



CITY DEAL

Preston, South Ribble & Lancashire

CITY DEAL EXECUTIVE AND STEWARDSHIP BOARD

Private and Confidential: NO

Date: Thursday, 25 July 2019

End of Year Performance Monitoring Report - Year 5 - 2018-19

Appendix 1 – City Deal Performance Dashboard

Appendix 2 – Housing and Commercial Sites Dashboard

Appendix 3 – Skills and Employment Case Studies Dashboard

Appendix 4 – Q4 Infrastructure Performance Dashboard

Appendix 5 – Risk and Issues log

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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 twelve month period between 1st April 2018 – 31st March 2019 (year 5). The City Deal performance dashboard attached at Appendix 1 provides a summary of performance against core and supporting outputs and will form part of the monitoring return to Government.

Performance can be summarised as follows:

Housing outputs – Overall, housing performance remains positive against targets with 1289 unit completions against a target of 1130. Total completions since the start of the deal are 4991 (including 346 re-use of empty homes – no change from previously reported). 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 remain positive year on year, as do job creation figures. Overall there has been a continuation of strong performance in commercial site construction 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, as are high street retail conditions although a range of leisure schemes are under construction/in development.

Employment and skills – Work continues with partners to deliver a range of activities with schools and businesses aimed at encouraging the recruitment of apprentices



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within the construction sector. This report represents an update on key activities in the last year with detailed case studies presented in Appendix 3.

Public and Private sector investment – A total of £130.5m 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 4 (January – March 2019). Overall good progress was made on key schemes such as the formal commitment to support the Preston Western Distributor by the City Deal Executive. Good progress was also made on the delivery of the Broughton Corridor Works and the Penwortham bypass.

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

Recommendation

The City Deal Executive and Stewardship Board is requested to note the overall performance of the Programme in the 2018/19 (Year 5) monitoring period and endorse the proposed return to Government as set out in the report.

Background and Advice

1.0 Background and Advice

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

2.0 Housing Outputs

2.1 In 2018 the city deal housing delivery profile was reviewed and updated by Hive independent land and planning consultants. The revised profile has been used to set the targets for this monitoring period.

2.2 Overall, since the start of the Deal period, housing completions stand at **4991** with **1,289** completions in the last year between April 2018 and March 2019 against a target of **1130**. Of the unit completions this year **928** were on City Deal named sites, **361** were on other non – City Deal sites (windfalls).

2.3 In the last year a total of **3644** units were submitted for planning and **3008** units were consented, receiving outline or full planning permission. Cumulatively a total of **16,654** housing units have been submitted for planning to date, with **15,537** being consented.

2.4 Overall there has been a strong trend of planning submissions across the city Deal area on 'windfall sites'. This is evident in both Preston and South Ribble. The



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main difference however, is that applications in South Ribble tend to be for single units on a large number of sites whereas in Preston the picture for windfall sites is mixed with some large sites and a number of single unit sites.

2.5 A total of **479** units were submitted for planning (outline and full) in South Ribble with all of these on windfall sites. Reserved matters applications were submitted on Altcar lane North for 200 units and Moss Lane Heatherleigh, (north of southern section) for 175 units. Units consented in South Ribble totalled **704**, with **454** (outline and full) on named sites and **250** on windfall. Reserved matters applications were granted on Altcar Lane and Altcar Lane North and Wheelton lane for a total of **631** units. Whilst reserved matters applications are not counted in the units submitted or consented, as they are not new units, they do represent positive progress towards build out on key sites. In Preston a total of **3165** units were submitted for planning (outline and full) in the last year with **1103** on named and **2062** on windfall sites. The largest single submission was for **750** units outline permission on the former Whittingham Hospital Site with the remainder on NW Preston sites. Planning submissions on windfall sites in Preston originated from 162 sites in total but the majority of units were on just 12 sites (1366 on 12 sites).

2.6 The Steer review recommended that site progress could be more accurately measured by assessing the full range of planning permissions. Future reports will provide a full breakdown of units submitted and consented by outline, full and reserved matters applications in order to fully assess the development pipeline.

