

<b>Subject:</b>	Industrial Building Development	<b>Status:</b>	For Publication
<b>Report to:</b>	Council	<b>Date:</b>	30 <sup>th</sup> January 2019
<b>Report of:</b>	Chief Executive	<b>Portfolio Holder:</b>	Leader of the Council
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
<b>Contact Officer:</b>	Cath Burns	<b>Telephone:</b>	01706 252429
<b>Email:</b>	cathburns@rossendalebc.gov.uk		

1.	<b>RECOMMENDATION(S)</b>
1.1	Members to note the content of the report and the efforts to bring forward Bacup's key flagship leisure and employment site at Futures Park.
1.2	Members note the advanced business expansion enquiry and agree to exploring the business case for investment at Plot 5 Futures Park; with a further update to be made to full Council in February as appropriate.
1.3	Members approve a development fund of £100,000, as detailed in paragraph 6.5, to be funded from the Employment & Transport Reserve.

## 2. PURPOSE OF REPORT

- 2.1 To seek Member's agreement to explore the business case for investment at Plot 5, Futures Park.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- A clean and green Rossendale:** our priority is to keep Rossendale clean and green, for all Rossendale's residents and visitors to enjoy. We will use our resources wisely and reduce our environmental impact where possible.
  - A connected and successful Rossendale that welcomes sustainable growth:** our priority is to realise the growth potential of the Rossendale economy, create jobs locally and improve economic opportunity for all. We will ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
  - A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- There is a financial risk of the Council not covering all its development costs by the rental and length of lease agreement. All expenditure items, including abnormal costs, costs attributable to grant claw back and contingency allowances, are being incorporated in to the development costs. A 25 year lease will be sought with a 10 year break clause with a tapered capital repayment to cover abnormal costs.
  - Discussions have taken place with the Ministry of Housing, Communities and Local Government (MHCLG) regarding the cost of claw back on the grant which is being incorporated in to the development costs.

- The financial risk of abortive development expenditure if the end user ‘walks away’. This is to be addressed by a legal agreement.
- The risk of cost overruns will be mitigated. All project costs will be appraised independently by a quantity surveyor to ensure the council gets value for money. A contingency budget will be included. A fixed price contract will be entered into.
- Given the phase 1 completion timescale of January 2020 required by the end user, it is proposed to use the existing Joint Venture partnership with Barnfield as this has already been tendered, is OJEU compliant and will avoid a further lengthy procurement process in order to be procurement compliant. The contract will seek to include penalty clauses to support a timely delivery and to ensure the Council is not ‘out of pocket’ if there are delays.
- The Council’s Planning Manager has been involved from the outset of this expansion enquiry and is a member of the Futures Park Project Group, and whilst not prejudicing a full planning application, has provided initial views on planning compliance.
- The likelihood of the company becoming insolvent is low, as an initial credit check of the company’s strength is positive.
- A risk register will be prepared for Futures Park and Plot 5 as part of developing the business case.
- As an ambitious council, there is a risk to not having sufficient staff and multi-disciplinary resourcing required of this project alongside other corporate priorities. This risk will be alleviated by employing a third party project manager and utilizing contractor resources up front and working at risk until the deal is negotiated.
- Failure to explore and ‘win’ this investment opportunity may result in the company removing its existing business premises in the borough with an associated significant job losses, not proceeding with its business expansion which will create a further 90 jobs and associated positive contribution to the business rate base.
- Furthermore, failure to proceed with this development will ultimately delay the ‘kick-starting’ of the remaining development plots at Bacup’s prime employment site, the further investment in to the area attracted as a result of the development of Plot 5, and the positive regeneration benefits including local employment opportunities.

## 5. BACKGROUND

- 5.1 Futures Park Leisure and Employment Village is identified both as a Corporate Project within the refreshed 2018 Corporate Strategy and within the three year action plan of the adopted 2018 Economic Development Strategy.
- 5.2 Futures Park Leisure and Employment Village is located off the main A681 Bacup to Rawtenstall road and is approximately half a mile from the centre of Bacup. The site consists of 5 plots which are within the ownership of Rossendale Council. The main office development on plot 2 is well established and is home to Rossendale Council as well as several private sector tenants. Some site infrastructure such as the main access road already exists which was built in 2001 with NWDA grant support, resulting in a restrictive covenant in terms of use of the land, as well as a claw back provisions on new development or land sales.
- 5.3 A Futures Park Project Group, comprising the Director of Economic Development, the Economic Development Manager, and the Planning Manager has been established to develop a masterplan and to take the development forward. Following a compliant procurement process, Day Architecture was appointed to join the group. As part of the current pilot arrangement as commercial advisor to the Council, a representative from Taylor Weaver commercial letting agents has also attended. Both the Head of Finance and Legal Services Manager have been instrumental in the group’s work.

