



CITY DEAL

Preston, South Ribble & Lancashire

CITY DEAL EXECUTIVE AND STEWARDSHIP BOARD

Private and Confidential: No

Date: Tuesday, 5th February 2019

City Deal 6 Month Performance Monitoring Report - Year 5 2018/19 (April - September 2018)

(Appendix 1 – City Deal Performance Dashboard, Appendix 2 – Housing and Commercial Sites Dashboard, Appendix 3 - Employment and Skills Case Studies Dashboard, Appendix 4 – Q2 Infrastructure Performance Dashboard, Appendix 5 - Risk Analysis/Management.)

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Executive Summary

This report provides the City Deal Executive and Stewardship Board with an overview of how the Programme has performed during the six month period from April - September 2018. The City Deal Performance Dashboard (Appendix1) attached provides a summary of performance against core and supporting outputs and will form part of the return to Government.

Performance can be summarised as follows:

Housing outputs – Overall, housing performance is positive against (15 year) targets with 540 unit completions against a revised target of 494. Total completions since the start of the deal are 4242 (including 346 re-use of empty homes) Individual site progress and performance on key sites is considered in Appendix 2.

Commercial sites – Demand for commercial land remains high and commercial floorspace completions against targets in this monitoring period remain positive as are job creation figures. Individual site performance and progress is considered in Appendix 2. Overall there has been a continuation of strong performance in commercial site activity, especially in respect of business park/edge of town retail/car showroom activity. Demand remains high at key employment sites in some sectors for industrial uses, with a range of schemes progressing well to make land available. The office market values remain challenging.

Employment and skills – Work continues with partners to deliver a range of activities with schools and businesses aimed at encouraging the recruitment of apprentices within the construction sector. This report represents the full end of year analysis of performance and activities in this area with detailed case studies presented in Appendix 3.



CITY DEAL

Preston, South Ribble & Lancashire

Public and Private sector investment – A total of £9.5m of public and private sector investment has been made in transport infrastructure since April 2018.

Infrastructure update – Appendix 4 provides an update on performance against milestones for all infrastructure schemes in quarter 2 – July – September 2018. A number of schemes are reporting as red or amber in this quarter. Uncertainty around finances as well as resourcing are the main reasons for schemes being red, similarly competing priorities for a number of schemes have resulted in an amber rating and subsequent delays.

Risk analysis and management – Appendix 5 provides an overview of programme level risks and mitigation actions.

Recommendation

The City Deal Executive and Stewardship Board is requested to note the overall performance of the Programme in this monitoring period and endorse the proposed 6 monthly return to Government as set out in the report.

1.0 Background and Advice

1.1 This report provides an update on performance over the last six months on both core and supporting outputs.

2.0 Housing Outputs

2.1 Overall, since the start of the Deal period, housing completions stand at **4242** with **540** completions in the last six month period between April and September 2018, the target for this period was **494 (based on a 15 year forecast of delivery)**. Of the completions to date, 346 were from the re-use of empty homes.

2.2 From the planning perspective, a total of **14570** housing units cumulatively have been submitted for planning to date with **14136** being consented with outline or full planning permission. In the last six months **1560** were submitted and **1607** consented.

2.3 The city deal housing delivery profile was recently reviewed and updated by Hive independent Land and planning consultants. The revised profile has been used to set the targets for this monitoring period in terms of unit delivery and performance against these has been positive as illustrated in the table below.



CITY DEAL

Preston, South Ribble & Lancashire

Table 1 Housing – core and supporting outputs

Core and supporting outputs	Target (Apr-Sept 2018)	Actual (Apr-Sept 2018)	Total to date
Total number of Housing units completed	494	540	4242
Total number of housing units submitted for planning	-	1560	14570
Total number of Housing units consented for planning *	-	1607	14136
sites at which construction is actively taking place	-	-	31

* Includes Outline and Full Planning consent

Targets have been informed by the Hive housing trajectory 2018

How we are progressing housing delivery across City Deal Sites (Appendix 2):

