

REPORT FROM: HOUSING, HEALTH AND ECONOMIC DEVELOPMENT SERVICES MANAGER

TO: EXECUTIVE

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LOMESHAYE INDUSTRIAL ESTATE EXTENSION

PURPOSE OF REPORT

To note the funding which has been secured, or is being sought, towards land acquisition, infrastructure and environmental enhancements to facilitate the extension to Lomeshaye Industrial Estate. To agree capital match funding towards the scheme and refer this to Council for approval.

RECOMMENDATIONS

The Executive is asked to:

1. Note the allocation of £1.5m from Lancashire County Council, £4m from Lancashire's Local Growth Fund and the bid for £570k ESIF funding to support the extension of Lomeshaye Industrial Estate.
2. Agree capital funding of £1.9m as part of the 2017/18 Capital Programme to provide match funding to the above.
3. Subject to (2) above, support the granting of a supplementary capital estimate of £1.9m to be funded from capital receipts and recommend this to Council for approval.
4. Note the intention to submit a planning application for the Phase 1 area.
5. Agree that the necessary land to deliver Phase 1 is acquired at an independently assessed value, to be agreed under delegated powers to the Strategic Director.
6. Agree that Pendle Council manage the contracts to provide infrastructure and environmental enhancements.
7. Agree that a further report is brought to a future meeting setting out progress and a disposal and development strategy.

REASON FOR RECOMMENDATIONS

To bring forward the Strategic Employment Site identified in Pendle's Local Plan.

ISSUE

Background

1. Pendle's Local Plan Part 1 - Core Strategy, adopted by the Council in 2015, identifies an extension to Lomeshaye Industrial Site as the Council's Strategic Employment Site, with 16ha of net developable area.
2. Improvements have been carried out at Junction 12 of the M65, funded through the LEP using Lancashire's Local Growth Fund, to facilitate the opening up of employment sites, including Lomeshaye. However, further public funding is required to enable the site to be brought forward for development. The Site is currently in a number of different private ownerships and will need to be assembled and brought into one ownership to enable its development. Significant infrastructure works are also required including new estate roads, utilities and flood alleviation works. It is estimated that there is a funding gap of around £3m to deliver Phase 1 of the scheme i.e. the southern part of the site.
3. Development of the whole site has the potential to create around 1500 jobs and 49,000sqm of industrial floorspace. This will bring in additional business rates to support Council services in the future.

Funding

4. Funding of £1.5m has been agreed, in principle, from Lancashire County Council to help to bring forward the first phase of development. This is subject to the funding being matched by Pendle Council. In addition £4m has been secured from the Local Growth Fund Round 3, subject to 10% match funding from Pendle Council, to deliver Phase 2 of the scheme. Detailed business plans will need to be produced before the funding from LCC or Local Growth Fund can be drawn down.
5. More recently, following a call for bids under the European ESIF Programme Priority 6, we submitted an Expression of Interest. We were successful at Expression of Interest stage and are now developing a full bid for submission by 27th June. This Priority relates to preserving and protecting the environment and promoting resource efficiency. The funding would enhance delivery of the scheme both economically and environmentally by ensuring that the first phase of the of the industrial estate's extension is well planned, visually attractive, sympathetic to its surroundings and sustainable in terms of its environmental impact. The bid is for £570k ESIF to be matched with £380k public sector funding to cover the following:

- river bank reinstatement/stabilisation and land remediation to enable the creation of new habitats within the Phase 1 Extension;
- creation of sustainable drainage measures, including holding ponds which will create new wetland habitats,
- creation of a mosaic of wildlife habitats, such as wetlands and grasslands to improve the bio-diversity of the site; linking them to habitats on the existing Estate, including the Lomeshaye Marsh Nature Reserve where further improvements will be made;
- the creation of green cycling and walking routes through the Estate and linking to adjoining areas (Victoria Park, Northlight and key routes to Nelson and Brierfield) and connecting with existing cycle routes.

6. The overall public funding to acquire the land and provide the necessary infrastructure for the 2 Phases, including environmental/biodiversity enhancement, is set out below along with an approximate timescale for the Phases. The timescale is driven by the need to draw down the Local Growth Fund by March 2021.

	Phase 1 (2017-19)	Phase 2 (2019-21)	Total
LCC (secured)	£1,500,000		£1,500,000
Local Growth Fund (secured)		£4,000,000	£4,000,000
ESIF (bid to be submitted)	£570,000		£570,000
Pendle Council	£1,500,000	£400,000	£1,900,000
	£3,570,000	£4,400,000	£7,970,000

7. The exact extent of the Phase 1 area is currently being defined based upon the results of site investigations and the design of the road infrastructure that is needed to open up the site. An indicative boundary is shown in Appendix 1 but it should be noted that due to topography and flood risk not all of this area will be developed. It is estimated at this stage that development of the Phase 1 area could accommodate around 14,000 sqm of new floorspace and create/safeguard over 400 jobs.
8. The Executive are asked to agree a revision to the 2017/18 Capital Programme to provide match funding of £1.9m to support the Lomeshaye Extension. This would be funded through capital receipts, as reported elsewhere on the agenda for this meeting. If this is agreed, the Executive is requested to recommend to Council that it approves a supplementary capital estimate for £1.9m funded from capital receipts.

Delivery of the scheme

9. In order to bring forward the Site the land will need to be brought into the ownership of Pendle Council to carry out the necessary infrastructure works. This is because it is currently in a number of different ownerships so would make implementation very difficult. In addition, the public funding could not be provided directly to private sector owners as it would breach State Aid regulations. It is a requirement of the other funding sources that independent State Aid advice is sought so this advice will ensure that the delivery of the scheme takes place within the regulations.
10. Negotiations are currently underway with the respective landowners with a view to acquiring the Phase 1 land by agreement, at market value. If agreement cannot be reached there would be a need to progress with Compulsory Purchase action and a further report would be brought to Executive, if necessary, seeking approval to progress with this.
11. It is intended that the initial infrastructure and utilities work will be carried out by Pendle Council to provide serviced land for development. Further consideration needs to be given to the disposal and development strategy. For instance, Pendle Council could decide to develop

some units themselves and lease them out to provide an ongoing revenue stream. Alternatively the whole site could be disposed of for development, either as a whole or on a site by site basis. A report will be brought to a future meeting of the Executive setting out a proposed disposal/development strategy.

IMPLICATIONS

Policy: The extension to Lomeshaye is designated as a Strategic Employment site in Pendle's approved Local Plan Part 1 – Core Strategy

Financial: £1.9m of capital funding is required from the Council, to be funded from capital receipts (details of which are reported elsewhere on the agenda for this meeting).

Legal: None directly arising from this report

Risk Management: If land cannot be secured by agreement then Compulsory Purchase action may be required so as not to lose the funding from LCC, Local Growth Fund and the ESIF (if secured). It will be necessary to ensure that the actual expenditure profile for the project aligns with the actual availability of capital receipts.

Health and Safety: None directly arising from this report

Sustainability: The ESIF funding would enhance the sustainability of the scheme by improving biodiversity and encouraging walking and cycling

Community Safety: None directly arising from this report

Equality and Diversity: None directly arising from this report

APPENDICES

Plan showing the 2 Phases

LIST OF BACKGROUND PAPERS

None

PLAN OF THE TWO PHASES

