# 2 Our Strengths, Opportunities and Needs

Preston Partnership

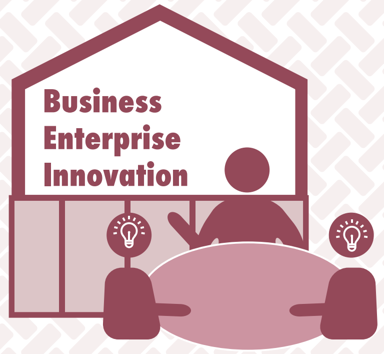
**There are many reasons to be optimistic about Preston's future. We have opportunities in front of us to cement our role as Lancashire's major commercial, educational and cultural centre, and to do this in ways which maximise the benefit of those opportunities for all our communities.**


However, we must address issues that prevent us from realising Preston's potential. Barriers to sustainable economic growth need to be lifted so that the city's businesses can flourish. Too many of our residents are held back by the multiple challenges of deprivation, and we need to find better ways to raise prosperity and improve their health and wellbeing. Our infrastructure needs sustained investment to be fit for the 21st century and the challenges that climate change will bring. The Covid-19 crisis has created an immediate imperative to support the city's economic and social recovery.

Our 15 year plan sets out our strategy to transform the city, targeting resources and aligning public and private sector investments to respond to need and capitalise on opportunities for positive change. The good progress we have already achieved in improving our housing offer, enhancing the city centre's public realm, together with the investments in transport and other infrastructure under way across Preston, give us a strong platform on which to build.


# Economy: Business, Enterprise and Innovation

**Preston is established as a major employment centre, with a dynamic and growing business base underpinned by a substantial workforce from within and outside the city. We want to realise the full commercial potential of the city, increase the number and the quality of jobs Preston offers, create and grow businesses in the city, attract the investment to back the objectives of the Preston Model and ensure our communities benefit from new investment.**




## Our Strengths

Preston's contribution to Lancashire's economy is substantial. There are 90,000 jobs in the city across a wide range of business sectors, with 71,000 in the area which is the focus of our City Investment Plan. Our 6,600 business units span a similarly wide range of sectors, around 65% of which operate in the CIP area. Key economic strengths are:

- Preston's role in the advanced manufacturing and engineering sector in which Lancashire is a leading UK and international location. Engineering employs 85,000 people across Lancashire, offering skilled and well-paid jobs for the city's residents, contributing to Preston's prosperity and providing a focal point for innovation through major developments including UCLan's new Engineering Innovation Centre. Preston is located at the centre of a network of four Lancashire Enterprise Zones, at Samlesbury and Warton adjacent to BAE Systems operations and at Blackpool Airport and Hillhouse in Wyre. Together these form the Lancashire Advanced Manufacturing and Energy Cluster (LAMEC), a centre of excellence for high tech manufacturing, energy and chemicals.
- A well-established financial and professional services sector which reflects the city's historic role in Lancashire. Preston is the major centre for office-based sectors in Lancashire, with major office-based operations for companies including Talk Talk, Homeserve and Places for People.
- Substantial public sector employment based in Preston including Preston City Council, Lancashire County Council, civil service and the headquarters of the fire and rescue service. There are 12,500 jobs in health and social care alone in Preston, with the Royal Preston Hospital a major employer in the city. These are sectors whose value has been underlined by the Covid-19 crisis. Our public sector employers are anchor institutions for the city's economy, and an essential part of delivering community wealth-building through the Preston Model.

# 2

- Beyond the important retail and leisure economy in the city, wholesale and distribution employment in Preston is substantial and has grown quickly in recent years, with James Hall & Co one of Preston's largest individual employers at 3,500.
- Preston's business birth rate is faster than that of Lancashire, although its business failure rate is also higher giving a similar net business birth rate of 0.6. Both lag the net business birth rate for England of 1.2.
- Growth in new businesses between 2013 and 2019, which has accelerated over the last two years, in sectors including professional, scientific and technical sectors, transportation and storage, administrative and support services, construction and education.
- An increasing desire from investors and wealth funds to place their funds in locations underpinned by a clear social and community purpose can maximise the reach of the Preston Model.

## Preston's Cultural and Creative Economy

- A visitor economy which attracts around 7 million visitors a year generating £330 million of visitor spending and supporting 4,000 jobs in Preston in retail, leisure, cultural and creative industries.
- Preston has 13% of Lancashire's creative industries employment and 11% of its creative industries businesses.
- Creative industries account for 370 of Preston's businesses (6% of all businesses). With 94% employing fewer than 10 people, micro-businesses are the key component of the city's creative enterprise.
- Creative sector employs around 1,800 people, with many more self-employed people in the sector.
- The city has a healthy freelancer economy with an average of 60 individual artists and practitioners some full time and others part time working around other employment

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## Our Key Challenges

Despite its strong position as an employment and business centre in Lancashire, Preston faces challenges to its economic resilience and future growth.

- By 2018, Preston had only seen employment recover back to the level at which it stood in 2009. Falling job numbers particularly in the public sector (administration, health, care, education), ICT and financial services during recession were followed by some stabilisation and recovery, particularly during the latter half of the 2010s.
- Preston's commitment to community wealth-building is in part driven by the need for more higher paid and higher quality employment opportunities in the city. The wages of residents lag well-behind the Lancashire and national averages, and workplace wages are also much lower than the average for England. Preston ranks in the bottom 10 cities in the UK in average weekly workplace wages.
- Preston has a productivity challenge. Gross Value Added per full-time equivalent job stood at 78% of the figure for England in 2018. Around 40% of Preston's GVA is accounted for by the wholesale and retail sector, public administration and defence, and human health and social work. These sectors are major employers, but they are also lower productivity sectors and this is an important contributory factor in the productivity gap. The need to drive up productivity is recognised as a priority in the emerging Lancashire Local Industrial Strategy, which points to the gap between Lancashire and the UK having widened over the past 20 years.
- Lancashire's Local Industrial Strategy evidence base shows that the area's headline performance in terms of R&D investment is lagging. Business R&D investment per head is only 80% of the England average. Closing the performance gap has an important part to play both in increasing the productivity of Lancashire's economy and supporting the drive for higher quality and better paid employment.

