



# CITY DEAL

Preston, South Ribble & Lancashire

## City Deal Executive and Stewardship Board – 22<sup>nd</sup> June 2016

<b>2015/16 – Preston, South Ribble and Lancashire City Deal Programme: End of Year Review</b>
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### Report Author: Report of the City Deal Monitoring Group

#### Executive Summary

The purpose of this report is to provide a summary of key performance of the Preston, South Ribble and Lancashire City Deal Programme during and up to 2015/16 (Year 2). In headline terms, early progress has been encouraging and by Year 2 a total of 1,599 homes have been delivered against a target of 1,206.

This report provides an overview of how the City Deal Programme has performed during and up to 2015/16 (Year 2), highlighting progress against targets. This information is also used to report to Government progress towards agreed targets and notes progress up to March 2016.

#### Recommendations

Note the report and progress being made on delivering the City Deal Programme.

#### Background

The Preston, South Ribble and Lancashire City Deal is a 10 year Programme to provide key infrastructure in support of the delivery of 17,000 houses, over 1m sq m of commercial floorspace and around 20,000 jobs.

Monitoring metrics have been agreed between Government and the City Deal Executive and Stewardship Board (E&SB) in order to monitor progress and manage risk. The primary purpose of this report is to set out progress against the Core and Supporting metrics and these are reported in sections 3-7 of this report.

In addition, in 2015/16 the E&SB established its Skills and Employment Steering Group and endorsed its action plan to support employment growth, provide skills, training and recruitment support (in particular for the construction sector) and increase social value through the procurement process. The E&SB will be asked to approve the monitoring metrics for this work programme in due course.

During the year the City Deal partners, working alongside Marketing Lancashire, have led and contributed to a number of communication and marketing events, in particular with investors, developers and housebuilders, as part of the implementation of a comprehensive action plan.

The E&SB continue to scrutinise progress against all areas of City Deal activity so that it is able to respond to market conditions and new local and national delivery opportunities.

## Housing Outputs

Overall, since the start of the Deal period, **housing completions** are ahead of forecast, with 1,599 completions versus a target of 1,206. During 15/16, slightly lower than forecast completions have been achieved (619 completions achieved against a forecast of 868 – 71% of the forecast total). This underperformance of 29% is made up mostly of small sites that have not yet come forward and some sites currently under construction that are taking longer to complete. On other sites there are, however, signs of over performance and/or increased acceleration on housing completions.

From the **planning perspective**, and inclusive of Year 0 (2013/14), Year 1 (2014/15) and Year 2 (2015/16), a total of 7,845 **housing units** have been submitted for planning. This is below the anticipated target of 9,774 which correlates with emerging delays on two strategic housing sites. Resources are focussed upon these two priority sites in order to mobilise development activity.

Focussing upon key **HCA sites**, acting as a barometer for the market for large development sites, progress is being well maintained. To date the HCA has secured planning permission on 6 sites with consent for 2,671 homes; 5 of the 11 sites have developer partners with capacity to deliver 1,159 new homes and; completed delivery on the first 80 new homes.

**Table 1**

<b>Core outputs</b>	<b>14/15 Target</b>	<b>14/15 Actual</b>	<b>15/16 Target</b>	<b>15/16 Trajectory</b>	<b>15/16 Actual</b>	<b>All Years Cumulative Variance</b>
Total number of Housing units consented for planning *	6,590	6,501	3,027	3,027	2,174	-942
Total number of Housing units completed	338	980	868	956	619	+393
Total number of Housing units submitted for planning	6,844*	6,844*	2,930	2,930	1001	-1929

\*Includes consents from previous years from City Deal sites that form the baseline position

## Commercial Floorspace Outputs

Year 2 targets have been exceeded with 6,327 sq m of **commercial floorspace completions** against a target of 4,745 sq m, and although the cumulative target has not been achieved, it should be noted that these early targets were relatively modest and not on strategic sites where the bulk of future outputs will be generated.

