

Pennine Lancashire Multi Area Agreement

Forward

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, 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.

Contents

	Page
1	
1.1	
2	
3	
3.1.	
3.2.	
3.3.	
3.4.	
4	
5	
6	
6.1.	
6.2.	
6.3.	
6.4.	
6.5.	
6.6.	
7	
8	
8.1	
8.2	
8.3	
8.4	
9	
9.1	
9.2	
9.3	
9.4	
10	
10.1	
10.2	
10.3	
10.4	
11	
11.1	
11.2	
11.3	
11.4	

12

13

14

15

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 is cause 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 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 asset 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 can not 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 is a clear statement of 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. 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 both within 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 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.

The area has a diverse population with 11.8% of the population from an ethnic minority background (Census 2001). 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 also recognised that economic exclusion is a root cause of mistrust and can exacerbate division between communities. Following large scale disturbances in Burnley in 2001 the Cattle Report (Home Office, 2001) found that a more universal approach should be taken towards regeneration and Lord Clarke Chair of the Burnley Task Force acknowledged that, “in almost every sense it is clear that, whilst Burnley is not a city, it experiences all of the chronic problems associated with inner city deprivation” (Burnley Task Force Report, 2001, p8). Great progress has been made since 2001 and districts are working with communities on a number of different levels to ensure the disturbances are never repeated. However, this work must be supported by a strong economy; people within our communities must feel that training and quality employment opportunities are within their reach.

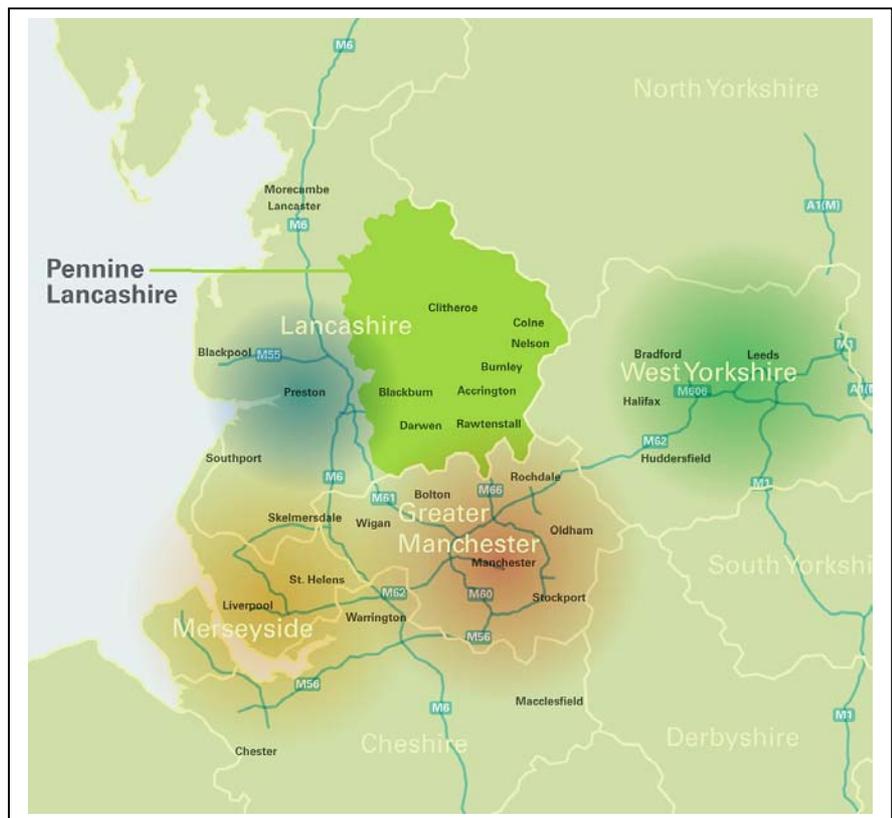
² Central Lancashire City Region comprising the sub region of Lancashire

The **Pennine Lancashire Economic Strategy**, which underpins the MAA, articulates the challenges facing us, setting out what we must do to address our economic underperformance. It acknowledges that we must integrate effectively with neighbouring areas and city-regions, both in terms of transport connections and knowledge networks. The growing regional knowledge base should provide spin off benefits for businesses in our own area as well as providing accessible higher value employment opportunities for our residents, who must be equipped with the skills and qualifications necessary to compete. The capacity of the HE sector must increase and better links between educational institutes and business forged

Key growth sectors, both in service and higher value manufacturing need to be promoted and resourced. Improved rail and motorway links to the major city-regions, within the Central Lancashire City Region and to areas of economic growth are imperative. Large transformational projects must be delivered - funding streams should be aligned and flexibilities given to vire monies as appropriate to bring about effective place shaping. Workless individuals should be given a supportive route into employment and in doing so help close the productivity gap

We believe with targeted investment and Government action on key elements of the agreement the area can get back on track. Pennine Lancashire is an area of untapped potential, conservative estimates suggest that an additional £376m of GVA can be achieved through the delivery of this agreement in full, closing over a quarter of the output gap that currently exists with the wider North West.