- 2.4 The Development Sites Delivery Group continue to take a strategic role in progressing delivery on City Deal housing sites. Priorities for the Group include ensuring that the housing forecasts and performance of sites is kept under review and issues are identified and addressed wherever possible through collaborative action. Support for significant and complex sites is a priority, with the focus of activity continuing on Pickerings Farm, Moss Side Test Track and Cuerden in South Ribble, and North West Preston Strategic area and the former Whittingham Hospital in Preston. A recent review of housing performance by Hive Land and Planning consultants identified further need to engage with developers and raise awareness of City Deal across the area and this will be an increasing focus for the Group going forward. Individual site progress and performance is considered in more detail in Appendix 2.
- 2.5 Focussing upon the key Homes England sites, progress has been made against the following key milestones in 2017/18:



Table 2: Outputs on Homes England sites

OUTPUT	2018/19 Forecast	6 Monthly Actual (at 30 Sept 2018)
Start on site	1	0
Housing completions	139	72
Site completions	1	0
Planning application submissions (includes Outline and Reserved Matters)	3	1
Planning application approvals (includes Outline and Reserved Matters)	1	1
Sites currently under construction*	8 Housing 1 Employment	6 Housing 1 Employment

*When referring to Homes England sites, for the purpose of the table above each phase on Cottam Hall has been counted as a separate site. For example for Cottam Site K, Phase 2 and Phase 3 are being treated as three sites. Source: Homes England

3.0 Performance on Homes England Sites:

3.1 Residential development is currently underway at 6 Homes England City Deal sites and developers are continuing to build out at a good pace. So far this year (up to Sept 18/19) 72 new homes have completed against the annual forecast of 139. A housing site performing particularly well is Whittingham Phase 1, completing 22 new homes between April and Sept 2018. Cottam Hall Phases 1 and 2 along with Eastway have all completed an average of 15 new homes per site. Lovell Homes had their Reserved Matters application approved at Altcar Lane in September 2018, which will result in them starting on site in January 2019 on a development that will deliver 200 new homes. Homes England entered into a conditional contract in August 2018 with Rowland Homes to deliver Cottam Hall Phase 4 for 135 new homes.

3.2 Progress is being made on the de-risking of Pickering's Farm and Whittingham Hospital. Masterplan preparation along with a range of work including technical studies is underway to support outline planning applications that are due to be submitted early/spring 2019. A range of consultation events either have taken place or are planned for the 2 sites. Other work relating to the renegotiation of an access agreement for the Cottam Brickworks site has also commenced in this 6 month period.

3.3 In terms of finances, 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



CITY DEAL

Preston, South Ribble & Lancashire

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).

4.0 Commercial Floorspace Outputs

- 4.1 Commercial floorspace completions continue to perform well especially on existing employment sites where build out has been brought forward for small units.
- 4.2 Completions will continue to be concentrated at Preston East employment sites where land is expected to be brought forward for similar smaller unit developments in the immediate term, whilst a range of other developments are being progressed for medium-sized occupier led schemes.
- 4.3 Demand remains high at key employment sites for large logistics operators and for some strategic local relocations. Work is ongoing to bring forward large sites.
- 4.4 Out of town retail sites are also performing well, where car retail showroom developments are proving attractive to the market, with other retail activity on-site at Eastway and Queen's Retail Park.
- 4.5 A review of commercial sites is currently underway for the Development Sites Delivery Group, and which will report upon the pace of progress against original baseline targets and current mitigation measures.

5.0 Completions

- 5.1 In the first 6 months of year 5, there has been a relatively strong performance of completions against targets with **8341.5 sq m** of commercial floorspace completed against a target of **669.5 sq m**. This includes additional sites that have boosted targets.

5.2 Submissions/Consents

- 5.3 In the first 6 months of year 5, **12,410 sq m** of commercial floorspace was **submitted** for planning and a total of **17,092 sq m** of commercial floorspace was **consented** for planning. Mid year targets are not set for submissions and consents, but a comparison will be made at year end.
- 5.4 A breakdown of the commercial site targets and outputs is outlined in table 3 below:-



CITY DEAL

Preston, South Ribble & Lancashire

Table 3: Commercial Floor Space – Core and Supporting Outputs

Core and supporting outputs	1st 6 months 18/19 Trajectory (sq m)	1st 6 months 18/19 Actual (sq m)	1st 6 months 18/19 Variance
Commercial floorspace completed (sq m)	669.5	8341.5	+7672
Commercial floorspace consented for planning (sq m)	0	17,092	+17,092
Commercial floorspace submitted for planning	0	12,410	+12,410

6.0 How we are working to progress employment sites:

6.1 In total, 19 projects are performing in line with anticipated completion targets. A further 13 projects have mitigation actions in place to support delivery, whilst 4 projects face commercial viability issues and significant barriers to progress.