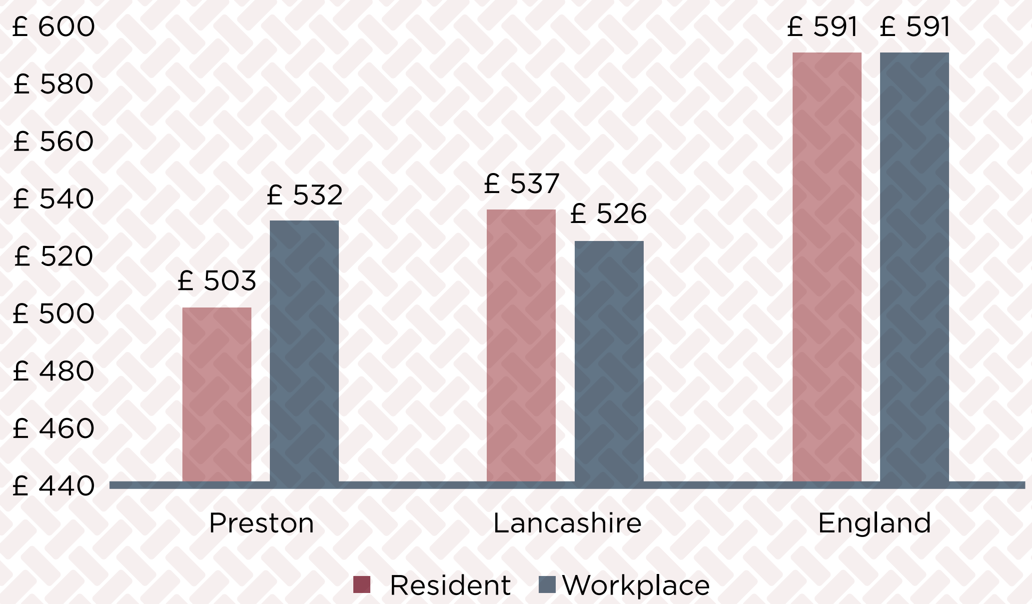


Figure 2.1 Median Gross Weekly Earnings, Full-Time, 2019

Source: Annual Survey of Hours and Earnings

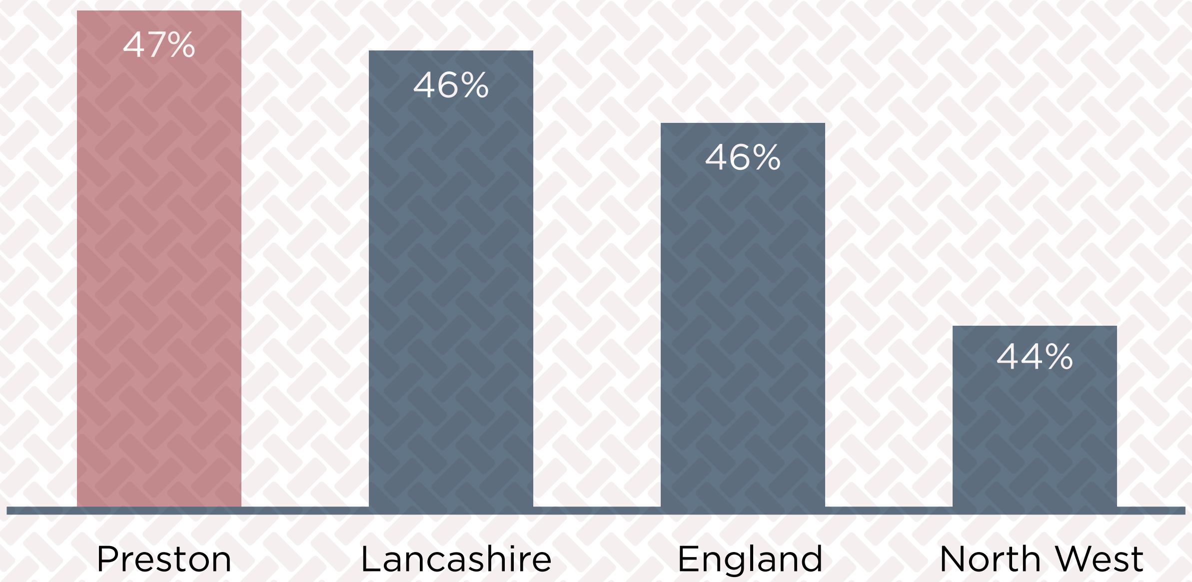


Figure 2.2 Figure 2.2 Percentage of Businesses in Most Impacted Sectors

Source: Business Impact of Coronavirus Survey, ONS, April 2020; UKBC, ONS, 2019

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The Covid-19 crisis has immediately and significantly affected Preston's economy, and there is an urgent need to mitigate its impacts and support the recovery of our businesses and communities. A comparatively high proportion of the city's businesses operate in sectors most impacted by Covid-19, sectors in which businesses have seen a fall in turnover of 50%. In particular our visitor economy including our important retail sector, arts and cultural facilities and businesses, and food and drink and accommodation businesses, have been severely affected by the lockdown measures.

By June 2020, 2,400 businesses in Preston had received a total of £28.7 million through the UK Government's coronavirus two grant schemes. The schemes include a small business grant scheme, and a scheme explicitly for the hospitality, retail and leisure sector.

The key issue for businesses in the visitor economy has been the unprecedented reduction in customers, including residents, visitors and people working in the city. Evidence on the dramatic drop in people using Preston city centre underlines the magnitude of the impact.

Preston's substantial public sector employment means it has been less exposed than other areas to furlough measures and redundancies to date. Public sector jobs are not eligible for the UK Government's Coronavirus Job Retention Scheme, and public sector organisations in the city, together with key workers in the private sector, have played an absolutely critical part in the battle against the virus and in supporting communities and businesses in the city.