Table 1 Preston & South Ribble Housing – core and supporting outputs

Core and supporting outputs	Target (2018/19)	Actual (2018/19)	Total to date
Total number of Housing units completed	1,130	1,289 <i>(928 on named sites and 361 on addition)</i>	4,991 <i>(inc 346 re-use of empty homes)</i>
Total number of housing units submitted for planning *	-	3,644	16,654
Total number of Housing units consented for planning *	-	3,008	15,537
Sites at which construction is actively taking place	-	36	



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Table 2 Preston Housing – core and supporting outputs

Core and supporting outputs	Target (2018/19)	Actual (2018/19)	Total to date
Total number of Housing units completed	870 <i>(631 on named sites & 239 on additional)</i>	798 <i>(599 on named sites & 199 on additional)</i>	3,306
Total number of housing units submitted for planning *	-	3,165 <i>(1,103 on named sites & 2,062 on additional)</i>	-
Total number of Housing units consented for planning *	-	2,304 <i>(614 on named sites & 1,690 on additional)</i>	-
Sites at which construction is actively taking place	-	22	

Table 3 South Ribble Housing – core and supporting outputs

Core and supporting outputs	Target (2018/19)	Actual (2018/19)	Total to date
Total number of Housing units completed	260 <i>(190 on named sites & 70 on additional)</i>	491 <i>(329 on named sites & 162 on additional)</i>	1,685
Total number of housing units submitted for planning (Outline & Full only)	-	479 <i>(0 on named sites & 479 on additional)</i>	-
Total number of Housing units consented for planning *	-	704 <i>(454 on named sites & 250 on additional)</i>	-
sites at which construction is actively taking place	-	14	

* Includes Outline and Full Planning consent only

Targets have been informed by the Hive housing trajectory 2018

Housing delivery – Implications for City Deal:

- 2.7 Overall unit delivery on both named City Deal sites and on windfall sites has exceeded targets for 2018-19. Performance in South Ribble has been much stronger in the last year than previously, with Preston delivery remaining strong overall and particularly in North West Preston. A slight delay in completions in the City Centre has affected overall performance against Preston targets but construction is now back on track with completions of city centre apartments expected in the next year.



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With regard to the impact on the City Deal finance model, the category of the site (i.e. named or windfall) has a direct bearing on how income is forecast. Therefore it is important to note that whilst outputs overall are positive against targets, the mix, location and type of unit is important in determining income into the model. A separate finance report will consider the impact of recent housing performance on income targets and how future forecasts should be revised. Appendix 2 provides more information about the performance and progress of individual named sites. There are a small number of sites that are now not predicted to deliver in the year originally profiled and this will have a direct impact on when the income is forecast to come into the model, these sites are:-

Moss Side Test Track – phase 1 (175 units) – build out now year 7 (was yr 6).
Inglewhite Road, Preston (190 units) – build out now year 7/8 (was yr 6)

- 2.8 Focussing upon the key Homes England sites, progress has been made against the following key milestones in 2018/19:

Table 2: Outputs on Homes England sites

OUTPUT	2018/19 Forecast	Year End Actual (at 31 March 2019)
Start on site	1	2
Housing completions	139	162
Site completions	1	1
Planning application submissions (includes Outline and Reserved Matters)	3	3
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 and paragraphs below 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 2018/19 has been another productive and successful year in terms of activity and delivery on the 11 City Deal Homes England sites. Residential development is currently underway at 6 Homes England City Deal sites and developers are continuing to build out at a good pace. During 2018/19, 162 new homes have been completed against an annual forecast of 139 units which is a great



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achievement and shows the ongoing commitment to delivery and market interest. Build out has recently been completed by Barratt on Cottam Hall Phase 1 (Site K) with final units completing during February 2019. Whittingham Phase 1 is continuing to deliver well with 42 completions during 2018/19 as well as Eastway with 28 completions during 2018/19. Formal starts on site have been made at Cottam Hall Phase 3, Morris Homes (during January 2019) and Altcar Lane, Lovell Homes (during February 2019) with completions expected early on in 2019/20.

