

**REPORT FROM:** HOUSING, HEALTH AND ECONOMIC DEVELOPMENT  
SERVICES MANAGER

**TO:** POLICY AND RESOURCES COMMITTEE

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## **LOMESHAYE INDUSTRIAL ESTATE EXTENSION PHASE 1**

### **PURPOSE OF REPORT**

To inform Members of a request by one of the landowners affected by the Compulsory Purchase to act as developer for the scheme.

### **RECOMMENDATIONS**

The Committee is asked to:

1. Note the request by the landowner to act as developer for his land or the whole scheme.
2. Re-affirm the decision made by the Council's Executive on 15<sup>th</sup> March 2018 that subject to the Lomeshaye Industrial Estate Extension Phase 1 land being acquired by the Council, either through negotiation or Compulsory Purchase, that it be transferred to PEARL2 on a long leasehold at market value following completion of the infrastructure works.

### **REASONS FOR RECOMMENDATIONS**

1. To consider a representation made as part of the Compulsory Purchase process.
2. To minimise risk to the Council.

### **ISSUE**

#### **Background**

1. Several reports have previously been submitted to the Council's Executive in relation to its Strategic Employment Site at Lomeshaye Industrial Estate, Nelson. These have set out the way that the Council propose to bring forward the first phase of the development, which will see 2.27 hectares of land developed and 400-500 jobs created/safeguarded.

2. The Council's Executive agreed on 22<sup>nd</sup> June 2017 to acquire land which will form Lomeshaye Industrial Estate Extension Phase 1 and to submit a planning application (see Appendix 1). 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.
3. The Council's Executive subsequently agreed on 24<sup>th</sup> 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 was in place. On 14<sup>th</sup> December 2017 it was further agreed that a Compulsory Purchase Order should be made to acquire land that could not be acquired through negotiations.
4. The Council made The Borough of Pendle (Lomeshaye Industrial Estate Extension, Phase 1) Compulsory Purchase Order 2018 (CPO) on 12<sup>th</sup> January 2018 and there then followed a 21 day period for objections. Five objections were received and the Council was informed on 8<sup>th</sup> February, 2018 that the Secretary of State for Housing, Communities and Local Government had decided to hold a public inquiry into the CPO which is to take place on 26<sup>th</sup>- 28<sup>th</sup> June 2018
5. The Council's Executive further agreed on 15<sup>th</sup> March 2018 that subject to the CPO land being acquired by the Council, either through negotiation or Compulsory Purchase, that it be transferred to PEARL2 ( the Council's joint venture company with Barnfield Investment Properties) on a long leasehold at market value following completion of the infrastructure works. The lease would be 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.
6. The PEARL2 Board agreed on 11<sup>th</sup> April 2018 to take a long lease of the land at Lomeshaye Industrial Estate Extension Phase 1 from the Council at market value, subject to the Council being able to acquire the land and subsequently develop the land. The Board agreed that a further report be received at an appropriate time including a more detailed appraisal of the costs and values of the proposed development before agreeing a land value.
7. The Council has continued to negotiate with the five objectors to try and get the objections withdrawn in advance of the public inquiry. At present time one objection has been withdrawn.

### **Request from Objector**

8. One of the objectors owns agricultural land that will form a significant part of the developable area. In negotiations between the landowner's agent and Liberata Property Services it has been indicated by the landowner that he wished the Council to consider a land swap. This was not set out in his formal objection to the CPO dated 2<sup>nd</sup> February 2018. He was asked to confirm in writing what exactly he was requesting and a letter was received by Property Services dated 28<sup>th</sup> April 2018 stating that he wished to be the developer for his land. A subsequent meeting was held with the landowner and his agent on 2<sup>nd</sup> May 2018 to understand his proposal in more detail.
9. At that meeting it was confirmed that the landowner wished to act as a developer for his own land or the whole site. He has experience of erecting large industrial buildings but he confirmed that he had not acted as a developer previously only a contractor. He

understood that his land needed to be included within the CPO to enable the site to be assembled for development. His land currently has a poor access from Clitheroe Road and could not be developed for industrial use using that access.

10. As part of the CPO process the Council is required to give due consideration to points raised by objectors that relate directly to the CPO. Even though the request was not included within the original letter of objection it should still be considered by the Council.

### **Development of the Land**

11. As set out above, the Council's Executive has previously agreed that PEARL2 should be the developer for the site, subject to all the land being acquired. The Council would put in the infrastructure after acquisition and then the serviced land would be leased to PEARL2 at market value to enable PEARL2 to carry out the development. The reason for this approach was to ensure that the development was progressed in a comprehensive way where the Council maintained an element of control. It is also an approach which will be compliant with State Aid regulations.
12. The three PEARL Joint Venture Companies have completed development schemes totalling over £34m and development is underway on the £32m refurbishment of the Brierfield Mills (Northlight) as well as a further three housing schemes. The Council are therefore confident that PEARL2 can deliver a scheme of the scale proposed i.e. the development of 2.27 hectares of land to create around 14,000 sqm of industrial floorspace.
13. In order to assemble the land and put in the necessary infrastructure to enable the site to be developed £1.5m has been allocated in the Council's Capital Programme and LCC has approved a further £1.5m. The LCC funding was secured on the understanding that PEARL2 would be the developer of the site.
14. LCC has been informed of the request by the landowner to act as developer and has been asked to confirm if this would have any impact on its funding. They have stated that if Pendle proposed to use an alternative developer this would have to be referred back to Cabinet. We are currently finalising the funding agreement with LCC and need to include a timescale for delivery of the development. If the development is not delivered within a timescale that is satisfactory to LCC there is the risk of clawback of their funding.
15. It was reported to the Council's Executive on 22<sup>nd</sup> June 2017 that Lancashire Local Enterprise Partnership (LEP) has approved £4m to bring forward Phase 2 of the Lomeshaye extension, subject to a detailed business case. It has been indicated by LCC that delay with delivery of Phase 1 of the site could impact on the ability of the Council to fully secure this funding.

