



CITY DEAL

Preston, South Ribble & Lancashire

CITY DEAL EXECUTIVE AND STEWARDSHIP BOARD

Private and Confidential: No

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Implementation Update - Quarter 3 - Sept-Dec 2016

(Appendices 'A' and 'B' refer)

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Executive Summary

This report provides an outline of performance on delivering the infrastructure schemes during Quarter 3; Sept-Dec 2016. The report is presented in 3 parts:-

- Year 3, Quarter 3 **Project** Monitoring Report relating to the period Oct - Dec 2016
- Project Implementation **Issues**
- Year 3, Quarter 3 **Finance** Monitoring Report relating to the period Oct – Dec 2016

Recommendation

The City Deal Executive and Stewardship Board are asked to note the Quarter 3 Implementation Update for the period October-December 2016.

Background and Advice

1. YEAR 3 QUARTER 3 – PROJECT MONITORING REPORT (OCT-DEC 2016)

1.1 Current Position

1.2 The project monitoring spreadsheet (attached) sets out in detail the progress made during quarter 3 2016/17. The spreadsheet reflects the position of the schemes as at 31st December 2016 and overall, shows that good progress was made during that period across a number of schemes.



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- 1.3 Key milestones achieved include;
- submission of the planning application for Penwortham Bypass
 - planning consent secured for the redevelopment and refurbishment of the Preston Bus station concourse and works started on site
 - planning application submitted and consented for the Youth Zone
 - planning consent received for the Moss Side Test Track Masterplan, currently out for consultation and the concept design for the road infrastructure has been approved.
 - refurbishment of Winckley Square Gardens is complete
 - consultation on the City Deal Cycling Strategy is underway
- 1.4 The E&SB will note that of the 47 infrastructure schemes included in the Plan for this 2016/17, 21 are progressing as planned with no issues identified or else have no milestones in the current year. A further 19 have been highlighted red/amber, either because they have not met the milestones in Q3 or will not meet the milestones going forward. There are also now 7 completed schemes as follows:-
- Fishergate Central Gateway – Phase 2
 - A582 Tank Roundabout
 - Winckley Square Gardens
 - East Cliff Cycle Hub
 - St.Catherine's Park
 - Landmark Features - War Memorial, Bamber Bridge Totem, Iron Tree
 - Expanded City Cultural Development Programme – Phase 1
- 1.5 The monitoring spreadsheet also highlights some movements in programme delivery timescales as follows:-

Highways and Transport/Priority Corridors

- Preston Western Distributor** – The Planning application is now expected to be determined in Q1 2017/18 due to further consultation required following the submission of additional information to the Planning Authority.
- East-West Link Road** – The Planning application is now expected to be determined in Q1 2017/18 due to further consultation required following the submission of additional information to the Planning Authority.
- Cottam Parkway** – The business case was not submitted since the project viability is reliant upon PWD and EWLR to provide links into the road network. The business case will be updated taking account of the Outline Business Case for these schemes.



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- iv. **South Ribble Western Distributor** – The planning application will not be submitted in Q4 due to the requirement for further ecological survey work and public consultation. A new programme is therefore to be developed.
- v. **Pickerings Farm Link Road** – Progress on the site overall is tied in to discussions relating to the production of the master plan and phasing. Discussions in quarter 4 between the Local Planning Authority, the HCA and the housebuilder will shape the future timescale for delivery.
- vi. **Cuerden Strategic Site road infrastructure** – planning application was submitted in January with determination targeted for late Spring 2017.
- vii. **Croston Road Spine Road** – Works did not start in Q3 due to ongoing legal and technical issues that need resolving before the s278 Agreement is signed. Works are due to start in Q4 2016/17 and complete in Q2 2017/18 instead of Q1 as previously reported.
- viii. **Public Transport Priority Corridors** - A Master Planning exercise for all seven Public Transport Priority Corridors and ten associated Local Centres has begun to produce designs and costed proposals. The Draft Masterplans are expected to be out for consultation in May 2017, following which milestone 3 (design approval) can be completed and subsequent milestones programmed. This excludes New Hall Lane Local Centre which will be completed in Q4 and Bamber Bridge/City Centre scheme which is on programme. A scope and brief for the City Transport Plan has also been prepared with procurement taking place in Q4.

