

**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 the successful compulsory purchase of the land and to confirm the developer for the scheme.

### **RECOMMENDATIONS**

The Committee is asked to:

1. Note the confirmation of the Borough of Pendle (Lomeshaye Industrial Estate Extension, Phase 1) Compulsory Purchase Order 2018 and the process for the Council to vest the land.
2. Re-affirm the decision made by the Council's Executive on 15<sup>th</sup> March, 2018 that the land be transferred to PEARL 2 on a long leasehold at market value following completion of the infrastructure works.
3. Agree that a Development Agreement is put in place between Pendle Council and PEARL2 with delegated authority given to the Corporate Director to agree the terms of the Development Agreement.

### **REASONS FOR RECOMMENDATIONS**

1. To keep the Committee informed of progress.
2. To minimise risk to the Council.

### **ISSUE**

#### **Background**

1. Several reports have previously been submitted to the Council's Executive and Policy & Resources Committee in relation to Pendle's Strategic Employment Site at Lomeshaye

Industrial Estate, Nelson. Phase 1 of the scheme will see 2.27 hectares of land developed and 400-500 jobs created/safeguarded. £1.5m has been approved by Lancashire County Council (LCC) and £1.5m through Pendle's Capital programme to purchase land and put in the necessary infrastructure to open up the site for industrial development. A further £570k of European ESIF funding will be used to create and enhance wildlife habitats and provide sustainable walking and cycling routes.

2. As the land is in a number of different ownerships, and it was not possible to acquire all the land interests through negotiation, it was necessary to progress Compulsory Purchase action.
3. The Executive agreed at its meeting on 15<sup>th</sup> March 2018 that PEARL2 would be the developer for the Lomeshaye Extension Phase 1, subject to the successful outcome of the Borough of Pendle (Lomeshaye Industrial Estate Extension, Phase 1) Compulsory Purchase Order 2018 (CPO). A developer needed to be in place to support the CPO process.
4. A CPO was made on 12<sup>th</sup> January 2018 and a number of objections were received to that CPO. As a result of these objections the Planning Inspectorate decided to hold a Public Inquiry from 26-28<sup>th</sup> June 2018.
5. At the meeting of the Policy & Resources Committee on 24<sup>th</sup> May 2018 it was reported that one of the landowners affected by the CPO had requested to act as developer for the site. At the time of writing the report for that meeting the objector had confirmed that he did not have experience as a developer, only as a contractor. His agent attended the meeting and stated that his client now had a developer to partner with. The Committee resolved that discussions continue with the landowner and his agent and the outcome of these discussions be submitted to the next meeting of this Committee.
6. A further report was submitted to the Policy & Resources Committee meeting on 26<sup>th</sup> June 2018, which was during the Public Inquiry. At that meeting it was resolved:
  - (1) That the proposals put forward by the landowner to act as developer be noted.
  - (2) That a further report be submitted to this Committee when the outcome of the Compulsory Purchase was known.
7. The Council received notification from the Secretary of State for Housing, Communities and Local Government in a letter dated 20<sup>th</sup> February 2019 that the CPO had been confirmed.

### **Next Steps with the CPO**

8. Following the decision to confirm the CPO the Council are required to publish a Notice in relation to this confirmation (due to be published Friday 1<sup>st</sup> March) and there is a 6 week judicial review period from publication of the Notice. A challenge can only be made on the basis on which the decision was made rather than on the decision itself. Following the challenge period the Council must allow a minimum of 3 months for the land to be vested in the Council's ownership so this will be late July at the earliest. Once it has vested we will be able to start the infrastructure works.
9. Negotiations will continue with the landowners affected by the CPO to agree compensation but if we cannot agree the level of compensation through negotiation it would ultimately be referred to the Lands Tribunal. The vesting process will not be delayed by any ongoing negotiations on compensation.

## **Agreeing a Developer**

10. It was reported to the Committee on 26<sup>th</sup> June 2018 that the landowner who wished to be considered for development of the site was proposing two options:  
  
Option 1 – Act as developer for the whole site in partnership with a developer  
Option 2 – Act as developer for part of the site (area to be determined) in partnership with a developer
11. It was highlighted in the report that with both of these options there were issues around the LCC funding and procurement that would need to be taken into account. It was agreed that a final decision on the developer would be made when the outcome of the CPO was known and by which time the funding agreement with LCC would be signed.
12. Following the receipt of the Inspector's decision the landowner was asked to confirm whether he still wished Pendle to consider the two options previously put forward. He has confirmed that his wish now is to secure a site to meet his own company's needs for both his existing business fabricating steel framed buildings and also his latest venture building farm trailers. In order to fulfil that need he is keen to secure 0.8 hectares of serviced land and he has said that the land at Lomeshaye would ideally meet his needs. He recognises that there would have to be surety in terms of delivery.
13. We are also aware of other Pendle companies who are interested in expanding onto the Phase 1 land. The level of interest so far and the interest from the landowner would more than fill the space available.
14. The best approach would be for PEARL2 to be re-affirmed as the developer and then for PEARL2 to begin negotiations with all interested parties to see how best to utilise the space available. The LCC funding agreement contains a number of development obligations and, in order to protect the Council, it will be necessary to impose similar conditions on PEARL2. It will therefore be necessary to dispose of the land with a development agreement in place.

## **Conclusion**

15. Now that the CPO has been confirmed we are in a position to progress the scheme and bring forward much needed industrial land.
16. The Executive have previously agreed that PEARL2 should be the developer for the Phase 1 Extension. It is recommended that this decision is re-affirmed and PEARL2 can then begin negotiations with interested parties to allow for early occupation of the land.
17. A Development Agreement will also need to be put in place with PEARL due to the development obligations contained within the LCC Funding Agreement.

## **IMPLICATIONS**

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

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

**Legal:** The legal process for progressing the CPO is as set out in the report. A Development Agreement will need to be drawn up between Pendle Council and PEARL2.

**Risk Management:** There is a risk of clawback of LCC 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**

None

## **LIST OF BACKGROUND PAPERS**

Report to Executive 15<sup>th</sup> March 2018, Reports to Policy & Resources Committee 24<sup>th</sup> May and 26<sup>th</sup> June 2018 – Lomeshaye Industrial Estate Extension Phase 1