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



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 the 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.

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.

3. 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 economy. 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 highlight the collaborative approach we are now taking to regeneration.

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 strands:

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

3.1. 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

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.

Rationale: Pennine Lancashire partners have developed an Economic Strategy, identifying key regeneration priorities for the area. This is currently being worked up into a detailed Business Plan for submission to the NWDA in October 2008.

Next Steps: 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 comprise:

- Geographic element of RDA single programme
- Housing Market Renewal (HMR)
- Transport Funding through the Regional Funding Allocation
- North West Operational Programme (ERDF) funding
- Local Enterprise Growth Initiative
- Pennine Lancashire Flexible New Deal – commissioned and contract managed with DWP.
- Homes and Communities Agency funds
- Network Rail

This block would:

- 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 LEGL 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.

Rationale: 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.

Next Steps: Building on the Pennine Lancashire Economic Strategy and Business Plan, MAA partners will develop an Investment Framework identifying monies that can be pooled on a local basis.

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.

Rationale: 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 (UDF) or holding funds.

Next Steps: 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.

3.2 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.

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 will develop an Integrated Transport Strategy and Implementation Plan for Pennine Lancashire, within a wider Lancashire context, as well as developing complementary LTP3 submissions.

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.

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

Government Action – DFT

Government Action 4: To provide support and funding to improve the Clitheroe-Manchester Rail service.

Rationale: 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 £7m.

Next Steps: 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 finding 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)

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

Government Action 5: Secure DFT/Network Rail funding to reinstate a Direct Rail Route from Manchester to Burnley and Accrington via Todmorden. (Todmorden Curve)

Rationale: 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 approx 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.

Next Steps: PL 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: Provide investment to upgrade the Rawtenstall-Bury rail lines or for the metro tram system to be extended to Rossendale/Rawtenstall, and for a park and ride facility that will enable commuters from Accrington and Pennine Lancashire to access the service.

Rationale: The Department for Transport approved a first stage bid by *Greater Manchester Future Transport* (AGMA and GMPTE) 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. It would be funded by a combination of Government Grant and income from a limited peak time only congestion charge. A charge would only be introduced after the vast bulk of the investment in public transport was in place - 2013 at the earliest. Formal consultation with the public and business community will take place through the summer before AGMA takes a final decision on whether to proceed with the plans in the autumn (2008).

It is intended that all towns within Greater Manchester would benefit from the TIF funded investment, and a wide range of potential road, rail and bus schemes are being subjected to technical and feasibility studies to determine their potential for inclusion within the final investment programme. One scheme being considered is the possibility of collaborating with, and using the infrastructure of the East Lancashire Railway (ELR) to provide a commuter rail service which would connect Rawtenstall, Ramsbottom, Bury and other stations on the ELR line to Manchester, either via conventional (heavy) rail services, or by extensions and adaptations to the Bury Metrolink service.

A project steering group has been established to seek feasibility and technical reports on the ELR project. The project group includes representatives from GMPTE, the East Lancashire Light Railway Company, and Rochdale, Bury, Rossendale and Lancashire County Councils.

Next Steps: The infrastructure feasibility study for the scheme was completed in July 2008 (Faber Maunsell). The demand feasibility study will be completed in October 2008. A review of both studies will be undertaken to ascertain the viability of the scheme by the end of 2008. Should the viability be proven, the scheme will be included within the Association of Greater Manchester Authorities (AGMA) Local Transport Plan. All schemes within the AGMA Local Transport Plan will be priorities within the Regional Funding Allocation.

Economic Impact: An additional £3.9m GVA per annum can be achieved by 2014

Government Action 7: We seek commitment from Government to provide an additional lane on sections of the motorway that have either reached full capacity or will reach capacity when major strategic sites come to fruition and provide or fund improvements to 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.

Next Steps:

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

Government Action 8: Support 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.

ECONOMIC IMPACT OF TRANSPORT SCHEMES: An additional £27.9m GVA per annum can be achieved by 2018.

