



# CITY DEAL

Preston, South Ribble & Lancashire

## **CITY DEAL EXECUTIVE AND STEWARDSHIP BOARD**

**Private and Confidential: NO**

Friday, 18 November 2016

**Business and Delivery Plan - 6 Monthly Monitoring Report – 2016/17**  
(Appendices 'A', 'B' and 'C' refer)

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### **Executive Summary**

This report provides an overview of how the City Deal Programme has performed during and up to 30<sup>th</sup> September 2016 (the first 6 months of Year 3). It provides both quantitative and qualitative information, and includes the 6 monthly monitoring return to Government. For ease of reference, the report has been divided into the following sections:

Section A: Housing

Section B: Commercial

Section C: Jobs

Section D: Private/Public Sector Investment

Section E: Infrastructure Delivery and Implementation Issues

Section F: Risk Management

Section G: Future Monitoring Activity

### **Recommendation**

That the Executive and Stewardship Board:-

- (i) Approve the information contained in this report as part of the Monitoring Return to Government.
- (ii) Note the progress being made to deliver the development sites and infrastructure schemes.
- (iii) Agree to reallocate the £80,000 currently identified for the Blackpool Road Section of the Guild Wheel, to the Cannon Street Works instead, in order to enable the scheme to be completed, and the Blackpool Road improvement scheme be picked up as part of the longer term reinstatement works.
- (iv) Note the future monitoring activity and reporting as outlined in Section G.



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## **Background and Advice**

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 sqm 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 tables 1-5 below.

Over the last six months, a significant amount of work has been undertaken to review the housing and commercial site delivery assumptions made at the outset of the Deal. Revised projections have been endorsed by the CD E&SB and these have therefore been used as the baseline for assessing performance in the current year.

The content of this report has been contributed to, and considered by, a number of City Deal working Groups, including the Monitoring Group, Infrastructure Delivery Steering Group, Project Team and Programme Board.

## **SECTION A – HOUSING**

### **Housing Outputs**

The table below shows progress against Year 3 Core and Supporting Housing output targets (for the first 6 months) and provides an overall cumulative position to date.



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Table 1

Outputs – 2016/17	6 month Trajectory	6 month Actual	Variance	All Years Cumulative Actual	All Years Cumulative Variance
Total number of Housing units completed*	396	366	-30	1,965	+345
Total number of Housing units consented for planning	Outline – 200 Reserved – 312 Full - 48	Outline – 200 Reserved – 312 Full - 48	0	Outline – 7403 Reserved – 3335 Full - 1710	-
Total number of Housing units submitted for planning	Outline – 600 Reserved – 410 Full - 2	Outline – 600 Reserved – 410 Full - 2	0	Outline – 7787 Reserved – 3893 Full - 2004	-
Number of HCA sites submitted for planning permission	2	2	0	13	0
Number of HCA sites granted planning permission	2	2	0	13	+2
Number of HCA sites where construction is actively taking place (Cumulative year on year)	5	5	0	5	0
Total number of housing unit completions on HCA sites	35	46	+11	126	-3

\*Figure includes housing units where no income was generated for the purpose of paying into the IDF.

## Housing Unit Completions

Overall, since the start of the Deal period, there have been 1,965 **housing completions** versus a target of 1,690. During 2016/17 (first 6 months), 366 completions have been achieved against a forecast of 396 (92.4% of the forecast total).

Achievement in the first six months can be largely attributed to the number of housing completions in Preston, which amount to 326 against a trajectory of 277. The first six months have seen particularly strong delivery in Preston, largely by volume housebuilders in the North West Preston Strategic Location and at Cottam.

In South Ribble, 40 units have been completed in the first six months of 2016/17 against a trajectory of 119 units. The sites where completions have not come forward at the rate planned are Wheelton Lane, Arla Dairy and a range of smaller sites. Developers are thought to be regulating the flow of development so as not to flood the market, in a bid to secure house sales at the desired rate and price.

The variance between the delivery in Preston and South Ribble could be attributed to the fact that much of the delivery in North West Preston and at Cottam is on Greenfield land, which is easily accessible compared with South Ribble, where there are a number of key sites that either involve the need for site works or have accessibility



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issues. The large amount of land with planning permission available suggests that the pool of developers operating across both South Ribble and Preston are picking the easier sites to develop, most of which are currently in Preston.

