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| Report Title | Companies Annual Report |
| Meeting | Executive |
| Meeting Date | 25 th June 2026 |
| Report Author | Iftikhar Bokhari/ Phillip Spurr/ Karen Spencer |
| Directorate | Place Directorate |
| Lead Executive Member(s) | Cllr Asjad Mahmood |
| Wards Affected | All |
| Public. Part Exempt, or Fully Exempt | Public |
| Appendices (if any) | A: Companies Financial Position |

1. Executive Summary

- 1.1 This report is presented to the Executive to ensure they have oversight of the Council's joint venture companies – PEARL, PEARL2, Pearl Together, PEARL (Brierfield Mill) and PenBrook Developments Ltd, to carry out their shareholder oversight function.
- 1.2 The report reflects on the historical delivery of joint venture company projects over the previous 18 months and sets out what is being proposed in 2026/2027.
- 1.3 The report highlights the success as well as the challenge for delivery of the schemes and demonstrates how these challenges are being addressed across the JVs.
- 1.4 The report also updates members about recent changes at Growth Lancashire.

2. Recommendations

For the reasons set out in this report, Executive is recommended to:

- 2.1 Acknowledge its role in exercising the Shareholder function of the Council in relation to the Joint Venture Companies;
- 2.2 Note the work undertaken by the Council's Joint Venture arrangements and the proposed work programme for 2026/27.
- 2.3 Note the winding up of Growth Lancashire Ltd for the reasons set out in the report.

3. Information: the Rationale & Evidence for the Recommendations

- 3.1 To inform the Executive of progress with the joint venture (JV) companies so that they can carry out the Council's share holder function.
- 3.2 The projects delivered under the JVs highlight the advantages and challenges associated with delivering large scale and complex projects within Pendle.
- 3.3 Without the joint venture companies the delivery of projects would be reliant on the availability of funding from government, the Council bidding for and winning funding bids, and/or borrowing to fund investment. This would result in slower progress in achieving our priorities, the Council taking on significant debts, or selling Council assets to fund development.
- 3.4 There are several joint venture companies which have delivered a range of different schemes. Some of these fall under the 'PEARL' brand with Barnfield Construction as a partner whilst more recently 'Penbrook' has been established with a new partner, the Brookhouse Group.
- 3.5 By way of an example of the benefits of the joint venture arrangements, since PEARL was originally established in 2007, overall the PEARL companies have delivered over £182m of projects in Pendle. For every £1 of investment from Pendle Council, the private sector investment has been £2.33. This has resulted in 497 new homes being built or brought back into use and 56,856sqm (612,000sqft) of commercial floorspace being built or refurbished.
- 3.6 An overview of the different joint venture arrangements, the projects undertaken in the last year and those which will form the work programme for the next year is presented below:

Pendle Enterprise and Regeneration Ltd (PEARL)

- 3.7 PEARL was established in 2007 initially to develop the ACE Centre in Nelson.
- 3.8 The share ownership of the company is Barnfield Investment Properties Ltd 7 shares and Pendle Borough Council (PBC) 3 shares.
- 3.9 The company's assets include Colne Shopping Arcade and Richmond Court in Colne.
- 3.10 As at the 31st March 2026 the Council has £1,002k invested in the company, including £432k in accrued interest. Barnfield Investment Properties have £2,357k invested.
- 3.11 PEARL has no current development projects and there are no proposals for development in 2026/27

Pendle Enterprise and Regeneration (2) Ltd (PEARL2)

- 3.12 PEARL2 was set up in 2009 to expand on the success of the original joint venture to bring forwards further schemes.
- 3.13 The share ownership of PEARL2 is Barnfield Investment Properties Ltd 70 shares and PBC 30 shares
- 3.14 The Company's assets include an industrial unit leased to Limitless Digital on Lomeshaye Industrial Estate and the Shackleton Hall Arcade Colne.
- 3.15 As at the 31st March 2026 the Council has £2,015k invested in the company, including £642k in accrued interest. Barnfield Investment Properties have £4,697k invested.
- 3.16 PEARL2's latest project was successfully completed in May 2026, transforming the Colne Market Hall into a modern, vibrant hub. A flexible retail and event space has been created inside the hall and enhancements made to the surrounding public realm. The market will better support the local economy and is already proving popular with visitors.
- 3.17 There are no developments planned in 2026/27.

