991 all the Pennine Lancashire districts have experienced growth with the exception of Burnley, and forecasts suggest that this worrying decline will continue. This is particularly unusual in a period where strong population growth is forecast throughout the country. The increase in population as a whole across Pennine Lancashire is due to a growth of resident population (i.e. births exceeding deaths), rather than new residents moving into the area, in fact the area has experienced a net outflow of people. This is reflected in the findings of a local residents survey conducted in 2006 that found 11% of respondents planned to leave the area within the next five years (Ekosgen, 2007). Pennine Lancashire has a diverse population with 11.8% from an ethnic minority background (Census, 2001), problems around community cohesion can have a negative impact on the local economy – worryingly when surveyed less than half of people strongly agreed that their neighbourhood is a place where people from different ethnic backgrounds get on. Furthermore, less than 40% agreed that their neighbourhoods respect ethnic differences (Ekosgen, 2007). Pennine Lancashire is a predominantly urban area, with 85% of Lower Super Output Areas classified as 'Urban - less sparse', 7.5% 'Town and Fringe - less sparse' and 7.5% 'Village Hamlet/Isolated

Dwelling - less sparse' (ONS, 2004; ONS, 2005). However, the area has a higher proportion of rural residents than the region as a whole.

6.4. Skills and Worklessness

The Leitch Review (2006) highlighted the importance of skills development if the UK is to successfully compete in the global economy. The Review concluded that by 2020 90% of adults should be qualified to at least Level 2 and 40% to Level 4 and above. NVQ2 is now accepted as the minimum benchmark for basic skills necessary for entering employment. Addressing the skills deficit is of particular importance for Pennine Lancashire given the transitional nature of the economy and the widening productivity gap highlighted above. Currently the area is underrepresented among higher level skills with only 22% (or 20.6% excluding Ribble Valley) of the working age population holding NVQ4 and above, lagging well behind regional and national levels, not to mention a significant disparity with Leitch's 2020 target of 40%. Worryingly Leitch suggests that individuals without basic skills (below Level 2), will not be able to secure employment in 10 years time even if they are willing to work. Currently, 15.8% (16.7% excluding Ribble Valley) of the working age population have no qualifications in Pennine Lancashire, compared to 13.6% nationally (Annual Population Survey, 2006). We recognise that aligning skill levels with future employer demands, both locally and beyond, is imperative to addressing worklessness and improve business competitiveness. To this end a Pennine Lancashire Skills and Training Strategy is under development that will articulate the challenges around this important supply-demand dynamic, this will link with the aspirations of the Pennine Lancashire Economic Strategy, and complement the work of the Lancashire Skills Board and the indicators within the Blackburn and Lancashire LAAs.

High levels of worklessness are a significant brake on the Pennine Lancashire economy. Although unemployment is broadly in line with the national average, the area suffers from high levels of economic inactivity, accounting for 25% of the working age population, with only 20% of these stating that they would actually like a job. Intergenerational benefit dependency is the root cause of economic inactivity in the area, with particularly high levels of Incapacity Benefit claimants compared to national levels. Excluding Ribble Valley, Pennine Lancashire has a working age benefit claim rate of 18.8%, compared to 17.4% regionally and 13.7% nationally (DWP, 2007).

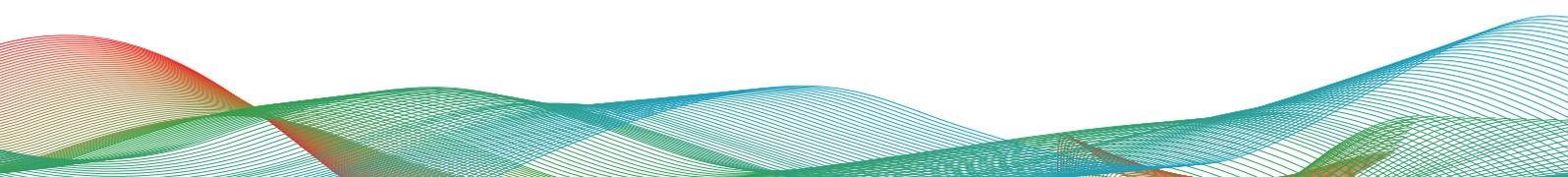
6.5. Transport

A recent report by the Centre for Cities (2008) found that although large cities like Leeds and Greater Manchester were booming, poor commuter transport networks and weak trade links were stopping this wealth from spilling over into Pennine Lancashire. Dermot Finch, Centre for Cities, noted that, "if the likes of Burnley and Blackburn can strengthen their ties with nearby larger cities – economic growth will spread across the north and beyond." The report paints a picture of an insular economy with journey times to Manchester that belies its close proximity. This is reflected in the fact that just 2.6% and 3.6% of resident employees in Burnley and Blackburn respectively commute to Manchester. It is clear that without improved transport links the productivity and wealth gap between Pennine Lancashire, other partners of the City Region, the North West and the rest of the country will continue to widen. Addressing this issue is a fundamental priority in bringing about transformational change in Pennine Lancashire.