3.3. 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.

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.

Government Action – BERR / CLG

Government Action 9: Identify Whitebirk (Hyndburn), Pollard Moor (Burnley) and Blackburn Knowledge Zone as Strategic Regional Sites

Rationale - Whitebirk: Whitebirk is a 35 ha 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.

Rationale - Pollard Moor: Pollard Moor 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.

Rationale – 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 £62.9m GVA per annum can be achieved by 2014.

Government Action 10: Government to support a Green Belt study east of Blackburn/Rishton (Hyndburn) to potentially release 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.

Next Steps: Pennine Lancashire partners to commission a Green Belt study examining the case for further development.

Government Action 11: Prioritise Pennine Lancashire for 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.

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

Next Steps: 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 City Strategy Pathfinder, programmes to ensure that workless residents fully benefit from any relocation.

Economic Impact: Between £24.9m - £36.2m additional GVA can be achieved by 2014.

Government action 12: Assist Pennine Lancashire to achieve 100% broadband coverage.

Rationale: 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. 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.

Next Steps: Pennine Lancashire partners to map existing coverage and produce on-site speed test evidence to support the existing research.

Economic Impact – GVA increase of £51.7m can be achieved over a 10 year period.

ECONOMIC IMPACT OF ECONOMIC DEVELOPMENT (JOBS) SCHEMES:

- **An additional £331.3m GVA can be achieved by 2018.**
- **A £5.1 million fiscal saving to HM Treasury through benefits and taxation**
- **An additional £4.7m business rates accrued per annum.**
- **An additional gross 6,358 new jobs created by 2014, of which over 2,700 are Level 3 or 4.**

3.4. Worklessness and Skills

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, PL 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 PL. 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 PL districts are coming together to bid for funding and to promote a PL 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 commissioning to add value to the activity of LAA/LSPs.

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 13: 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: Blackburn with Darwen is a successful City Strategy Pathfinder and already works closely with its neighbouring local authorities and LCC to develop a strategic approach to tackling worklessness at a PL sub-regional level. 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.

Government Action 14: Commission welfare contracts on a Pennine Lancashire footprint, commencing with Flexible New Deal from October 2010.

Rationale: 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 PL footprint.

Government Action 15: Allow the Pennine Lancashire City Strategy Pathfinder to be one of the two pathfinder areas to test the ‘AME-DEL’ financial mechanism from 2011-12.

Rationale: The economic and population characteristics of the PL economy are different to the initial three pathfinders (for example the declining manufacturing base and high EM population). The PL 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 PL footprint and the risks and rewards of the financial arrangements for both Govt Depts.

Next Steps: The actions detailed above run in chronological order, on agreement of the first action and signing of the MAA, a shadow PL 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 actions 2 and 3.

3.5. 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.

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

Government Action 16: Increase number of higher education places in Pennine Lancashire.

Rationale: 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.

Institution	Current Full Time Equivalent HE places	Projected places FTE HE places 2011	MAA Cumulative Target
Accrington and Rossendale	330	500	500
Blackburn	2487	2765	4000
Burnley	380	1100	4000
Nelson and Colne	0	0	0
Total	3,197	4,365	8,500

Next steps: 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.

Skills - Economic Impact: An additional £11.2m GVA per annum can be achieved by 2018.

3.6. Spatial Planning

Context/Evidence

Local

In Pennine Lancashire there is currently no meaningful connection between spatial land-use planning, transport strategy and economic growth strategies. Whilst Pennine Lancashire is a functional single economic entity two strategic planning authorities consider transport and spatial planning issues, to a large degree in isolation of one another.

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,"

Government Action – CLG

Government Action 17: Provide funds for to support the development of a Pennine Lancashire Spatial Strategy, 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 Plan 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, Section 6)

Next Steps: Pennine Lancashire partners to draft a scoping paper for a Spatial Plan/Strategy.

3.7 Strategic Housing

Context/Evidence

Local

The Pennine Lancashire Housing Strategy (PLHS) sets out the vision, objective and interventions needed to continue the transformation of our housing markets to support economic growth over the next 20 years. The strategy provides the framework for the six local housing strategies, adding value by ensuring they are aligned. At its heart this strategy addresses the role of housing in enhancing economic growth, regeneration and inclusion by much stronger links between the policies and action plans.

PLHS develops long term, sustainable solutions to regeneration and increasing growth through the design of a Market Progression Model. The focus is on enabling sustainable neighbourhoods, planning for growth linking housing interventions with increasing prosperity.

