

# Public Document Pack



8 July 2016

To: Councillors Blackburn, Cain, Campbell, Collett, Cross, Jackson, Kirkland, Smith, I Taylor and Mrs Wright

The above members are requested to attend the:

## **EXECUTIVE**

Monday, 18 July 2016 at 6.00 pm  
in Committee Room A, Town Hall, Blackpool

## **A G E N D A**

### **1 DECLARATIONS OF INTEREST**

Members are asked to declare any interests in the items under consideration and in doing so state:

- (1) the type of interest concerned; and
- (2) the nature of the interest concerned

If any member requires advice on declarations of interests, they are advised to contact the Head of Democratic Governance in advance of the meeting.

- 2 WINTER GARDENS CONFERENCE AND EXHIBITION CENTRE DEVELOPMENT.** (Pages 1 - 8)
- 3 BLACKPOOL AIRPORT ENTERPRISE ZONE RATES RELIEF POLICY AND RESOURCE REQUIREMENT** (Pages 9 - 44)
- 4 OPTIONS FOR THE DEVELOPMENT OF BOURNE CRESCENT** (Pages 45 - 52)

### **Venue information:**

First floor meeting room (lift available), accessible toilets (ground floor), no-smoking building.

**Other information:**

For queries regarding this agenda please contact Lennox Beattie, Executive and Regulatory Manager, Tel: (01253) 477157, e-mail [lennox.beattie@blackpool.gov.uk](mailto:lennox.beattie@blackpool.gov.uk)

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# Agenda Item 2

<b>Notice of:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Alan Cavill, Director of Place
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Decision:</b>	18 July 2016

## WINTER GARDENS CONFERENCE AND EXHIBITION CENTRE

### 1.0 Purpose of the report:

- 1.1 To consider the proposal for a new conference and exhibition centre to be situated at the Winter Gardens complex.

### 2.0 Recommendation(s):

- 2.1 To agree in principle to the proposal for the development of a new conference and exhibition centre situated at the Winter Gardens complex.
- 2.2 That the Director of Place be given delegated authority to progress the first stage of the delivery of a new conference and exhibition centre situated within the Winter Gardens complex, as set out in this report, to include the completion of all due diligence associated with the project and the submission of an outline planning application.
- 2.3 That in order to deliver the proposed project within the associated time constraints, up to £50,000 of funding is made available from August 2016 to be used in finalising the scheme designs and completing due diligence, financed from the Leisure Assets portfolio.
- 2.4 To note that a further report will be brought to the Executive once decisions from other organisations on grant funding have been made to agree the further steps in the delivery of the conference and exhibition centre.

### 3.0 Reasons for recommendation(s):

- 3.1 To deliver a fit for purpose twenty-first century conference centre, allowing Blackpool to compete in the economically important business tourism sector and significantly contribute toward attaining the Council vision for Blackpool of being the UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town.

Contribute toward maximising growth and opportunity within Blackpool, helping to create stronger communities and increasing resilience.

Further stabilisation of the Winter Gardens building complex.

	Potential enhancement of the Blackpool Entertainment Company business.	
3.2a	Is the recommendation contrary to a plan or strategy adopted or approved by the Council?	No
3.2b	Is the recommendation in accordance with the Council's approved budget?	Yes
3.3	Other alternative options to be considered:	
	Delivery of a new conference and exhibition Centre, fit for the twenty-first century and allowing Blackpool to compete in this highly competitive market is considered the next essential, logical step in the economic progress of Blackpool and the development of the town as a visitor destination.	
	A number of alternative locations for a conference and exhibition centre have been considered. The Winter Gardens site provides the optimal solution when evaluating together:	
	<ul style="list-style-type: none"> <li>• Strategic development of the town centre. The identified site provides future options to physically link newly developed areas, providing further opportunities in improving the cohesion, look and feel of the town centre</li> <li>• Financial considerations. The Winter Gardens site offers the most affordable option from a capital expenditure perspective as it allows improved utilisation of the existing asset thereby reducing the requirement for new build. The essential business priority associated with the operation of the conference centre is new incremental trade however, clear opportunities in enhancing existing business delivered via the Winter Gardens also present themselves.</li> <li>• Physical space. Investigation into alternative available locations has revealed the space associated with those sites is insufficient to provide adequate conferencing facilities able to cope with conference and exhibition market demands.</li> <li>• Link to existing facilities. The Winter Gardens site is the only option offering direct links to the Empress Ballroom and the Opera House. Both of these assets, together with the other areas of the existing Winter Gardens complex are considered important elements in complementing and enhancing a new conferencing facility.</li> <li>• Operational considerations. Clear operational synergies with existing business are generated when situating a conferencing centre at the Winter Gardens site.</li> </ul>	

- As an when the Blackpool Museum Project is delivered this proposal will develop an additional footfall for that attraction and a third major entrance into the Winter gardens complex delivering footfall right to the main entrance. As the museum does remove some space that is used for conferences and events this proposal to improve and extend those facilities would more than make up for any loss.

#### **4.0 Council Priority:**

- 4.1 The relevant Council Priority is “The economy: Maximising growth and opportunity across Blackpool”

#### **5.0 Background Information**

- 5.1 Historically, Blackpool regularly hosted a range of conferences and large scale exhibitions including political party, trade union and not for profit organisational events. The tangible benefits of hosting such gatherings includes the increased ability to attract high spending business visitors to Blackpool, contributing to the economic health of the town, enhanced profile, and extension of the visitor season.
- 5.2 Over a prolonged period of time Blackpool has continued to lose market share in the business tourism and conferencing sector to both established competitors and new entrants to the market. Independent studies have clearly identified the absence of a modern fit for purpose conference centre as one of the main contributory factors behind this area of economic decline.
- 5.3 A new conference centre fit for the twenty-first century, enabling Blackpool to once again compete in the conferencing and business tourism market, has been identified as the next logical step in Blackpool’s continued drive toward a stronger economy.
- 5.4 Blackpool Council took ownership of the Winter Gardens complex in March 2010. Since that time a range of measures including improvements in governance and business structure and programme and event content have been implemented. The building complex has also undergone significant renovation and stabilisation works including the recent demolition of the multi-storey car park to the east of the site fronting Leopold Grove. This site has been identified as the most appropriate location for a new conference centre as it offers a range of advantages including:
- A central, town centre location within close range of transport links.
  - The opportunity to interface with existing Winter Gardens facilities including the Opera House and Empress Ballroom.
  - The site is owned by Blackpool Council and is ready for development.

- 5.5 The funding package for the proposed conference centre is being assembled. The dynamic associated with the grant funding potentially available for this scheme has necessitated the submission of Growth Deal 3 and the Coastal Communities Fund grant funding bids. Basic plans and sketch drawings of the conference centre have also been completed allowing an outline planning application to be submitted.
- 5.6 The estimated timescales associated with the proposed project are summarised as:
- October 2016 and March 2017. Decisions on the award of grant funding due.
  - March/April 2017. Main contractor procured and appointed.
  - November 2019. New facility build complete.
  - December 2019. Facility opens.
- 5.7 It is intended that Blackpool Entertainment Company Limited would operate the venue on behalf of the Council. It is proposed that financial surpluses generated through new incremental conferencing business, and after charging all associated expenditure, will be allocated to a ring-fenced sinking fund to be used for the upkeep and further enhancement of the Winter Gardens complex.
- 5.8 Does the information submitted include any exempt information? No
- 5.9 **List of Appendices:**
- None
- 6.0 **Legal considerations:**
- 6.1 State Aid considerations may be a factor associated with this project. Specialist legal advice is being sought in order to ensure compliance with State Aid regulations.
- 7.0 **Human Resources considerations:**
- 7.1 None
- 8.0 **Equalities considerations:**
- 8.1 None

**9.0 Financial considerations:**

- 9.1 An early cost estimate for the project is approximately £25m. It is anticipated that Growth Deal 3 and Coastal Communities grant funding will contribute up to £18m of funds toward the scheme. It is proposed that either the scheme will be built to a fixed value and down-sized accordingly or if the business plan justifies it, the balance of funding will be made up of Prudential Borrowing. Further approval for this will be sought from the Council should the need arise.
- 9.2 A detailed business plan for the conference centre is currently being formulated. Once complete, the business plan will be rigorously tested and evaluated as an essential part of a robust due diligence process in order to ensure the scheme is financially viable before progressing the project further.
- 9.3 In order to progress the scheme to meet deadlines for stage 2 of the Coastal Communities Fund the Council would need to commit to a further £50,000 of design and due diligence work. This will be funded from the Strategic Leisure Assets portfolio/Blackpool Entertainments Company. A further £400,000 of development funding would be required if the project is approved for Coastal Communities Funding. A further decision will be required in September once the Council knows the outcome of its application.

**10.0 Risk management considerations:**

- 10.1 If the Council does not receive funding from either Growth Deal 3 or from the Coastal Communities Fund the development work could potentially be regarded as superfluous. In fact the work to progress an extension to the Winter Gardens conference facility is needed anyway and will put the Council in a strong position should further funding opportunities become available in the future.

**11.0 Ethical considerations:**

- 11.1 None

**12.0 Internal/ External Consultation undertaken:**

- 12.1 Consultation has taken place with both internal departments and external consultants on the requirements set out in this report.