The commercial market is occupier led, and there are mixed signs of local market recovery with;

- some (limited) signs of **retail** recovery (both in and out of town);
- examples of smaller scale speculative **industrial** development at well located business parks (plus large lettings at existing business parks), and encouraging market responses to prime sites being brought forward;
- limited **office** activity, but continuing interest by the Business Processing Operations sector.

Nonetheless, original Year 2 projections anticipated commercial development activity associated with mixed-use housing sites and whilst these have been re-profiled along with the connected housing completions, speculative industrial development activity, and some retail development, has been brought forward, all of which provides a stronger sign of local market recovery and commercial demand.

**Commercial floorspace consented** targets have not been achieved. However, the profile of commercial floorspace completions is within the 10 Year Deal period. The 2015/16 target of 79,446 sq m relates to a range of mainly large employment and city centre sites. In some cases the large scale developments have been shifted back a year within the programme as more up to date market intelligence has been provided, however these planning consents have been re-aligned with the updated completion trajectories.

**Table 2**

<b>Core outputs</b>	<b>14/15 Target</b>	<b>14/15 Actual</b>	<b>15/16 Target</b>	<b>15/16 Trajectory</b>	<b>15/16 Actual</b>	<b>All Years Cumulative Variance</b>
Commercial floorspace consented (sq m)	44,000	19,442	76,446	79,446	0	-101,004
Commercial floorspace completed (sq m)	21,928	3,338	4,745	4,745	6,327	-17,008
Quantity of Commercial floorspace submitted for planning	44,000	78,483	67,252	67,252	14,012	-18,757

## **Jobs**

Related to commercial floorspace outputs, jobs outputs are above the forecast cumulative target up to 2015/16 and have performed well since the start of the Deal with 224 being achieved against a forecast 196. Similarly, jobs connected to construction activity (transport investment) have contributed a further 529 jobs.

**Table 3**

<b>Core outputs</b>	<b>14/15 Target</b>	<b>14/15 Actual</b>	<b>15/16 Target</b>	<b>15/16 Trajectory</b>	<b>15/16 Actual</b>	<b>All Years Cumulative Variance</b>
Jobs accommodated via commercial floorspace completions**	86	77	110	110	147	+28
Construction jobs connected to Capital Investment***	n/a	226	245	245	303	+58

\*\* 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

### **Private Sector Investment**

In 2015/16 a combined total £26.36m of public and private sector investment has been invested in transport infrastructure, which has resulted in the achievement of the infrastructure milestones in Section 6 below and the construction jobs referred to in Table 3 above.

**Table 4**

<b>Core outputs</b>	<b>14/15 Target</b>	<b>14/15 Actual</b>	<b>15/16 Target</b>	<b>15/16 Trajectory</b>	<b>15/16 Actual</b>	<b>All Years Cumulative Variance</b>
Public Sector Investment (for Infrastructure programme)	£18.59m	£18.067m	£15.850m	£13.983m	£22.84m	+£6.467m
Private Sector Investment (for Infrastructure programme)	£6.18m	£5.543m	£5.522m	£6.076m	£3.518m	-£2.641m

### **Infrastructure**

Progress is being maintained on delivering the Highways Infrastructure with; Broughton Bypass on-site; Penwortham Bypass underway with land and property negotiations; Preston Western Distributor outline design complete and; A582 South Ribble Western Distributor Dualling underway with land and property negotiations.

Sustainable Transport Infrastructure Projects are also progressing well with; Broughton- Fulwood- (Preston) (North) outline design approved; Bamber Bridge - City Centre concept Design approved; Fishergate Central Gateway Phase 2 Construction underway and ; PWD to Samlesbury contract awarded.

### **Risk Management**

The key City Deal Programme risks are being managed primarily through a rolling 3 year Infrastructure Delivery Plan and through rigorous project management methods.

The E&SB is aware that national policy changes and challenges have the potential to impact upon the commercial and housing market, and ultimately the delivery and sale of housing in the City Deal area. Expert advisors are retained by the City Deal partnership to ensure that local mitigation measures against potential adverse effects are fully explored. Part of this mitigation is working with HMG and HCA in helping to deliver their planning-led housing market policies, in particular accessing Starter Homes finance and funding opportunities and the potential for Direct Delivery.