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 Sub-National Review of Economic Development and Regeneration and marks a move away from needs-based to market-based housing strategy.

Government Action 18: Allow appropriate powers to declare comprehensive licensing for all private sector landlords for designated areas within Pennine Lancashire.

Rationale: 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 LHAs 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. Indeed, Burnley's experience of the process is not uncommon and is detailed below:

Government approved Burnley's selective licensing bid on 23rd July 2008, after extensive dialogue between government officials, local landlord representatives and the council. Burnley's bid was based on low housing demand, using antisocial behaviour statistics to support the low demand evidence.

Extensive consultations were carried out prior to the bid being submitted and showed that resident support for the bid was high. The first consultation centred on 4 wards where the research showed licensing would help: it contained a brief explanation of the scheme and asked residents to list their perceptions of the area they lived in. A questionnaire was also drafted for landlords, asking whether they supported a licensing scheme and asking them to rate various low housing demand issues. The second questionnaire was targeted only at the proposed designation area, giving more details about the scheme and asking residents, landlords and other stakeholders if they supported the idea of licensing.

Many landlords support the need for greater controls in the sector, but the fact that there is a fee attached to the licence has caused some concern. The council's accreditation scheme does offer a substantial discount to those landlords who were accredited on the approval date in recognition of the fact that they worked voluntarily with the council to meet recognised standards. However, the local landlord representative group have reacted strongly to the plans to license the sector and their opposition of Burnley's support of the policy has been maintained throughout the application.

The main frustration Burnley had with the application process was the seemingly disproportionate credence given to the views of that landlord representative group. The group have been involved in the development of the project from the outset, through the Private Rented Sector Forum, and have received comprehensive replies to concerns they raised inside and outside the formal consultation exercises, however they continued to battle each aspect of the proposals: officers were openly criticised and work was subjected to vast amounts of scrutiny prior to the bid being submitted. Despite the enormous amount of time Burnley officers spent discussing the project with the group, they still raised official objections to CLG about Burnley's bid, delaying approval by 6 months. Ultimately, CLG confirmed there were no flaws in the work of Burnley officers and no justification for the accusations made by the group.

Although Burnley applied only to licence one area of the borough, the research carried out throughout the project showed that many areas in the borough would benefit from a licensing scheme. In order to pick the area most suited for the first designation, a list of criteria and matrix were devised that scored each area based on the main indicators of low demand. This system was used first to identify wards suffering from low housing demand issues and then was amended slightly to identify the specific streets where these problems are concentrated. Using this system, Burnley developed a transparent and equitable way of identifying potential designations and will continue to use this system in identifying areas for future bids. We have raised the idea of applying for general approval with CLG officials; this would grant us authority to designate with Burnley Council Executive approval, providing the areas were identified using this

measurable criteria. Whilst the initial response was positive, we have been advised to wait as CLG wish to see the impact of licensing schemes before issuing general approvals. We do feel, however, that designated authority to implement schemes, with the option of audit at any time from government, would enable us to maximise the effectiveness of selective licensing as a housing market renewal tool.

The area that has been selected as Burnley's first selective licensing designation forms part of trinity ward. Roughly 30% of properties in the area are privately rented; coupled with a high level of vacant properties, low house prices, high turnover of properties and lack of resident confidence in the area. Levels of antisocial behaviour such as fly-tipping and noise nuisance are high, and agencies working to address the issues in the area are often thwarted by the lack of engagement of owners of properties let privately.

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, such as the Burnley model, Government should allow Pennine Lancashire partners the authority to issue approvals at a local level as appropriate.

Next Steps: Agree above freedoms with CLG.

Government Action 19 (draft): Support establishment and functioning of a Delivery Team responsible for developing a strategic approach to housing growth and a 'growth point investment plan' working with the private sector through the Market Progression Model. This will ensure the housing offer complements and supports delivery of the PL Integrated Economic Strategy (PLIES)

Rationale: The PLHS recognises the strengths and on-going challenges of the area's housing markets. In order to continue to build on excellence in respect of neighbourhood regeneration and secure high-value growth to support the PLIES a Market Progression Model is proposed. This will be a framework for strategic planning and delivery of housing interventions harnessing the engagement and support of the private sector and enable forward financial planning/strategic activity to deliver growth.. The two-pronged approach will ensure delivery against a wide range of regeneration targets across the area.

Next Steps: NWDA/HCA provide technical and secondment support for taking forward work on the Market Progression Model via a Delivery Team.