Research carried out by Ekosgen (2008), Economic Relationship between Pennine Lancashire and Greater Manchester; found that poor connectivity is the main constraint to greater interaction between the economies of Pennine Lancashire and Greater Manchester. The infrequency of trains reduces the likelihood of many people commuting. Given the scale of the labour market, the numbers commuting in to the City of Manchester (just over 2000) are very low. With a forecast growth of over 90,000 jobs, improving accessibility will need to be a major priority. While road connectivity with northern Greater Manchester and Manchester City centre are adequate, increasing congestion and issues over sustainable development make increasing car borne commuting counter productive, and a threat to the environment.

6.6. Housing

The unique structure and imbalance of the Pennine Lancashire housing market has been well documented over the last decade. Compared to the regional and national averages the sub-region has very high levels of owner occupation, but within some neighbourhoods much of this stock suffers from high levels of disrepair and unfit. The stock of housing is significantly older than the regional and national average, and 49.6% of the stock is terraced property compared to 31% for the North West and 26% for England and Wales. Similarly vacancies are 2.5 times greater in Pennine Lancashire compared to the nation as whole and house prices are £100,000 lower than the national average (all figures for 2007). In many parts of Pennine Lancashire the housing market is strong, with a number of very popular neighbourhoods and districts. There is an opportunity to accelerate this growth, while promoting measures to address the continuing weakness of the older stock.