6.2 Whilst development activity is subject to market demand and commercial Opportunities, partners are working to ensure that future targets are met by:

- Releasing land – progress is being maintained on releasing land, in particular on PCC, LCC and Homes England sites in Preston East, whilst work is ongoing in respect of Farington Hall Estate in South Ribble where there has been recent developer interest.
- Developing the city centre – a range of activities are being undertaken to develop and implement city-wide schemes, completing complementary public realm schemes, progressing an office scheme business case, developing key leisure schemes.
- Accelerating delivery - a review of commercial sites has begun and which will report to DSDG for consideration.
- Marketing - implementation of a Marketing & Communications Plan continues to generate investor interest. Recent activities include MIPIM marketing collateral (calling cards and supporting web content) and general communications for City Deal outcomes (e.g. Infrastructure schemes indirectly promoting accessibility to sites). A review of future marketing activity is being undertaken.

An overview of progress to date and key issues identified on each of the employment sites is provided in the attached city deal housing and employments sites dashboard at Appendix 2.



CITY DEAL

Preston, South Ribble & Lancashire

7.0 Jobs related to commercial floorspace

7.1 There have been a total of 353 jobs in the first 6 months of Year 5 that are associated with City Deal commercial floorspace completions, infrastructure construction and BOOST business support activities.

7.2 This excludes new letting and acquisitions of existing commercial floorspace employment associated with the apprenticeships, for which data is not yet available but will be included in the Annual Report.

Table 4 below provides a breakdown of jobs targets and outputs.

Table 4: Jobs – outputs

Jobs outputs	1 st 6 months 18/19 Trajectory	1 st 6 months 18/19 Actual
Jobs accommodated		
- Via commercial floorspace completions*	15	194
- Construction jobs connected to Capital Investment**	N/a	103
- Business Support activities	N/a	56
-		

* Gross jobs based on an average of 43 sq m per job, as per CLG guidance.

** Based on one job per £86,945 of capital investment

In addition to the above, 107 businesses in Preston and South Ribble have been supported specifically through the BOOST project, and 56 associated jobs created, see table 6 below.

Table 5: Business support and associated jobs

Output	2018/19 (1 st 6 months)
New businesses supported through BOOST	107
Jobs created through BOOST business support	56

Source: BOOST

8.0 Skills and Employment (Appendix 3)

8.1 The key outputs in regard to skills and employment metrics are outlined in Table 1 below. For reference the period over which this data measures is the academic year 2017/18. In the main performance is in line with profiled delivery for outputs with some notable exceptions detailed below:

- **Apprenticeships – Key performance indicators No's 1 & 2.** Starts amongst the 16-24yr old group have increased again from those reported in 2016/17. In 2017/18



CITY DEAL

Preston, South Ribble & Lancashire

there were a total of 1,018 reported starts compared with a total of 875 starts in 2016/17. This is the fourth year in succession in which apprenticeship starts amongst this age group has registered an increase. These rises buck the national trend of declining numbers since the introduction of the apprenticeship levy and the introduction of the new apprenticeship standards.

Apprenticeship starts in the construction sector in 2017/18 experienced an even greater year on year increase of 80% over the same period amongst the 16-24 cohort.

- **Graduate Destinations – Key performance indicators No's 3 & 4.** There was a rise reported in the number of graduates across the City Deal area securing positions in the construction and engineering sectors from 78 reported in the 2015/16 academic year to 85 in 2016/17, the last year that data is available. The number of graduates securing graduate level positions across all sectors registered a slight fall over the corresponding period. Future reporting on student destination metrics will be impacted due a change of HESA reporting cycles moving from 6 month after graduation to 13 months.
- **Undergraduate Science Technology Engineering and Maths Starts – Key performance indicators No 6.** There was marked rise in the number of new students enrolling on STEM and construction undergraduate programmes from 2,146 in 2015/16 to 3,120 in 2016/17, representing a 45% year on year increase. This is significantly above target for STEM undergraduate starts for the year.
- **DWP Claimant Count – Key performance indicators No 7.** Jobseeker's Allowance (JSA) and Universal Credit (UC) claimants have again experienced year on year increase against a general back drop of static unemployment. The implementation of Universal Credit requires a broader span of claimants to look for work than under Jobseeker's Allowance. The further roll out of Universal Credit has no doubt impacted on the Claimant Counts over the period being reported.
- **Careers Engagement – Key performance indicators No 8.** The number of interventions/ activities promoting City Deal and construction career opportunities with the City Deal area has continued on a positive trajectory. Partners have been active in delivering a wide range of activities directly with schools, a selection of which are highlighted in the case studies provided along with this report. Of these there have been a number of successes including the 'Bridge the Gap' STEM Challenge commissioned by the Lancashire Enterprise Partnership and the Truck Trail – 'Routes to Success' programme in the South Ribble area.