Government Action 20 (draft): CLG and HCA to continue to support housing renewal and growth as part of the wider regeneration agenda through the delivery of evidence based neighbourhood action plans and masterplans that create sustainable communities

Rationale: Building on the previous investment and impacts of housing market renewal to continue addressing the broad spectrum of strategic housing and associated issues

across Pennine Lancashire. These are clearly articulated in the PLHS and IPLES and accommodated within the Market Progression Model.

Next steps: HCA/CLG to continue prioritising funding for strategic housing and associated activity that comprehensively addresses structural housing market issues and complement funding that stimulates demand secured from other sources.

Government Action 21 (draft):

CLG/HCA to support the development of innovative approaches to home ownership, tenancy models, maintenance, neighbourhood sustainability/ management and cohesion.

Rationale: The PL Housing Market is atypical with high levels of marginal home ownership and an increasing reliance on the private rented sector. There is an opportunity, particularly in the current economic situation, to innovate and pilot different approaches to mitigate the impacts on the market, neighbourhoods and individuals. Evidence and intelligence indicate that the communities of PL will continue to diversify. A conscious and strategic approach needs to be taken to ensure that regeneration and change within neighbourhoods is planned and managed to positively accommodate diversity and support integration with communities themselves being at the heart of the process. Experience from the existing Good Relations programme work will be used to inform future discussions with CLG/Home Office and HCA.

Next Steps: Early win opportunities be discussed and developed with HCA and CLG to secure delivery of appropriate targets in respect of housing markets (e.g. decent homes, affordable homes/access to home ownership) and quality of life issues (fear of crime, feeling of belonging, ability to influence decisions etc).

Government Action 22 (draft): HCA/DWP are asked to support the development of a bespoke Private Rented Sector/Worklessness Advice and Regulation model currently being developed.

Rationale: The Government has recently announced pilot proposals in respect of linking the Social Rented Sector more fundamentally to addressing the issue 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 evidenced issue across the area work is underway to develop a pilot that responds to these issues. It will look 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.

Next steps: Proposed pilot would be taken through PL City Strategy Pathfinder. HCA/DWP will be asked to support further development of the model and pilot as appropriate..

We recognise that each 'government action' may at this stage be subject to caveats; each will carry its own complexities and involve further development going forward. However, we seek early stage commitment to as many as possible

in order for us to retain confidence in the MAA process. We will commit to work with relevant government departments and agencies to provide where necessary a Pennine Lancashire framework to assist with the fulfilment of these actions. There is considerable background information underpinning each action, which can be drawn upon in negotiations, and is available on request. Evidence suggests that a different, more radical approach must be taken if we are to arrest the downward economic spiral that we are experiencing (Ekosgen 2007).

