

REPORT FROM: HOUSING, HEALTH AND ECONOMIC DEVELOPMENT
SERVICES MANAGER

TO: EXECUTIVE

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LOMESHAYE INDUSTRIAL ESTATE EXTENSION PHASE 1

PURPOSE OF REPORT

To set out progress on the scheme and to agree that PEARL2 are the delivery partner for the Lomeshaye Industrial Estate Extension Phase .

RECOMMENDATIONS

The Executive is asked to:

- (1) Note progress with delivery of the scheme.
- (2) Agree that subject to the Lomeshaye Industrial Estate Extension Phase 1 land being acquired by Pendle Council, either through negotiation or Compulsory Purchase, that it is transferred to PEARL2 on a long leasehold at market value following completion of the infrastructure works.
- (3) Agree the transfer at a value to be agreed under delegated powers to the Corporate Director taking into account an independent valuation report by Liberata and the financial appraisal of the scheme.

REASONS FOR RECOMMENDATIONS

- (1) To keep Executive informed of progress.
- (2) To ensure early development of the site.

ISSUE

Background

1. Executive agreed on 22nd June 2017 to acquire land which will form Lomeshaye Industrial Estate Extension Phase 1 and to submit a planning application. It was also agreed to allocate funding of £1.5m in the Capital Programme towards the acquisition of the Phase 1 land and provision of infrastructure. This is being matched by £1.5m from Lancashire

County Council (LCC). A bid has also been submitted for £570k of European ESIF funding to create and enhance wildlife habitats and provide sustainable walking and cycling routes.

2. Executive subsequently agreed on 24th August 2017 that payments for the voluntary acquisition of interests in the site should be made on the same basis as if a confirmed Compulsory Purchase Order (CPO) was in place. On 14th December 2017 it was further agreed that a CPO should be made to acquire land that could not be acquired through negotiations (Appendix 1 shows the CPO boundary).

Current Position

3. On 5th December 2017 a planning application was submitted for 'Extension to industrial land to accommodate up to ten industrial units with open space, access roads, landscaping, infrastructure with means of access off Churchill Way, Nelson' (Ref: 17/0672/FUL). A decision on the application is expected at the Barrowford and Western Parishes meeting on 8th March.
4. Pendle Council made the CPO on 12th January 2018 and there then followed a 21 day period for objections. Five objections were received and the Council were informed on 8th February that the Secretary of State for Housing, Communities and Local Government had decided to hold a public inquiry into the CPO. We are awaiting a date for the inquiry.
5. In the meantime we are continuing to negotiate with the objectors to try and get the objections removed. The Council also need to produce a detailed Statement of Case and send it to the Secretary of State and each remaining objector within 6 weeks of the 'relevant date' i.e. 8th February.

Future Development of the Site

6. In the report of 22nd June 2017 it was set out that, subject to acquiring the site, the initial infrastructure and utilities work will be carried out by Pendle Council to provide serviced land for development. It was set out in that report that further consideration needed to be given to the future disposal and development strategy for the land. It is now an appropriate time for Executive to agree that development strategy as this will support the CPO process.
7. There are a number of options for developing out the site, once the infrastructure is in place, including:
 - Pendle Council carry out a speculative development of units for sale
 - Pendle Council retain some of the land to develop units for lease to provide an ongoing revenue stream
 - Pendle Council market and sell plots individually as occupiers come forward
 - The land is transferred to PEARL2 and PEARL2 carry out the development of sites for sale or lease
8. A major consideration in the choice of delivery option is State Aid Regulations. Even when the UK formally exit the European Union the Regulations will continue to apply, at least for the foreseeable future.
9. State funding (which in this case would include the funding from Pendle Council, LCC and ESIF if successful) can be used for site preparation for development without it being classed as State Aid, but it does not allow for onward construction. Site preparation includes provision of streets, street lighting, landscaping and utility costs so all the works Pendle Council are planning to do will be classed as site preparation. If Pendle Council wished to

carry out any development of industrial units (whether speculatively, for a known end user, or to be retained) then it would mean ring-fencing the part of the Council that will do the development and treating it as a separate entity that acted as a 'market investor'.

10. Pendle could sell the plots on individually at market value but there is then the possibility of the scheme being developed in a piecemeal way which doesn't make the most of the potential of our Strategic Employment Site.
11. As we already have a private company established through PEARL2 it seems logical that PEARL2 would do the development. To ensure that there were no State Aid implications the land would need to be transferred to PEARL2 at market value, which is what we have done previously with Pendle Council owned sites we have transferred into the Joint Venture. This would allow Pendle to keep an element of control over the development but also share risk and bring in private sector investment.
12. Under the proposal for Pendle to set up a new Joint Venture with Barnfield and Together Housing (a separate report on this agenda) the existing housing schemes in PEARL2 would transfer across to the new company. PEARL2 will remain an active company and can still deliver commercial schemes such as the Lomeshaye Extension.

IMPLICATIONS

Policy: The proposal for PEARL2 to carry out the development is in line with the Council's policy of using the Joint Venture for development.

Financial: None directly arising from this report. Any land sale to PEARL2 would be at market value and an independent valuation report would be produced by Liberata. There may be a clawback provision from the other funders in relation to any land sales.

Legal: On the main Lomeshaye Estate the Council have generally retained the freeholds to ensure an ongoing level of control and it is proposed to do the same with this land.

Risk Management: Transferring the land to PEARL2 for development would reduce the risk to the Council of carrying out a development itself

Health and Safety: None directly arising from this report

Sustainability: None directly arising from this report.

Community Safety: None directly arising from this report

Equality and Diversity: None directly arising from this report

APPENDICES

Appendix 1 – Phase 1 Area

LIST OF BACKGROUND PAPERS

None

[illegible]