- 3.2 A Conditional Contract was entered in to with Rowland Homes on Cottam Hall Phase 4 with a Reserved Matters Application for 135 units currently under consideration. A huge amount of progress has continued to be made on the complex de-risking of Pickering's Farm and Whittingham Hospital. A new Outline Planning Application for 750 units has been submitted at Whittingham Hospital (in March 2019). A revised section 206 is currently being negotiated and the implications on the city deal financial model are not yet fully known. The Masterplan along with the preparation of a range of technical due diligence work and partnership work has been the focus for the Pickering's Farm site in 2018/19. The Masterplan is currently in the process of being finalised with an Outline Planning Application expected to be submitted in late June 2019.
- 3.3 Other work relating to the renegotiation of an access agreement for the Cottam Brickworks site has also commenced during 2018/19. A deal has since been entered in to between Cottam Properties and Lane End Developments on Phase 1 which is expected to make a start on site during 2019/20.
- 3.4 In terms of finances, Homes England is currently on track to pay the £37.5m grant by 2022/23 with some £15.26m having been paid in grant to date. For 2018/19, four grant payments have been made to LCC, the first being £2.49m (in April 2018) in relation to Croston Road South, £2m (in August 2018) and £345,692 (overage uplift) in December 2018 paid in relation to Land at Eastway (residential). A final grant payment was made in January 2019 of £448,393 relating to Cottam Hall Phase 2 (Story Homes). 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 Sites

- 4.1 Commercial floorspace completions continue to perform well, especially on existing employment sites where build out has been brought forward for smaller units and car showrooms.
- 4.2 There has been a consistent performance of completions year on year, with a strong pipeline of projects that are currently under construction/in development.
- 4.3 Out of town retail sites are performing well, where car retail showroom developments are proving attractive to the market, with other retail activity continuing on-site at Eastway and Queen's Retail Park. Planning consents continue for such uses, with additional demand coming forward for 'energy from



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waste' and recycling schemes and a limited number of occupier-led warehouse distribution schemes.

- 4.4 Completions in the immediate term will continue to be concentrated at Preston East employment sites where land is expected to be brought forward for similar smaller unit developments, and possible medium-sized occupier led schemes (albeit for the latter the market remains relatively untested and viability can be an issue depending upon company covenant strength).
- 4.5 Demand remains high at key employment sites for, for example, large logistics operators and for some strategic local re-locations. Work is ongoing to bring forward large sites including next phase employment land at Preston East and major sites such as Moss Side Test Track, Farington Hall Estate and Lancashire Central, Cuerden.

Commercial floorspace Completions

- 4.6 There has been a relatively consistent performance of completions year on year with **8,321.5 sq m** of completions in 2018/19. This compares with an in year trajectory of **15,745 sq m**, which has not been met due to a slight delay to the practical completion of UCLan's Engineering Innovation Centre, which otherwise would have resulted in the target being met. Cumulative performance on completions is measured against the Keppie Massie baseline target set in 2016. This shows that completions are less than predicted by -46,321.5 sq m. This is due to slower than anticipated build out on some mixed use/retail sites in North West Preston and also at Cuerden.

Submissions/Consents

- 4.7 In total, **47,182 sq m** of commercial floorspace was **submitted** for planning and a total of **42,829 sq m** of commercial floorspace was consented. Both compare favourably with the in year trajectory of **16,069 sq m** demonstrating an encouraging market outlook with pipeline development at Samlesbury Aerospace Enterprise Zone and city centre leisure schemes coming forward.



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Table 3: commercial floorspace – core and supporting outputs

Core and supporting outputs	2018/19 Trajectory (sq m)	2018/19 Actual (sq m)	2018/19 Variance (sq m)	Cumulative To date	Cumulative variance to date *
Commercial floorspace completed (sq m)	15,745	8,321.5	-7,423.5	63,913.5	-46,321.5
Commercial floorspace consented for planning (sq m)	16,069	42,829	+26,760	n/a	n/a
Commercial floorspace submitted for planning	16,069	47,182	+31,113	n/a	n/a

(*) cumulative variance against Keppie Massie baseline targets 2016)

How we are working to progress employment sites:

4.8 In total, 13 projects are performing in line with anticipated completion targets. A further 11 projects have mitigation actions in place to support delivery, whilst 3 projects face commercial viability issues and significant barriers to progress, these are Whittingham, Pickerings Farm and College Court, Winckley square. See appendix 2, housing and commercial sites dashboard.