4. Timeline and milestones

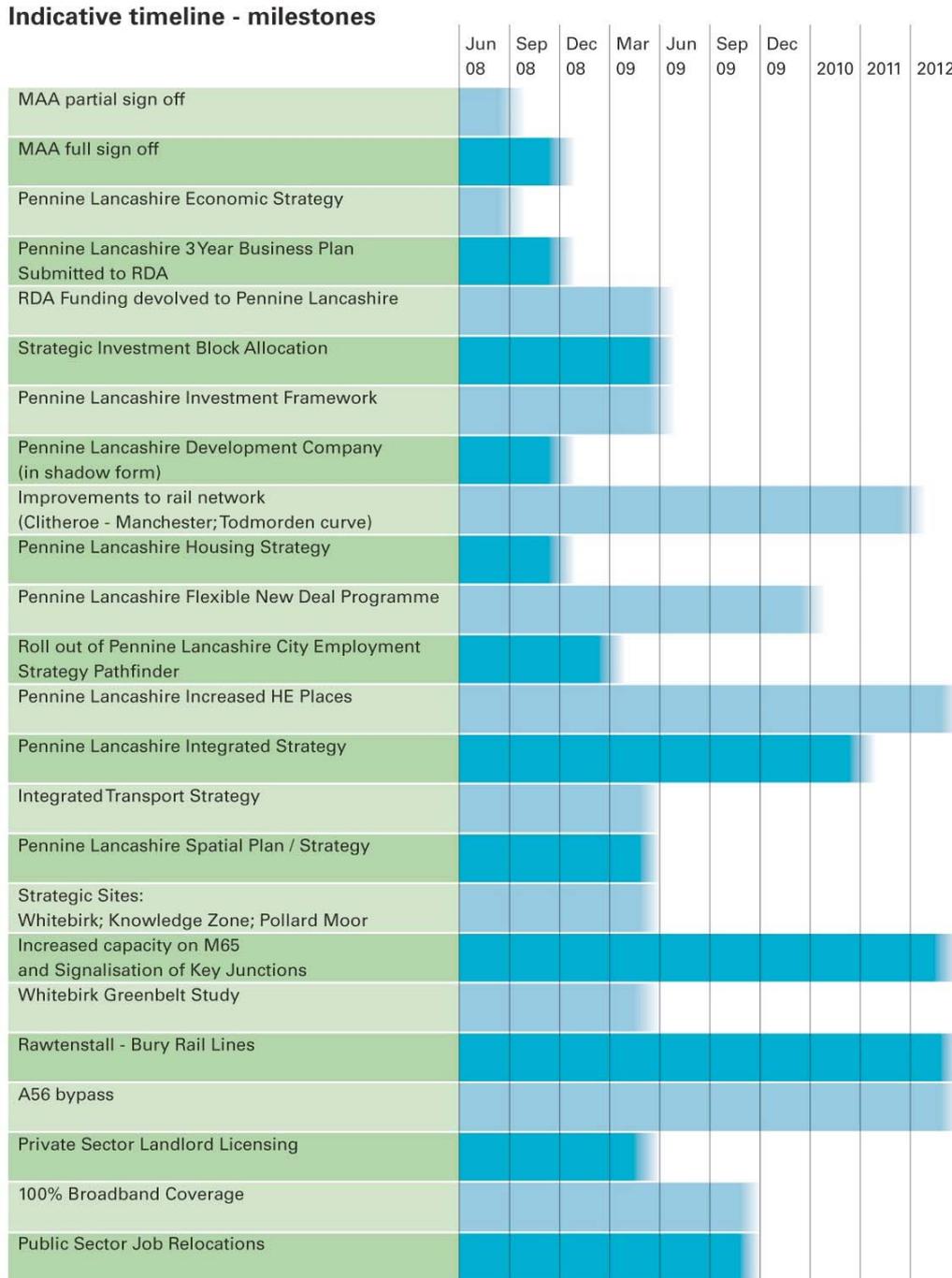


Fig. 2 MAA Timeline

5. 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 Section 6. The following reports are appended to this document:

- *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)

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)

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

5.1. 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.

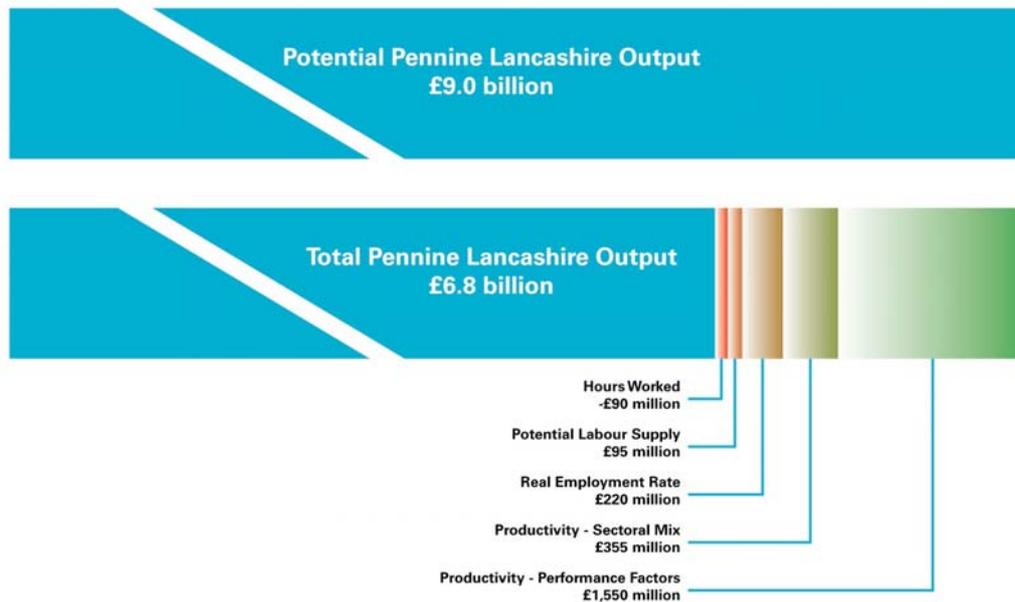


Fig 3: Pennine Lancashire Output Gap - 2004

5.2. 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.