## Housing Units Submitted for Planning

From the **planning perspective**, and inclusive of Year 0 (2013/14), a total of 9,791 **housing units** have been **submitted** for planning (including outline, reserved and full). This is in line with the updated housing delivery programme and reflects that some of the more complex sites, such as Pickerings Farm, Moss Side Test Track and Croston Road, haven't yet come forward, for a variety of reasons set out below:-

- Site specific technical issues i.e. ransom strips, landowners not wishing to sell because of perceptions that they can achieve higher land values than the market can withstand.
- Uncertainty over 'Starter Homes', prolonged by the delay by Government in introducing secondary legislation which will provide clarity
- Implications of CIL have still not been fully understood and assessed

However, in recent months there has been a lot of intervention work undertaken to de-risk these sites and good progress is being made towards getting the sites closer to the submission of planning applications.

## Housing Units Consented

The total number of **consents** to date is 9,113 (including outline, reserved and full permissions). This is in line with the updated housing delivery programme and provides reassurance that the partners are taking a proactive approach to consenting new development across the City Deal area.

## Housing Site by Site Delivery (Appendix A)

To support the metrics above, a site by site analysis has been undertaken across the full range of City Deal sites (see appendix). The intention is to develop a full picture of the progress of each site at both the pre and post construction phases. It also informs the updated finance model in terms of when the various income streams e.g. developer contributions, are likely to be paid into the IDF.

The information in the appendix tells us that:-

Of the 79 housing sites (excluding unnamed sites), 20 are under construction and 14 are progressing well. A further 6 are under construction but build out rates are currently slower than anticipated and are being monitored accordingly (ragged amber in the appendix).

Of the remaining 59 housing sites, 15 have pre-construction milestones in the current year and are progressing well.



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In terms of the HCA sites, there have been a significant number of milestones achieved between April – September 2016. Some of these milestones include the formal commencement of Story Homes on Cottam Hall Phase 2, which will deliver a 283 unit scheme. Taylor Wimpey completed 24 new homes at Phase 1 at Whittingham Hospital and Barrett Homes at Cottam Hall Site K completed just over half of the 104 new homes to be delivered, with 47 sales completed by the end of July. Story Homes formally commenced on site at Eastway after the reserved matters application was approved. Miller Homes commenced on site at Croston Road South and outline planning permission was secured for Altcar Lane for 200 new homes, including 80 Starter Homes. Altcar Lane will be one of the first HCA sites to be delivered via Accelerated Construction.

Notable progress has been made with a number of other sites as follows:-

- Pickerings Farm – Masterplan and design code expected to be completed by July 2017.
- Moss Side Test Track – Masterplan being submitted to planning committee in November 2016.
- Croston Road South (Southern Section) – Construction underway – Miller Homes.
- North West Preston - Equalisation work nearing completion and developer activity promising.
- Maxy House Farm – build out rate is faster than anticipated.



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## **SECTION B – COMMERCIAL FLOORSPACE**

**Table 2**

<b>Outputs – 2016/17</b>	<b>6 month Trajectory</b>	<b>6 month Actual</b>	<b>Variance</b>	<b>All Years Cumulative Actual</b>	<b>All Years Cumulative Variance</b>
Commercial floorspace consented (sq. m)	1,500	1,500	0	20,942	-101,004
Commercial floorspace completed (sq. m)	29,512	27,741	-1,771	34,684	+189
Quantity of Commercial floorspace from identified and agreed Employment sites submitted for planning	19,021	19,021	0	111,516	-18,757
Total number of new floorspace completed on HCA sites	0	0	0	0	0

### **Commercial Floorspace Completions**

For Year 3, first 6 months targets there have been 27,741 sq m of ***commercial floorspace completions*** against a target of 29,512 sq m.

It should be noted that these early targets were relatively modest and generally not on strategic sites where the bulk of future outputs will be generated. Nonetheless the first phase completion at Samesbury Enterprise Zone has provided a significant impetus to the completed floorspace, whilst the speculative completions at Red Scar and Momentum Business Parks have provided new commercial floorspace for occupiers of small units, aimed at start-ups and smaller businesses that have proved attractive to the market. The Bluebell Way site will not come forward for development in 2016/17, but is anticipated for completion in 2017/18.

***Commercial floorspace consented*** targets have been achieved with 1,500 sq m of consents against a target of 1,500 sq m.

Only 1 property (the Market Hall within the Markets Quarter project) was scheduled to have a planning permission consented, which has been achieved.



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## **Commercial floorspace submissions.**

Due to the phasing of the employment site completions in later years of the City Deal, there has been limited plans to be submitted but all 5 projects have been submitted for planning as per schedule.