### **Conclusion**

16. The Council's Executive has previously agreed a development strategy for the land (subject to it being acquired). The chosen developer, PEARL2, is the Council's Joint Venture Partner with a track record of delivering development in the Borough. To bring forward the Phase 1 development £1.5m is required from LCC as well as £1.5m from the Council. If development is delayed there is a risk of clawback of the LCC funding and loss of Growth Deal funding.
17. The landowner who has made the request does not have experience as a developer and there is a risk of clawback of LCC funding and loss of Growth Deal funding if there is a delay in delivering the development. His land is currently in agricultural use and the site cannot be developed for industrial use without the Council assembling land and putting in

the necessary infrastructure. He is not being disadvantaged through the Council's proposals as he will be compensated for his loss of agricultural land.

18. It is therefore recommended that the Council re-affirm their position to use PEARL2 as developer for the whole scheme.

## **IMPLICATIONS**

**Policy:** None directly arising from this report

**Financial:** None directly arising from this report

**Legal:** None directly arising from this report

**Risk Management:** There is a risk of clawback of LCC funding and loss of Growth Deal funding if there is a delay in delivering the development

**Health and Safety:** None directly arising from this report

**Sustainability:** None directly arising from this report.

**Community Safety:** None directly arising from this report

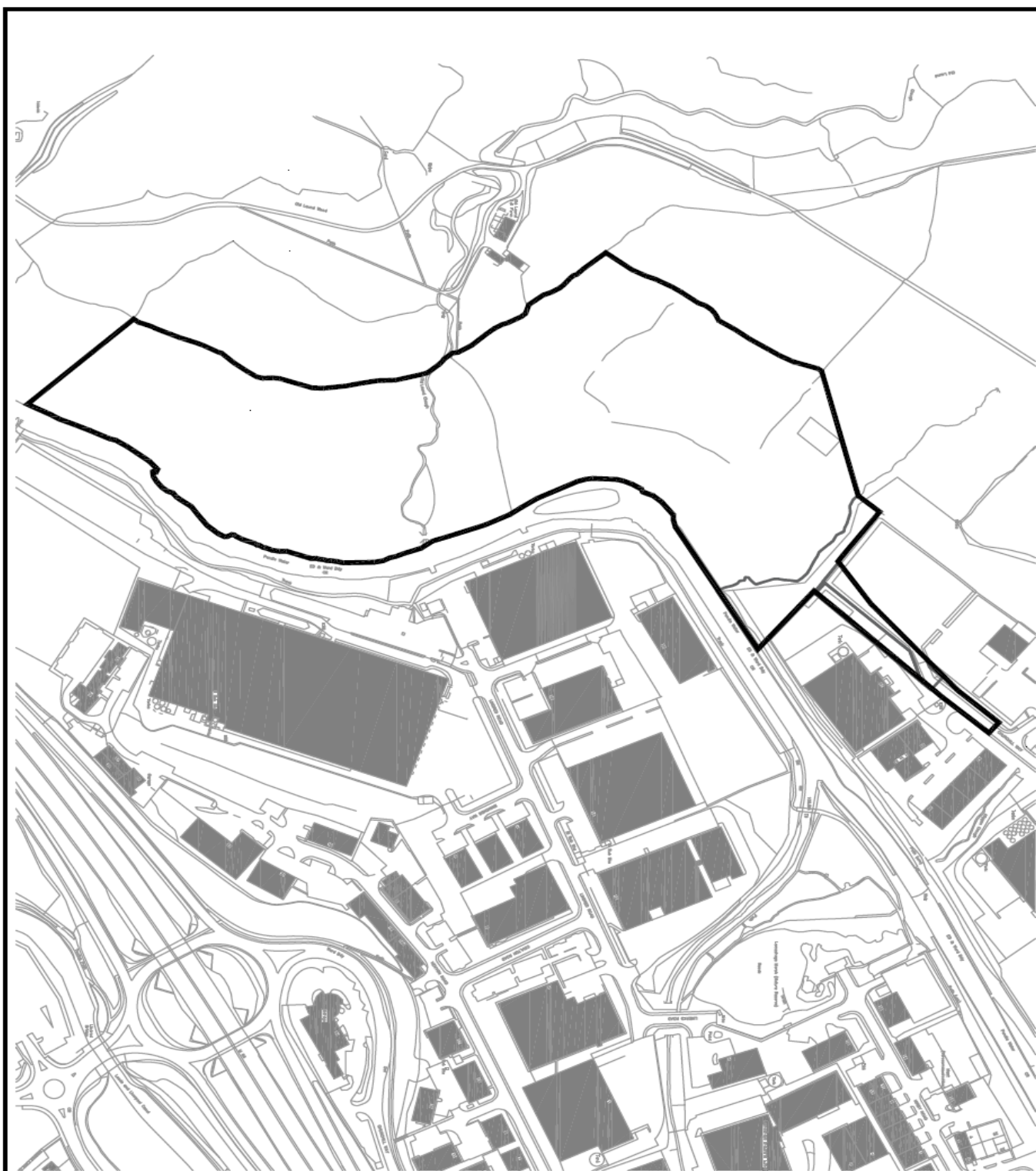
**Equality and Diversity:** None directly arising from this report

## **APPENDICES**

Appendix 1 – Area covered by CPO

## **LIST OF BACKGROUND PAPERS**

None

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