

Officer Non Key Executive Decision

Relevant Chief Officer (Decision Maker):	Alan Cavill, Director of Communications and Regeneration
Relevant Cabinet Member (for consultation purposes):	Councillor Mark Smith, Cabinet Member for Levelling Up - Place
Report Author (Officer name and title):	Rob Green – Head of Enterprise Zones: Enterprise Zone – Growth and Prosperity Team, Communications and Regeneration Directorate Kirsten Whyatt Finance Manager –Resources Directorate
Implementation Date of Decision:	28 March 2024

COSTS IN RELATION TO CAA LICENSE TRANSITION AT BLACKPOOL AIRPORT AND ENTERPRISE ZONE (EZ)

1.0 Purpose of the report:

1.1 To seek agreement and instruction to authorise payment to Blackpool Airport Operations Ltd (BAOL) in respect of costs incurred in relation to the transfer of the CAA operational and Air Navigation service provider licenses to BAOL

2.0 Recommendation(s):

2.12 To approve a payment of £ 201,087 for reimbursement of historic cost incurred by BAOL in respect of the Transfer of CAA licenses for Blackpool Airport.

3.0 Reasons for recommendation(s):

3.1 To recognise costs initially incurred by Blackpool Airport Operations Ltd, at the request of Blackpool Council, as Shareholder , to facilitate the transfer of CAA operational Licenses for the Airfield operation and provision of Air Navigation Service Provider , from Regional and City Airports to BAOL ; and to enable reimbursement of relevant costs incurred as a direct consequence of the decision of the Shareholder to bring licences in house .

The Enterprise Zone delivery team and finance officers have been in regular dialogue with BAOL, and have now agreed final costs incurred to enable the transfer of both

the Airfield Operation and Air Navigation Service Provider licenses , and the apportionment of responsibility to meet such costs . A table of costs is provided in confidential Appendix A.

Budget estimates for these works are being tracked within the approved EZ delivery plan and the costs identified fall in line with these.

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 responsibility for these costs could remain with BAOL.

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 Blackpool Council is the accountable body for the Blackpool Airport Enterprise Zone, (EZ) a 25-year project that has an overarching objective to diversify the economy of the Fylde coast, support generation of 5,000 new jobs and attract a minimum of £300m of private sector investment. The EZ has the potential to achieve a cumulative £2bn GVA over its lifetime. Blackpool Airport is a pivotal component in the Enterprise Zone delivery strategy, to meet its employment and economic objectives by 2041.

An integral part of the activity undertaken to deliver EZ objectives was the re-acquisition of Blackpool Airport in 2017, by way of purchase of Blackpool Airport Ltd and its wholly owned subsidiary companies Blackpool Airport Operations Ltd and Blackpool Airport Properties Ltd.

Initially on purchase the Council inherited an ongoing management contract with Regional and City Airports Ltd (RCA), with the crucial Civil Aviation Authority licences to operate the airfield and the Air Traffic Control services held in the name of RCA. With the exception of two key RCA managerial staff all personnel at the airport were employed directly by BAOL.

The separation of the control of the operational licenses and the ownership of the airport was considered inappropriate, and potentially leaving the airport vulnerable to the actions of a third party over which there was reduced direct control.

Subsequently a tender exercise was undertaken to consider appointing a new managing agent with revised terms and conditions. Prior to the completion of the tender process the Board of BAOL acting in conjunction with Blackpool Council as Shareholder determined that it was in its best long term interest to take back control over the critical CAA operating licenses and bring all operational and strategic management activity within the direct control of BAOL, under the direction of the Shareholder. The Tender exercise was therefore terminated, the RCA management contract was extended for a short period and a process to apply for the transfer of the CAA licenses to BAOL was commenced, with the EZ team leading activity supported by the BAOL operational team.

A specialist manager was recruited on a short term contract to lead the complex transition process, making formal application to CAA for license transfer and completing full review of all airport operational documentation and procedures to ensure complete compliance with CAA requirements.

As part of this process the operational management structure of BAOL was reviewed, one of the key RCA management team was subject to TUPE transfer to BAOL and the decision was made to recruit a dedicated managing director to run BAOL.

The transfer of the two CCA operational licenses was successfully completed with the airport coming back under the full control of BAOL from the 1st November 2021. The Transition Process including the updating of documentation, operational restructuring and compliance with regular CAA audits continued for some time afterward. A new managing director was recruited with the role commencing in April 2022 and the Transition Manager was retained until January 2024 to oversee the final stages of restructuring, also providing specialist support for the airport in respect of Air Traffic navigation management and safeguarding.

Whilst there were considerable savings made in respect of the termination of the operational management contract – additional operational costs were also incurred including license application fees, the costs of the transition manager, purchase of operational equipment spares previously held centrally by RCA, recruitment of the Managing Director and TUPE of the ATSM and recruitment of additional part time technical support officers to fulfil key roles previously undertaken on an ad hoc basis by RCA staff.

Following a detailed analysis of the costs incurred by BAOL agreement has been reached in principle in respect to the contribution toward the cost incurred by BAOL in the extended transition process, in the sum of £201,087 the details of which are

set out in confidential appendix A .

Does the information submitted include any exempt information? Yes

List of Appendices:

A – Schedule of expenditure incurred by BAOL to be reimbursed by the Shareholder

6.0 Legal considerations:

6.1 The Head of Legal Services has confirmed upon receipt of informal external legal advice that it is appropriate for the Shareholder to reimburse it's wholly owned operational company for cost incurred at the direct and indirect request of the Shareholder.

Costs associated with these instructions will be picked up by the EZ delivery team. An allocation for legal costs are included within the approved delivery plan.

7.0 Human Resources considerations:

7.1 N/A

8.0 Equalities considerations:

8.1 N/A

9.0 Financial considerations:

9.1 An allowance of £ 305,085 to meet the Airport Transition cost is included within the EZ delivery plan approved at Executive on the 11th December 2023 .

10.0 Risk management considerations:

10.1 N/A

11.0 Ethical considerations:

11.1 N/A

12.0 Internal/ External Consultation undertaken:

12.1 Internal consultation with Blackpool legal and financial departments and with the Board and management of BAOL

13.0 Decision of Chief Officer

- 13.1 To approve a payment of £ 201,087 for reimbursement of historic cost incurred by BAOL in respect of the Transfer of CAA licenses for Blackpool Airport.

14.0 Reasons for the Decision of the Chief Officer

- 14.1 To recognise costs initially incurred by Blackpool Airport Operations Ltd, at the request of Blackpool Council, as Shareholder , to facilitate the transfer of CAA operational Licenses for the Airfield operation and provision of Air Navigation Service Provider , from Regional and City Airports to BAOL ; and to enable reimbursement of relevant costs incurred as a direct consequence of the decision of the Shareholder to bring licences in house .

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