## **Commercial Floorspace Site by Site Delivery (Appendix B)**

A site by site analysis has also been undertaken on the commercial sites (see Appendix B). The analysis tells us that:-

Of the 14 projects with milestones in the first 6 months of 2016/17, 13 of these achieved their targets, leaving one site, (Bluebell Way) which will now be delivered in 2017/18.

12 projects have milestones within the second half of 2016/17, of which all are on schedule to achieve these as per programmed.

Notable progress has been made with a number of sites;

- Cottam Brickworks Supermarket: planning application submitted
- Bluebell Way commercial/retail development: conditional offer received
- Glover's Court office scheme, Winckley Square THI Scheme: significant site progress/enquiries being handled
- Horrockses: completion of phase 1 (Aldi)
- City Centre North: planning applications submitted for the Markets Quarter
- UCLan Engineering Innovation Centre: planning application approved and start on site imminent
- Samlesbury Enterprise Zone: first phase logistics/training centre built
- Cuerden Strategic Employment site: pre-application advice begun as per scheduled



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## SECTION C: JOBS

**Table 3**

<b>Outputs – 2016/17</b>	<b>6 month Trajectory</b>	<b>6 month Actual</b>	<b>Variance</b>	<b>All Years Cumulative Actual</b>	<b>All Years Cumulative Variance</b>
Jobs accommodated - Via commercial floorspace completions*	686	645	-41	806	+4
- Construction jobs connected to Capital Investment**	163	200	+37	863	+30

\* 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

### **Jobs Outputs**

Related to commercial floorspace outputs, jobs outputs are above the forecast cumulative target up to 2016/17 and have performed well since the start of the Deal with 806 being achieved against a forecast 802.

## SECTION D – PUBLIC/PRIVATE SECTOR INVESTMENT

**Table 4**

<b>Outputs – 2016/17</b>	<b>6 month Trajectory</b>	<b>6 month Actual</b>	<b>Variance</b>	<b>All Years Cumulative Actual</b>	<b>All Years Cumulative Variance</b>
Public Sector Investment (to support Infrastructure programme)	£14.18m	£17.39m	+£3.21m	£55.087m	+£8.334m
Private Sector Investment (to support infrastructure programme)	£2.3m	£0.124m	-£2.17m	£9.185m	-£5.371m
Pension Fund	-	-	-	£55m	-





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## Public/Private Private Sector Investment Outputs

In 2016/17 Q1 & 2 a combined total £17.51m 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.

## SECTION E: INFRASTRUCTURE DELIVERY

Progress towards infrastructure, sustainable transport infrastructure and community infrastructure outputs are reported upon fully in the quarterly monitoring spreadsheet (attached as Appendix C). However the Stewardship Board Agreement includes specific infrastructure targets as Supporting outputs for which a summary update on 2016/17 milestones is provided in table 5 below.

**Table 5**

<b>Infrastructure Programme</b>	<b>2016/17 Target (Q1 + Q2)</b>	<b>2016/17 Actual (Q1 + Q2) Up to and including September 2016</b>
A6 Broughton Bypass (M55 J1 & M6 J32 improvements)	Construction Underway	Construction Underway.  Completion date revised to August 2017.
Preston Western Distributor	Outline Business Case Submitted  Planning application submitted  Planning Application determined	Planning Application Submitted.  OBC to be submitted and Planning  Application to be determined by end of March 2017.
Penwortham Bypass	Consultation completed	Consultation complete.  Planning application submission date revised and expected to be December 2016 and determination date revised to Q1/Q2 2017.



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		Detailed design ongoing and land negotiations commenced.
A582 South Ribble Western Distributor Dualling	Ongoing concept design	Route adopted and approved.  Preparation of the planning application underway, submission expected be in Q4.
<b>Public Transport Priority Corridor</b>	<b>2015/16 Target (Q1 + Q2)</b>	<b>2015/16 Actual (Q1 + Q2) Up to and including September 2015</b>
Broughton-Fulwood (North of M55)	Scheme Design under development	Scheme design nearing completion.  Scheme re-programmed to follow the completion of the Broughton Bypass.
Longridge/Grimsargh/Ribbleton/City Centre	Concept Design preparation	Scheme to be reprogrammed to enable a strategic masterplanning exercise to be undertaken for all of the corridors.
Fishergate Central Gateway	Phase 2 completed.	Phase 2 completed.  Phase 3 in design stage.
Winckley Square THI (includes Cannon Street)	Cannon Street Scheme Complete.	Cannon street scheme slightly behind schedule but delivery timescales being reviewed. Expected completion 2017.