Table 6 below provides a breakdown of the skills and employment targets and outputs.

- 8.2 The City Deal Employment & Skills Steering Group continues to play a key role in coordinating activity aimed providing the training and skills to enable local residents to benefit from the opportunities generated through the City Deal investment.
- 8.3 Unfortunately we have been notified that a joint Lancashire bid submitted in September 2018 for the Department for Education/Construction Industry Training Board Construction Skills Fund has been unsuccessful. This was a joint bid made up of 15 providers from across Lancashire the with Preston's College acting as



CITY DEAL

Preston, South Ribble & Lancashire

the lead provider in pulling together responses and collating the bid narrative/content. More detailed feedback on the bid will be provided in due course.

- 8.4 The 'Bridge the Gap' programme has continued to go from strength to strength. Developed in partnership with STEMFirst the activity aimed at Year 8 and 9 pupils has been designed to shine a light on the wide range of STEM and construction careers being created across the City Deal area. A total of 43 staff have been trained with 963 pupils spread across 15 schools benefiting from the programme.
- 8.5 A range of hands-on Science Technology Engineering and Maths Challenges have been produced as part of the Truck Trail programme all with educational sessions being rolled out across Leyland and South Ribble primary and secondary schools. The Routes to Success programme, comprising an interactive board game and accompanying materials, was conceived to highlight the variety of career opportunities that fall under the STEM banner. From an initial pilot of 9 schools the programme has now engaged with a total of 1,148 pupils from right across the South Ribble area.
- 8.6 The City Deal Skills and Employment Steering Group are currently developing a marketing prospectus to build on the Invest Central Lancashire brochure in marketing the Skills and Employment offer. The business facing prospectus will highlight the Skills and Employment offer across the City Deal area and will focus on key target sector provision.
- 8.7 Martin Hill has now been appointed to the position of City Deal Skills and Employment Coordinator and took up post with the Lancashire Skills & Employment Hub on the 20th August. This role will support the embedding of employment and skills across the City Deal area through liaison with developers and occupiers, relevant groups and leads within the City Deal Skills and Employment Governance structure, the Local Planning Authority and other relevant partners.



CITY DEAL

Preston, South Ribble & Lancashire

Table 6: Skills and Employment metrics

Output	Baseline:	Year 1*	Year 2*	Year 3*	Year 4*		Year 5*	
	Academic Year 2012/13	2013/14	2014/15	2015/16	2016/17		2017/18	
		Actual	Actual	Actual	Target	Actual	Target	Actual
<p>*refers to academic year</p> <p>1. Apprenticeships starts in construction 16-24 year olds residents of Preston and South Ribble who have started an apprenticeship in the construction sector. Additional numbers year on year.</p> <p>Source: Preston's College, Runshaw College and T2000 ESFA data</p>	N/A	101	121	124	5% 130	25% 155	8% 167	80% 279
<p>2. Apprenticeship starts in all subjects 16-24 year old residents of Preston and South Ribble who have started an apprenticeship (excluding construction). Additional numbers year on year.</p> <p>Source: Preston's College, Runshaw College and Training 2000 ESFA data</p>	N/A	672	684	710	2% 724	23% 875	4% 910	16% 1,018
<p>3. HE leavers getting graduate jobs in construction and engineering</p> <p>Destinations of leavers in higher education (DLHE) into construction and engineering graduate jobs. Additional numbers beyond the 2012/13 baseline</p> <p>Source: DLHE Data</p>	85	116	69	78	5% 82	9% 85	5% 89	2016/17 is the latest data available
<p>4. HE leavers getting graduate jobs in all sectors</p> <p>Destinations of leavers in higher education (DLHE) into all graduate jobs. Additional numbers beyond the 2012/13 baseline</p> <p>Source: DLHE Data</p>	4,223	4,332	4,118	4,151	2.5% 4255	-2% 4,072	2.5% 4174	2016/17 is the latest data available
<p>5. Graduate placements and internships across all sectors</p> <p>Additional numbers beyond the 2012/2013 baseline</p> <p>Source: UCLAN</p>	323	476	566	537	2% 548	-20% 432	2% 441	2016/17 is the latest data available
<p>6. New students choosing STEM and construction undergraduate degree subjects at UCLan</p> <p>Source: UCLAN</p>	1,359	1,431	1,988	2,146	2.0% 2,189	45% 3,120	2.0% 3182	2016/17 is the latest data available