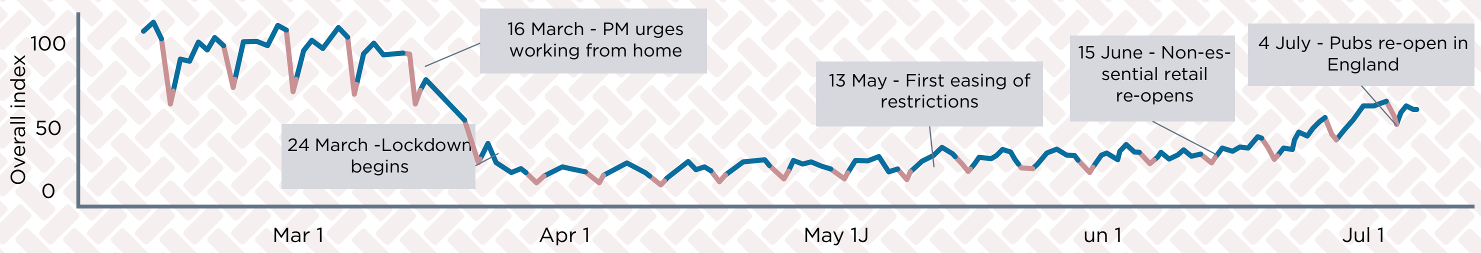


Figure 2.3 Preston City Centre Use Pre and Post-Lockdown (Pre-lockdown = 100)S

Source: Centre for Cities (July 2020) High Street Recovery Tracker

## Key Opportunities and Needs

- Capitalising on the strength of established sectors – including health and care, professional services, education, advanced manufacturing and engineering – to drive recovery from the Covid-19 crisis, deliver high quality new jobs for the city and ensure that many more of our residents have the potential to secure better paid jobs.
- Supporting the recovery and growth of Preston's visitor economy by diversifying and strengthening the retail, leisure and cultural offer at the heart of the city centre. We need to invest in the facilities, events and supporting infrastructure that will bring people back to the city centre and give them good reasons to spend more time and money there.
- Building on Preston's innovation assets including UCLan and its Engineering Innovation Centre to increase collaborative R&D with businesses, driving up commercial innovation activity and improving business productivity.
- Creating the environment that encourages the formation of more businesses in Preston both through the space and facilities that enable businesses to put down roots in the city and wider support measures, including through the community wealth-building programme.

# People and Communities

**Improving the health and wellbeing of Preston's people and communities is a priority of our plan. An economy in which the education, skills development and training of our residents enables them to secure good jobs or start businesses is a key to achieving this, building on our community wealth-building initiative.  We must also tackle the persistent health inequalities which are a barrier to economic and social mobility, and which limit the life chances of too many people.**


## Our Strengths

The size and diversity of Preston's population is vital asset for our city. Their skills and talent are essential to the future success of our economy, and we must provide the opportunities and support that enables them to realise their potential.

Preston's population of 141,800 is substantially younger than the Lancashire or England average.  Around 67% of the population of the City Investment Plan area is under the age of 44, compared with 54% in Lancashire and 56% in England. With the UK's ageing population an important economic challenge, this is a source of future strength for our city and we must ensure we retain our young people.

In addition to the young age profile of our population, the key strengths of our people and communities are:

- Our resident workforce and skills base, with 73,000 working residents of Preston in 2019, 46,000 of which lived in the City Investment Plan area. Preston's employment rate of 78% compared with 75% in Lancashire and 76% in England.
- The contribution that our population makes to supporting the city's visitor economy, with Preston's residents' part of a wider retail and leisure catchment area of 500,000 people.
- The city's large student population, with 23,000 students studying full and part-time at UCLan.  This is a substantial pool of talent for employers in the city, a driver of ideas and innovation for the city, and a source of new businesses.
- The diversity of Preston's population (ethnicity, faith, culture, sexuality and gender) is also a source of strength.  Around 34,000 (24%) of the city's residents were estimated to define themselves as non-White British in 2016, with Asian and Asian British residents the largest cohort at 15% of the city's population. This has given Preston an increasingly cosmopolitan quality.

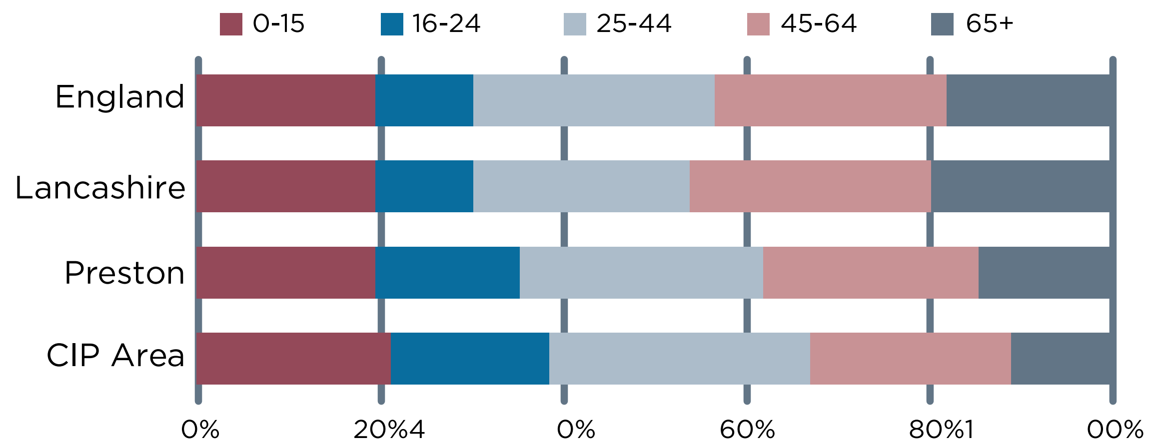


Figure 2.4 Population Profile 2018

Source: ONS Mid-Year Population Estimates

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- Wellbeing data which suggests that there have been consistent improvements in the number of Preston's residents reporting that they are happy and satisfied with their lives, and a fall in the number reporting feelings of anxiety. In 2018-19, Preston scored better than the England average on all the key sentiments of wellbeing. This is consistent with our #WhatsYourPreston survey which pointed to positivity about the city.
- Young people who get a good start in our schools, with our primary and secondary school attainment levels comparing favourably with those of Lancashire and England. Our schools and further education colleges are key to ensuring that just under 90% of young people stay in education after age 16, 7% take up apprenticeships and 4% secure work.
- A well-established and committed network of amateur and community-led organisations engaged in arts and cultural activities across the city, with good examples including Preston Arts Association, Preston Caribbean Carnival and the city's community choir amongst many.

## Our Key Challenges

There are pressing challenges for Preston to address if we are to deliver inclusive growth in the city.