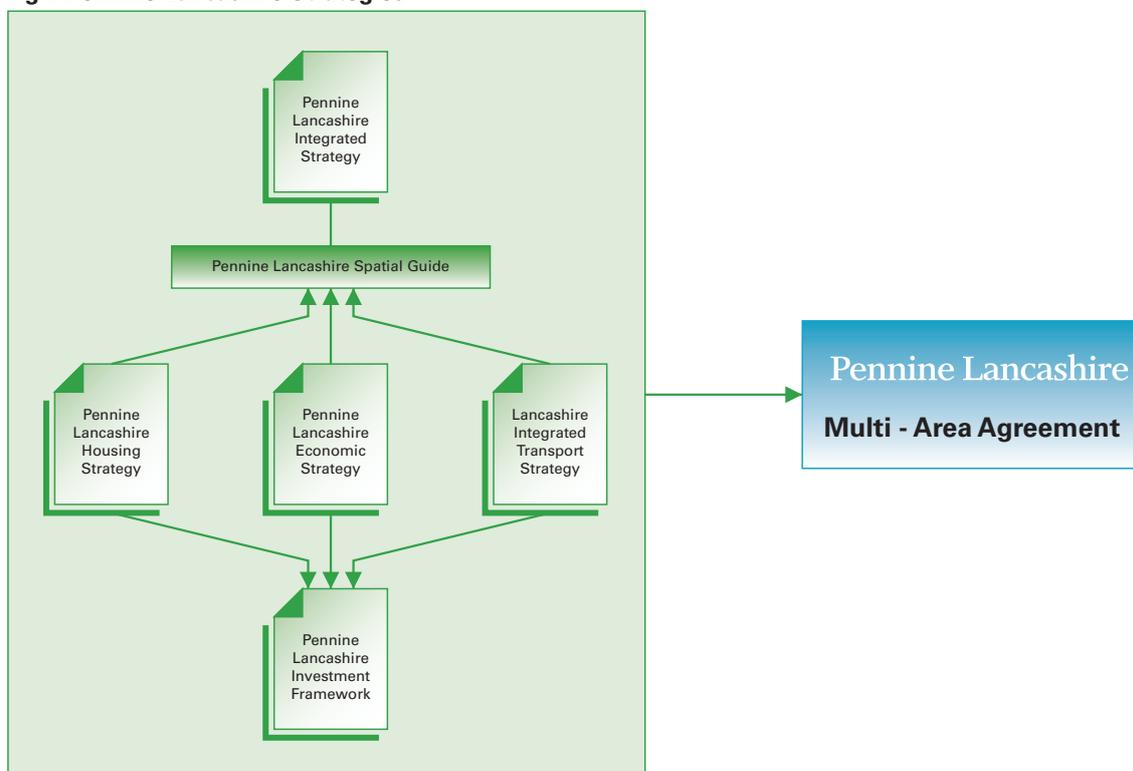


7. Strategic Contexts

7.1. Introduction

The Pennine Lancashire MAA is informed by a number of key strategy documents and adds value to the two Local Area Agreements. An unprecedented amount of partnership work is taking place across the MAA themes to understand the complex challenges we face, to enhance previous research and where appropriate to draw together plans at a Pennine Lancashire level. Importantly these documents aren't being developed in isolation; moreover, neither are these being seen as hierarchical – we acknowledge that the alignment and integration of the component strategies is fundamental to inform the MAA, allow for a robust Investment Framework, and move towards a Pennine Lancashire Integrated Strategy.

Fig 7. Pennine Lancashire Strategies



7.2. Pennine Lancashire Economic Strategy (Appendix A)

The Pennine Lancashire Economic Strategy provides the framework for the period up to 2020. It examines the trajectory of the key economic indicators and identifies other related factors that influence the area's economic performance. It identifies the key areas of underperformance and proposes strategic interventions to improve the performance of each. Pennine Lancashire is not an island; the strategy therefore also examines how it can benefit from growth in other parts of the Lancashire City Region and neighbouring City Regions such as Greater Manchester and Leeds. It builds on previous work carried out by the East Lancashire Housing Market Renewal Pathfinder (Elevate) and the East Lancashire Strategic Economic Regeneration Group (ELSERG);

it identifies those projects which are already being taken forward and those where future action is recommended. The strategy incorporates feed back from employers and business organisations relating current frustrations and their needs, and has been developed in conjunction with the emerging Pennine Lancashire Skills and Training Strategy. The strategic imperative of the document is to bridge the GVA gap, and to do so pinpoints 5 Policy Areas and Strategic Interventions:

- Productive and competitive businesses
- Skills and training
- Economic inclusion and increasing participation
- Regional connectivity and influence
- Investing in the future

The strategy endeavours to deliver sustainable economic development, in line with the Government's ambition of enabling all people to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life of future generations. The diversity of the area's people and communities as a real economic asset is recognised and the strategy seeks to deliver the opportunity of economic participation for all.

To achieve a sustainable economy the strategy recognises the principles of sustainable development. This means investing in the area's environment, culture and infrastructure (especially to link growth areas with more deprived communities), improving the quality of life, tackling deprivation, valuing diversity and social inclusion, and recognising and addressing the social and environmental implications of economic growth. Creating sustainable communities where a thriving economy is matched by high quality natural and built environment, high quality local services, good transport connections and an active, safe and inclusive society is critical to the success of Pennine Lancashire and the wider region. The strategy also recognises that there are a number of other important external factors, notably climate change and energy prices.

The Economic Strategy has been worked up into a delivery plan to be presented to the Regional Development Agency in Autumn 2008.

7.3. Pennine Lancashire Housing Strategy

The Pennine Lancashire Housing Strategy sets out a vision, key objectives and the tool kit of interventions needed to continue the transformation of our housing markets to support economic growth over the next twenty years. This strategy provides an over arching framework for the 6 local housing strategies, adding value by ensuring enhanced alignment. At its heart, this strategy addresses the role of housing in enhancing economic growth, regeneration and inclusion by creating new, strengthened policy linkages.

This strategy develops long term sustainable solutions to regeneration and increasing growth through the design of a Market Progression Model which will address the core issues of improving quality of place, getting the numbers right and connecting communities to an enhanced housing offer through two component parts: regeneration, which will primarily be focused upon ensuring sustainable neighbourhoods; and growth which will focus on linking housing interventions with increasing prosperity.

7.4. Lancashire Integrated Transport Strategy

Partners from across Lancashire are developing a transport framework for the area, analysis is currently being undertaken to inform the Strategy, which is focusing on:

- A review of current strategies
- Analysis of economic data
- Analysis of travel data
- A mapping of cause and effect – assessing if transport is constraining the area's economy.

Early findings acknowledge that rail and public transport links from Pennine Lancashire to the Greater Manchester City Region are poor. The strategy will include an implementation plan for Pennine Lancashire, and this feed into the Pennine Lancashire Integrated Strategy.

7.5. Pennine Lancashire Investment Framework

The Pennine Lancashire Economic Strategy Delivery Plan will form the basis for the Pennine Lancashire Investment Framework. As Figure 3 illustrates the fully costed Investment Framework will draw out the priorities of the economic, housing (regeneration) and transport strategies, and will underpin the delegation and flexibility of funding sought under Government Action 2 of this agreement – the Strategic Investment Block Allocation. The Investment Framework will provide confidence to private sector investors and along with supporting strategies demonstrate a coherent vision for the area going forward.

