

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

**TO:** POLICY AND RESOURCES COMMITTEE

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**PEARL JOINT VENTURE COMPANIES  
DEVELOPMENT PROGRAMME 2018/19**

**PURPOSE OF REPORT**

To provide an update on development activity carried out by the PEARL companies and to inform members of the programme of activity for 2018/19

**RECOMMENDATION**

To note progress during 2017/18 and the 2018/19 Development Programme for the PEARL companies.

**REASON FOR RECOMMENDATION**

To keep the Committee informed of progress with the PEARL companies.

**ISSUE**

**PEARL/PEARL2/PEARL (Brierfield Mill)**

1. Our three Joint Venture Companies established with Barnfield Investment Properties - PEARL, PEARL2 and PEARL (Brierfield Mill) Ltd - are now well established and each year the Boards of these companies receive an update report and agree a development programme for the year ahead.
2. This report informs Policy & Resources Committee of the progress made in 2017/18 and the proposed programme for 2018/19. Appendix 1 gives key milestones for the development schemes.

## **2017/18 Progress**

3. During 2017/18 marketing continued for the Quaker Heights and Holden Road housing schemes in Brierfield and all properties have now been sold.
4. All the space at Hartley Square (Colne Shopping Centre) had been occupied but the Job Centre subsequently moved out leaving a vacancy.
5. Occupancy of the offices on the upper floors of the Ace Centre increased over the year but is still low as the office market remains challenging.
6. Development was completed on 12 bungalows for the Peter Birtwistle Trust in Colne. These have all been handed over and are now occupied. Work commenced on the second phase of the Carry Lane site, adjoining the Peter Birtwistle Trust bungalows. This scheme (known as Greenfields View), will consist of 21 houses for sale on the open market.
7. Work continued on the the Clitheroe Road, Brierfield (Foxhills) scheme which will see the development of 35 houses and bungalows. Construction work also started on the scheme for 32 houses at the Oak Mill, Colne (Langroyd Place) scheme.
8. At Brierfield Mill (Northlight) work was completed on the refurbishment of the former office block on Glenway to create the new Lancashire Adult Learning Centre. Work has continued on the community leisure facility for Burnley FC in the Community (BFCC). The completion of this was delayed whilst BFCC secured funding for some of the internal fit out works.
9. In Situ, the Brierfield based arts organisation, received funding of almeost £349,000 from the Arts Council for conversion of the garage building on Glenway to form an arts centre with residential accommodation for visiting artists. The refurbishment is being carried out by PEARL and works are underway.
10. We have previously received approval from the Lancashire Enterprise Partnership (LEP) for £4.95m of Growth Deal funding for Northlight, following production of a detailed business case. Due to the complexities of the project all elements of work have to have mini-business cases approved before funding can be drawn down. In previous years we have had approval for Infrastructure, Lancashire Adult Learning and the Leisure Facility. We received approval in 2017/18 for a mini-business case which included 36 apartments and 14 business units in the main mill. Originally the intention had been to develop 60 apartments but it was felt that there would be less risk to PEARL if a mixture of apartments and business space was developed, with the option of additional apartments as a further phase.
11. We were seeking to develop a Joint Venture between PEARL (Brierfield Mill) and a Manchester based developer to deliver the housing element of Northlight but the other developer was unable to commit to the scheme. It is therefore being progressed as a PEARL (Brierfield Mill) scheme.

## **2018/19 Development Programme**

12. During the current year work is continuing to market space at the Ace Centre and to fill the space left by the Job Centre at Hartley Square. Following interest from a local gym to take over the Job Centre space a planning application was submitted and has been approved for

change of use. A lease is now being drawn up for these premises. The Hartley Square scheme is generating a good income for PEARL and a gym would generate additional footfall in the town.

13. Marketing will begin on all the three housing sites during the year. The showhome for Foxhills will be opening over the Summer but a reservation has already been taken for one of the plots. Marketing for both the Langroyd Place and Greenfields View schemes will begin early in 2019.
14. At Northlight work on the Burnley Football Club in the Community (BFCC) Leisure Facility in the former High Bay Warehouse will be completed as BFCC have recently secured just over £1m from Sport England and the Football Foundation. The land that has been acquired on Glenway by Pendle Council using Compulsory Purchase powers will be the location for the outdoor 3G pitch as part of the leisure scheme and the ownership of this has now transferred to a local Charitable Trust (who will be leasing the land to BFCC). The contract to form the pitch will be procured directly by BFCC.
15. Work will be completed on the InSitu arts facility which will allow them to have a permanent base at Northlight.
16. The infrastructure works will continue. Demolition of the former public house, car sales and tyre bay, along with some of the canalside northlights, has been completed. These areas will be used as future car parking for the development. Work is also underway on clearing vegetation and remodelling the land on the route into the scheme from the M65 motorway. This will support the future marketing of the residential units by giving a more attractive entrance into the site.
17. Work has started on the enabling works for the residential/business units in the main mill. Following some redesign work we now feel that there is the opportunity to develop 41 rather than 36 residential units by reducing the area of open space adjoining the canalside. This will be delivered at a similar cost but will generate additional income.
18. To secure the remainder of the Growth Deal funding a further mini-business case has to be produced for submission to the LEP. This mini business case will propose that the remaining grant funding is used towards the development of business units as this will leave some flexibility around the end users and allow works to begin before leases are in place.