- The proportion of residents working in higher paid, higher managerial and professional occupations, and the proportion qualified to degree level or higher, are both lower than the national average. This underlines the need to bring more higher skilled and higher paid job opportunities to the city, and to encourage more of our graduates and higher skilled workforce to choose to live, work and start businesses in Preston.
- Preston lags well behind the Lancashire and England averages in gross weekly wages. The Preston Model has set out to improve the quality of work available to our residents, including initiatives to encourage more of the city employers to pay the national living wage as a minimum.
- Employers surveys show a significant proportion (22%) of Preston's businesses lack the skills they are seeking, and that a higher proportion than the national average have staff lacking full proficiency in the skills that are critical to their business.
- Preston sees a net outflow of people each year, in particular in the 25-34 age group but it is also the case in most age groups. Since 2013, the net outflow has reduced, driven in part by an expanding student population. However, there is a long-established pattern of younger working age people leaving the city to live elsewhere.
- Population projections point to a 30% increase over the next 25 years in the number of people aged over 65 in Preston, and a 50% increase in the over 75s. Preston's resident workforce is ageing, as is that of Lancashire. Attracting and retaining more younger working people is essential to the city's future economic prospects.
- Many of our young people are getting a good start in education and work, but they are also more likely to face the challenge of unemployment, which is very likely to be exacerbated by the effects of the Covid-19 crisis. Across Preston, Chorley and South Ribble, 2018 estimates suggest that 18% of 16-19 year olds were unemployed. Data on the proportion of children in workless households further underlines the issue. At 13%, Preston had a higher proportion of children in workless households than either Lancashire (7.8%) or England (10.5%).

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- In an economic environment in which continual technological development is changing the types of work and occupation that are required, and the skills needed to succeed in them, flexibility and adaptability will be increasingly important qualities for young people. However, data on the proportion of residents who are educated to degree level indicates that Preston has a smaller proportion of residents (35%) qualified to degree level or higher (NVQ4+) than the England average (40%), while 7% of residents have no qualifications.
- Deprivation is a long-standing problem for some communities across Preston. The highest concentrations of deprivation are found around the city centre in Preston and along the corridor to the east of the city centre. These areas contribute to the 16 lower layer super output areas (LSOA) which are in the 10% most deprived nationally, 6 of which are in the most deprived 5% nationally. To the north of the city, Preston has several areas in the least deprived LSOA nationally.

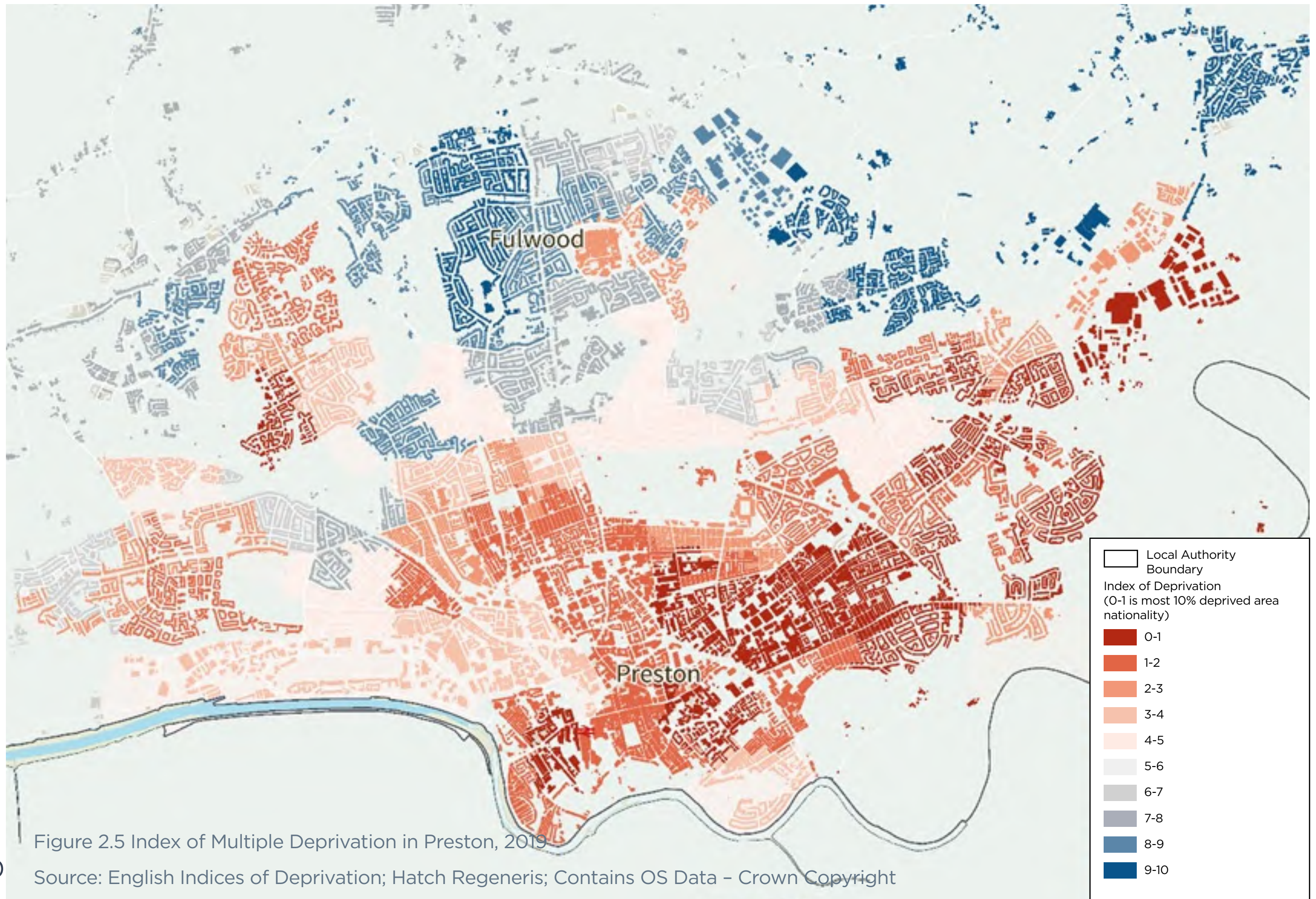


Figure 2.5 Index of Multiple Deprivation in Preston, 2019

Source: English Indices of Deprivation; Hatch Regeneris; Contains OS Data – Crown Copyright