5.3. 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 ³on. Furthermore, less than 40% agreed that their neighbourhoods respect ethnic differences (Ekosgen, 2007).

5.4. 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. NVQ 2 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).

5.5. 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

³ A measure relating this is included in the Lancashire LAA in relation to the Pennine Lancashire Districts

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.

5.6. Housing

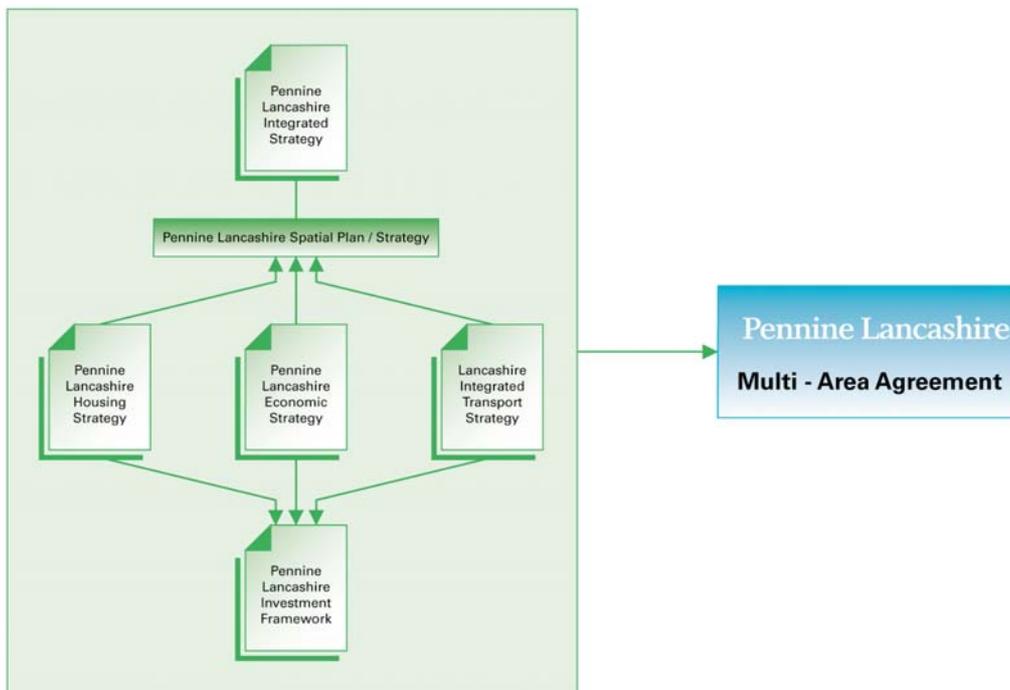
TBA from Housing Strategy

6. Strategic Contexts

6.1. 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 4. Pennine Lancashire Strategies



6.2. Pennine Lancashire Economic Strategy

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 is currently being worked up into a delivery plan to be presented to the Regional Development Agency in October 2008.

6.3. Pennine Lancashire Housing Strategy

The Pennine Lancashire Housing Strategy sets out the 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 focussed upon ensuring sustainable neighbourhoods; and growth which will focus on linking housing interventions with increasing prosperity.

6.3 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.

6.4 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.

6.5 Pennine Lancashire Spatial Plan/Strategy – Pennine Lancashire Integrated Strategy

Pennine Lancashire partners have agreed to develop a non-statutory Spatial Plan 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.

6.6 Local Area Agreements – Relationship with the MAA

The Pennine Lancashire MAA adds value to the two LAAs; 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 will 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.

6.7 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.

7. Governance and Delivery

7.1 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.

7.2 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 mechanism are in place. The PLACE constitution is undergoing a review in light of the growing Pennine Lancashire agenda. (*Expand and Append new constitution/TofR*)

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.

7.3 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.

7.4 Pennine Lancashire Business Leaders Forum

Detail to be added - Chamber of Commerce bringing together key partners for a workshop in Sept.

