



Report of	Meeting	Date
Head of Planning, Lancashire County Council	Central Lancashire Strategic Planning Joint Advisory Committee	28 July 2015

CITY DEAL UPDATE

PURPOSE OF REPORT

1. This report provides an update on delivery of the City Deal and work being carried out by Local Partners.

RECOMMENDATION(S)

2. Members of the Committee to note progress.

EXECUTIVE SUMMARY OF REPORT

3. The City Deal Executive (comprising the Leaders of the three local authorities and members of the LEP) met on 17 July 2015 to receive reports on several important aspects of the City Deal. These are summarised in the report below.

BACKGROUND

Infrastructure delivery to the end of Year 1

- 4.1 Positive early progress through 2014/15 has continued through Quarter Four. The delivery of strategic highway infrastructure and public transport and local centres has been achieved against the agreed programme over the Quarter and over Year One. Work in delivering the transport and public realm schemes continues at pace, with the following progress reported:

- Golden Way (North) dualling works completed in March and under budget by circa. £740k (a 25% saving on the target cost)
- Preparatory tree clearance works carried out on Golden Way (South)
- A new route for the completion of Penwortham Bypass approved in March
- Consultation on widening options along A582 completed in March
- Works begun in January on the new A59 access for the Enterprise Zone
- Plans published for public consultation for improvements in Bamber Bridge (continuing from October), New Hall Lane and Broughton (both in March)
- Works began in February on Phase 2 of the Fishergate shared space scheme and Cannon Street public realm works.

Monitoring Outputs in Year 1

4.2 Work has been carried out by Local Partners to complete the 10 year output targets and the 2014/15 Annual Monitoring Report to be included in the City Deal Monitoring Return to Government. This sets out a range of information relating to delivery, receipts, expenditure and completions. Two sets of monitoring outputs are to be prepared annually:

- Firstly, a Core Output data set, to include housing units (consented and completed), commercial floor space (consented and completed), private sector investment and jobs accommodated
- Secondly, a Supporting Output data set to include metrics to track planning consents, development activity on specific sites (including HCA sites), retail vacancy outputs, and outputs to monitor progress with transport and community outputs.

4.3 The table below shows progress against Year 1 Core Output targets, which are the key Government performance measures.

Core outputs - 2014/15	Target	Actual	Variance	Comments
Total number of Housing units consented for planning *	6,590	6,501	-89	Only 1 major site requires planning permission.
Total number of Housing units completed	338	980	+642	Includes 98 empty homes brought back into use and 215 office units converted to residential
Commercial floorspace consented (sq m)	44,000	19,442	-24,558	Awaiting next phase development of Preston East sites.
Commercial floorspace completed (sq m)	21,928	3,338	-18,590	This mainly relates to one site where development options have been drawn up. Early stage negotiations are underway.
Jobs accommodated - Via commercial floorspace completions**	86	77	-9	
- Construction jobs connected to Capital Investment*** *	n/a	226	n/a	These jobs are associated with the infrastructure build programme
Public Sector Investment (to support Infrastructure programme)	£18.59m	£18.067 m	- £0.523m	
Private Sector Investment (to support infrastructure programme)	£6.18m	£5.543m	- £0.637m	

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

** Gross jobs based on an average of 43 sq m per job, as per CLG guidance. An additional CLG methodology is used whereby a calculation is made based on additionality with job creation spread over a 3 year period which would generate 13 jobs

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

Housing outputs

4.4 There has been a strong performance of total **housing unit** completions against Year 1 targets within both Districts with the addition of growth in Preston City Centre sites which

has also benefitted from the conversion of office units into residential accommodation and from almost a hundred empty properties being brought back into use. Compared with previous years in the City Deal area, housing completions represent a significant escalation of activity.

- 4.5 From a **planning perspective** all but one target sites have received planning consent thereby removing any potential delay in progressing development. Key **HCA sites** are maintaining progress with sites on target with regards planning permissions and on site activity. Critically, housing completions have met Year 1 targets.