Community Infrastructure

- i. **Lancaster Canal Towpath** – Works due on site this quarter have been re-programmed to Q1 due to access issues. The scheme milestones will be re-programmed.
- ii. **Guild Wheel Upgrade Link (Bluebell Way)** - This scheme has been re-programmed as there have been difficulties in procuring the resources to progress the scheme. Groundwork have now been appointed and work will commence in 2017/18.
- iii. **Guild Wheel Upgrade Link (Watery Lane)** – This scheme has been re-programmed as there have been difficulties in procuring the resources to progress the scheme. Pendle BC have now been appointed and work will commence in 2017/18.
- iv. **Grimstargh Green** – The milestones for this project need to be re-profiled. Discussions are taking place with the Parish Council at a senior level which have delayed the start of the project.



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- v. **East Cliff Cycle Link and Bridge** – The planning application for the replacement bridge was approved in November 2016 and tenders are in the process of being evaluated. Revised project milestones for the delivery of the bridge are dependent on the programme for the development of the wider Eastcliff site. Delivery milestones for the cycle link are dependent on whether Network Rail will allow access under the existing bridge until such time as the new bridge has been installed. This will be determined in Q4.
- vi. **City Deal Cycling Strategy** – Adoption of the Plan is unlikely to be achieved in quarter 4 due to the scope of the Plan going beyond broad policy objectives and including detailed delivery proposals that will have had the full engagement of the cycling and walking community.

2. PROJECT IMPLEMENTATION ISSUES

2.1 Current Position

- 2.2 The table below sets out the current range of issues that are being prioritised in the Programme in order to appropriately manage risk. Some of the issues have previously been reported and an update on the current position is provided.

Scheme/Issue	Update/Latest Position
Preston Western Distributor	Detailed technical work continues with Costain on detailed scheme design and cost and the business case for the scheme will be brought to the June 2017 meeting of the E&SB for consideration, prior to independent review and onward submission to Transport for Lancashire in September 2017.
East/West Link Road	Detailed technical work is underway to come to a reliable cost estimate for the delivery of the link road, funded through developer contributions.
Pickerings Farm - Link Road cannot be progressed to design stage until bridge options have been determined and funding issues resolved. Arrangements will need to be in place prior to detailed masterplanning being completed.	Discussions are ongoing with Network Rail regarding a new bridge over the WCML and the associated cost implications for the City Deal. Further work is being undertaken to understand at what point this access is required from a highways technical perspective. A contract for the design of Bee Lane Bridge has now been agreed with Network Rail and they will undertake this specialist design work. Progress on the site overall is tied in to discussions relating to the production of the master plan and phasing. Discussions in quarter 4 between the Local Planning Authority, the HCA and the housebuilder will shape the future timescale for delivery
Croston Road Spine	Works not yet commenced on site due to legal issues



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Road – Land acquisition relating to the delivery of the full spine road is more complex than originally anticipated and have not yet concluded.	between LCC and HCA re ownership, adoption of land and transfer of highway, which have since been resolved. Works were originally programmed to commence immediately following completion of tank roundabout, so delay to the scheme is currently at 3 months with a revised forecast completion of September 2017.
Fishergate Phase 3	Scheme finance profile and delivery timescales currently being reviewed and revised update to be provided to a future meeting of the E&SB.
East Cliff Cycle Link and Bridge	The delivery of the cycle link hinges on the decision of Network Rail as to whether to allow it to pass under the existing bridge. Further information will be known in Q4.

3. YEAR 3, QUARTER 3 FINANCE MONITORING REPORT (attached)

3.1 Introduction

3.2 The City Deal infrastructure delivery model ("the model") is a finance model showing the finance activity to date and expected within the City Deal. The model is split into two sections - resources being income to be received into the model from the various income streams and delivery programmes being expenditure paid or forecast to be paid on the infrastructure schemes. The City Deal is an accelerated delivery model based on the understanding that while the timing of resources coming into the model will be behind expenditure on schemes, requiring cash flow support from the County Council, there is a commitment of the partners to keep the model balanced.