Pendle Enterprise and Regeneration Ltd (Brierfield Mill) Ltd

- 3.18 PEARL (Brierfield Mill) sometimes referred to as PEARL Northlight, was set up in 2012 specifically to take on the £42m conversion of the former grade II listed cotton mill.
- 3.19 The share ownership of PEARL (Brierfield Mill) is Barnfield Investment Properties 70 shares, PBC 29 shares and PEARL(2) 1 share.
- 3.20 The project redeveloped 35,303sqm (380,000sqft) into 120 contemporary modern offices, 85 luxury apartments, 70 self-storage units, 29 high spec industrial units, a state of the art leisure facility and arts and community spaces.
- 3.21 The Leisure Box, Lancashire Adult Learning Centre, the In Situ arts organisation, Business First business centre, Store First and Black Sheep Coffee provide a mixed-use commercial offer of office, leisure, education, storage and small industrial spaces. This creates a diverse and resilient use of the space, with total jobs created at the site being approximately 1,200.
- 3.22 On the residential side the 85 apartments contained within the mill complex, have 'underground' parking facilities within the lowest section of the mill.
- 3.23 When the company was set up to deliver the project disposals were on a leasehold basis to keep control over the development. The project was completed in 2024.

- 3.24 In December 2024 the PEARL (Brierfield Mill) Board agreed to the sale of the freehold to Group First Ltd. The sale was completed in early June 2026. Burnley headquartered Group First Ltd were already heavily invested in the site with their business operations covering a large footprint at the mills.
- 3.25 The company is now in the process of being closed down and, as a consequence, there will be no further development activity.

PEARL Together LTD

- 3.26 PEARL Together Ltd was established in 2018 with Harewood Housing to undertake residential-led development activity, to increase the housing supply within the borough.
- 3.27 The share ownership of the company is Pendle Council 15, Barnfield Group Ltd 35 and Harewood Housing (part of Together Housing Group) 50. In this arrangement, for every £1 of investment from Pendle, private investment worth £5.66 is leveraged.
- 3.28 As at the 31st March 2026 the Council has £140k invested in the company, including £18k in accrued interest. Harewood Housing have invested £2,818k and Barnfield Group have £1,969k invested.
- 3.29 The Company is current undertaking two housing development projects:-
- **Spring Mill, Earby** - The company is currently developing 53 new 2,3 and 4 bedroom affordable and private homes with a number of homes already finished and residents moved in. Sales interest has been strong.
 - **Further Clough Head, Nelson** - Initiated with £1.3m investment from Homes England to create an access road into the site, this scheme aims to create a mix of 126 affordable and open market new homes.

The site contains a number of technical challenges including mineshaft remediation, archaeology and the requirement of additional water pumping infrastructure.

The contractors appointed to resolve the mine shaft issue commenced on site in June 2026.

An archaeology team has been appointed and will be on site during July 2026 to record and evidence any historical artefacts and data found at the site. Working in partnership with Barnfield Construction they will remove topsoil and Barnfield will use this for the 'cut and fill' of soil needed to level the site in preparing it for housing development.

United Utilities are currently assessing water infrastructure needs at the site for the planned number of homes. Their design and specification will inform any requirements for additional infrastructure such as water pumping stations. This may require additional investment, which will be subject to a future report to the Executive

3.30 At this stage, there are no further developments planned for start in 2026/27.

PenBrook Developments Ltd

3.31 In 2022 Pendle Council tendered for a new joint venture partner. The successful bid was from the Brookhouse Group.

3.32 The partnership is an initial ten-year agreement (with an option to extend for a further five years) and was initially established to focus on the Revitalised Nelson (ie. Pendle Rise and Trafalgar House) components of the Nelson Town Deal programme, though additional opportunities are now being progressed.