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	Phase 1 property refurbishment commenced.	Property Refurbishment and Glovers Court – agent appointed, works commenced on site.
Hutton to Higher Penwortham/City Centre	<p>Consultation complete.</p> <p>Concept design approved.</p>	<p>Consultation completed.</p> <p>Scheme delivery to be reprogrammed to enable a strategic masterplanning exercise to be undertaken for all of the corridors.</p>
North of Lostock Lane (New Hall Lane)	Construction underway	Construction underway
South of Lostock Lane	<p>Consultation complete.</p> <p>Concept design approved.</p>	<p>Consultation expected to take place in Q3.</p> <p>Scheme to be reprogrammed to enable a strategic masterplanning exercise to be undertaken for all of the corridors.</p>
Bamber Bridge /City Centre	Construction on site commenced.	Construction underway.
<b>Community Infrastructure</b>	<b>2015/16 Target (Q1 + Q2)</b>	<b>2015/16 Actual (Q1 + Q2) Up to and including September 2015</b>
East Cliff Cycle Link	Planning application determined.	<p>Planning application for the bridge submitted, decision awaited.</p> <p>Land and Property negotiations</p>



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		underway  Funding proposal being submitted to E&SB on 18 <sup>th</sup> November in respect of the Cycle Link (see table 6 below).
St Catherine's Park	Scheme Complete.	Scheme Complete.

## Implementation Issues

The table below provides an update for the E&SB on implementation issues discussed at previous meetings and also includes new issues that have arisen since the last meeting. It should be noted that a number of these are emerging issues and further investigation is required to establish the full implications and potential mitigation. These will be reported in greater detail at the E&SB in November.

**Table 6**

<b>Scheme/Issue</b>	<b>Update/Latest Position</b>	<b>Recommendation</b>
<p><b>Pickerings Farm - Link Road</b> cannot be progressed to design stage until bridge options have been determined and funding issues resolved.</p> <p>Arrangements will need to be in place prior to detailed masterplanning being completed.</p>	<p>A number of meetings have now been held with Network Rail and progress on the site is reliant on an agreement being reached with them regarding a new bridge at Bee Lane. Network Rail has identified an agreed technical way forward but discussions are ongoing in relation to cost implications.</p> <p>A meeting was held between SRBC, LCC, HCA and Network Rail in early September where it was agreed that additional information would be provided to Network Rail on highways aspects with a view to another meeting being held in the Autumn.</p>	To be noted.
<p><b>Croston Road Spine Road –</b> Land acquisition relating to the delivery of the</p>	<p>The delivery of the spine road will now be undertaken in phases as and when the land negotiations have concluded for each section. Work on the</p>	To be noted.



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<p>full spine road is more complex than originally anticipated and have not yet concluded.</p>	<p>first section of the road that provides access to the Northern site is due to commence imminently.</p>	
<p><b>Fishergate Winckley Square THI – Cannon Street</b></p>	<p>Scheme costs now confirmed leaving a £79,000 shortfall. A maximum sum of £271,487 is available from the THI programme for public realm works.</p> <p>The public realm works are an approved part of the Townscape Heritage Initiative (THI) programme that the Heritage Lottery fund (HLF) will require to be delivered. The investment in the public realm is critical to ensuring the delivery of the property improvement schemes for the street which forms another key element of the THI project.</p> <p>It is proposed to use the monies (80,000) identified for the Guild Wheel Improvements works at Blackpool Road, as this section of the Guild Wheel will be used as the haul road for the construction of the PWD and as such it would not be appropriate to upgrade the link in this location at this time. It is likely that this link will be improved as part of either reinstatement works or as a new link as part of the proposed outer Guild Wheel loop.</p>	<p>That the £80,000 identified for the Guild Wheel – Blackpool Road works, be reallocated to enable the Cannon street works to go ahead.</p>
<p><b>East Cliff Cycle Link and Bridge</b></p>	<p>The cost of this scheme is being reviewed. There is a possible shortfall in funding. The cycle link is currently</p>	<p>To be noted.</p>



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	being designed which will confirm how much money is required to deliver the scheme, at which point a report will be brought to the E&SB for consideration.	
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## **SECTION F: 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 Executive and Stewardship Board 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.