Commercial floor space outputs

- 4.6 The market for **commercial floorspace** has been more subdued with only one significant completion which took place within Preston at the former James Hall site along Ribbleton Lane. The commercial market is occupier-led and although there are signs of speculative development, in particular for smaller industrial units, significant opportunities are yet to crystallise. In the absence of speculative development there is evidence of a programme of refurbishment of secondary industrial property at business parks taking place until values recover.
- 4.7 Nonetheless there are encouraging market signs; occupancy rates at strategic locations and business parks (where significant levels of future outputs are expected) are in many cases high; there is a real shortage of available new and modern manufacturing and logistics buildings across virtually all size ranges in the key locations of the North West, whilst demand also continues to recover; there are pipeline developments at North East Preston employment sites which are being progressed through planning; there have been notable business expansions for example James Fisher Nuclear who are expanding within South Ribble and new office tenancies at Preston East.
- 4.8 In the short-term there is a pipeline of new development in place, some of which are associated with housing sites, whilst Roundhouse Properties have planning permission for 43 units for an expansion at the South Rings Business Park in South Ribble and the Queens Retail Park in Preston received planning permission with work on site anticipated over the summer.
- 4.9 In addition 2014/15 has seen significant progress in bringing forward the two largest City Deal employment sites, Cuerden and the Enterprise Zone at Samlesbury (both in South Ribble). A Masterplan has been adopted for the former and construction on the Training facility at the latter has a commencement date of June 2015.
- 4.10 Other development activity continues within commercial centres and will be supported by transport and public realm improvements, for example there has been progress with development activity in the City Centre and lettings that have been encouraged by the new public realm along Fishergate.

Jobs

- 4.11 Related to commercial floorspace outputs, **jobs** outputs have just fallen short of anticipated targets by 9%. However, in addition to this, construction-related jobs are estimated at 226 which is based on a cost-per job assessment.

Private sector investment

- 4.12 A combined total £19.71m of public and private sector investment has been invested in transport infrastructure, which has resulted in the achievement of the infrastructure milestones below and the construction jobs referred to above.

Supporting Outputs

4.13 The detailed list of supporting outputs targets enable a fuller picture to be provided on achievement and forecasts, measuring activities from pre-planning to post-implementation of projects, and the table below provides a summary of Year 1 achievements.

Table 2

Supporting output – 2014/15	Target	Actual	Variance	Comments
Total number of Housing units submitted for planning	6,844*	6,844*	-	No outstanding sites awaiting submission for planning
Number of City Deal Strategic Housing sites at which construction is actively taking place	34	20	-14	Relates to main Preston sites, although construction is actively taking place in 104 sites in Preston alone.
Quantity of Commercial floorspace from identified and agreed Employment sites submitted for planning	44,000	78,483	46,677	Significant amount of floorspace submitted for planning at Preston East.
Retail vacancy rates in city and town centres - Preston - Leyland	24% 2012 8.3% 2013	12% 2014** Tbc		Leyland GOAD data sets to be updated in Oct 15.
Number of HCA sites submitted for planning permission	2	2	-	
Number of HCA sites granted planning permission	4	4	-	Croston Road/Land at Eastway/Whittingham Hospital/Cottam Hall
Number of HCA sites where construction is actively taking place	2	2	-	Brindle Road/Cottam Hall
Total number of housing completions on HCA sites	38	44	+6	Brindle Road/Cottam Hall
Total number of new floorspace completed on HCA sites	0	0	-	

*Relates to both Year 0 and Year 1 targets and actual to represent the full planning pipeline

** Source: Preston BID (18% regional average)

4.14 From the **planning perspective**, and inclusive of Year 0 (2013/14) and Year 1 (2014/15), a total of 6,844 **housing units** have been submitted for planning which presents the full extent of target permissions. There is also a significant pipeline of **commercial properties** for which planning permission has been submitted.

4.15 Focussing upon key **HCA sites**, acting as a barometer for the market for large development sites, progress is being well maintained through the planning process enabling housing completion targets to be met in Year 1.

Planning risks

4.16 As part of an examination of their Local Plan (Preston) and the SHLAA (South Ribble) the 10 year housing profile has been updated and 16,084 housing unit outputs are profiled within this timeframe, with 18,188 units anticipated to be achieved over the 15 year period.