**13.0 Background papers:**

- 13.1 None

**14.0 Key decision information:**

- |  |         |
|--|---------|
| 14.1 Is this a key decision?               | Yes     |
| 14.2 If so, Forward Plan reference number: | 18/2016 |

14.3 If a key decision, is the decision required in less than five days? No

14.4 If yes, please describe the reason for urgency:

**15.0 Call-in information:**

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If yes, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 8 June 2016 Date approved: N/A

**17.0 Declarations of interest (if applicable):**

17.1

**18.0 Executive decision:**

18.2 **Date of Decision:**

**19.0 Reason(s) for decision:**

19.1 **Date Decision published:**

**20.0 Executive Members in attendance:**

20.1

**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1

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# Agenda Item 3

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officers:</b>	Alan Cavill, Director of Place and Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting</b>	18 July 2016

## **BLACKPOOL AIRPORT ENTERPRISE ZONE RATES RELIEF POLICY AND RESOURCE REQUIREMENT**

### **1.0 Purpose of the report:**

- 1.1 To consider the adoption of a Enterprise Zone Rates Relief Policy for the Blackpool Airport Enterprise Zone and to consider making resources available to fund the promotion and administration of that Enterprise Zone.

### **2.0 Recommendation(s):**

- 2.1 To agree the adoption of the Enterprise Zone Business Rate Relief Policy as attached at Appendix 3a. This policy includes the delegation of decision making on recipients of such relief to the Director of Resources.
- 2.2 To agree to fund up to £1,600,000 over 5 years (of which it is envisaged £725,000 will be recovered from other parties) to fund the promotion and administration of the Enterprise Zone.

### **3.0 Reasons for recommendation(s):**

- 3.1 Following the Government's approval of Enterprise Zone status for Blackpool Airport one of the important incentives to business to relocate to the area is the availability of Business Rate Relief. This relief, if offered, is reimbursed to the participating Councils through a Government Grant so should not have any negative impact on future income from this source. Both Fylde and Wyre Borough Councils have already adopted the attached policy for the two new Fylde Coast Enterprise Zones.

The Blackpool Airport Enterprise Zone has the potential to create 3,000 jobs along with £200m of private investment. In addition to this growth in Business Rates should yield some £63m to the two authorities (part of the Enterprise Zone is within Fylde Borough Council) over the 25 year life of Enterprise Zone. Clearly this will only

happen in private developers and companies are aware of the site and its benefits. All Enterprise Zones benefit from significant levels of promotion and facilitation to encourage businesses to grow, start and relocate. This cost will be shared with Fylde Borough Council and other Land Owners but does need to be co-ordinated by a single body. The total cost over the 5 year start-up period will be £1.6m. This will be recovered from Business Rates (from both Blackpool Council and Fylde Borough Council) and contributions from other land owners.

- |      |  |     |
|------|--|-----|
| 3.2a | Is the recommendation contrary to a plan or strategy adopted or approved by the Council? | No  |
| 3.2b | Is the recommendation in accordance with the Council's approved budget?                  | Yes |
| 3.3  | Other alternative options to be considered:  |     |

The Business Rate Relief Policy was developed by Blackpool officers using best practice from elsewhere. This has been adopted by Wyre Borough Council and Fylde Borough Council. The only real alternative is not to offer any relief. Given that any relief is reimbursed and that the Council can retain 100% of business rates growth in the area that option is not cost effective or sensible.

With regard to the promotion, development and administration costs these could have been met by land owners at the Airport (of which the Council is the second largest). Land ownership of the developable areas is fairly fragmented and it is unlikely that any one owner would take the lead on this work. The Council already has in principle agreements in place already with other land owners regarding contributions. It could also be considered not carrying out this work but this would result in little or no development and movement to the Enterprise Zone.

#### **4.0     Council Priority:**

- 4.1     The relevant Council Priority is “The economy: Maximising growth and opportunity across Blackpool”

#### **5.0     Background Information**

- 5.1     The Bid proposals accepted by the Department for Communities and Local Government and HM Treasury – which resulted in the award of Enterprise Zone status for Blackpool Airport indicated that if properly promoted and supported the Enterprise Zone had the potential to generate some £63m of retained Business Rates for the authorities in Fylde and Blackpool over the planned 25 year life. This would be in addition to hosting an additional 3,000 jobs, levering in in excess of £200m of new private sector investment, securing the long term operational future of

Blackpool Airport. The zone would provide the facilities which would enable the Fylde Coast to benefit economically from the likely emergence and growth in a number of sectors including energy, food and drink, and aerospace related to the adjacent airport.

- 5.2 The government would require the local authorities to enter into Memorandum of Understanding as well as formal Delivery Implementation Agreements within the next six months – to set out how the Enterprise Zone will achieve its economic potential – progress against the targets will be measured quarterly and if there is little progress there is the sanction that Enterprise Zone status can be revoked. The Blackpool Airport site in addition to sitting across two local authorities has over 40 freehold and approaching 200 leasehold stakeholders and no primary developer, with Blackpool Council and Balfour Beatty Investments being the major partners - which necessitates a greater degree of direct public sector involvement in the delivery of a successful Enterprise Zone. To date the Airport Enterprise Zone and the zone at Hillhouse have been secured and progressed by the Economic Development Company with one full and one part time staff member – together with some initial consultancy support – this position is no longer sustainable; and there is a very serious risk that lack of resource financial and personnel will cause significant and long lasting damage to the potential of the Enterprise Zone. Therefore early identification of funding to be recovered from borrowing against future and actual retained business rates growth and negotiated contributions from development partners, is required to enable appropriate consultancy support and interim staffing support to be engaged. There are at present more than 60 enquiries for the two Enterprise Zones, without the benefit of marketing – with five businesses already having committed to locate on the Enterprise Zone since 1st April, in addition there are 5 potential design and build opportunities – including Force Technology Ltd.
- 5.3 The following matters require consultant/ staff support to ensure the Enterprise Zone progresses and prosper.
- Completion of Memorandum of Understanding for Blackpool and Fylde with the Department for Communities and Local Government by end July 2016.
  - Completion of draft Implementation agreement with the Department for Communities and Local Government – by end September 2016.
  - Final Implementation agreement with the Department for Communities and Local Government March 2017 – this requires negotiation and agreement with main delivery stakeholders and production of a full business plan).
  - Commissioning of Enterprise Zone Masterplan for July 2016 with delivery of final study including analysis of infrastructure requirements and aviation development Strategy due November 2016.

- Planning and design work of various areas to release development value.
  - Identification and agreement with possible Joint Venture development partner to take forward direct development.
  - Progression of initial design and build enquiries - to enable appointment of appropriate design and build contractors for Force Technology and other companies.
  - Ongoing enquiry handling - 60 + live enquiries to date – 5 new companies have occupied space within the Enterprise Zone since it went live on 1st April 2016.
  - Collection and collation of monitoring data for quarterly reports to the Department for Communities and Local Government, and the Local Economic Partnership
  - Preparation of report and presentation to Lancashire Local Enterprise Partnership to confirm overall governance arrangements for Blackpool's role as Accountable body and the Economic Development Company role as Programme board . This took place at the meeting on 1st June 2016.
  - Collection and collation of data on existing businesses and site availability at the Enterprise Zone.
  - Development and improvement of initial Enterprise Zone web sites and enquiry handling systems.
  - Development of marketing strategy.
  - Establishment of rateable value baseline for December 2016 including action to minimise that figure.
  - Undertaking neighbourhood stakeholder engagement activity.
- 5.4 In terms of resources required – initial indications for preliminary tenders received for the Hillhouse master-plan are that a fee in the region of £150,000 will be required to deliver a comprehensive masterplan which will shape the form and progress of development and be a vital component in the finalisation of the Implementation agreement. Access to an additional £100,000 will be required to support ancillary activity including attendance at trade shows, signage web site and marketing activity, and general surveys / valuations / site investigations. In terms of human resource the immediate needs are for administrative support, for an Architect/ development surveyor to assist with Master-planning activity and specifically development of the Design and Build briefs, and support for project/ programme management. Full marketing support would also be needed and other support will need to be made available on an ad-hoc basis from the Council's Legal Services, Finance, Asset

Management, Communications, Planning and Highways / transportation teams. In all these resources will need about £300,000 per year for the first 5 years of the project. Given that 2016/17 would be a part year over the 5 year period this would be a requirement of £1.6m. The Council would expect contributions from other interested parties to enable it to recover at least 50% of the year on year costs (i.e. £725,000) and the remainder to be recovered from the retained increase in Business Rates. In the first year the resource requirement would be £150,000 for a masterplanning exercise plus staffing and other revenue costs for a part year of £170,000 a total of £320,000. There will only be a limited opportunity for recovery of these costs within the first year from other land owners and partners, instead recovery will be over the first 5 years of operation from growth in business rates. Subsequent years (i.e. years 2-4) would require £320,000 for staffing and revenue items of which 50% would be directly recoverable in year from partners and land owners and the remainder from growth in business rates. It is envisaged that the total would therefore be £1,600,000 of which £720,000 would be recoverable from partners and landholders and £875,000 from Business Rates growth. As there would be a gap between initial expenditure and Business Rates and other income (such as capital receipts) there would have to be a suspense account arrangement put in until the income will have caught up with the expenditure.