- Preston ranks 31st of 317 local authority areas in England on the health deprivation index. Essentially a measure of the risks of premature death and the impairment of quality of life through poor physical or mental health, this is the domain of the IMD in which Preston's rank is the lowest of all the domains.
- There are substantial numbers of residents of the city who face the combined and linked challenges of low incomes and involuntary exclusion from the labour market. Of those faced with labour market exclusion, 22,600 of Preston's residents fell into this category, with 10,500 income deprived. The effects of this problem are felt by children, with 5,600 children aged 0-15 living in income deprived families, and in older households in which 5,250 of the city's residents are income deprived.
- The effects of deprivation and poor health outcomes for Preston's more deprived communities are likely to be affecting life expectancy trends. Male life expectancy in Preston currently stands at around 78 years, one of the lowest figures in Lancashire, and there are signs that it has plateaued during the last 10 years. Female life expectancy has actually fallen over the last four years.
- Preston lacks a holistic health and wellbeing strategy for the city. This is in part as a result of the complexity of the two-tier local government structure in Lancashire where responsibilities are distributed between district and County and also in part as a result of the different place footprint which the health services operate on. Community health and wellbeing is inextricably bound up with economic wellbeing, and our City Investment Plan recognises the need for action on both fronts.
- A cultural and creative infrastructure which relies heavily on the commitment of communities and individuals to deliver, and whose capacity and resources bring challenges both to the growth of this activity and its sustainability.

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## The impact of Covid-19 on Our City

The Covid-19 crisis has had a substantial and immediate impact on the city's communities and its workforce.

- By the end of May 2020, 15,400 jobs in Preston had been furloughed as part of the UK Government's Coronavirus Job Retention Scheme, and 3,800 self-employed people had taken up the Self-Employed Income Support Scheme, 70% of all the eligible self-employed people in the city.
- Unemployment rose from 3,300 in December (2,900 in the CIP area) to 6,450 and 5,400 respectively by the end of May 2020, increases of 92% and 85%. Whilst furlough and self-employment support has offered protection against redundancies, there is a risk of further significant rises in unemployment as the two schemes taper off.
- Since March 2020, 26% of all deaths in Preston since March have been attributed to Covid-19, the same rate of nationally Covid-19 attribute deaths. Preston's Covid-19 death rate per 100,000 people is significantly higher than that of Lancashire and England. This is despite the city having a lower proportion in the most "at risk" population (those aged 70+). The problem of deprivation faced by some of Preston's communities is likely to have been an important contributory factor to these figures for the city.

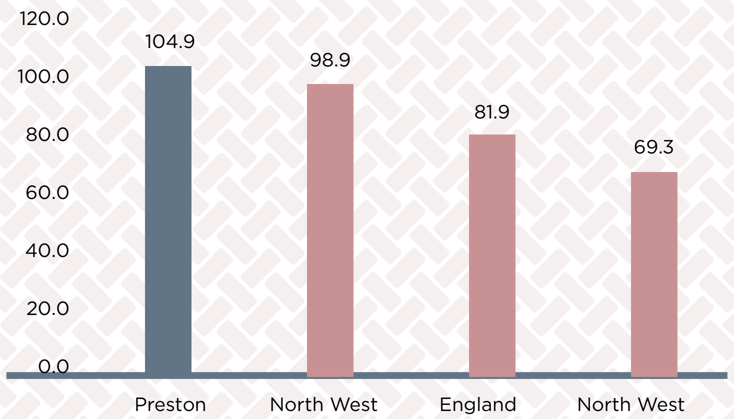


Figure 2.6 Covid-19 Death Rate per 100,000 (Age Standardised Population)

Source: Number of deaths and age-standardised rates, by sex, England and Wales, England, Wales and regions of England, deaths occurring between March and May 2020, ONS, 2020



## Key Opportunities and Needs

- Retaining more of Preston's graduates and young people is already an established priority for the city. The outflow of working people and families in the 25-34 year old age group, many to the surrounding area, is also a long-standing feature of migration from Preston. They are a vital part of Preston's future workforce and business creators, and we have more to do to provide the range of employment opportunities, the right housing and a cultural and leisure offer that will persuade more of them to put down roots and build careers in the city.
- Our young people are well-served through our Preston's and Cardinal Newman Colleges and UCLan, and through employer-led training and skills development in the city. We need to sustain and increase investment in the facilities and services that help raise attainment levels, equip young people with core employability skills, the skills required by the city's key sectors and those needed for a future economy driven by technological rapidly developing digital economy.
- We need to make much more of our arts, cultural and leisure sector to increase the engagement and participation of our communities across the city. This will support the economic resilience of a vital sector for Preston, and contribute to our efforts to improve the health and wellbeing of our residents.
- We need to deliver a bold, integrated community health and wellbeing strategy for the city, establishing it as a strategic priority on par with inclusive growth and community wealth building, and reflecting the importance of good health outcomes in the city's economic development and regeneration. Ensuring our communities directly benefit from increased wealth generated in the city is a core objective of the Preston Model, and a key determinant of better health and wellbeing.
- This means building on our strong health and social care sector and UCLan's proposals to increase learner capacity in health and care professions, extending preventative community health initiatives and capitalising on our land assets to deliver an innovative, integrated community health and wellbeing facility which incorporates users, innovators and providers.
- Supporting and developing opportunities for our communities to lead and participate in arts and cultural activity across the city by providing enabling resources and facilities. This is about both the recovery of Preston city centre from the dramatic fall in footfall that has resulted from the Covid-19 crisis and, in the longer-term, to diversify and expand the range of facilities and activities that will encourage more residents and visitors to spend time in the city centre.