7.6. Pennine Lancashire Spatial Guide – Pennine Lancashire Integrated Strategy

Pennine Lancashire partners have agreed to develop a non-statutory Spatial Guide to support the delivery our strategic priorities. It is recognised both by Government and Pennine Lancashire partners that many issues critical to spatial planning do not respect administrative boundaries. The plan would allow strategic alignment of LDF's and fill a gap that currently exists between those and the Regional Spatial Strategy, and the future Regional Integrated Strategy. The aim is to provide a stepping-stone to a full Pennine Lancashire Spatial Strategy. In order to mirror regional arrangements it is intended to draw the respective strategy documents, including the spatial elements, into one Integrated Strategy.

7.7. Wider Strategic Links

The development and implementation of a Pennine Lancashire Economic Strategy was identified as a Transformational Action in the Regional Economic Strategy (RES). The Pennine Lancashire Economic Strategy is informed by, and complements both the Lancashire Economic Strategy and Central Lancashire City Regional Development Programme and will inform the Lancashire Integrated Strategy. All Pennine Lancashire authorities are members of the Lancashire Climate Change Partnership, and have been fully involved in the development of the Lancashire Climate Change Strategy.

8. Governance and Delivery

8.1. Background

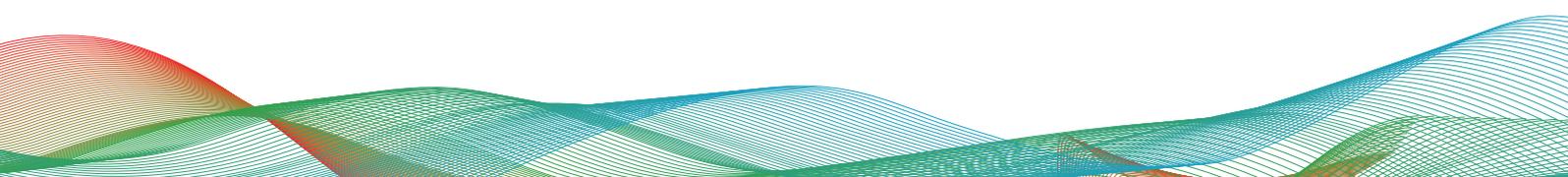
Pennine Lancashire has a history of collaborative working dating back to the days of the East Lancashire Partnership. More recently the Elevate Housing Market Renewal programme has seen local authorities working together to address housing market failure in some of our most deprived communities. In 2006, the four NRF eligible authorities (Burnley, Blackburn with Darwen, Hyndburn and Pendle) and Lancashire County Council came together to successfully bid for Local Enterprise Growth Initiative (LEGI) funding.

Also in 2006 the East Lancashire Leaders and Chief Executives - **ELCHEX** was established to act together as the democratic leadership of the area, providing the first governance structure on an economic footprint, which, following the re-branding of the area has subsequently been renamed Pennine Lancashire Leaders and Chief Executives – **PLACE**. All PLACE local authorities have been rated either good or excellent in CPA.

8.2. Pennine Lancashire Leaders and Chief Executives (PLACE)

PLACE will 'own' the MAA and Economic Strategy and will oversee their delivery. PLACE's primary focus is the regeneration of the area. PLACE promotes the regeneration of the area with particular reference to economic and social well-being. The group leads the development and delivery of strategies for Pennine Lancashire and provides the authority on funding programmes and projects, ensuring these reflect strategic priorities and that effective appraisal mechanisms are in place. The PLACE constitution is undergoing a review in light of the growing Pennine Lancashire agenda, and to support the delivery of the MAA, which will take into account the potential increased levels of funding for which it is responsible. The new constitution includes dispute resolution clauses, which detail the timescales and processes for resolving disputes or differences. In summary this sees a commitment in the first instance to resolve disputes by negotiating in good faith, if still unresolved a dispute is referred to the Leaders Group, and finally in the unlikely scenario that no agreement can be made, mediation would be initiated.

It is accepted that comprehensive, integrated service delivery, working through Multi Area Agreements and Local Strategic Partnerships, will form a critical underpinning of economic interventions. A joined-up approach to improving service delivery and tackling key issues in the areas of housing and the economy is now essential.