CITY DEAL

Preston, South Ribble & Lancashire

Output	Baseline:	Year 1*	Year 2*	Year 3*	Year 4*		Year 5*	
	Academic Year 2012/13	2013/14	2014/15	2015/16	2016/17		2017/18	
	*refers to academic year	Actual	Actual	Actual	Target	Actual	Target	Actual
7. Job Seekers Allowance (JSA) and Universal Credit (UC) claimants <i>Percentage Change</i> A reduction in the overall numbers of active job seekers, who are receiving JSA and UC claimants in Preston and South Ribble. Source: NOMIS	Apr-13	Apr-14	Apr-15	Apr-16		Apr-17		Apr-18
		-23%	-23%	2%		9%		5%
	4,803	3,705	2,855	2,900	n/a	3,175	n/a	3,325
8. Number of interventions/ activities promoting City Deal and construction career opportunities with: A. Young People, B. Teachers/IAG practitioners, C. Parents, and D. Education Institutions Source: Preston's College, Future U, STEMFirst and UCLAN	Not available	Not available	Not available					
				A 660	A 1500	A 760	A 1500	A 4048
				B 150	B 300	B 161	B 300	B 133
				C 100	C 200	C 262	C 200	C 471
				D 70	D 200	D 105	D 200	D 336

Details of supporting activities and a range of case studies are presented in the accompanying Skills and Employment dashboard (Appendix 3).

9.0 Public and Private Sector Investment

9.1 Since April 2018, £9.5m of public and private sector investment has been invested in transport infrastructure which has resulted in the achievement of the infrastructure and the construction jobs referred to in table 4. In addition £58m Pension fund investment has been made to date.



CITY DEAL

Preston, South Ribble & Lancashire

Table 7: Public and private sector investment – core outputs

Core outputs	18/19 Trajectory £m	18/19 YTD Actual £m	All Years Cumulative £m
Public Sector Investment (to support Infrastructure programme)	40.881	9.372	112.393
Private Sector Investment (to support infrastructure programme)	12.801	0.248	20.893
Pension Fund Investment	-	-	58.000

10.0 Performance on key strategic infrastructure schemes

- **Preston Western Distributor** – Work is progressing on the detailed design which in turn will determine a more accurate cost. Planning permission was granted and the public inquiry was held in November.
- **Broughton corridor** – started on site in July 2018 and the scheme is progressing well. A new parallel crossing has been installed, the first such crossing in Lancashire and has received positive media coverage.
- **Penwortham bypass** – currently onsite and work is progressing well and on programme for completion early in 2020.
- **Hutton/Higher Penwortham/city Centre corridor** – a series of public consultation events took place in September 2018 to understand local priorities and issues. The information obtained will help inform the concept design going forward.
- **Preston bus station** – concrete repairs to the car park refurbishment of the concourse and on site highways works all completed in summer 2018. The final section, the western apron is to be delivered as part of Fishergate phase 3 works.
- **Community infrastructure** – A contract for the delivery of Grimsargh Green playing field improvements was awarded this period and work is expected to take place early in 2019. Progress was also made on progressing the design for the East cliff cycle link with funding being secured to deliver the cycle path improvements.

A full update on progress for all infrastructure schemes up to the end of quarter 2 (July-Sept 2018) is provided in Appendix 4.

11.0 Risk Analysis/Management

Attached to this report is the current programme level risk analysis (Appendix 5) which is supported and informed by lower level operational risk logs managed by project managers. The programme level risk analysis is updated 6 monthly in keeping with Government reporting requirements.



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Preston, South Ribble & Lancashire

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A