- 4.17 Consents are already in place for over a third of the housing planning permissions, and 10 year targets have been reviewed and updated which will enable and an efficient and manageable processing of future planning submissions avoiding any unnecessary delays. The City Deal area is also supported by a Central Lancashire Core Strategy (2010-2026) that provides an over-arching development and planning framework, whilst the Community Infrastructure Levy is now in place.
- 4.18 Housing Zone status has also been recently established for sites in Preston City Centre that cover c750 units, and will enable progress.
- 4.19 North West Preston development sites are covered by a Masterplan that was approved in February 2014, and which provides a comprehensive framework to guide the development process.
- 4.20 With regards Commercial sites, the two largest employment sites have made meaningful progress. Sablesbury Enterprise Zone is subject to a Local Development Order, whilst Cuerden's masterplan has recently been approved.
- 4.21 A City Centre Action Plan covering a range of commercial sites has been prepared and submitted for examination.

Appointment of consultants to give property advice on new developments

- 4.22 The City Deal Programme is funded through pooled local and national, private and public sector resources. The infrastructure requirements to support new development means there will be a substantial and sustained call on developers across the area and lifetime of the City Deal for financial contributions. Reflecting this, the City Deal financial model contains an income stream, approximately £90 million, to come from developer contributions, which will be secured and paid through CIL arrangements and Section 106 and Section 278 agreements.
- 4.23 At its meeting in April 2014, the City Deal Executive endorsed the proposal to secure an additional resource and optimise the CIL and other developer contributions included in the Infrastructure Delivery Fund. It is recognised that the degree of specialist knowledge and negotiation skills are currently unavailable within the City Deal Project Team. It has been determined, the best approach is to establish a Framework Agreement for these services with a consultant, working closely with a range of disciplines including town planning, surveying and engineering, finance and legal officers within the authorities and externally.
- 4.24 Following a procurement exercise, Keppie Massie has been appointed to this role, an establish firm of surveyors and property consultants whose services include the more traditional surveying and valuation fields, together with more specialist and diverse expertise in regeneration and strategic development.
- 4.25 Early activity for the consultant is likely to focus on appraising and advising the authorities on commercial development market viability and feasibility, and an appropriate, defensible, fair and equitable level of developer contribution to provide supporting infrastructure. Also proposed is a piece of work, starting with NW Preston, to consider a mechanism to ensure that as far as we can the infrastructure costs associated with the development are borne equally. This work in NW Preston will feed into the NW Preston Masterplan Supplementary Planning Document (SPD) and ensure that each parcel of land in different ownership can be delivered.

Production of an Employment and Skills Plan

- 4.26 In order to ensure that local people and businesses are best able and positioned to benefit from the opportunities presented by the City Deal Programme a **Skills and Employment Strategy** has been commissioned. This will assess the projected skills demands over the

lifetime of the City Deal and ensure that there is a comprehensive approach towards addressing any skills gaps and supporting access to jobs, supporting economic activity and business growth. A working group, comprising colleagues from the HCA, Preston City Council, South Ribble Borough Council and the LEP Skills Board, has appointed the firm ekosgen to produce this work.

- 4.27 A number of other related research pieces are also running concurrently, which will identify current skills provision and projected future gaps by sector. This work will inform the development of a Lancashire (LEP footprint) Employment and Skills Strategy to be developed by July 2015. Also underway, is an Economic Impact Assessment, looking at the skills providers (colleges, Higher Education, private providers) across Lancashire.

Publication of the Infrastructure Delivery Plan (IDP) and HCA Business Disposal Plan (BDP) for 2015-2018

- 4.28 The production of an IDP is a requirement set out in the City Deal agreement. The first City Deal Infrastructure Delivery Plan (IDP) covering activity in 2014/15 was approved by the City Deal Executive on 25 April 2014. From this year, the IDP will operate on a three year rolling basis, providing a longer term delivery forecast than the initial version. Officers across the City Deal Partnership have worked closely in drafting the three year infrastructure delivery milestones for 2015/18 to ensure an affordable and deliverable programme of work and one which aligns with the HCA's own Business and Disposal Plan (BDP). The BDP ensure that the HCA and partners have a clear vision for delivery of the 11 HCA City Deal sites.

- 4.29 Both new plans represent a considerable development on the content and presentation of the first set of plans for 2014/15 and reflect the importance of rigorous project and financial management as well as the scale of the infrastructure to be delivered. The new plans provide greater details across the range of infrastructure to be funded through the City Deal, including for the first time details of community and green infrastructure, and more details of the timing and budget for local centre and transport corridor improvements.

- 4.30 Officers will present the key messages of the new 2015/18 programme at the meeting.

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