



**REPORT FROM: HOUSING, HEALTH AND ENGINEERING SERVICES
MANAGER**

TO: POLICY AND RESOURCES COMMITTEE

DATE: 17th MARCH, 2022

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JOINT VENTURE WITH BROOKHOUSE GROUP

PURPOSE OF REPORT

To note progress on establishing the Joint Venture Company and to agree a budget for initial set up costs.

RECOMMENDATIONS

That this Committee:

- (1) Note that the three Group Leaders will be appointed as interim Board Members of the new Joint Venture Partnership with Brookhouse until the Annual Council meeting.
- (2) Agree that £50,000 be ring fenced within the Growth Sites Development Reserve for initial set up and running costs of the company.

REASON FOR RECOMMENDATIONS

To progress the establishment of the new Joint Venture.

Background

1. At its meeting on 20th January 2022, this Committee agreed to the appointment of Brookhouse Group Limited as the Council's joint venture development partner. They also gave delegated authority to the Chief Executive to finalise terms for the development of a joint venture arrangement between the Council and Brookhouse Group Limited. Since that

meeting there has been an initial meeting with Brookhouse to discuss the establishment of the new Joint Venture (JV) and further approvals are now requested from the Committee.

Establishment of the Company

1. In order to establish the new JV there is a need to finalise the shareholders agreement. Brookhouse have not raised any concerns about the draft agreement so this should be relatively straightforward. There is also the need to establish the JV as a limited company and register the company. Until the legal agreements are in place we cannot begin to formally progress schemes with Brookhouse, including those funded through Nelson Town Deal.
 2. The draft Joint Venture (JV) Shareholders Agreement allows for each of the partners to appoint upto 5 Directors to sit on the Board and it is proposed that the Council Directors are appointed at the Annual Council meeting. To allow a limited company to be established and the Shareholders Agreement to be finalised as soon as possible the Chief Executive has used her urgency powers to appoint the Group Leaders as interim Directors. This will allow for early progress on Town Deal projects.
 3. Due to the specialist nature of the legal work in establishing a JV Hill Dickinson were appointed to produce the draft shareholders agreement. It is proposed that we continue with their appointment to finalise the shareholders agreement, produce the Articles of Association for the new company and register the company. Brookhouse will bear their own legal costs.
1. When the Committee agreed the procurement of a new JV partner at their meeting on 21st January 2021 it was highlighted that there was likely to be a need to obtain further procurement advice and support to take forward a procurement exercise. £20k from the Growth Sites Development Reserve was allocated for this at that time. The final cost of the procurement exercise was £25,944 which has been expenditure on both procurement and legal fees, so there is a need for budget provision to be made for the additional £5,944.
 2. In addition, there will also be further legal costs and initial establishment costs for the new company. There may also need to be some initial shareholder loans into the JV to fund general running costs. It is proposed that a budget of £50,000 be established to cover these costs. Any loans into the JV from this budget would be made as and when required and with the agreement of the s151 Officer. This would be funded from the Growth Sites Development Reserve which is already in place.
 3. Members should note that the proposed shareholder split is 90:10 Brookhouse:Pendle, so every £1 Pendle loan into the JV will draw down £9 of loan funding from Brookhouse.
 4. As project development gets underway there will be a need for further capital loans into the company. There is funding within the Nelson Town Deal programme for project development and further funding could be made available within the capital programme, should the need arise. Further reports will be brought to the Committee to seek approval to individual projects.

IMPLICATIONS

Policy: None as a result of this report.

Financial: As set out in the report

Legal: As set out in the report

Risk Management: None as a result of this report

Health and Safety: None as a result of this report.

Sustainability: None as a result of this report.

Community Safety: None as a result of this report.

Equality and Diversity: None as a result of this report.

APPENDICES

None

LIST OF BACKGROUND PAPERS

Joint Venture Procurement – Reports to Policy and Resources Committee, 21st January 2021 and 20th January 2022