- 5.5 The Business Rates policy attached at Appendix 3a has been developed in conjunction with the Council's National Non-Domestic Rates (NNDR) team using information and best practice from already established Enterprise Zones in other locations. It sets out policies and the process for determining applications for rate relief on the two new Fylde Coast Enterprise Zones. It indicates 5 categories from which applications would be considered. It also sets out the time frame we can offer this relief within which has been pre-determined by Government – this will run from April 2016 to March 2022. The document also contains a plan detailing where this relief would be available and where the alternative incentive of Enhanced Capital Allowances would be available instead. Enhanced Capital Allowances are applied for and granted by HM Treasury and the Local Authority has no direct responsibility for these. It is a joint policy for the three collection authorities involved, Blackpool Council, Fylde Borough Council and Wyre Borough Council; the latter two have already approved and adopted this policy document. Any rate relief granted in this way is refunded to the billing authority by way of a grant.

- 5.6 Does the information submitted include any exempt information? No

5.7 **List of Appendices:**

Appendix 3a – Enterprise Zone Business Rate Relief Policy

**6.0 Legal considerations:**

- 6.1 The legal powers to allow this have been granted by the Secretary of State for Communities and Local Government. Governance Arrangements for the Enterprise Zones have mirrored those elsewhere in Lancashire and have been agreed with the Local Economic Partnership. The proposed policy document is in accordance with the permissions being offered by the Secretary of State.

**7.0 Human Resources considerations:**

- 7.1 If the recruitment of staff is agreed this will be actioned using the Council's processes and systems.

**8.0 Equalities considerations:**

- 8.1 Due process will be followed in terms of equalities and a full assessment will be included in the Masterplan process referred to above.

**9.0 Financial considerations:**

- 9.1 The expected costs are set out below:-

	YR1	YR2	YR3	YR4	YR5	total
Masterplan fee	150	0	0	0	0	150
Ancillary support	20	20	20	20	20	100
Other support	150	300	300	300	300	1350
<b>Total</b>	<b>320</b>	<b>320</b>	<b>320</b>	<b>320</b>	<b>320</b>	<b>1600</b>

50% of costs this does include Masterplan work

Contribution from other parties 725

Total council requirement	875
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If agreed the second recommendation will require the Council to commit to incurring expenditure before rates income is received. It is proposed the first year of Council costs are met from the already agreed Growth and Prosperity Team funding. With subsequent years net costs being incorporated in the Medium Term Financial Plan. Any rate relief granted will be refunded by Central Government in the form of a grant.

**10.0 Risk management considerations:**

- 10.1 The risks are that the Business Rates growth predicted will not be achieved. This is mitigated by the fact that any expenditure covered in this paper would be recovered if only 10% of the target growth is achieved. There are already over 50 enquiries from firms wishing to locate or relocate to the Enterprise Zone as well as a number of new developments. As part of the masterplanning approach the Council will seek to procure a developer partner to further share and therefore reduce any financial risk.

**11.0 Ethical considerations:**

- 11.1 None – this project strongly accords with the Council's key priorities.

**12.0 Internal/ External Consultation undertaken:**

- 12.1 Key officers in the four local authorities have been consulted on the proposed policy. Fylde and Wyre Borough Councils have adopted the policy already.

**13.0 Background papers:**

- 13.1 None

**14.0 Key decision information:**

- |      |   |         |
|------|---|---------|
| 14.1 | Is this a key decision?   | Yes     |
| 14.2 | If so, Forward Plan reference number:                               | 17/2016 |
| 14.3 | If a key decision, is the decision required in less than five days? | No      |
| 14.4 | If yes, please describe the reason for urgency:                     |         |

**15.0 Call-in information:**

- |      |   |    |
|------|---|----|
| 15.1 | Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? | No |
| 15.2 | If yes, please give reason:   |    |

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 8 July 2016 Date approved:

**17.0 Declarations of interest (if applicable):**

17.1

**18.0 Executive decision:**

18.1

**18.2 Date of Decision:**

**19.0 Reason(s) for decision:**

**19.1 Date Decision published:**

**20.0 Executive Members in attendance:**

20.1

**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1



## **Blackpool Airport Enterprise Zone Hillhouse International Business Park Enterprise Zone**

### ***Enterprise Zone Business Rates Relief Policy***

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## Document Control

<b>Document Owner</b>	Rob Green
<b>Document Category</b>	Business Rate Relief
<b>Document Location</b>	Enterprise Zone Websites Local Authority Websites
<b>Issued By</b>	Original copy held by Blackpool Borough Council
<b>Last Edited</b>	David Holmes 20/05/2016

## Record of Amendments

Date	Amended by	Description of changes
<i>None to date</i>		

## **Authorisation**

This policy is endorsed by the following key individuals:

Name: Steve Thompson  
Job Title: Director of Resources  
Organisation: Blackpool Borough Council  
Signature:

Name: Neil Jack  
Job Title: Chief Executive  
Organisation: Blackpool Borough Council  
Signature:

Name: Paul O'Donoghue  
Job Title: Chief Financial Officer  
Organisation: Fylde Borough Council  
Signature:

Name: Allan Oldfield  
Job Title: Chief Executive  
Organisation: Fylde Borough Council  
Signature:

Name: Philippa Davies  
*(Clare James wef 01/07/16)*  
Job Title: Section 151 Officer  
Organisation: Wyre Borough Council  
Signature:

Name: Garry Payne  
Job Title: Chief Executive  
Organisation: Wyre Borough Council  
Signature:

Name: Edwin Booth  
Job Title: Chair  
Organisation: Lancashire Enterprise Partnership  
Signature:

Name: Bev Robinson  
Job Title: Chair  
Organisation: Blackpool, Fylde and Wyre Economic Development Company  
Signature:

## **Introduction**

During 2015 the Lancashire Enterprise Partnership was awarded two new Enterprise Zones on the Fylde Coast. The first was the Blackpool Airport Corridor Enterprise Zone, and the second was the Hillhouse Chemical and Energy Enterprise Zone. The Blackpool, Fylde and Wyre Economic Development Company (EDC) - which is a company limited by guarantee and is owned by the three local authorities, will provide overarching delivery and administrative support for the two Enterprise Zones.

The Enterprise Zones are situated at opposite ends of the Fylde Coast. The Blackpool Airport site is located near the coastal boundary between Blackpool and St Annes on Sea, and the Hillhouse site is located near the boundary of Fleetwood and Thornton, on the banks of the River Wyre.

The Blackpool Airport Enterprise Zone spans 144 hectares including the Blackpool Airport site, the Blackpool Business Park, Squires Gate Industrial Estate and Sycamore Trading Estate, and overlaps both the Blackpool Council and Fylde Borough Council local authority boundaries. The zone has been split into two zones as detailed in appendix 1.

The Hillhouse Enterprise Zone spans 138 hectares on the Hillhouse International Business Park, and falls within the Wyre Borough Council local authority boundary. The zone has been split into primary areas as detailed in appendix 2.

Both Enterprise Zones commence on 1<sup>st</sup> April 2016 and expire after 25 years on 31<sup>st</sup> March 2041. Local authorities are able to offer business rates relief of up to £275,000 over a period of 5 years, subject to European state aid limits, where business occupies a hereditament within the designated Enterprise Zone before 31<sup>st</sup> March 2022. This is hereinafter referred to as 'EZ Relief'.

This is a joint policy for Blackpool Borough Council, Fylde Borough Council and Wyre Borough Council (*hereinafter referred to singularly as the local authority*) and has been designed to ensure there is a uniform approach to EZ relief across the EDC area.

This policy is designed to give business and developers an early indication as to the level of EZ relief they may be able to receive. The level of relief actually granted will be decided subject to application and dependent on the individual facts presented. Whilst the Enterprise Zones seek to encourage inward investment into the area applicants should understand there is no automatic entitlement to

relief, it will not be available to all, and the relief may be granted retrospectively based on the achievement of growth targets.

Following analysis of the economic strengths of the Fylde Coast region and its potential contribution to Lancashire and the rest of the UK, the local authorities have targeted the energy sectors, advanced chemical manufacturing, aeronautics and aviation, food and drink manufacturing and the creative, digital & media and ICT sectors, whilst still offering relief to other business within certain qualifying criteria.

Dependent upon the information provided applications will be placed into one of the following five categories and decisions regarding EZ relief will be determined by the qualifying criteria specific to each category. Those categories are listed below:

1. New business from outside of the Fylde Coast economic area
2. Relocated or expanding business from within the Fylde Coast economic area
3. Existing business within the Enterprise Zones
4. Microenterprises occupying small hereditaments
5. Newly built unoccupied hereditaments

New business moving to the areas identified as orange on appendix 1 for Blackpool Airport and appendix 2 for Hillhouse International Business Park will not benefit from EZ relief. Instead new business will be encouraged to apply to HMRC for Enhanced Capital Allowance.

Any business which moves into either Enterprise Zone prior to 1<sup>st</sup> April 2016 or post-31<sup>st</sup> March 2022 will not benefit from EZ relief.

The Enterprise Zone was created to encourage private sector growth. Therefore applications for EZ Relief from public or third sector organisations are unlikely to be supported, but decisions will be made on a case by case basis. Furthermore, the local authority is unlikely to support any applications for EZ relief on retail premises in the Enterprise Zones. The only exceptions to this rule may be support facilities which promotes the Enterprise Zones image as a place of work, including but not restricted to; childcare facilities, medical facilities, automated teller machines or transport related hereditaments, but, again, decisions will be made on a case by case basis against the overall objectives of the Enterprise Zone.

