



## 1.0 Report Overview

1.1 This report provides an update on the progress made by Homes England on the delivery of the City Deal housing sites from 01.07.18 to 30.09.18. It focuses on the key delivery milestones, finances invested, outputs and draws out key risks and emerging issues.

## 2.0 Recommendation

2.1 The Stewardship Board and Executive are recommended to:

2.1.1 Note the content of the report and the progress made

## 3.0 Homes England Site Highlights – Q2 2018/19 (01.07.18 to 30.09.18)

3.1 Between the period 01.07.18 and 30.09.18, good progress has been made on a number of Homes England sites. Key highlights and future milestones for this quarter can be found in the table below:

| Site | Project                      | Status           | Completions/<br>total units | Completions<br>(July-Sept) | Finance<br>(July-Sept) | Summary   | Milestones for next<br>quarter (Oct - Dec) |
|------|------------------------------|------------------|-----------------------------|----------------------------|------------------------|---|--|
| 1    | Cottam Hall Phase 1 (Site K) | Barratts on site | 87/104 (84%)                | 3                          | N/A                    | <p>There have been 3 further completions within this reporting period.</p> <p>All grant payments associated with this site have now been paid to LCC.</p> <p>The site is anticipated to complete during 2018/19</p> | Ongoing build out                          |

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|----------|-------------------------------|--|-----------------------------|----------------------------|------------------------|---|--|
|          | <b>Cottam Hall Phase 2</b>    | Story Homes on site.                             | 57/283 (20%)                | 9                          | N/A                    | Story Homes building out well, with 9 completions this reporting period.  | Ongoing build out  |
|          | <b>Cottam Hall Phase 3</b>    | Unconditional deal with Morris Homes in place.   | 0/119 (0%)                  | N/A                        | £3.9m loan payment     | Unconditional deal was achieved in July which was a great achievement after complications with legal documents and newt/ecology matters on the site.<br><br>£3.9m loan payment was paid to LCC in August due to unconditional stage being achieved. |  |
|          | <b>Cottam Hall Phase 4</b>    | Site has been marketed                           | 0/135                       | N/A                        | N/A                    | Rowland Homes is the preferred bidder for this phase.   | Reserved Matters application for 135 homes is due for submission in Spring 2019  |
| <b>2</b> | <b>Cottam Brickworks</b>      | Recommended negotiations with land owner and LCC | 0/206 (0%)                  | N/A                        | N/A                    | Meetings and negotiations have taken place with the land owners newly appointed representatives.<br><br>Access land agreement to be prepared from early 2019.   | Further meetings to be held between Homes England, LCC and the landowner's representatives to draft heads of terms for new access agreement. |
| <b>3</b> | <b>Land at Eastway (resi)</b> | Story Homes on site.                             | 38/300 (13%)                | 7                          | £2m grant payment      | Story Homes building out well with 7 completions this reporting period.<br><br>Grant payment of £2m paid to LCC in August 2018 upon receipt of an annual payment from   | Ongoing build out  |

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|          |   |  |                             |                            |                        | Story Homes.   |  |
|          | <b>Land at Eastway<br/>(commercial)</b> | Conditional contracts exchanged with HBS Healthcare Ltd – not yet on site. | N/A<br>(commercial)         | N/A                        | N/A                    | <p>Contracts were exchanged with HBS Healthcare Ltd in May on a conditional basis – the condition is that Story Homes construct the access to the site and that HBS secure RM planning consent. Story Homes have secured planning consent for the access road and changes to the guild wheel.</p> <p>Access works anticipated to start on site between October 2018 and January 2019.</p> <p>Unconditional disposal to HBS Healthcare anticipated for June 2019.</p> | Access works to commence   |
| <b>4</b> | <b>Whittingham</b>                      | Taylor Wimpey on site (phase 1 only)                                       | Ph 1 - 103/150 (69%)        | 9                          | N/A                    | <p>Good progress on Phase 1 with 9 completions in this reporting period.</p> <p>Masterplan consulted upon and further work on refining masterplan and outline application taken place supported by a range of technical studies.</p>   | Finalise preparation of planning application and understand implications of viability work undertaken. |
| <b>5</b> | <b>Preston East EA</b>                  | Site not yet marketed  | N/A<br>(commercial)         | N/A                        | N/A                    | <p>There is a range of interest in the site.</p> <p>The disposal options appraisal work was completed by JLL in December 2017 and their</p>  | Homes England's internal approval for the required investment into the                                 |