3.3 It is recognised that the model is dynamic and that changes to the inputs and outputs of the model will occur over time. This is sustainable subject to maximum cash flow approvals being in place and not breached.

3.4 Key risks to the model

Resources

3.5 Whilst most of the income to the model is fixed in commitment or capped amounts the main risk (with the exclusion of changes to Government policy and how those might affect the model which are being considered by the City Deal Executive and Stewardship Board) to the model in terms of income is certainty of securing developer contributions in line with the expectations at the outset of the City Deal as noted above.

3.6 The total of these in the current model is £104.851m after building in increased rates and the modelling of those sites / units which will attract CIL and other contributions. £18.531m of this is now expected to come into the model in the "run-on" period of years 11-15 due to reported slippage in sites



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being brought forward for development. This also has an impact over the time that LCC will have to cash flow the City Deal over and the resulting finance charges incurred.

- 3.7 While there is more certainty with regard to the CIL element of developer contributions, within this total figure of £104.851m there is also £52.945m which relates to “other developer contributions”, sometimes referred to as CIL Plus, and which includes monies payable through, for example, section 106/278 agreement. It should be noted that to date £34.804m of these have already been secured leaving an amount of £18.033m still to be sought. This represents a risk to the model remaining in balance as should these not be secured, expenditure and resource forecasts will not remain aligned. The issues relating to the agreed s106/s278 monies and the linking to delivery schemes is addressed below and is the subject of ongoing work. As part of the ongoing Resources Review Keppie Massie are testing all the assumptions relating to developer contributions within the model including site viability.
- 3.8 There are also changes to government policies proposed relating to CIL, NHB and business rates along with a housing white paper – all of which have the potential to undermine the assumptions currently in the model. To date only the NHB changes have been issued which are covered by the KM report. In short the changes are from 2018/19 for NHB being paid for 4 years instead of 6 per house. The impact on the current 10 year model would be c£9m with no mitigation. Over a 15 year period with the NHB reduction, the model would continue to be adversely impacted.

Expenditure

- 3.9 All agreed expenditure changes and slippages have been included in the model and items to be agreed at this meeting will be reflected in future models once agreed.
- 3.10 The scheme estimates set out in the model will continue to be refined and tested as schemes are subject to detailed design, preparation of cost estimates and tendering prior to implementation. The Infrastructure Delivery Steering Group has approved a process to ensure that final costs are approved and schemes are fully funded prior to implementation.
- 3.11 It should be noted that the expenditure lines are indicative budgets allocations only – the amount needed and available for each scheme as it comes forward will depend on the dynamics of the model at the time in terms of funding secured and expected, along with competing priorities from other schemes.

3.12 Position of the model as at 31st December 2016



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- 3.13 The monitoring report for quarter 3 2016-17 is appended to this report.
- 3.14 The model is currently showing a projected surplus over the city deal period of £1.936m compared to a position as reported in the Quarter 2 report to 30 September 2016 of surplus of £2.152m. This is a change of £0.214m.
- 3.15 All the changes relate in the main to forecasts in housing numbers and the implementation of the CIL instalment policy as reported in September quarter leading to a review of the CIL inflation figure within the model, and known income from a site being more than was anticipated from that site.
- 3.16 **Key issues raised by 31st December 2016**
- 3.17 As part of the Resources Review, Keppie Massie are advising on the assumptions made at the outset of the Deal with specific regard to the “other developer contributions” stream which includes s106 payments. Furthermore the councils continue to work together to ensure there is a shared and common interpretation of the binding Heads of Terms which require the partners to maximise the value of developer contributions being collected and paid into the fund. Work is underway to quantify the amount of additional developer contributions collected to date against that forecast as well as capture the projects being delivered by the funding, as part of the City Deal Infrastructure Delivery Plan.