3.33 The share ownership is PBC 2,000 and the Brookhouse Group Ltd 18,000. The result of this arrangement is that for every £1 the Council invests into the JV, the Brookhouse Group invests £9.

3.34 The projects to be undertaken by the Company include:-

- **Relocation Properties** – as part of the remedial work for the redevelopment of Pendle Rise, a number of properties have been acquired by the Council for the relocation of tenants.
- **Pendle Rise Shopping Centre** - The redevelopment of Pendle Rise Shopping Centre is the most prominent project within the Nelson Town Deal programme. Under the JV arrangement, PBC is responsible for the delivery of a cleared development-ready site for Penbrook to undertake the development of the new retail centre.

PBC acquired the shopping centre in June 2024 and tenants subsequently relocated with the centre closing its doors in late November 2025.

A demolition contractor has been appointed. Soft strip out of the centre is currently underway with asbestos removal and demolition due to follow. Demolition is expected to be completed by late November/early December 2026.

Agreements are being finalised with a number of retailers coming into the development, with a very healthy level of interest being shown. Agreements with retail tenants, and confirmation of their requirements are positive developments and are now allowing the scheme's designs and viability appraisal to be finalised.

Subject to approval by the Executive, a transfer of the site to Penbrook is expected take place in December 2026 meaning redevelopment can start from January 2027 with a target completion date for the scheme being October 2027.

- **Trafalgar House** - Following Executive agreement to proceed with a scheme to demolish the rear of building and refurbish the historic front portion, planning permission was secured in March 2026.

Brookhouse are managing the project on behalf of PBC and Penbrook, with external quantity surveyors undertaking formal tender processes for demolition and construction contractors.

Once budget compliance has been confirmed and the contractual approach agreed, a report will go to the Executive seeking approval to appoint the contractor(s) and proceed with the works under the management of Brookhouse.

Subject to approvals, it is anticipated that works will start on site in September 2026, taking up to twelve months to complete.

PBC has appointed Axis Property Consultants to conduct a final round of marketing of the building for lease, and to help in the independent selection of a suitable occupier.

- **Other Schemes** - A separate report is being presented to the Executive to consider the transfer of the Bankhouse Road site in Bradley to Penbrook Ltd to enable the development of 36 affordable homes. Subject to Executive approval, it is hoped that this scheme will start on site later in 2026.

3.35 Other development opportunities are being explored through the Penbrook joint venture, and updates on these schemes will be brought to the Executive for consideration in due course.

4. **Winding up Growth Lancashire Ltd**

4.1 For a number of years, the Council has been a shareholder of Growth Lancashire Ltd (formerly known as Regenerate Pennine Lancashire).

4.2 A report was presented at the meeting of the Growth Lancashire board on 18th March 2026 to consider winding up of the board as a result of the functions of the company being taken in-house by the Accountable Body for the company, Blackburn-with Darwen Borough Council (BwD), whilst its enterprise support services are to be transferred into the Lancashire Combined County Authority (LCCA).

- 4.3 During its time Growth Lancashire has facilitated the creation of over 4,000 jobs in Lancashire and served over 20,000 businesses, whilst its Specialist Services team has successfully expanded beyond the borders of Lancashire and brought in a new customer base from Greater Manchester, Merseyside and beyond.
- 4.4 It was reported that the proposal to wind up the functions of the company is not because it is in distress, it is very much in the strongest position it has ever been in, but given the emergence of the LCCA now is the right time to evolve Growth Lancashire and move forward.
- 4.5 Core changes are that the functions of enterprise support, which is delivered under contract on behalf of LCC, is to be taken in-house to the LCCA, whilst the Specialist Services team is to be taken in-house to BwD Council. This is not a significant change for the company. The company itself is dormant and its employees are employed by BwD Council.
- 4.6 There would no longer be a need for a Company Board and it was agreed that the directors who make up the board will resign as a result.