## **1. New business from outside of the Fylde Coast economic area**

The Fylde Coast economy is heavily dependent on two employment sectors – the visitor economy and the public sector. There is a recognised need to nurture growth in other sectors and to attract new investment that will provide sustainable jobs in the area. Therefore, in an attempt to diversify the local economy, business moving to the Enterprise Zones from outside of the Fylde Coast economic area will be invited to apply for EZ relief.

In order to receive relief the applicant must be able to demonstrate an intention to engage with the local community. This involves an intention to recruit from the local area and to source from local suppliers, evidenced by way of a business plan. This can be demonstrated by way of a plan to:

- ensure that at least 60% of the workforce will be recruited from those resident within Lancashire, **or**
- ensure at least 40% of the workforce will be recruited from those resident within the Blackpool, Fylde or Wyre local authority boundaries, **and**
- ensure that, where an existing local business is able to satisfy the applicants demands, that the applicant will endeavour to source supplies/services from, or sell/provide services to, a local business at least 50% of the time, **and**
- ensure that where the need arises, that the applicant will use local sub-contractors at least 50% of the time

Up to 100% EZ relief will be available for up to 5 financial years for applicants who occupy the hereditament and whose business is wholly or mainly engaged in the following target sectors:

### **Blackpool Airport**

- a. Energy
- b. Aeronautics and Aviation
- c. Food and Drink Manufacturing
- d. Creative, Digital & Media and ICT
- e. Vocational Education and Training

### **Hillhouse International Business Park**

- a. Advanced Chemical Manufacturing
- b. Energy
- c. Energy and Waste Recycling
- d. Vocational Education and Training

Up to 80% EZ relief will also be available to those applicants moving from outside of the Fylde Coast economic area, who occupy the hereditament and whose main business activity is to provide professional, financial or logistical support to the target sectors.

Any business moving to either Enterprise Zones from outside of the Fylde Coast economic areas but which is not directly involved in one of the target sectors as listed above, or does not provide professional, financial or logistical support to them, will be invited to make an application for EZ relief and decisions as to the level of relief granted will be made on a case by case basis.

As a general rule the local authority does not support retail development within the designated Enterprise Zones. However, the local authority will consider applications in limited circumstance where these add specific value to the operation and success of the Enterprise Zone. Where a business incorporates a trade counter an award of EZ relief will only be considered where the sales area is 10% or less of the total floor space **and** where the applicant employs 10 or more people at that hereditament. Each application will be considered on its merit against the aims and objectives of the Enterprise Zone, but any award of EZ Relief may be capped at 50%.

Applications for hereditaments which are used for temporary storage will be decided on a case by case basis.

## **2. Relocated or expanding business from within the Fylde Coast economic area**

Given the nature of the incentives available Enterprise Zones can cause high levels of displacement from other sites. To counter this, the local authority seeks to minimise potential displacement based on the targeting of specific occupier profiles, but it is anticipated that some existing business will want to relocate anyway, given the lack of suitable or modern business accommodation to meet their expansion needs.

Therefore, any business which relocates into the Enterprise Zones from a hereditament within the Fylde Coast economic area will be categorised as a 'relocated business'. Such businesses will be invited to make an application for EZ relief, but relief will only be considered if the applicant can demonstrate a desire to grow their business, evidenced by way of a detailed business plan. This can be demonstrated by way of a plan to:

- occupy a larger business premises to grow their business (as evidenced by a business plan for the achievement of increased revenue turnover) or to attract new investment, **or**
- occupy a different business premises to produce new products or adapt to new customer markets, **or**
- occupy a different business premises to achieve greater efficiencies, by way of being closer to its target skills base, closer to suppliers or customers, or to take advantage of improved transport links

Businesses which take on an additional hereditament(s) within the Enterprise Zones and who continue to occupy premises elsewhere within the Fylde Coast economic area will be categorised as an 'expanding business'.

For 'relocated business' and 'expanding business' up to 100% EZ relief will be available for up to 5 financial years for applicants who occupy the hereditament and whose business is wholly or mainly engaged in the following target sectors:

### **Blackpool Airport**

- a. Energy
- b. Aeronautics and Aviation
- c. Food and Drink Manufacturing
- d. Creative, Digital & Media and ICT
- e. Vocational Education and Training

### **Hillhouse International Business Park**

- a. Advanced Chemical Manufacturing
- b. Energy
- c. Energy and Waste Recycling
- d. Vocational Education and Training

Up to 80% relief will also be available to those same applicants moving from within the Fylde Coast economic area, who occupy the hereditament and whose main business activity is to provide professional, financial or logistical support to the above target sectors.

Awards for any relocating or expanding business whose sector is not listed above will be capped at 50% in any zone.

As a general rule the local authority does not support retail development within the designated Enterprise Zones. However, the local authority will consider applications in limited circumstance where these add specific value to the operation and success of the Enterprise Zone. Where a business incorporates a trade counter an award of EZ relief will only be considered where the sales area is 10% or less of the total floor space **and** where the applicant employs 10 or more people at that hereditament. Each application will be considered on its merit against the aims and objectives of the Enterprise Zone, but any award of EZ Relief may be capped at 50%.

Applications for hereditaments which are used for temporary storage will be decided on a case by case basis.

### **3. Existing business within the Enterprise Zones**

Enterprise Zones are focused on long term economic growth rather than simply maintaining current economic activity so it is not intended that applicants can simply move their operations around the Enterprise Zones, to rebrand, restructure, or change their legal personality in order to benefit from EZ relief.

So, in order for existing business already located within the Enterprise Zone to receive EZ relief the applicant must be able to demonstrate intended growth and investment in the development of their workforce, evidenced by way of a detailed business plan. This can be demonstrated by way of a plan to:

- increase permanent workforce numbers by 30% over 5 years, **or**
- increase permanent workforce by 20% over 5 years, with 30% of the new workforce being apprentices, school/college leavers or graduates under the age of 25, **and**
- no less than 30% of the new workforce will receive work based training from an accredited training provider

Up to 100% EZ relief will be available for up to 5 financial years for applicants who satisfy the intended growth and workforce development tests and whose business is wholly or mainly involved in the following target sectors:

#### **Blackpool Airport**

- a. Energy
- b. Aeronautics and Aviation
- c. Food and Drink Manufacturing
- d. Creative, Digital & Media and ICT

#### **Hillhouse International Business Park**

- a. Advanced Chemical Manufacturing
- b. Energy
- c. Energy and Waste Recycling

Up to 80% EZ relief will also be available to those applicants who satisfy the intended growth test and whose main business activity is to provide professional, financial or logistical support to the above target sectors.

EZ relief for existing business whose sector is not listed above will be capped at 50% in any zone.

If the applicant is unable to satisfy the intended growth or investment in the development of their workforce tests then they will not be considered for EZ relief.

As a general rule the local authority does not support retail development within the designated Enterprise Zones. However, the local authority will consider applications in limited circumstance where these add specific value to the operation and success of the Enterprise Zone. Where a business incorporates a trade counter an award of EZ relief will only be considered where the sales area is 10% or less of the total floor space **and** where the applicant employs 10 or more people at that hereditament. Each application will be considered on its merit against the aims and objectives of the Enterprise Zone, but any award of EZ Relief may be capped at 50%.

Applications for hereditaments which are used for temporary storage will be decided on a case by case basis.

Where an existing business has been displaced from their ordinary hereditament as a direct result of the ongoing development of the Enterprise Zones, and the business voluntarily relocates to another hereditament within the business rate relief areas as detailed in blue on appendix 1 for Blackpool Airport or the area detailed in blue on appendix 2 in respect of Hillhouse International Business Park, the local authority will look on the circumstances favourably and award of relief of 100% EZ relief at the new hereditament, subject to state aid limits, to compensate their flexible approach in the interests of the ongoing development of the Enterprise Zones. Such business will not have to satisfy the intended growth or workforce development tests. This is only intended as a one-time award.

#### **4. Micro-enterprises who occupy small hereditaments**

A micro-enterprise is a business which employs fewer than 10 people and whose annual turnover and/or annual balance sheet total does not exceed €2 million. Would-be entrepreneurs are faced with a mountain of issues to consider before starting trading, such as testing their product or service idea through market research, accessing available finance or understanding basic legal and taxation issues.

In order to provide a supportive environment for the establishment of a micro-enterprise the local authority will provide up to 100% EZ relief for such businesses for a period of up to 5 financial years where the business relocate to the business rate discount areas as detailed on appendices 1 and 2 from outside of the Enterprise Zones; and where the business occupies a hereditament with a rateable value of up to £15,000 from 1<sup>st</sup> April 2016, rising to £20,000 from 1<sup>st</sup> April 2017.

It is not intended that a microenterprise will occupy more than one hereditament within an Enterprise Zone, so relief applications from micro-enterprise will be limited to a single hereditament in each zone. The local authority will only accept applications from micro-enterprise on two hereditaments where the applicant has a single hereditament in each of the two Enterprise Zones and the combined rateable value does not exceed £30,000 from 1<sup>st</sup> April 2016, rising to £40,000 from 1<sup>st</sup> April 2017.