### **PEARL Together**

19. The Executive agreed on 7<sup>th</sup> February to the establishment of a new Joint Venture company between Pendle Council, Barnfield Investment Properties and Harewood Housing Society Ltd, part of the Together Housing Group. Following a call-in this decision was re-affirmed on 15<sup>th</sup> March 2018. This new Joint Venture will be known as PEARL Together Ltd.
20. Since then we have been working with Barnfield and Together to agree the Articles of Association and a Joint Venture Agreement, in line with the Heads of Terms agreed by the Executive. These documents are close to completion and should be signed shortly.

21. It was also reported to the Executive that the Oak Mill (Langroyd Place), Clitheroe Road (Foxhills) and Carry Lane (Greenfields View) schemes would be transferred to the new Joint Venture between Pendle Council, Barnfield Investment Properties and Together Housing, subject to an acceptable value being agreed with Together Housing.
22. Together Housing carried out a period of due diligence and had further valuations carried out on the three sites. Together operate at higher developer profit levels than PEARL and in order for the three schemes to meet Together's funding criteria there would have been a reduction in the land value that would have been paid to PEARL/PEARL2 on transfer of the sites. There would have been a disadvantage to the PEARL companies in transferring the schemes so it was concluded that they should be retained and developed as originally planned.
23. An initial pipeline of schemes is now being considered for the new Joint Venture. As these are at an early stage milestone dates have yet to be established.

### **Funding**

24. There is currently £914k of funding within the Capital Programme and £300k in reserves that will meet our commitments to the existing PEARL schemes. A further £295,970 is in the Capital Programme as Contribution to Social Housing. This is the residual amount from the agreements over the use of Right to Buy receipts when the Council's housing stock was transferred to Housing Pendle (who are now part of the Together Housing Group). In previous years this funding has been used to support some of the Together Housing schemes and can be used as Pendle's contribution (on the basis of a 15% contribution) into the PEARL Together Joint Venture.

### **Conclusion**

25. The existing Joint Venture arrangements are continuing to enable us to deliver schemes that would not be delivered by the private sector. Additional expertise, funding and risk sharing is also being brought in through the further Joint Venture with Together Housing. This will increase our ability to deliver a range of housing schemes across the borough, many on brownfield sites.

## **IMPLICATIONS**

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

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

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

**Risk Management:** None directly arising from this report

**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

## **APPENDIX**

PEARL Joint Ventures Development Programme 2018/19

### **LIST OF BACKGROUND PAPERS**

None

**PEARL Joint Ventures  
Development Programme 2018/19**

<b>Scheme</b>	<b>Activity</b>	<b>Milestone Dates</b>
<b>PEARL</b>		
<b>ACE Centre</b>	Continue to market the Enterprise Centre offices	Ongoing
<b>Hartley Square</b>	Secure new occupant for the former Job Centre	September 2018
<b>PEARL2</b>		
<b>Clitheroe Road, Brierfield (Foxhills) 35 houses/bungalows</b>	Begin marketing the scheme	June 2018
	Launch of the showhome	August 2018
<b>Carry Lane, Colne (Greenfields View) Phase 2 - 21 houses</b>	Begin marketing the scheme	January 2019
	Launch of the showhome	March 2019
<b>Oak Mill, Colne (Langroyd Place) 32 houses</b>	Begin marketing the scheme	January 2019
	Launch of the showhome	February 2019
<b>PEARL (Brierfield Mill)</b>		
<b>Leisure Box (Burnley FC in the</b>	Refurbishment works completed	September 2018

<b>Community)</b>		
<b>In Situ Art Centre</b>	Construction of Arts Centre completed	September 2018
<b>Infrastructure</b>	Complete demolition of the former public house/car sales/tyre bay and canalside northlights	May 2018
	Complete first phase landscaping of route from motorway	August 2018
<b>Residential</b>	Begin enabling work for the first residential/business units	April 2018
	Begin external works to the mill	July 2018
<b>Business Units</b>	Seek approval from the LEP to a mini business case for further business space	Nov 2018
	Begin speculative units	Jan 2019
<b>Other potential occupiers</b>	Negotiate leases for the remaining parts of the mill	Ongoing

<b>PEARL Together</b>		
<b>Leach Street, Colne</b>	Agree housing mix and financial appraisal	TBC
	Submit planning application	
<b>Harrison Drive, Colne</b>	Agree housing mix and financial appraisal	TBC
	Submit planning application	
<b>Health Centre, Colne</b>	Agree tenure of the apartments	TBC

	<p>Transfer the building to the JV</p> <p>Carry out demolition</p> <p>Start on site</p>	
<b>Brook Shed, Earby</b>	Progress negotiations with landowner to acquire the site	TBC
<b>Bailey Street, Earby</b>	<p>Agree housing mix and financial appraisal</p> <p>Submit planning application</p>	TBC