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

- I. Releasing land – progress is being maintained on making land available for development, in particular on public sector land in Preston East and at Lancashire Central, Cuerden. There has been a recent acquisition of a large site by Barnfield/Henry Boot Developments in Preston East and a development programme is being considered, whilst work is ongoing in respect of Farington Hall Estate in South Ribble where there has been recent developer interest, and a planning application is being progressed for Moss Side Test Track where there is significant commercial opportunity.
- II. Developing the city centre – a range of activities are being undertaken to develop and implement city-wide schemes, with ongoing UCLan masterplan delivery, complementary public realm schemes underway, progression of an office/hotel scheme business case and development of key leisure scheme proposals.



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- III. Marketing - implementation of a Marketing & Communications Plan continues to generate investor interest. Recent activities include an update on key sites at a Place North West Event.
- IV. Supporting Growth – a strong business support programme (BOOST) is generating jobs growth, whilst skills support activities are helping to facilitate company growth. An enquiry handling service facilitates inward investment activity.

5.0 Jobs related to commercial floorspace

5.1 There have been a total of **1,711** jobs in 2018/19 that are associated with City Deal commercial floorspace completions, new sales and lettings, infrastructure construction and BOOST business support activities. Table 4 below provided a breakdown of jobs targets and outputs.

Table 4: Jobs – outputs

Jobs outputs	2018/19 Trajectory	2018/19 Actual	Cumulative
Jobs accommodated			
- Via commercial floorspace completions*	366	193	1,485
- Jobs associated with new sales & lettings	N/a	1,129	10,974
- Construction jobs connected to Capital Investment**	N/a	321	1,893
- Business Support activities	N/a	67	517

* 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

5.2 In addition to the above, **267** businesses in Preston and South Ribble have been supported specifically through the BOOST project, and **67** associated jobs created, see table 5 below.

Table 5: Business support and associated jobs

Output	2018/19
New businesses supported through BOOST	267
Jobs created through BOOST business support	67

source: BOOST



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6.0 Skills and Employment

- 6.1 The outputs in relation to skills and employment covering the 2017/2018 academic year were reported to this Board on 5th February 2018. The City Deal outputs for skills and employment will be updated in November 2019 following the end of the academic year and reported to the Board in line with the time frame for reporting on these metrics.
- 6.2 Partners have continued to deliver a wide range of activities in the City Deal area directly with schools and businesses and have also been proactive in recruiting apprentices within the construction sector. As reported previously, apprenticeship starts in the construction sector across the Central Lancashire area bucked the national trend of declining numbers since the introduction of the apprenticeship levy and the introduction of the new apprenticeship standards. This represents the fourth consecutive year on year increase in apprenticeship starts for the sector in the City Deal area.
- 6.3 One project which clearly demonstrates how social value can be delivered through construction projects is UCLan's Engineering Innovation Centre. In addition to providing state of the art facilities, the EIC has successfully secured a commitment to Social Value that covers a range of thematic areas including an 'Inclusive Workforce', 'Future Workforce', a 'Skilled and Productive Workforce' and 'Community Benefits'. The key outcomes of the project have been analysed using the National Social Value framework Themes Outcomes and Measures to attribute a financial value using HM Treasury's Green Book unit costs and proxy values. To date the EIC project has delivered a total of £5,864,644.00 of added social value during the construction phase of the project. Some of the key achievements include:
- 29% local labour utilisation on the construction phase of the project
 - 82 Employment (FTE) opportunities for local residents
 - 420 apprenticeships weeks
 - A total of £3,493,249.95 was spent with local Lancashire based businesses, of which £2,296,644.95 was spent with local SME's
- 6.4 As previously highlighted in City Deal Executive and Stewardship Board reports, the City Deal 'Bridge the Gap' programme has continued to go from strength to strength. Over the 2018/19 academic year the programme has been delivered to Year 9 and 10 pupils at a total of 17 schools across the City Deal area of Central Lancashire. One of the many schools that participated in this year's programme was Longridge High School (see attached case study).






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A full evaluation report will be prepared at the end of the current academic year to highlight the numbers of schools and pupils engaged during the 2018/19 academic year.