8.3. PLACE Monitoring Panel

In order to strengthen the Pennine Lancashire governance model and achieve greater efficiencies from the MAA we have applied for funding from the Regional Improvement and Efficiency Programme (RIEP) to introduce monitoring arrangements. The innovative programme will establish a 'monitoring panel' to PLACE giving elected-members the opportunity to monitor the progress of Pennine Lancashire strategies, policy initiatives and individual projects. Monitoring of this kind in a collaborative setting such as this is relatively uncommon, and will allow for approaches to be tested that can inform future models in other areas, and indeed the programme will seek to share best practice across the Region as appropriate.

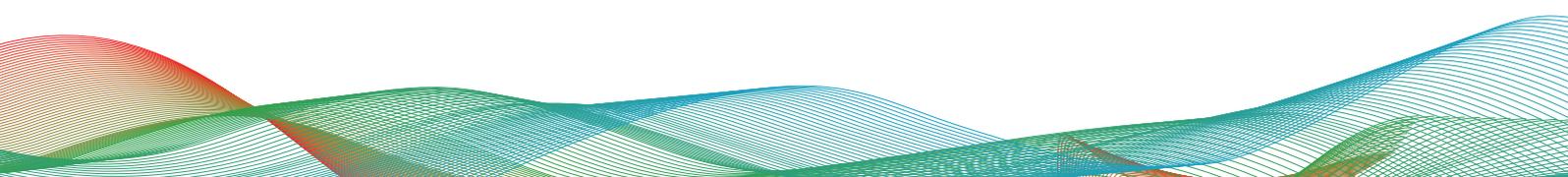
Rossendale Borough Council will deliver the programme; they will provide support to backbench and non-executive Members to understand and input into the PLACE agenda and specifically examine the progress of the MAA. The programme will plug an important gap in a changing local Government environment, not only will it strengthen accountability of the emerging Pennine Lancashire agenda, it will challenge and add value to the process, providing transparency, and ensuring that the MAA and supporting strategies developed on behalf of PLACE are robust and contested throughout their implementation.

8.4. Pennine Lancashire Business Leaders Forum

The East Lancashire Chamber of Commerce is leading the formation of a Business Leaders Forum to strengthen the Pennine Lancashire governance structure. The group will comprise senior private sector representatives from key sectors across the area. They will play an active roll in strategy development and contribute to the PLACE agenda as appropriate.

8.5. Pennine Lancashire Community and Voluntary Board

Local voluntary, community and faith groups are supportive of the Multi-Area Agreement proposals and are committed to setting up a third sector board across Pennine Lancashire. A Pennine Lancashire Group (PLG) consisting of the chairs & chief officers of the Community Empowerment Networks & CVS' are already meeting on a regular basis. The Pennine Lancashire Group hosted a conference in August for the wider third sector to understand what was being proposed and contribute towards its development and implementation. A follow up event will take place on the 28th November 2008 when the third sector will come together to discuss in detail how it can contribute towards this transformational agenda and how it can best organise itself across the Pennine Lancashire area.



8.6. Pennine Lancashire Strategy Unit

RIEP funding has been secured to provide PLACE with a central resource to support their agenda. The Unit will provide the capacity and expertise to take forward the MAA and supporting strategies.

8.7. Pennine Lancashire Development Company (PLDC)

The PLDC will deliver elements of the MAA and the Economic Strategy. It will bring together issues of the economy, housing and social deprivation. The company will link more effectively with the Housing Market Renewal Programme to ensure economic interventions support the renewal of our most deprived communities. The PLDC will enable major developments to occur much quicker through its increased capacity and project management skills, coordination of funding packages, strategic use of assets and its overall 'visibility' as a development company. This will result in greater private sector confidence and investment. The first Shadow Governing Body meeting took place in September 2008.

8.8. Accountable Body and Programme Management

Lancashire County Council will act as accountable body for any funding that is channelled through the MAA. Blackburn with Darwen Borough Council will provide the programme management function.