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## Planning Risk

Risk	Mitigation	Update
<p>Planning Framework</p>	<p>Central Lancashire Core Strategy</p> <p>Local Plan Preston &amp; South Ribble</p> <p>Community Infrastructure Levy (CIL)</p> <p>North West Preston development sites Masterplan</p> <p>City Centre Action Plan</p> <p>Site masterplans for large sites</p>	<p>Action Plan now adopted</p> <p>Consultation on the Altcar Lane masterplan has been completed, and outline planning consent is in place.</p>
<p>Planning permissions not being consented and/or progressed through the planning system sufficiently quickly</p>	<p>Planning consents in place</p> <p>Milestones in place for all housing and commercial sites</p> <p>Progress on the discharge of conditions for large housing site planning applications</p>	<p>Consents in place for 9, 113 units</p> <p>Ongoing monitoring in place to progress complex land deal negotiations and site specific matters such as ransom negotiations; or need to secure access</p> <p>Work is ongoing as part of the Housing and Planning Delivery Action Plan.</p>
<p>Planning officer capacity</p>	<p>Housing Zone status Established Preston City</p>	<p>City Living Strategy commissioned</p> <p>Site specific reports commissioned</p>
<p>Infrastructure</p>	<p>NW Preston Infrastructure Group established</p>	



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## Commercial risks

<b>Risk</b>	<b>Mitigation</b>	<b>Update</b>
Planning support	Enterprise Zone Local Development Order  Cuerden employment site Masterplan approved/SRBC's Site Allocations Plan approved	No planning related issues  Planning application submission on track
Low commercial values	City Deal Marketing & Communications Strategy  LEP-wide strategic marketing activity	Implementation of strategic marketing activity.  Ongoing marketing activity
Supply phasing	Partner working groups, partnerships and alliances have been formed to share market intelligence and support the phasing of development activity	Preston North East Outline Development Study produced with commercial land owners
Investor awareness	City Deal Marketing & Communications Strategy in place	City Deal Marketing & Communications Strategy continues to be implemented.





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## **Delivery risks**

<b>Risk</b>	<b>Mitigation</b>	<b>Update</b>
HCA site delivery	HCA streamlined site disposal processes.	Continuing work with agents  Direct commissioning/ Accelerated delivery being considered for certain sites e.g. Altcar Lane.
Site take-up/market demand is slower than anticipated	HCA sites are being de-risked via a package of measures eg. title due diligence, securing planning, engagement with agents/legal team	Additional HCA Resources to support the delivery of key strategic sites.
	Regular soft market testing	Sensitivity testing ongoing to identify potential implications on broader economic trends.
	City Deal Investor and Developer Forums	A programme of Investor Awareness activity programmed
Housing and commercial construction and skills capacity	<b>LEP Skills Hub</b> established	Skills Action Plan Produced/Metrics agreed  Central Lancs Employment & Skills SPD drafted
	<b>Construction Hub</b> established	First 'buyer' event held



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## **Policy & Political risks**

<b>Risk</b>	<b>Mitigation</b>	<b>Update</b>
New Homes Bonus/CIL/NNDR Policy change – risk of Government policy change may reduce resources	Negotiation between Government, the LEP and CD local authorities  Starter Homes/Direct Commissioning	Initial impact analysis undertaken. Announcement from Government awaited.
Political administration change	Respective Cabinets for each of the 3 CD local authorities endorsing the City Deal  City Deal governance arrangements	Member briefings to be held in 2017.
Uncertain market place brought about by 'Brexit'	Monitoring arrangements by E&SB	

## **SECTION G: FUTURE MONITORING ACTIVITY**

The monitoring activity undertaken by the Monitoring Group, is kept under constant review, to ensure that processes are as streamlined as possible and the presentation of the information is easily understood. This is the first time that qualitative information on the housing and commercial sites has been brought together with the quantitative information on the core/supporting outputs and it is acknowledged that there is a huge amount of information to both collate and digest. A lot has been learnt throughout the process and in future it is hoped that the process can be made leaner, by having early 1:1's with the planning officers and cutting down on the number of forms to be completed.

In addition, in order to ensure that the E&SB and the working groups receive the information in a timely way, it is proposed to hold the various working group meetings (IDSG,PT,PB) closer to the E&SB meetings, giving a longer period of time to refine and finalise the information before it makes its way through the formal governance channels.

Work is also underway to improve the way in which the information is presented. For example, by adopting a data dashboard approach, thereby providing the most important pieces of information in a more visual way, on a single sheet of paper.

Finally, the E&SB is asked to note that work is underway to put more robust monitoring arrangements in place to capture social value on a project by project basis and that, at the next 6 monthly reporting period, information relating to the employment and skills metrics will also be provided.