7.5 Pennine Lancashire Community and Voluntary Board

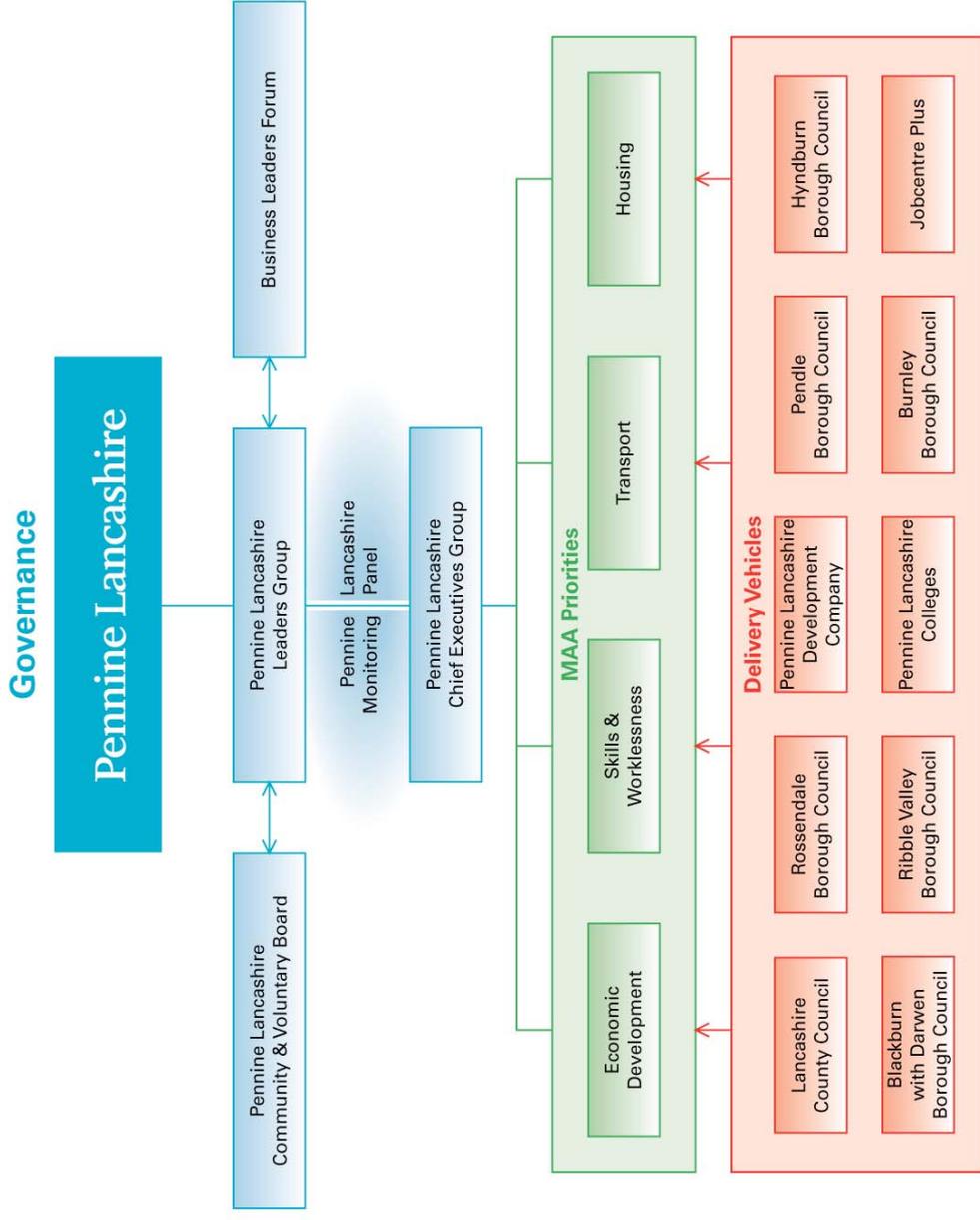
Detail to be added, the growing Pennine Lancashire agenda and MAA in particular, was the focus of a PL Third Sector Conference in August 2008, the offer to play a greater role in influencing strategy at a PL level was welcomed by third sector organisations in attendance. Terms of Reference are being developed in conjunction with PL Third sector partners.

7.6 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.

7.7 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.



9. MAA Outcomes and Performance Indicators

Indicator	Baseline	Target
GVA	£6.8 billion (2004 figure)	Additional £225.7 million by 2012; £372.3 by 2018
Employment Rate	69.7%	73.7% (2012)
Earnings by Workplace	£396	TBA
Business Registrations	Awaiting guidance from Govt.	
Job Creation	To be informed by Economic Strategy Delivery Plan	
Benefit Reduction	17.96% (four qtr average Feb 06 – Nov 07)	15.46% (a net reduction of 7,996 claimants by 2012)
Investment (potential to measure through increased business rates)	TBA	
Working age people access to employment by public transport	TBA	
Level 4 Skills (working age population)	21.9%	25.9% (net additional 12,804 by 2012)
Increase No of new properties in Council Tax Bands F, G, H.	TBA	
Pennine Lancashire Spatial Plan		

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