- 5.4 The current final draft masterplan (Appendix A) comprises 68,000 sq ft bespoke industrial unit (Plot 5), 19,000 sq ft SME light industrial units (Plot 4), a trail head facility (Plot 3) and coffee outlet (Plot 1); and has been submitted to the MHCLG for their comment.
- 5.5 Proposals to bring forward a nationally significant mountain biking centre in the adjacent Lee Quarry on Plot 3 are at an advanced stage. The site provides a natural environment for advanced biking trails with a selection of 17km of different graded adventure routes available. The popularity of the centre is growing with recent events attracting many large numbers of enthusiasts, the long term aim is to attract 100,000 visitors per year which could potentially generate £10m of additional spend in the Rossendale economy. To facilitate the existing and future demand a linked Trail Head Centre is planned containing a reception, changing facilities, café and will provide business accommodation for associated complementary mountain biking suppliers. The Trail Head Centre links in with our plans to develop the tourism and leisure offer in the borough as well as the adrenaline valley theme. This facility should be seen as a major asset for Rossendale and will be a significant attraction to people from outside the Rossendale area. Whilst negotiations are on-going with Lancashire County Council (LCC) regarding repair of the main access road to Lee Quarry, there is consensus on the lease agreement between Rossendale Borough Council and LCC. An outline application for grant has also been made to Sports England for the Trail Head facility.

## **6. INDUSTRIAL BUILDING DEVELOPMENT ENQUIRY**

- 6.1 The Council operates a Business Relationship Programme as part of its Invest In Rossendale service. A business expansion enquiry from a well know business in the borough was identified requiring 68,000 sq ft, plus office space, to develop its UK head office. The business is foreign owned, in the advanced manufacturing sector, with a strong exporting base, looking to retain its existing business premises and create an additional 90 jobs in the borough. This enquiry is now at an advanced stage and has identified Futures Park as an option. At this point in time, the alternative option is to relocate all business activity out of Rossendale.
- 6.2 A first formal meeting was held with the business dated 13 December 2018 to appreciate the business's expansion plans and their requirements. It was evident that there were two requirements that were non-negotiable. Firstly, the company requires a first phase completion to house machinery on order by January 2020 (which is a very tight timescale), and a second final phase completion by August 2020. Secondly, above normal user incoming services for electricity and gas supply, and provision of a bespoke slab or pit to hold the machinery.
- 6.3 Following the inception meeting, Day Architecture has made several visits to the company to provide a bespoke layout plan at Futures Park. A detailed plan is contained in Appendix B. Barnfield have provided details of indicative costs, a time line to achieve the January 2020 deadline, and investigated the logistics of the build process, incoming services and machinery foundations. Although detailed costs are being finalised, rental and lease proposals are still under negotiation with the end user.
- 6.4 Given the tight timescale for this business expansion, it was considered prudent to make Members aware of this advanced enquiry, with a view to exploring the business case for investment at Plot 5 with a further update to be made at full Council in February 2019.
- 6.5 A development fund is requested to meet incurred costs to advance the project before final Council approval. It should be noted that all costs will be recovered if the development proceeds. If this development does not go ahead, some works will be needed to progress an alternative future scheme, whilst some costs will be abortive.

<u>Type of Works</u>	<u>Budget Estimate</u>	<u>Abortive Cost Status</u>
Tree removal	£15,000	N/A
Studies for planning submission	£30,000	In part
Planning application fees	£28,000	Paid to RBC
Professional Fees	£17,000	In full
Contingency	£10,000	Unknown
Total	£100,000	

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## **COMMENTS FROM STATUTORY OFFICERS:**

### **7. SECTION 151 OFFICER**

7.1 Financial implications are noted in the report.

### **8. MONITORING OFFICER**

8.1 Continued due diligence will need to take place together with all necessary legal agreements to be in place to protect the Council's interests.

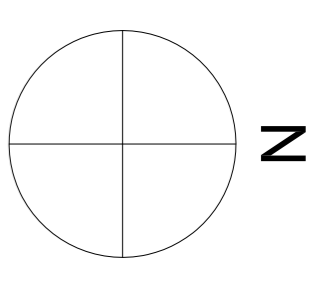
### **9. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

9.1 Futures Park Leisure and Employment Village is identified both as a Corporate Project within the refreshed 2018 Corporate Strategy and within the three year action plan of the adopted 2018 Economic Development Strategy.

### **10. CONCLUSION**

10.1 The investment enquiry at Futures Park is a fantastic opportunity to support an existing business expansion, safeguard significant jobs in the borough, and create an additional 90 jobs locally. The delivery of Plot 5 will 'kick-start' Futures Park Leisure and Employment Village, providing regeneration benefits to Bacup. It will generate a revenue income and expand the business rate base to support the Medium Term Financial Strategy and the sustainability of the Council. The business case for investment now needs to be developed further.

No background papers.



118 spaces

INDUSTRIAL UNIT  
6,080sqm / 65,500sqft

SECURE SERVICE  
YARD

Retractable Gates

EXTERNAL SERVICE  
YARD / STORAGE  
Access via building

1-11900

54400