5. Link to Council Plan Priorities: (Providing High Quality Services and Facilities, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities)

- 5.1 This report supports the delivery of the Council Plan 2025 – 2028 (since revised 2026-2028) and promotes delivery against the priorities of Good Growth through the development of quality new houses, which are well designed and sustainable.
- 5.2 Also, developing a sustainable leisure offer, to enhance health and wellbeing for those who live, work and study in Pendle contributes to the delivery of the Housing and Healthy Communities priority.

Implications

5.3 Financial Implications

Appendix 1 sets out the financial position of the JV's as at 31st March 2026.

5.2 Legal and Governance Implications

None as a result of this report as it is to update members on scheme progress and background.

There are no legal implications in respect Growth Lancashire. Our nominated Director on the Board has resigned but this does not have implications for the Council.

5.3 Climate and Biodiversity Implications

None as a result of this report

5.4 Human Resources Implications

There are on HR implications.

5.5 Equality and Diversity Implications

None

6. Consultation

6.1 None. No need for consultation.

7. Alternative Options Considered

None. Not necessary.

8. Statutory Officer Sign off (please put an x in the relevant box below)

| | |
|---------------------|----------|
| Section 151 Officer | X |
| Monitoring Officer | X |

9. Background Documents

None

Contact Officers

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Overall Position As at 31th March 2026

| | PEARL Ltd | | PEARL2 Ltd | | PEARL BM Ltd | | PEARL Together Ltd | | Total PEARL | Penbrook Ltd | |
|---|------------------|-------------|-------------------|-------------|------------------|-------------|--------------------|-------------|---------------------|----------------|-------------|
| Gross Profit/Loss for Year | 351,066 | | 632,860 | | 28,385 | | 148,855 | | 1,161,166 | | |
| Net Profit/Loss after Tax | 66,303 | | (488,843) | | 1,093,079 | | 42,435 | | 712,974 | | |
| Fixed Assets & Stock | 4,253,082 | | 10,704,646 | | 1,673,218 | | 7,388,840 | | 24,019,786 | | |
| Cash | 248,252 | | 503,627 | | 16,810 | | 41,704 | | 810,393 | | |
| Outstanding Loans | | | | | | | | | | | |
| Pendle Borough Council* | 1,002,451 | 30% | 2,015,851 | 30% | 299,700 | 30% | 140,285 | 3% | 3,458,287 | 57,615 | 8% |
| Barnfield Group / Investment Properties | 2,360,752 | 70% | 4,697,335 | 70% | 699,300 | 70% | 1,969,092 | 40% | 9,726,479 | | |
| Together Housing Group | 0 | | 0 | | 0 | | 2,818,096 | 57% | 2,818,096 | | |
| Brookhouse Group | | | | | | | | | | 640,526 | 92% |
| Inter company loan - Capital | 0 | | 0 | | 24,212 | | 0 | | 24,212 | | |
| Bank Loan | 972,248 | | 5,900,000 | | 0 | | 1,986,307 | | 8,858,555 | | |
| Total | 4,335,451 | 100% | 12,613,186 | 100% | 1,023,212 | 100% | 6,913,780 | 100% | 24,885,629 | 698,141 | 100% |
| <i>* - of which</i> | | | | | | | | | | | |
| Principal | 569,997.00 | | 1,373,179.56 | | 299,700.00 | | 122,250.00 | | 2,365,126.56 | 50,278.00 | |
| Accrued Interest | 432,454.22 | | 642,672.00 | | 0.00 | | 18,034.97 | | 1,093,161.19 | 7,337.00 | |