

REPORT FROM: HOUSING, HEALTH AND ENGINEERING SERVICES
MANAGER

TO: POLICY AND RESOURCES COMMITTEE

DATE: 23rd JULY, 2020

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LOMESHAYE INDUSTRIAL ESTATE EXTENSION

PURPOSE OF REPORT

To provide an update on the funding position and to seek agreement to enter into revised agreements for Lomeshaye Phase 1.

RECOMMENDATIONS

The Committee is asked to:

1. Give delegated authority to the Chief Executive to
 - a) enter into a Grant Funding Agreement with the Lancashire Enterprise Partnership (LEP) for Growth Deal grant of £1.5m for Lomeshaye Phase 1.
 - b) enter into a Revised Grant Funding Agreement with the Lancashire County Council (LCC) for £1.5m for Lomeshaye Phase 1 which includes a provision for clawback of land receipt.
2. Retain the £1.5m of capital funding currently allocated to Lomeshaye Phase 1 in the capital programme for other economic development priorities to be agreed by the LEP and LCC.

REASON FOR RECOMMENDATIONS

To progress with delivery of the Phase 1 scheme in line with LCC and LEP requirements.

ISSUE

1. A number of previous reports have been submitted to Policy & Resources Committee (and previously to Executive) in relation to the funding of the extension of Lomeshaye Industrial

Estate and progress with delivery of the two Phases, the most recent being 16th January 2020.

2. At the time of the last report the intended funding to be provided from public sources was as set out below in Table 1.

Table 1: Expected Funding Position January 2020

	Phase 1 (£)	Phase 2 (£)	Total (£)
Pendle Council	1,500,000	400,000	1,900,000
Lancashire County Council	1,500,000		1,500,000
Lancashire LEP Growth Deal		4,000,000	4,000,000
ESIF	570,000		570,000
Total	3,570,000	4,400,000	7,970,000

3. Subsequent to the last report the LEPs Growth Deal Management Board met on 4th March and discussed the progress of all projects within the programme. It was reported to the Board that there were still some fundamental issues around State Aid and Security that had not been resolved on Lomeshaye Phase 2. Due to these ongoing issues Pendle Council did not feel able to contract with the owners Pendle Business Park Ltd at that time. Due to the tight timescales for delivery of the Growth Deal expenditure, and these unresolved issues, it was the view of both Pendle Council and the Board that the project spend could no longer be achieved by 31st March 2021, which is the end date of the programme. The funding was therefore withdrawn from Phase 2 by the LEP and Pendle Council no longer have a role in delivering that Phase.
4. In order not to lose this funding to Pendle the Chief Executive requested of the LEP that consideration be given to reallocating £1.5m of the funding to Lomeshaye Phase 1 (which would release Pendle Council's funding) and £2.5m to Northlight to allow for the development of a call centre. The LEP required business cases to be produced for these proposed reallocations with reassurance that all the Growth Deal could be spent by 31st March 2021. These have been produced and submitted and as a result the LEP have approved the reallocation to Lomeshaye Phase 1 and the proposal for Northlight is to be discussed at the Growth Deal Management Board on 21st July (a verbal update on this matter will be provided at the meeting). Subject to this approval the funding position will be as set out below in Table 2.
5. Whilst the planned £400k contribution from the Council to support the delivery of Phase 2 is no longer required there have been costs incurred in reaching this stage of £34k. These costs consist mainly of fees payable for professional advisory and legal services linked to preparatory work on Phase 2. Costs of £23k were incurred in 2018/19 with a further sum of £11k spent in 2019/20. These costs will have to be met by the Council and will be funded from the approved programme allocation of £400k. This will leave a balance available of £366k and further consideration will be given to the use of this funding with any proposals reported in subsequent updates on the capital programme.

Table 2: Revised Funding Position July 2020

	Phase 1 (£)	Northlight (subject to approval) (£)	Other Economic Development Schemes (£)	Total (£)
Pendle Council			1,500,000	1,500,000
Lancashire County Council	1,500,000			1,500,000
Lancashire LEP Growth Deal	1,500,000	2,500,000		4,000,000
ESIF	570,000			570,000
Total				7,570,000

6. The LEP funding for Lomeshaye Phase 1 has been approved subject to the signing of a Grant Funding Agreement with a number of conditions. The key condition that members need to be aware of is that Pendle Council commit to invest the £1.5m of its own resources that were originally allocated to the scheme in alternative economic development priorities. Details should be brought to the LEP and Lancashire County Council (LCC) for agreement. A mechanism for this is being discussed with LEP and LCC with the aim of it being a straightforward process with approval being at officer level.
7. The Grant Funding Agreement with LCC was originally drawn up on the basis of Pendle Council leading on the delivery of both Phases of Lomeshaye. It was understood by LCC and the LEP that any receipt from Phase 1 land would be rolled over into the delivery of Phase 2. Now that Pendle Council is not going to be delivering Phase 2 a revised Grant Funding Agreement is needed and as part of this LCC are requiring a share in land value uplift. A mechanism is being discussed with LCC whereby they would receive 50% of any land value receipt.

IMPLICATIONS

Policy: Bringing forward the extension to Lomeshaye Industrial Estate is in line with the Council's Local Plan, Strategic Plan and Jobs & Growth Strategy

Financial: As set out in the report

Legal: The Council will need to sign new funding agreements, as set out in the report

Risk Management: There is a risk of the Local Growth Fund being lost if it is not all spent by March 2021 but that has been programmed into delivery of the scheme

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

None