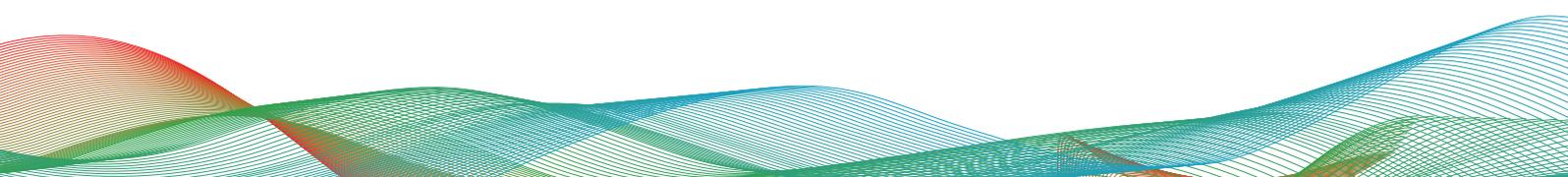
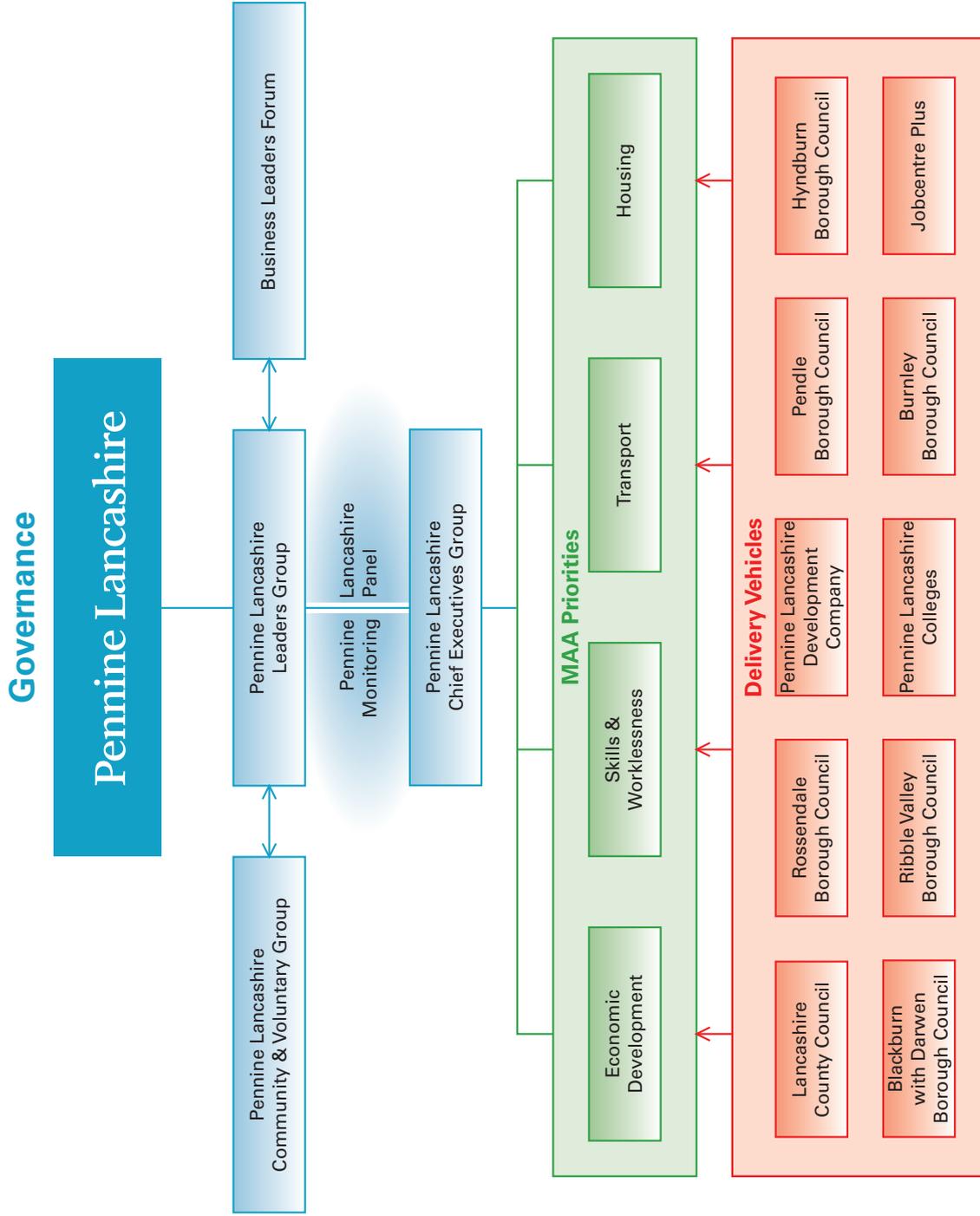