Where the rateable value exceeds the qualifying limit or the applicant does not meet the definition of a microenterprise, the applicant will not be considered for EZ relief under this provision. Instead they will have to satisfy the local connections, workforce development and/or intended growth tests as detailed in previous sections.

## 5. Newly built unoccupied hereditaments

Commercial developers are invited to apply for EZ relief on newly-built but unoccupied hereditaments following the service of a Non Domestic Rate completion notice. Successful applicants will benefit from up to 100% relief for up to 24 months when completed on or after 1<sup>st</sup> April 2016 but before 31<sup>st</sup> March 2022, subject to state aid limits. This only applies to the business rate discount areas as detailed in appendices 1 and 2.

This measure is designed to help stimulate development within the Enterprise Zones. Construction decisions take into account the risk of paying unoccupied property rates on newly built commercial property if the property does not become fully occupied straight away. Reducing this risk may incentivise some commercial property projects to go ahead that wouldn't otherwise. This will not apply to developments where the intended use will be retail.

Properties which will benefit from EZ relief will be unoccupied hereditaments that are wholly or mainly comprised of new qualifying structures completed after 1<sup>st</sup> April 2016 but before 31<sup>st</sup> March 2022.

Whilst this policy is not intended to capture properties that have been merely refurbished, it is intended to include those that have been the subject of **substantial** structural construction, so for example those properties that are built on existing foundations or built around a retained façade are eligible to apply for EZ relief.

Where a new hereditament is created as a result of a split or merger of other properties, or where the existing hereditament is altered for example with an extension, the same test will apply i.e. the hereditament must be wholly or mainly comprised of qualifying structures to benefit from the relief. It is not intended that applicants benefit from EZ relief in absence of structural changes simply because the property has split, merged or reconstituted via valuation amendments.

EZ relief will be applied to the property rather than the owner. So if a developer initially owns a hereditament that qualifies for EZ relief they will be able to sell or lease the property with the benefit of the remaining term of the relief, subject to the new applicants own state aid de-minimis limits.

Where the hereditament has been occupied, if only for a short time, there will not be any further award of EZ relief should the hereditament become unoccupied again - this is a one-time award.

There may be difficulties and delays in forecasting the level of relief applicable for new developments. This is because the valuation of hereditaments is dealt with by the Valuation Office Agency, a central government department which is separate from the local authority. Applicants are encouraged to seek an estimated rateable value from the Valuation Office Agency before making enquiries with the local authority.

Multiple applications are permitted from the same developer, but the applicant should be mindful of their own state aid limits when making applications.

## **Application and decision making process**

Enquiries and applications for EZ relief will be made via the relevant Enterprise Zone websites at [www.blackpooleez.com](http://www.blackpooleez.com) and [www.hillhouseez.com](http://www.hillhouseez.com). The supply of supporting evidence can be sent by email to [info@bfwedc.co.uk](mailto:info@bfwedc.co.uk).

Any information supplied in connection with the application for EZ relief will be received in confidence and kept secure according to the principles of the Data Protection Act 1998. The information will be used solely in connection with the application and decision making process by the relevant local authority and the governance structure for the Enterprise Zone.

Enquiries and applications for EZ relief will be received by the Blackpool, Fylde and Wyre Economic Development Company (“EDC”). The application and supporting evidence will be verified by the EDC and then sent to the local authority to process. The responsibility for granting discretionary relief rests with the Chief Financial Officer of the local authority in which the hereditament is located.

As the decision to grant EZ relief is discretionary local authorities may refuse the application if they consider the award would not be appropriate, for example where granting EZ relief would go against the authority’s wider objectives for the local area, or it may be considered not to be in the interests of the local Council Tax payer.

Each Chief Financial Officer reserves the right to award up to 100% EZ relief to any applicant from any sector who can evidence growth, subject to state aid limits, but in doing so the award would need to be in the interest of their local Council Tax payers. This is to be the exception rather than the rule.

Once the decision is made the Local Authority will notify the applicant within 7 days and a decision notice will be sent in writing.

Where an application for EZ Relief is refused, a decision notice will be sent to the applicant within 28 days of the decision, giving reasons for the refusal.

The local authority will accept an applicant’s written request for a redetermination of its decision only where new and/or substantive information is presented which was not included in the original application. The Chief Financial Officer for the local authority in which the hereditament is located

will either confirm or amend their original decision. Once a redetermination has been considered there is no further appeal process. The Chief Financial Officer's decision is final.

Once a redetermination is made, a decision notice will be sent to the applicant in writing within 14 days of the re-determination.

## State Aid

Throughout this policy there is continual reference to "*up to ..% relief will be available up to state aid limits*". This is because the award of EZ relief is subject to European de-minimis state aid limits. This is at an amount equivalent to €200,000 over 3 financial years (approximately £167,000 in April 2016).

State aid was introduced to regulate public sector intervention, with the aim of ensuring fair competition and the proper functioning of the single European market. It is believed that giving unregulated financial support to some businesses would risk distorting competition within the European common market, and hinder the long-term competitiveness of the European Union. This means that a business can only receive government support up to a maximum level and because of this we have to ask applicants detailed questions about financial support that they may have already received from the public sector.

The state aid threshold applies to all financial assistance received by a parent company / group of businesses rather than just a subsidiary, i.e. a subsidiary located in an Enterprise Zone would not be eligible for the discount if its parent company (located elsewhere) had already received up to or over the state aid limit in the three year period.

For further information on state aid, applicants should visit [www.gov.uk/guidance/state-aid](http://www.gov.uk/guidance/state-aid).

If an applicant is deemed to have breached state aid de-minimis regulations the local authority will withdraw the relief already granted and may demand immediate re-payment of the sum, including compound interest.

## **Calculation and Payment of EZ Relief**

The local authority is able to grant a maximum EZ relief of £275,000 over 5 financial years to applicants who occupy hereditaments within the designated Enterprise Zone, but EZ relief can only be granted subject to state aid rules. For instance, if a business has an annual business rate liability of £300,000 the local authority can only grant EZ relief in line with state aid limits which is an amount equivalent to €200,000 (approximately £167,000 in April 2016).

By default successful applicants will see the relief calculated daily and spread across 5 financial years with an annual cap of £55,000.00 in each year, but in special circumstances at the request of the applicant the local authority will consider applications for payment of the relief to be frontloaded and paid in the early years, subject to state aid limits on the day the relief is granted.

The applicable amount of state aid is based on euros, whereas EZ relief is awarded in sterling. Accordingly, for the purpose of compliance with the €200,000 threshold in the calculation of EZ relief the European Commission's reference exchange rate is used, as it is on the day that the relief is granted.

EZ relief is not a portable benefit. It is a relief that is attached to the hereditament for which it was granted, and is not transferrable to any other hereditament within or outside of the Enterprise Zone in which the application was made.

EZ relief is only applied where the hereditament is occupied or if it is newly built, and will be applied net of any other reliefs which the applicant may be entitled to. These include unoccupied property exemptions, transitional relief, and mandatory relief for charitable occupation, small business rate relief or any statutory relief schemes which come into existence during the EZ relief lifespan.

Applications for EZ relief will usually be backdated to the 1<sup>st</sup> April of the year in which the application was made.

Where only part of the hereditament falls within the designated Enterprise Zone, EZ relief will be awarded on the whole hereditament.

No applications will be considered for periods prior to 1<sup>st</sup> April 2016 or post 31<sup>st</sup> March 2022.

## **Legal Framework**

EZ relief for business located within a designated Enterprise Zone is permitted pursuant to section 47 of the Local Government Finance Act 1988, as amended by the Non-Domestic Rating (Designated Areas) Regulations 2013, as amended. The decision whether to award relief is discretionary.

European State Aid deminimis limits were introduced by Commission Regulation (EU) 1407/2013 and apply to all public bodies who administer tax relief on behalf of a European member state.

## **Periodic Reviews**

All awards of EZ relief are subject to periodic review to ensure continued compliance with the aims of this policy. Whilst there is no intention to require the repayment of the sums allowed for EZ relief - where an applicant no longer complies with the requirements as laid out in this policy the local authority will provide 12 month notice of the withdrawal of the relief.

Where a micro-enterprise receives EZ relief for occupying a small hereditament, but the business has experienced growth which would take them beyond the ordinary qualifying limits - such as employing 10 or more people at a single site or where the balance sheet exceeds the qualifying limit, the local authority will continue to award EZ relief for a further 24 months prior to the relief being withdrawn.

## **Revaluation Clause**

The Valuation Office Agency is to conduct a national revaluation of all hereditaments, effective 1<sup>st</sup> April 2017, and at regular intervals thereafter. Where the rateable value of the hereditament has increased, however caused, and where the applicant would no longer be eligible for the relief the local authority will serve a 12 month notice to adjust or withdraw the relief. During the 12 month notice period the local authority will continue to award the original level of relief, subject to state aid limits, but once the notice period has expired the original relief will be withdrawn.

## **Split, Merger or Reconstitution Clause**

For the purpose of this policy, where the hereditament has been split, merged or reconstituted by the Valuation Office Agency, the local authority will treat the revised hereditament as if it were a

new hereditament. This will cause the existing EZ relief to cease. Should the ratepayer wish to claim EZ relief after the split, merger or reconstitution they will be required to submit a new application.