- 6.5 The Central Lancashire Construction Skills Hub continues to be a key partner in delivering activity. Examples of recent activity include the Central Lancashire Pathway to Construction Event at Preston's College on the 17th May. The event provided an opportunity for local businesses and providers to get an update on the City Deal programme and an update from the planning teams at Preston City Council and South Ribble Borough Council. In addition, there was also a presentation from keynote speaker, Martyn Price from the Cross-industry Construction Apprenticeship Task Force.
- 6.6 Following the announcement of the revised proposals at the Lancashire Central strategic site at Cuerden, the Skills and Employment Hub will be working closely with the City Deal Project Team to ensure that the site wide Employment and Skills plan is revised to reflect the new proposals.
- 6.7 On the 3rd May Seddon held a 'Meet the Buyer' event hosted by Preston's College to highlight some of the supply chain opportunities that will be available through the development of the Goosnargh City Deal residential site. The project will deliver a wide range of employment and skills outputs which have been set out in the project's Community Commitment Charter.
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- 6.8 The Skills and Employment Hub is currently working with Lovell Partnerships Ltd, who are developing the Altcar Lane site, to support the delivery of the Employment and Skills Plan for the site. The proposal outlines a construction programme of 36 months and with approval for 200 residential units.
- 6.9 The City Deal Skills and Employment Steering Group continues to meet regularly with the key aim of steering activities geared to maximising the impact of City Deal investment for the benefit of local residents and businesses.

7.0 Public and Private Sector Investment

- 7.1 Since April 2018 £130.5m 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, since the start of the Deal.



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Table 7: Public and private sector investment – core outputs

Core outputs	18/19 Trajectory £m	18/19 YTD Actual £m	All Years Cumulative To Date £m
Public Sector Investment (to support Infrastructure programme)	40.881	24.891	110.850
Private Sector Investment (to support infrastructure programme)	12.801	3.023	19.652
Pension Fund Investment	-	-	58.000

7.2 Public Sector Investment includes contributions from Lancashire County Council capital funding, Local Growth Deal Funding and Homes England Grant / loan payments, as well as agreed contributions from Preston City Council and South Ribble Borough Council for New Homes Bonus raised from City Deal housing sites.

7.3 Private Sector Investment is predominantly contributions from developers on City Deal housing sites, either through S106 agreements or CIL payments. The 2018/19 actual is less than the original forecast amount due to the delivery of large housing sites slipping into future years causing the forecast investment from those sites also slipping; and the delay in the delivery of PWD causing the receipt of the funding tied to that delivery also being delayed, as well as delays to sites that would generate Homes England grant or loan.

8.0 Performance on key strategic infrastructure schemes

8.1 A full update on progress for all infrastructure schemes up to the end of quarter 4 (January-March 2019) is provided in appendix 4.

Key achievements in the last year include:

- **Preston Western Distributor** – CPO now confirmed by Secretary of State. Business Case now formally submitted to the independent assurer Atkins, to be considered by TFL and LEP Board in June, with DFT approval anticipated by the end of September. The project remains on programme to commence on site by November 2019.
- **A582 South Ribble Western Distributor** – Preparation of the Strategic Outline Business Case (SOBC) for submission to Transport for the North, is underway and carries the prospect of securing up to an additional £50m of funding towards the full A582 scheme through the Government's Major Road



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Network funding. The SOBC will be submitted to TfN this summer to be incorporated into its regional evidence to DfT. Preparation of the planning application and compulsory purchase order for the widening scheme, and detailed design exercise continue at pace, targeting a potential start to these works by the end of 2021.

- **Penwortham Bypass** – Construction on programme to complete early in 2020.
- **Broughton corridor** – good progress made with regard to the village centre public realm upgrade works. Completion on programme for quarter 2 2019/20.
- **Lancashire Central** – Plans have now been announced for the future of the site which will include a mix of industrial, business and retail uses as well as residential development. The site is expected to bring forward around 3000 jobs. Development of the full site is expected to take 6-8 years with the ambition being to have the first occupier on site by 2021. Implications for the City Deal are currently being considered e.g. fewer jobs numbers, but these will be higher quality jobs.

9.0 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.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A