Fig 8. Pennine Lancashire Governance Structure



9. MAA Outcomes and Performance Indicators

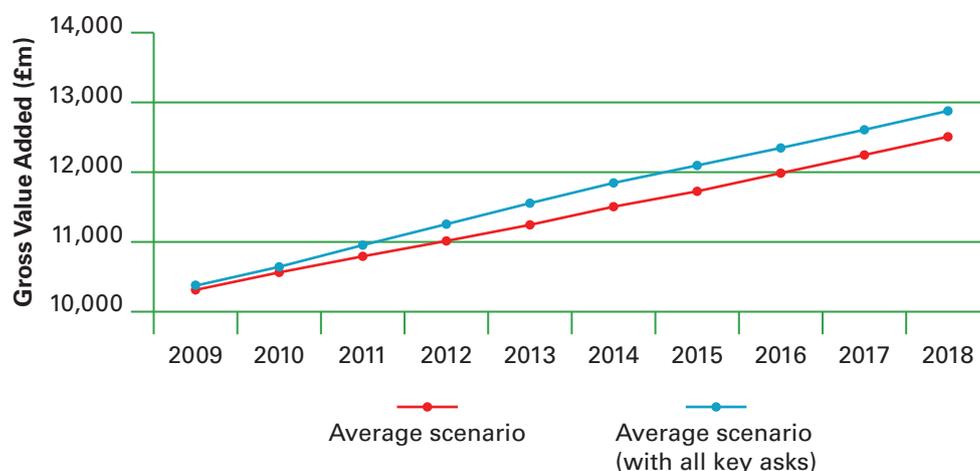
Agreement of MAA priorities and delivery against these will generate significant benefits for the Pennine Lancashire economy. Direct outputs will be significant in their own right but the wider economic impact demonstrates the wide ranging benefits to be realised for the Pennine Lancashire economy. As a direct impact of MAA delivery there is clear evidence of an improving GVA position for Pennine Lancashire and delivery against Government objectives.

Economic impacts to be achieved through the MAA programme can be summarised as:

GVA generated	£384m
Gross employment impact	6,583
Net employment impact	4,745
New jobs at NVQ2	3,732
New jobs at NVQ3	962
Higher level jobs (NVQ4 and above) introduced	2,251

The current skills profile of Pennine Lancashire is as follows: NVQ2 or below – 58%, NVQ3 – 20%, NVQ4+ 22%. In proportionate terms, MAA interventions will boost the number of higher level skills jobs by 2.6% compared to 1.9% for those jobs at NVQ2 or below. An important contribution will be made to increasing the share of higher skilled jobs available in Pennine Lancashire.

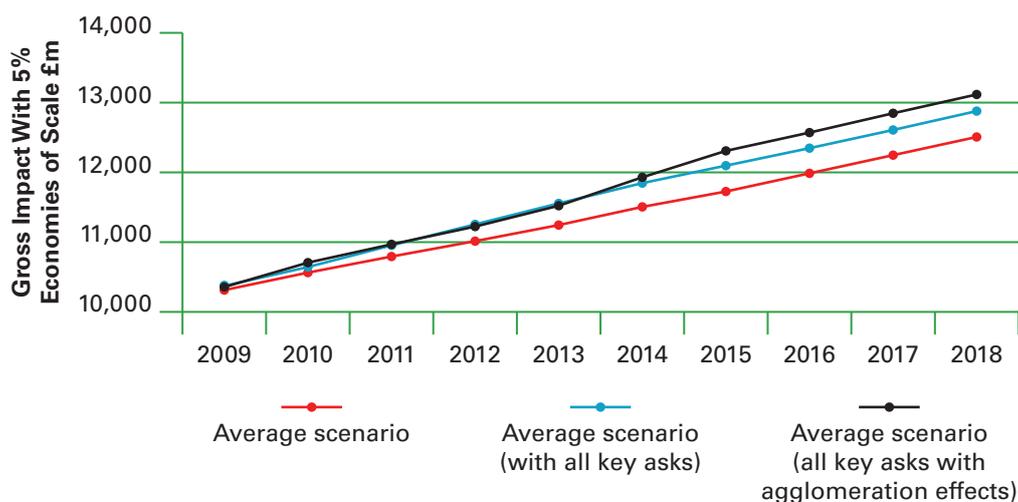
Growth in GVA will allow Pennine Lancashire's current output gap of £2.2billion, to be narrowed by 17%, marking a significant achievement for limited financial investment. The potential for this trajectory to continue to be developed will also be established.



The bulk of the Pennine Lancashire's GVA gap is accounted for by the area's sectoral mix and lower than average levels of productivity. As the Pennine Lancashire Economic Strategy recognises, the most significant challenge to narrow the GVA gap is to raise levels of competitiveness and productivity across the entire business base, implying a mix of skills, infrastructure and business growth interventions. This is consistent with the composition of the interventions being proposed by the Pennine Lancashire partners.