The fact a property has been split, merged or reconstituted will not give rise to a fresh 5 year relief period. Any new application will take into account the number of years of any previous awards of EZ relief to ensure the maximum relief period does not exceed the original qualifying threshold for new business, relocating or expanding business, existing business, micro-enterprises or newly built unoccupied hereditaments as detailed in previous sections.

## **Part Occupied Relief Clause**

Where the ratepayer has made an application for Part Occupied Relief once EZ relief has been awarded, once the Valuation Office Agency have apportioned rate liability the local authority will treat the occupied part as if it were a new hereditament. This will cause the existing EZ relief to cease. Should the ratepayer wish to claim EZ relief after apportionment they will be required to submit a new application.

## **Insolvency or Receivership Clause**

In the event that a ratepayer becomes subject to insolvency proceedings or receivership the local authority will immediately withdraw EZ relief. This is because state aid rules provide that financial assistance cannot be provided by a public sector body where the business is in difficulty.

## **Non Payment Clause**

Where the local authority is owed outstanding sums by the applicant, a parent company of, or a subsidiary of the applicant, however caused, the local authority reserves the right to refuse an application for EZ relief until such sum is paid. This is because the local authority feels it would not be in the best interests of the local Council Tax payer to grant a discretionary relief where the local authority is still owed an outstanding sum by the applicant, a parent company of, or a subsidiary of the applicant.

In the event that the local authority has to commence future legal proceedings to recover an outstanding sum from the ratepayer, however caused, the local authority reserves the right to withdraw future relief for this ratepayer. Accordingly the local authority will provide a 12 month notice period prior to the relief being withdrawn.

## **Movement Clause**

EZ relief is a discretionary relief designed to encourage and assist economic growth. Therefore it is not permissible for a business to move in and out or within the Enterprise Zones within short and medium periods to take advantage of the relief provisions. A cumulative view will be taken of applicants and any subsidiaries and/or any linked companies when dealing with applications for relief to ensure the objectives of the Enterprise Zone are being met. This may result in applications for relief being refused.

## **Definition of terms**

**Advanced Chemical Manufacturing** includes the manufacture of equipment, design, construction installation, management and operation of chemical/process facilities. This policy extends to include sector logistics – including hereditaments used for research and consultancy. It is not anticipated that raw material storage facilities would be supported unless there was a compelling need for this element of the supplier chain to be in close proximity to a research and development or significant manufacturing facility.

**Aeronautics and Aviation** is to include hereditaments used for domestic and/or international passenger flights, domestic and/or international cargo flights, freighter flights, pleasure flights, aircraft maintenance – including repairs, painting, servicing, component manufacturing and conversion of older commercial airframes to freighter configuration, hangarage, training and sales/brokerage amongst other aviation focused business. This also includes temporary storage of aircraft.

**Business in difficulty.** Pursuant to s2.1 of EU Directive 2004/C22/02 a business is in difficulty where it is unable, whether through its own resources or with the funds it is able to obtain from its owner/shareholders or creditors, to stem losses which, without outside intervention by the public authorities, will almost certainly condemn it to going out of business in the short or medium term.

**Business moving from outside of the zone.** In considering the original location of the applicant their location is deemed to be where the applicant's primary office, headquarters, main business activity or registered office was held.

**Business Rates** is the commonly known name for Non Domestic Rate. Non Domestic Rate is a complex area but to surmise it is a locally administered tax which is payable for occupied land and buildings, and empty buildings which were previously used for non-domestic purposes.

**Business Rate relief** is a reduction of the rate liability granted by the local authority. For the purposes of this policy Business Rates relief is deemed to mean relief granted for business within the designated Enterprise Zone, a discretionary relief granted by the local authority pursuant to section 47 of the Local Government Finance Act 1988, as amended. This may also be referred to as 'EZ Relief'.

**Chief Financial Officer** is a generic job title used for the purpose of this policy, but the local authority may use a different job title. This job title is intended to apply to the officer with responsibility for the financial affairs of the local authority, which is a statutory position pursuant to section 151 of the Local Government Act 1972.

**Creative, Digital & Media and ICT** is a very wide area, which is to include hereditaments used wholly or mainly for film, TV, radio, computer games, publishing, music, performing/visual arts, design and cultural heritage. Digital is specifically aimed at the infrastructure and platforms through which creative content is often delivered, and ICT (Information and Communications Technology) is an umbrella term that includes all technologies for the manipulation and communication of

information. Media is to include web design, web development and digital marketing plus a range of other services including printing, brand design and electronic marketing.

**Detailed business plan** is to be provided as evidence where requested. This is the type of document normally submitted to secure financial support from a lender which demonstrates a pattern of growth in recent and future trading periods.

**Energy** is to include most, but not all, aspects of the energy sector. This includes the sourcing or production of energy, including onshore hydraulic fracturing and offshore oil or gas, but not coal. This policy extends to include sector logistics – including hereditaments used for research and consultancy and the manufacture of tools and machinery but does not include fuel distribution points, such as vehicular petrol stations, electric charge points or any facility of a similar nature. The policy includes hereditaments primarily used for the delivery of electrical installations to residential and commercial clients, and extends to include renewable energy - which is energy that comes from resources which are naturally replenished on a human timescale such as sunlight, wind, rain, tides, waves, and geothermal heat. This policy extends to include biomass energy or energy from food waste or any other energy saving technology as endorsed by the Department of Energy and Climate Change (DECC).

**Energy and Waste Recycling** is the energy recovery process of utilising energy that would normally be wasted, usually by converting it into electricity or thermal energy, and waste recycling is generally the process which captures excess heat that would normally be discharged at manufacturing facilities and converts it into electricity and steam. The list for energy waste recycling is not exhaustive but is to include any scheme pursuant to the EU Waste Framework Directive, and which has been endorsed by the Department of Energy and Climate Change (DECC).

**Enhanced Capital Allowances** allow businesses to write down the costs of qualifying plant and machinery assets against their taxable income. Under the current designation, ECAs will give a 100% first year allowance on capital expenditure on qualifying assets until 31<sup>st</sup> March 2020. A cap of €125 million<sup>2</sup> per investment has been placed on the ECAs. This is administered by HMRC.

**Enterprise Zone Business Rates Project Group** comprises operational officers from all key public sector organisations and the lead private sector developers, established to directly oversee day-to-day delivery of the EZ relief.

**Enterprise Zone Programme Board** comprises senior representatives from Lancashire County Council, Wyre Borough Council, Fylde Borough Council, Blackpool Council, UKTI, DBIS DCLG, Blackpool Fylde and Wyre EDC, and the principal developers.

**Food and Drink manufacturing** is the complex network of farmers and the industries that link to them. Those links include makers of farm equipment and chemicals, including the marketing industries that link farms to consumers, and also food and fibre processors and wholesalers. This policy does not extend to include farms or fisheries, or retailers and foodservice establishments which sell directly to visiting members of the public.

**Fylde Coast economic area** is the area within the Blackpool, Fylde and Wyre local authority boundaries which broadly consists of Blackpool, Fleetwood, Lytham St Annes, Kirkham, Warton and

Garstang. This is made up of the FY1 – FY8 post code areas, and a number of properties within the PR3 and PR4 post code areas.

**Hereditament** is the legal term used to describe property which fulfils the statutory requirements to render it subject to a rating assessment. In the main this is land or buildings used in connection with business activity.

**Insolvency.** For the purpose of this policy, insolvency is to mean any proceedings pursuant to the Insolvency Act 1986, namely bankruptcy, creditors' voluntary liquidation, compulsory liquidation, members voluntary liquidation, administration or corporate or individual voluntary arrangements.

**Local business** is one which employs people from within the Blackpool, Fylde or Wyre local authority area. As the applicant may require bespoke products or services to cater for their specific business needs, it is possible that no such business will exist in the Blackpool, Fylde or Wyre area. If that is the case, for the purpose of this policy the applicant should look to do business within the Preston or Lancaster areas primarily, and if that is not possible then look to the wider Lancashire area before dealing with any other business from any other part of the United Kingdom or abroad.

**Part Occupied relief** is a discretionary relief granted under s.44A of the Local Government Finance Act 1988 and applies where the applicant is phasing occupation into or out of a hereditament. If the local authority agrees then the hereditament will be split into two parts – the occupied part and the unoccupied part, and revised rateable values will be provided.

**Professional, Financial or Logistical support** is a very wide area, which is to include hereditaments used for research, laboratory, consultancy, regulatory, insurance, accounting, legal, HR or payroll, asset management, recruitment, business planning, procurement, supplier management, ordering, order controlling, order processing, warehousing and storage, and the provision for delivery of the finished products to the customer. Road transport operators may see a reduced award due to specific state aid rules which apply to their sector. This may also be referred to as 'supply chain'.

**Occupy (or occupied)** is to mean occupation of the main or whole of the hereditament. For the purpose of this policy the local authority will not apply EZ relief where less than half (50%) of the physical size of the hereditament is occupied by the business.

**Qualifying structures** is intended to mean foundations, and/or permanent walls, and/or permanent roofs, and completed is intended to mean when the building or part of the building of which they form part, is ready for occupation for the purpose it was constructed unless a Non Domestic Rating completion notice has been served in respect of such a building or part of a building - in which case it would be the date specified in that notice.