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|          |                                |  |                             |                            |                        | preferred option was to market the site, as one site, in its current condition. Homes England's internal approval for the required investment into the site, and the proposed disposal strategy, is required, and following this, site investigations and de-risking works will commence. | De risking works to commence   |
|          | <b>Preston East – Sector D</b> | Deal completed with Inchcape Estates – now on site | N/A                         | N/A                        | N/A                    | Inchcape Estates are site and construction is underway.   | Ongoing build out  |
| <b>6</b> | <b>Pickerings Farm</b>         | Masterplan and outline application preparation     | 0/297 (0%)                  | N/A                        | N/A                    | Ongoing technical studies to support the preparation of the outline planning application.<br><br>Finalisation of masterplan in preparation of submission to SRBC for consultation approval.   | Masterplan to be approved for consultation by SRBC (This has been achieved - Nov 2018) |
| <b>7</b> | <b>Altcar Lane</b>             | Reserved Matters application approved              | 0/200 (0%)                  | N/A                        | N/A                    | RM application approved in Sept 2018. Homes England have now completed the unconditional sale with Lovell starting.<br><br>Anticipated start on site in January 2019.   | Site preparation works   |
| <b>8</b> | <b>Croston Road North</b>      | Marketing commenced                                | 0/400 (0%)                  | N/A                        | N/A                    | Soft market testing has been undertaken which has included larger developers from Homes England's panel as well as SMEs.  | Detailed marketing stage to commence   |

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|      |                           |                 |                             |                            |                        |  |  |
| 9    | <b>Croston Road South</b> | Miller on site. | 74/175 (38%)                | 7                          | N/A                    | Miller on site and building out.<br><br>Grant payment of £2,488,050 paid to LCC in April following receipt of the final annual payment from Miller. No further grant is due to LCC on this site. | Ongoing build                              |
| 10   | <b>Brindle Road</b>       | Complete        | 46/46 (100%)                | N/A                        | N/A                    | All units completed and all finances paid.   | N/A  |
| 11   | <b>Walton Park Link</b>   | Morris on site  | 0/350 (0%)                  | N/A                        | N/A                    | Morris commenced early site clearance works on site in September. Remediation work and construction of link road means that the first housing completions are likely to be in early 2019.        | Ongoing site works                         |

#### 4.0 Finance

- 5.1 Homes England is currently on track to pay the £37.5m grant by 2022/23. To date this year, two grant payments have been made to LCC, the first being c£2.49m in April 2018 in relation to Croston Road South and a further grant payment of £2m was paid in August 2018 in relation to Land at Eastway (residential). A loan payment of £3.9m was also paid to LCC in August 2018 in relation to Cottam Hall Phase 3 (Morris Homes) going unconditional. There is a further grant payment to be made in January 2019 of c£590k related to Cottam Hall Phase 2 (Story Homes).

## **6.0 Risks**

6.1 There are two large sites in Homes England's ownership (Pickering's Farm and Whittingham Hospital) where unforeseen challenges have presented themselves due to a complicated mix of land ownerships and detailed technical matters. Very good progress is now being made. Comprehensive masterplans have been prepared for both sites and have been subject to consultation in preparation of planning applications which are due to be submitted in spring 2019.

## **7.0 Summary of Delivery**

7.1 Overall, across the portfolio, good progress is being made.

7.2 During Q2 delivery successes included:

- Altcar Lane – Lovell's Reserved Matters application was approved in Sept 2018
- Cottam Hall Phase 3 – Morris Homes deal went unconditional in July 2018
- Cottam Hall Phase 4 – Site marketing completed with preferred bidder selected summer 2018
- Whittingham – Masterplan consultation carried out over the summer 2018
- Croston Road North – Detailed soft marketing testing carried out throughout the summer 2018
- Pickering's Farm – Preparation / 1st stage consultation carried out on masterplan over the summer 2018
- Cottam Brickworks – Recommended discussions with land owners representatives in regards to site access agreement which is to be prepared

7.3 Housing activity should continue to increase over the course of the coming 6-12 months with a start on site expected at Altcar Lane and Cottam Hall Phase 3 and outline planning applications submitted for Whittingham and Pickering's Farm.