It is evident that there is a degree of interdependency between the interventions. In some cases e.g. the M65 improvements and Whitebirk, the impacts from one scheme are inextricably linked to the other scheme. For other schemes, the interdependencies are more indirect e.g. expanding the pool of HE students/graduates and improving transport links to Greater Manchester. Clustering or agglomeration effects can be expected to result in Pennine Lancashire, albeit it has not been possible to model these effects robustly at this stage.

Were agglomeration effects to be generated, then the potential impact of GVA could be significant. In the scenario set out below, agglomeration benefits arising from firms being more productive as a result of better transport links and access to a wider labour generate additional GVA per annum of £245m from 2018, over and above the GVA impact of the MAA interventions.



Activity will also contribute to the realisation of other local objectives, including delivery of LAA priorities. As a result of MAA promoted interventions, 1,102 currently workless residents are forecast to enter employment, this will be vital in achieving the ambitious overall benefit reduction target set by Pennine Lancashire partners through the MAA, as well as the respective LAA targets.

Project	Employment forecast to be secured by those out of work ⁷
Whitebirk	422
Pollard Moor	247
Blackburn Knowledge Zone	216
Broadband access	35
Pennine Lancashire University	102
Public sector relocations	56
Public sector employment retention	24
Total	1,102

Through the two LAAs, Pennine Lancashire partners have adopted National Indicator 153, which equates to a net reduction of 1,364 working age benefit claimants in our worst performing neighbourhoods. This target is broken down as follows:

LA Area	Reduction in number of benefit claimants
Blackburn with Darwen	560
Burnley	322
Hyndburn	203
Pendle	229
Rosendale	50
Ribble Valley	0
Pennine Lancashire Total	1,364

Linking the proposed MAA investments with the City Strategy targets, it can be seen that their collective implementation can make a major contribution to the achievement of the Partnership's objectives in relation to worklessness as well as BERR's PSA7 and DWP's PSA2 targets.

As a result of intervention it is forecast that substantial gains will be secured for the public purse. Across all schemes identified above, business rate income for the local authorities will increase by a forecast £4.7m per annum. By moving the former worklessness into employment, reduced out of work benefit payments and increased income tax and National Insurance payments are forecast to total a gain of £5.3m per annum for the public purse.

This analysis does not consider the additional income to be secured through income tax payments and National Insurance for the 5,481 jobs anticipated to be created that are not taken by the former workless. The additional public income to be secured through this route and additional spending power within the local economy will be substantial, generating wide ranging benefits for individuals and the area's economic standing.

Benefits will also extend beyond the economic impacts summarised above. It will raise the opportunities available to local people and their long term prospects as well as providing a strong opportunity to raise Pennine Lancashire's profile as a place to

⁷ Totals may not add up due to rounding

live and do business. This will help to attract further investment into the area, further accelerating progress against economic strategy objectives. The award of a single funding pot will further enhance this ability, allowing prioritisation of strategic schemes at key points within the programme. Through comparatively limited additional public sector investment significant gains can be achieved for the Pennine Lancashire economy and prospects of local people.

Wider Pennine Lancashire outcomes on delivery of the MAA in total:

Indicator	Baseline	Target
GVA	£6.8 billion (2004 figure)	Additional £225.7m by 2012; £384m by 2018
Employment Rate	69.7%	73.7% (2012)
Benefit Reduction	17.96% (four qtr. average Feb 06 - Nov 07)	15.46% (a net reduction of 7,996 claimants by 2012)
Level 4 Skills (working age population)	21.9%	25.9% (net additional 12,804 by 2012)
Housing		Achieve RSS targets by 2016. Resulting in an increase in Council Tax income by 8% on 2008 base
Business Registrations	Awaiting guidance from Govt.	

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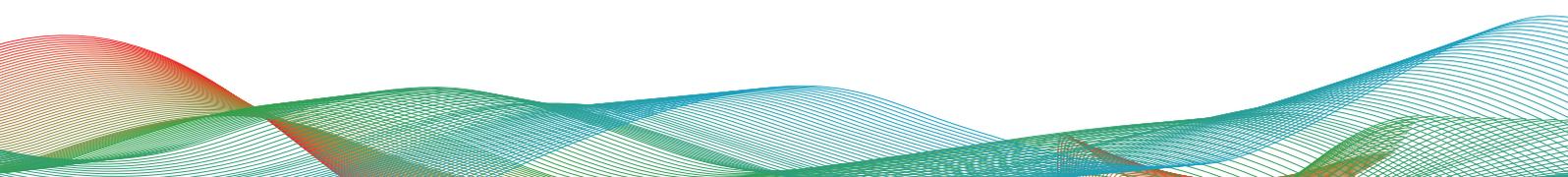
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