**Receivership** is to include fixed charge receivership and law of property act receivership.

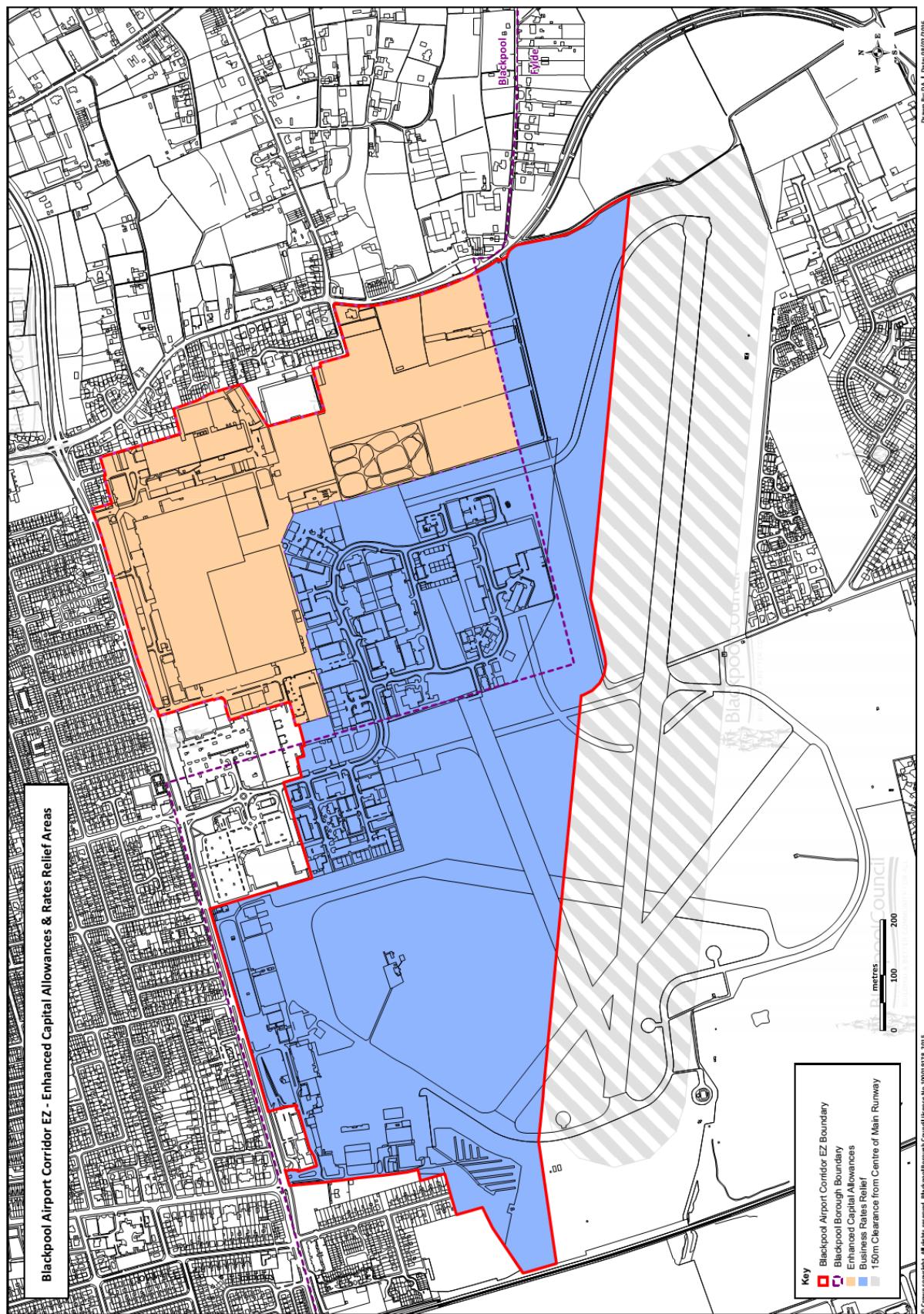
**Retail** is to include premises used for the sale of goods, the provision of services to visiting members of the public, or premises which are primarily used for the sale of food or drink to visiting members of the public. For the purpose of this policy 'retail' also includes wholesale.

**Temporary storage** is to include the storage of aircraft or related machinery on aprons or taxiways, or other airport related infrastructure, but is not extended to include the parking, sales or repair of road vehicles.

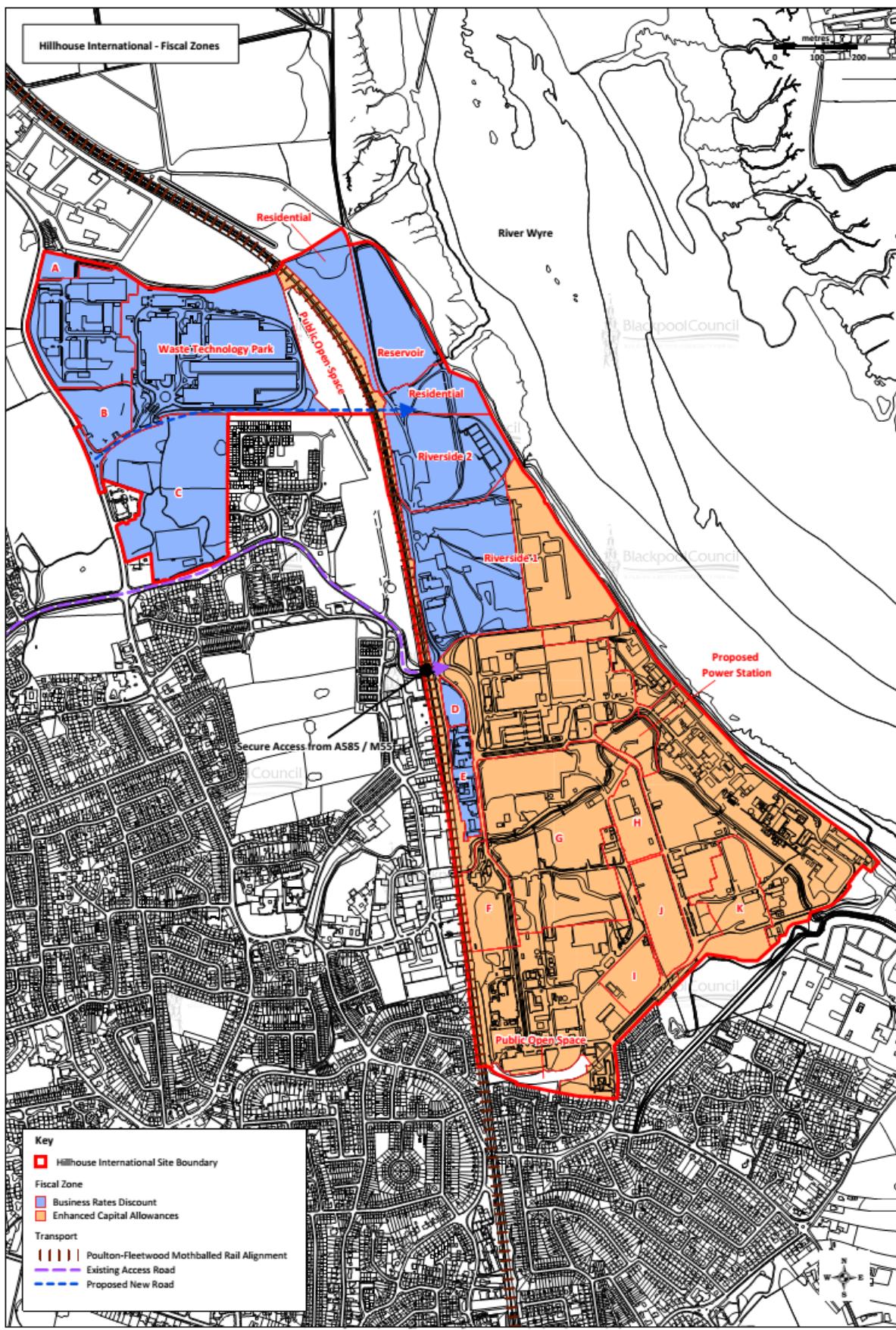
**Vocational Education and Training** is a broad concept but for the purpose of this policy it is deemed to be the process of preparing learners for jobs with a basis in manual or practical activities, traditionally non-academic and entirely related to a specific trade, occupation or vocation. For the purpose of this policy there must be a direct link between the Enterprise Zone target sectors and the training provided by the applicant.

**Wholly, Main or Mainly** for the purpose of this policy is deemed to be more than half.

## Appendix 1 – Blackpool Airport site plan



## Appendix 2 – Hillhouse International Business Park site plan



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# Agenda Item 4

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officers:</b>	Alan Cavill, Director of Place and Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting</b>	18 July 2016

## OPTIONS FOR THE DEVELOPMENT OF BOURNE CRESCENT

### 1.0 Purpose of the report:

- 1.1 To appraise members of the options available to resolve the condition of properties at Bourne Crescent on South Promenade and seek a decision on the preferred option.

### 2.0 Recommendation(s):

- 2.1 To agree the preferred option from three options as set out a Paragraph 5.7.
- 2.2 Subject to 2.1, to delegate the approval of any loan agreement to the Chief Executive to the borrowing limits referred to in the report, following consultation with the Leader of the Council.