# Place 3

**Our residents have highlighted through our #WhatsYourPreston survey what they value about the city as a place to live, work and spend leisure time in. Pride in its history and heritage infrastructure, the city's compact size and its leisure facilities, its green infrastructure and its setting and location are qualities recognised by our communities. They have also told us that improving what is distinctive and valued about Preston is important to them, and our plan strongly reflects this.**

## Our Strengths

Our place strengths combine our city's historical buildings, our cultural and leisure assets, our green infrastructure and our location:

- The city has strong representation of national retailers, with 146 different national brands, many located within two shopping centres - Fishergate and St. George's - or along Fishergate which connects them. They are complemented by a mix of independent retailers, food and drink providers, a feature valued by the city's residents. The re-modelled Preston Markets, which opened in 2018, have already established a reputation as a shopping and leisure hub, with the Grade 2 listed 'European style' market delivering an attractive food offer. Preston city centre is also the only place in Lancashire to be awarded Purple Flag status – recognising the progress Preston has made in delivering a safe and vibrant night-time economy.
- The Preston, South Ribble and Lancashire City Deal has supported a step change in the quantity and range of Preston's housing offer, particularly in north west Preston. It is delivering a major package of transport and infrastructure works totalling over £430m of public investment, levering a further £2.3bn of private commercial investment into new housing and employment developments. From a position in 2013 when Preston was delivering no new housing, over 5,000 new homes have been completed since the start of the City Deal. with consent for 9,000 more which will significantly expand the city centre's catchment. An average of 737 new homes per annum have been delivered over the past 3 years, with 3.4% average house price growth in the past 12 months compared to a national average of 1.2%. Rental growth is also strong – growing 7% year on year.
- There is renewed local, regional and national developer interest in both Preston's suburbs and centre. The City Council has developed a strategy to support the delivery of new homes in the city centre, with a vision to create a series of vibrant and popular neighbourhoods. Transformation is already starting to happen. The number of vacant commercial buildings being converted to apartments is steadily increasing, with the delivery of 140 apartments in Red Rose House and Elizabeth House. The former Grade 2 listed Sorting Office in Preston has been converted into 31 one, two and three bedroom luxury apartments completed with communal rooftop gardens and Mulberry Homes in partnership with Adactus are delivering 189 new homes including new affordable houses and an extra care facility. The latest City Living Strategy identifies 25 sites available for residential development within the city centre and the surrounding inner core neighbourhoods.The City

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Council has a 'retain first' objective with regard to the development of its own assets, building on the Preston Model, and recognising that intervention by the public sector in addition to private investment is often essential to unlock viability challenges.

- The Grade 1 listed Harris Museum, Art Gallery and Library attracts 350,000 visitors annually to the neo-classical style 19th century building in the centre of the Harris Quarter. Alongside the Harris, there are several Grade II Listed buildings in the city centre including our Town Hall, Magistrates Court, Sessions House and the Former Post Office and Preston Station.
- Fishergate, Church Street and Friargate are the city's core historic streets. Preston has recognised the value of conserving and making best use of these assets. The recent investment in Fishergate has transformed the experience of walking from the station to the heart of the City and stimulated new investment along the high street including the opening a national brand restaurant in a former and long term derelict church.
- Off Fishergate, Winckley Square and its Georgian buildings provide a green haven at the heart of the city centre. Following an innovative transfer of the square from the Council to a business led Community Interest Company (CIC) the square has recently benefited from a £1.2 million refurbishment investment and secured Green Flag status stimulating private sector investment in a number of surrounding buildings. The Square has become the focus of city centre living in Preston with over 200 apartments currently being delivered in the Square and adjacent streets. Winckley Square is returning to its position as one of the most desirable addresses in the city for living, working and eating.
- Close to the city centre, the Grade II listed and award winning Avenham and Miller Parks are identified amongst residents' favourite places in the Preston, providing substantial green space and access to the River Ribble. To the north of the city centre, Grade II listed Moor Park provides an expansive green area for the city with a substantial number of sports and leisure facilities. To the west, Ashton Park provides another green lung for the city.

- The city's historic docks brought shipping to the centre of industrial Preston and were the largest inland dock in the UK at one time. Since their closure the area has seen substantial waterside residential development, new retail and leisure development and the marina is now a focal point for yachting and boating.
- Green space within the city is identified as a strength by residents. In addition, Preston's strategic and accessible location by road and rail provides excellent access for residents and visitors to the Blackpool and Fylde Coast, East Lancashire and its access to the Pennines, and the Forest of Bowland AONB, Lancaster and Cumbria, and to the south the Greater Manchester and Merseyside metropolitan area.
- A range of cultural events, activities and facilities recognised by residents for their independent spirit and celebration of diversity. This includes creative workspaces such as Society 1 and Make North, the annual arts, performance and music festival Lancashire Encounter and festivals such as the Caribbean Carnival, the biggest such festival outside the Preston Guild, and the annual Preston Mela, UCLan's Jazz and Science festivals, Rockpreset, Prestfest, Harris Open, Summer Saturdays, many other community led events. In 2019-20 over 100 events were held in Preston's public spaces and in its parks. The 20 yearly Preston Guild is the city's highest profile event, an internationally significant festival next scheduled for 2032.
- A range of small and medium size professional organisations delivering interesting and innovative arts and cultural activities and facilities in the city, including: In Certain Places, Derelict, Blaze, Make North, Birley Studio, Tin Can People, Salsa Northwest, They Eat Culture, Blue Moose, Northern Heart Films and Our Allison.

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## Our Challenges

Improving Preston's quality as a place is a priority for the City Investment Plan and we understand the challenges:

- Preston has no supply of Grade A office space in the centre and has seen no new office development in the city centre in over 20 years. The existing supply of offices in Preston city centre is made up of a combination of largely un-refurbished 1960/70s blocks or converted Georgian buildings which have their challenges in terms of layout and infrastructure which limits occupier demand. Average overall office rents in Preston are £9.87 psf, compared to £10.48 psf for the wider Lancashire region. This represents a negative rental growth of -2.9% over 12 months. Rents in Preston are on average 40% lower than Manchester, only 30 minutes away by train, for example. Office space in Preston currently spends on average 14.9 months on the market and there is a vacancy rate of 5.3% compared to 4.9% in Lancashire overall. The net absorption of office space in Preston over the past 12 months is 57,000 sq ft and this figure is skewed as it includes the HMRC lease renewals which would actually produce a negative figure. Given these values, speculative development of Grade A office space in unviable – generally rents need to be in the mid £20s psf.
- As a result, Preston is in the difficult position of not having the type of space that will attract occupiers who will pay higher values and without higher values being achievable the private sector will not be able to finance speculative development. However, a 2020 study by Knight Frank and Robert Pinkus reported demand for high quality office space in Preston City Centre existing from a range of sectors and occupiers, creating an opportunity to improve the quality of office stock, attract new businesses to Preston and contribute to economic growth in the city and wider county.
- Although a strategy is in place to deliver new homes in the city centre, its existing stock reflects its historic industrial heritage. Over 80% of the city centre stock is terraced or flats/ maisonettes and around a third is social rented. Around 50% of housing in Preston is in Council Tax Band A. In order to be able to attract a wider range of residents, particularly economically active, the city must offer a much better choice of homes.
- Historically Preston's offer was focused on retail. While relatively resilient pre-Covid-19, structural change in this sector means we need to diversify and improve the quality of the city's wider offer, particularly cultural and leisure facilities in the city centre, the independent offer and the evening economy to draw in a wider demographic and new visitors. Our evening economy remains dominated by 'wet-led' establishments and the city centre lacks a cinema and a range of family-oriented restaurant brands. These are issues raised by residents in our #WhatsYour Preston survey. For comparison goods the city centre is below average for the number of units (28.4% compared to the UK average of 30.6%) but more substantially above average for the proportion of floorspace (40.1% compared to the UK average of 34.6%). The proportion of units occupied by leisure operators falls marginally above the UK average (26.4% compared to the average of 24.1%) but the proportion of floorspace falls below the UK average (22.0% compared the UK average of 25.1%).
- The existing retail and leisure stock is generally quite dated and has lacked investment in recent years. Low rental levels of £26.85 psf in Preston do not incentivise the private sector to invest in existing stock or support new development to stack up. For context retail rental levels average £31.60 in Lancaster and £53.40 psf in Manchester city centre which is 50.3% higher than current average rental levels in Preston.
- A deficit of accessible and affordable spaces for arts and cultural activities in the city, particularly for short term 'pop-up' type exhibitions, studio spaces and arts hubs. Such spaces tend to be available on short leases and the long-term sustainability of such activity is difficult to secure.
- Reliance on short terms grants for arts and culture which offers little guarantee of repeat funding and hampers the growth and development of organisations and individuals. Arts Council England currently invest £7 per head annually across Lancashire's 1.5 million residents, compared to £35 per head in Liverpool and £38 per head in Manchester.

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- Preston Guild Hall was a major regional and national attraction – hosting the UK Snooker Championships for 20 years. However, this substantial venue has not been able to the respond to the changing leisure market and has to be taken back into the ownership of the public sector.
- As with the office market, low rental levels do not incentivise the private sector to invest in existing stock or support new development to stack up. This is particularly an issue with a number of attractive heritage buildings which could create amazing spaces but require additional investment to bring them back into productive use or to attract quality occupier which will not currently be supported by enhanced rental values.
- Investment in Fishergate and Winkley Square has demonstrated the impact that investment in the public realm can have on surrounding vacant and underused buildings. This positive impact has shone a light on the quality of public realm/streets scape in other parts of the city such as Friargate. Further investment is required in public realm to enhance experiences and encourage visitors to explore the city.
- Preston city centre has a relatively large number of buildings and land which have not come forward for development for many years, in part as a result of viability challenges, but also because assets are held either by 'distant' landlords and/or investors who are not engaged in or with the City, or conversely held by national businesses with a historical connection with the City who are not incentivised to bring forward development. The City and County Council responded to MHCLG's January 2020 consultation for evidence in this regard.

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## The impact of Covid-19 on Our City

The Covid-19 crisis has seen a dramatic fall in footfall in Preston city centre and across the city. Many businesses in the retail and leisure sector, together with arts and cultural organisations, have had to temporarily close in response to lockdown measures. How many will close permanently is yet to become clear, but it is likely that the impact of the recession triggered by Covid-19 will significantly affect consumer spending and the prospects for quick recovery of city centre trade. The immediate issue is to reopen the city centre in ways which give residents, students, workers and visitors the confidence to spend time there, and to do so safely in light of continuing social distancing measures.

Covid-19 has also had immediate impacts on the residential and commercial property markets in Preston, although the magnitude of these impacts is not yet clear. House purchase transactions have fallen substantially. There were only 75 sales recorded in Preston in March 2020 compared with 389 in March 2019, and very little activity has occurred since March. A short-term rise in commercial property vacancy is likely as a result of business failures, and changes in working pattern, particularly home-working, associated with Covid-19 may lead to changing requirements for office and other commercial floorspace by businesses. However, it is considered that given the scale of Preston it could benefit from businesses wanting smaller and more accessible locations.



## Key Opportunities and Needs

- A significant opportunity for Preston to respond to pent-up demand from occupiers who have not had the option of any Grade A space. Values will not attract the private sector to drive this and public sector intervention is needed to deliver a new commercial district in the Preston Station Quarter to stimulate new commercial activity in its own right and deliver the essential Grade A office space to support significant research, innovation, and knowledge-based sectors, and complement our existing manufacturing and knowledge assets in our universities, Enterprise Zones and major employers.
- Developer interest in city housing needs to be harnessed through public sector support to ensure abnormal costs around demolition, ground conditions and access can be overcome to deliver new homes. This will diversify the supply and contribute to attracting and retaining more young people and families and their subsequent spending power in the city. A bigger and more diverse residential catchment will also support the city to strengthen and diversify its cultural and leisure offer, including its evening economy.
- We have a wealth of attractive historic assets that can be utilised to enhance and diversify our offer supporting more leisure (including food and drink) and creative industries (linked to its creative history and existing cluster of businesses). Investment in the Harris Museum will be central to this but this must be supported by a critical mass of other attractions and associated uses well connected through quality streetscapes. This includes building further on our successful market and public realm investments, creating new and enhanced destinations supporting the wider Harris Quarter offer.
- The city centre needs further investment that improves public spaces and street scene to support the regeneration of key historic streets and strengthen development values in the retail and leisure sector. There are opportunities to make better use of other key heritage assets in the city centre including buildings, market spaces, public spaces and streets, including the renovation and repurposing of under-used and disused buildings.
- The immediate need to drive footfall back into the city centre to aid the recovery of our businesses and communities from the Covid-19 crisis, and to generate sustained increases in the number of residents and visitors spending time in the city centre. This means investing in the buildings, facilities and spaces that will attract people to the city centre, and to the development of events and new opportunities for participation.
- The opportunity to further improve Preston's market offer, building on the successful investments we have already made. Thriving markets continually adapt to new trends and tastes, and there is potential for us to make much more of our street food offer and to broaden their appeal to a wider demographic, including young people.
- UCLan is a major asset for the city which needs to be harnessed not only in terms of the physical change that the delivery of its masterplan will support in unlocking and enhancing new investment in the city but also in terms of the value that a strong university has to support the reputation and spending power of its employees and students studying and living in the city.
- Our historic parks are a vital asset to the city and there is an opportunity to enhance the contribution this green infrastructure makes to active living for our residents and our priorities to improve the health and wellbeing of our communities. They are also part of the broader offer that makes the city attractive to new residents, businesses and visitors, and we must ensure that we safeguard and improve them.