### 3.0 Reasons for recommendation(s):

- 3.1 The condition of the properties around Bourne Crescent is detrimental to the town and the surrounding area in terms of appearance and the continued safety requirements. This situation needs to be resolved and the Executive is requested to support the one of the three options outlined to resolve this.

- |      |  |     |
|------|--|-----|
| 3.2a | Is the recommendation contrary to a plan or strategy adopted or approved by the Council? | No  |
| 3.2b | Is the recommendation in accordance with the Council's approved budget?                  | Yes |

**3.3 Other alternative options to be considered:**

As outlined in the Background Information section.

**4.0 Council Priority:**

**4.1** The relevant Council Priority is “The economy: Maximising growth and opportunity across Blackpool”

**5.0 Background Information**

**5.1** Following its closure for over 12 months the Palm Beach Hotel was damaged by fires in 2014 and then again in 2015. The first of these was the worst and caused significant damage to the corner of the property which was further damaged by high winds in the winter of 2014/15. The hotel is beyond economic repair and its condition has now affected that of the Bourne Hotel. The Warwick Hotel is also in a state of disrepair. The Council has been trying to keep the site safe since the first fire and has made regular security and condition survey visits to the site which is frequently being further vandalised. The previous owners were in possession of the Palm Beach and the Bourne Hotel at the point of closure and did not have the resources to secure or demolish these properties despite the actions of the Council’s Enforcement Team over the years.

**5.2** In 2015 Create Construction Ltd and Create Developments (Blackpool)Ltd ('Create Construction') two local companies) put together a scheme for the development of a hotel with 135 bedrooms. The companies received full planning permission for this earlier this year. The proposed funding package for this project is used in the hotel sector but fairly complex. In effect, Create Construction Ltd would build the hotel which would be owned by the first funder who in return for this freehold ownership of the land would invest the cost of construction into the project as the first funder during the construction period. Create Construction is also providing funds to the project. However, there is a gap in the funding which will be required to be met by a second funder who would benefit from the security of a legal charge over a 99 year lease from the first funder to Create Developments (Blackpool) Ltd. Create Construction has asked the Council to consider providing this gap funding. The amount of the loan sought is £4.5m. The business plan presented by Create Construction suggests that the value of the security for the second funder would be worth more than the amount of the loan sought. The Council is currently awaiting further independent verification of the valuation. Create Construction would be granted a loan only if the independent valuation is deemed to be satisfactory by the Council.

- 5.3 Another option that has come to light during this process is that the Council could fund all of the development costs and takeover the project. The Council would then benefit from the security of the freehold interest as security against its investment.
- 5.4 Earlier this year Council Officers were approached by Create Construction in connection with the Palm Beach and Bourne Hotels to ensure that the site was obtained in time for the scheme to be capable of development. After discussions with the Blackpool Housing Company Ltd, that Company's Board agreed to acquire the two properties for £450,000 to ensure that progress could be made without the need to involve any other parties. An option agreement was in place to sell the site on to Create Construction (Blackpool) Ltd pending that company's funding discussions which has lapsed and is no longer relevant. If the Council chooses to make a loan to Create Construction as second funder, then Blackpool Housing Company Ltd would transfer the freehold to the first funder and recover all costs incurred by Blackpool Housing Company Ltd at the point of that transfer.
- 5.5 It is critical that whatever option the Council pursues that the site must be safe. The most effective way of achieving this is to demolish the existing buildings. The cost of demolition of the Palm Beach and Bourne Hotels is estimated at £400,000. There may also be an opportunity to work with the owner of the Warwick Hotel to demolish that at the same time and produce some additional car parking in an area that would benefit from that in the summer months especially. If the Council chose not to proceed with the Hotel development either by the Council or by supporting Create Construction then clearance would give a much more marketable site. Selling the site either with the benefit of the Hotel permission, with another permission or indeed to be developed by the Council's company should yield the resources to cover the costs that have been incurred to date plus demolition.
- 5.6 Over the last few weeks Council Officers have been looking at the due diligence on the schemes referred to above. There is already a full appraisal of the hotel proposals by a reputable company (that clearly shows that in business planning terms the project delivers a good return to the operator and lenders). As this was commissioned by Create Construction, a further piece of work has also been commissioned to ensure that these projections are corroborated.

5.7 There are three options for consideration by the Executive.

Option 1 – Demolish the former Palm Beach and Bourne Hotels at a cost of approximately £400,000 and seek the best use for the vacant site by tender or other form of development.

Option 2 – To use the extant planning permission for the development of similar style 135 bedroom hotel utilising Prudential Borrowing. The figures presented suggest that the profits from this venture would cover the required Borrowing costs.

Option 3 – To make a secured loan of £4.5m to Create Developments (Blackpool) Limited to facilitate the development of a 135 bedroom hotel to an agreed standard. This would result in the demolition of the burnt out properties referred to above and the development of a modern high quality hotel enhancing the attractiveness of the area and providing modern facilities.

5.8 Subject to the Council receiving satisfactory due diligence reports from its appointed legal advisers and valuers, it is proposed that option 3 is pursued. This will ensure that the Council's aspiration for redevelopment of the site is achieved in shortest time possible while delivering the fastest route of making the site safe in the short term.

5.9 Does the information submitted include any exempt information? No

**5.9 List of Appendices:**

None

**6.0 Legal considerations:**

6.1 The Council has appointed an expert legal adviser to assist the Council with this project. In terms of the proposed arrangements with Create Construction and its subsidiaries the Council has been assured that whilst complex, this method of funding hotel development is not unusual. The Council has also sought further expert advice on the business plan/valuations to give surety over security offered. If option 3 is approved in order for the project to proceed documentation satisfactory to the Council will require to be submitted providing appropriate security for the Council during and after construction.

**7.0 Human Resources considerations:**

- 7.1 Unless the Council pursues the option of carrying out the hotel development itself there would be no human resource issues. If it does, the Council would need to consider if employment would be through an operator or direct to the Council – when the Council has considered this previously it has opted for employees to be engaged by an operator and not by the Council.

**8.0 Equalities considerations:**

- 8.1 None

**9.0 Financial considerations:**

- 9.1 Option 1 would expose the Council to a further £400,000 of risk. Given the economic uncertainty (see 10.2) there is a risk the sale of the sites or later redevelopment of the site will not enable the Council to recover all the costs it would incur.
- 9.2 Option 2 would mean the Council Prudentially Borrowing £12.3m the full sum required to carry out the development of the hotel which would then be funded by the profits from running it. These are estimated at £1m per year (yet to be verified by independent valuer) which would cover borrowing over a 25 year period.
- 9.3 Option 3 would mean that the Council would Prudentially Borrow £4.5m to lend to Create Development (Blackpool) Ltd. Again the business plan suggests that this would be affordable and the loan may only be for a 3-5 year period when it is possible that the hotel would be sold on as an investment. The Director of Resources would apply a rate of interest of 8.5% to any loans that would reflect the Council's position as second funder.

**10.0 Risk management considerations:**

- 10.1 The principal risk at this stage relates to the condition and ensuring the safety of the building. If no decision is made then this risk will be ongoing. All of the options offer a solution to this risk but the fastest route to this would be through option 3 as Create Construction already has a quotation for this demolition work.
- 10.2 All parts of the economy are entering a potentially difficult period with the recent referendum decision. This has caused a huge amount of financial market uncertainty, which is likely to last for a number of years as the UK

negotiates its exit from the European Union. The potential for a recession and or a slump in property prices in the coming years is clearly a risk which would impact on each of the options listed above.

- 10.3 Options 2 and 3 both require the hotel to generate sufficient income to repay the Prudential Borrowing expended. The advisors appointed by the Council will provide sensitivity analysis on the business plans developed by Create Construction. This will enable the Council to clearly understand the occupancy rates and room rates that will generate sufficient cash to repay the Council's borrowing and enable the Council to understand the confidence that can be placed on the business plan.
- 10.4 Create Developments (Blackpool) Ltd is a newly created company to whom the Council would be offering the loan. Negotiations over any funding would focus on the security that would be provided to the Council in return for the release of the loan monies. The Council has therefore sought to appoint legal advisors that have significant experience in negotiating such protection for their clients.

**11.0 Ethical considerations:**

- 11.1 None other than those that relate to public safety.

**12.0 Internal/ External Consultation undertaken:**

- 12.1 Legal, Finance and external expert advice.

**13.0 Background papers:**

- 13.1 Business Plan submitted by Create Construction Ltd.

**14.0 Key decision information:**

- |      |   |         |
|------|---|---------|
| 14.1 | Is this a key decision?   | Yes     |
| 14.2 | If so, Forward Plan reference number:                               | 16/2016 |
| 14.3 | If a key decision, is the decision required in less than five days? | No      |
| 14.4 | If yes, please describe the reason for urgency:                     |         |

**15.0 Call-in information:**

15.1 Are there any grounds for urgency, which would cause this decision  
to be exempt from the call-in process? No

15.2 If yes, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 8 July 2016 Date approved:

**17.0 Declarations of interest (if applicable):**

17.1

**18.0 Executive decision:**

18.1

**18.2 Date of Decision:**

**19.0 Reason(s) for decision:**

**19.1 Date Decision published:**

**20.0 Executive Members in attendance:**

20.1

**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1