# Infrastructure and Connectivity

**Preston's locational advantage and good connectivity are recognised as real strengths of the city.  Strong transport infrastructure and facilities provide good access into and out of the city, and major new investments through £430 million via Preston's City Deal and more recently the Transforming Cities Fund are further enhancing our connectivity and accessibility.  This infrastructure is crucial both to achieving our growth objectives for Preston and to our commitments to tackling climate change.**

## Our Strengths

- Preston Railway Station is the busiest in the North West outside of Manchester and Liverpool, with 4.5 million annual passenger trips and over 1.25 million annual interchanges. Located in the city centre, it is a strategic public transport infrastructure hub where four railway lines converge and frequent direct trains are available to destinations across the country. There are direct services to Blackpool North (4 trains per hour), Edinburgh and Leeds (all 1 train per hour). The opening of Phase 1 of HS2 linking London with Birmingham by 2031 will reduce the travel time between Preston and London by over 25 minutes. Completion of Phase 2, broadly aligned with the end of our 15 year plan, will reduce the travel time between the two cities down to 78 minutes
- The regeneration of the iconic Preston Bus Station in 2016-2018 provides appealing and modern infrastructure for the city. A network of local and regional bus services, and national coach services, operate from the station, serving over 150 primary communities and destinations across 39 stands.  The refurbishment of the station provides an opportunity for both active and sustainable travel through the promotion of multi-modal journeys.  The opportunity to transform bus corridors across the city would further reinforce this investment.
- Preston's economy and communities benefit from easy access to motorways including the M6, M61, M55 and M65. Lancaster, Liverpool, Manchester and Salford are within a one hour drive of Preston, and provide excellent access to the Blackpool and Fylde coastline, Pennine Lancashire and the Lake District.  The recently completed Penwortham Bypass and the Western Distributor are further enhancing connectivity to the strategic road network.

# 2

- There are several city centre sites which are significant development opportunities for Preston. This includes the Preston Station Quarter which has the potential to deliver a major office, knowledge and leisure development; the 25 hectare Stoneygate Masterplan area, a significant opportunity to deliver around 1,600 new homes in the centre of the city; the £200 million UCLan campus masterplan which would transform the area around the university and links into the city centre.
- Preston has exemplar public realm schemes in the city centre, with the Fishergate scheme as the centrepiece. This scheme demonstrates the distinctive approach to placemaking that is evident in Preston and provides a foundation for future public realm improvements, creating streets that promote walking and cycling, balancing the needs of all road users. The initiative has helped to reduce vacancy rates at a challenging time for high street retail, and enhance the quality of a key city centre corridor.
- Central Preston's digital connectivity is strong. 98.6% of residential and business premises have access to superfast broadband at speeds of 30 Mbps or better, and 77% of premises access to ultra-fast broadband capable of 100 Mbps or better. This is a crucial asset at a time when the digital economy is growing rapidly and when home, mobile and commercial activity demands higher speeds and capacity.




## Our Challenges

Whilst Preston is well-served by its enabling strategic infrastructure, there are issues to address if it is to contribute to achieving the city's economic potential, improve movement and accessibility and deliver clean growth.

- Whilst $CO_2$ emissions per capita in Preston have fallen, the drop has not been as fast as that of Lancashire or England over the last 15 years. Preston ranks amongst the 10 English cities with the highest per capita emissions in the UK. In addition, the city is also in the top 20% of UK cities by levels of transport related pollutants including Nitrogen Dioxide.
- Car use continues to be the dominant mode of travel into and out of the city. There is currently a lack of incentive for residents and visitors to switch to alternative modes of transport. Improvements to public transport, both rail and bus, together with investment in walking and cycling networks, will be needed to provide viable alternatives to the car and encourage sustainable travel.
- The rationalisation of city centre car parking would influence the choice of travel mode that residents and visitors take. The timing of investment in highway infrastructure, such as the Western Ribble Crossing, that would provide new route options away from the city centre, also has a role to play in shifting towards low and zero carbon modes in the city centre, particularly walking and cycling, as traffic levels and severance reduce.
- The 10-year strategy for walking and cycling across Lancashire includes targets to double the number of people cycling, increase the number of people walking by 10%, and bring levels of physical inactivity in every district below the national average, all by 2028. Investment in physical infrastructure, and behavioural measures and initiatives, will be required to achieve these aims and enable clean growth across the city.
- With the continued acceleration of developments in mobile technology and advances in computing technology including artificial intelligence, Preston must keep ahead in the roll out of 4G/5G infrastructure, and continue to secure investment to expand its ultra-fast broadband provision.
- There are still areas of residential and business premises in the city centre which do not yet have access to ultra-fast broadband infrastructure, and some of our communities and businesses lack the resources needed to connect to this infrastructure. There is a related challenge of ensuring that our communities and workforce have the skills to make the most of changing digital technologies.

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## Key Opportunities and Needs

- Our successful City Deal and Transforming Cities Fund investment provides a strong platform for further investment in the city's transport infrastructure and particularly for improvements to movement and accessibility across the city centre. This includes the need for a step change in the provision of walking and cycling infrastructure, combined with behavioural measures and initiatives, to make walking and cycling part of everyday life.
- HS2 and the delivery of the Preston Station Quarter opportunity has the potential to create a new central business district in Preston, as well as a site capable of also being a potential location for a new community health and wellbeing facility for the city.
- The need to invest in strengthening digital skills in Preston, focusing particularly on younger people but recognising also the general need to equip our residents, businesses and workforce with the capability to respond to a rapidly changing sector.
- Supporting the delivery of the UCLan campus masterplan, including opportunities to invest in connectivity and public realm improvements between the campus and the Harris Quarter, and the potential for further developments of innovation facilities in the city centre.