

Report to: Blackpool, Fylde and Wyre Economic Prosperity Board

Report Author: Rob Green, Head of Enterprise Zones, Blackpool Council

Date of Meeting: 17th July 2018

Blackpool Airport Enterprise Zone: Progress report

a) Masterplan

Following consultation on the draft Blackpool Airport Enterprise Zone Masterplan seven substantive changes were recommended to Blackpool Council Executive and Fylde Council Planning Committee and were approved by both Blackpool Council and Fylde Council on the 5th and 7th February respectively.

Final changes are now being made by the Mott MacDonald Consultancy team, including updates in the indicative layout of relocated airport infrastructure as updated following specialist consultancy advice provided by York Aviation in early July; and the completed document will be published on the website by the end of July 2018 and incorporated into marketing material to be prepared by Marketing Lancashire.

The masterplan will be subject to a full review at five yearly intervals to reflect progress and changes to the economic and operating environment

b) Delivery (Implementation) Plan

GENECON LLP have completed the Enterprise Zone Delivery Plan on behalf of Blackpool Council as Accountable body based upon the recommendations and proposals in the approved master-plan. The Delivery Plan underwent detailed scrutiny with many variations to reflect sensitivity analyses impacted by alternative delivery assumptions. The approach to modelling is credible and robust and has benefitted from significant input from across Blackpool and Fylde Councils. It represents a credible estimation of the likely cost and potential revenues of the remaining 23 years.

The Delivery Plan provides a broad framework for one particular model of development and concludes that the EZ 'benefit' of retained business rates growth across both Fylde and Blackpool sectors should, over the lifetime of the EZ just be sufficient in conjunction with other related revenue and capital receipts to cover costs, including the costs of prudential borrowing by Blackpool Council as EZ accountable body. The viability for the infrastructure-led development to ensure the maximisation of the benefits arising out of the proposed Masterplan is, however, marginal and sensitive to the assumptions used so it will be reviewed on an annual basis. Each

element of enabling infrastructure will also be subject to detailed business case assessment prior to accountable body approval.

Because of the way the EZ is funded (by future business rate growth) the only way that the resources could be realised to invest in the infrastructure required to deliver the benefits is by the accountable body, Blackpool Council, being prepared to prudentially borrow against future growth in order to deliver that growth. Blackpool Council also recognised that time is of the essence owing to the time limited nature of the fiscal benefits for both the accountable body and potential occupiers.

The Delivery Plan was approved by the Executive Committee of Blackpool Council on the 18th June 2018 after consideration of a detailed report and annexes (the report to is at appendix A and references to appendices in the resolutions below refer to that report) resolving :-

2.1: To approve the overall Delivery Plan for Blackpool Airport Enterprise Zone based on the principles outlined in this report and attached in Appendix 2a (which is not for publication) and the associated Marketing Plan in Appendix 2b as the basis of securing implementation of the Enterprise Zone Masterplan subject to approval by the Lancashire Enterprise Partnership Limited for submission to the Ministry for Housing, Communities and Local Government.

2.2: To note the overall estimated lifetime cost estimate of £72.0m (plus Prudential Borrowing costs funded at the prevailing treasury management pooled rate) for delivering the Enterprise Zone to its end date in 2041 (as set out in Table 4).

2.3: To approve the estimated capital cost for the first three years of £28.82m (plus Prudential Borrowing costs funded at the prevailing treasury management pooled rate) for the delivery of essential infrastructure and associated support for the three years 2018/19 to 2020/21 (as set out in Table 3 at paragraph 5.8), and to delegate to the Chief Executive, after consultation with the Leader of the Council, to authorise expenditure on individual schemes within the three year programme where they exceed officer delegation limits and subject to a business case being prepared.

2.4: To approve in principle, subject to further due diligence, the strategic acquisition the full details of which are set out in Appendix 2c (the details of which are not for publication), to delegate agreement the final terms of the acquisition subject to the limits outlined in Appendix 2c for approval by the Chief Executive

2.5: To note that there will be an annual review of progress and

expenditure on the Delivery Plan reported to both the Executive and the Lancashire Enterprise Partnership.

2.6: To authorise the Chief Executive to explore opportunities for securing additional private sector investment required to deliver the anticipated level of rates income in the Enterprise Zone through Joint Venture Partnerships and design and build contractors to support the delivery of Enterprise Zone objectives and potentially reduce borrowing costs.

2.7: To authorise the Chief Executive to enter into any supplementary agreements or protocols with the Lancashire Enterprise Partnership and Fylde Borough Council should they be necessary to clarify any elements of the Enterprise Zone Memorandum of Understanding.

The Delivery Plan will also be presented to the Leadership Board of Fylde Council for on 12th July

The Delivery Plan identifies the prospect of significantly enhanced outputs from the Enterprise Zone compared to the initial forecasts in the original submission on behalf of the LEP including 4,989 additional jobs, 270,002m² of floor space and the potential to generate a cumulative £73.31m of retained business rates (net of baseline voids and reflecting deductions for optimism bias) as illustrated in Table 1 below:

Table 1 : Enterprise Zone Outputs				
	Original Business Case		Approved Masterplan	
	2018-22 1st 5 years	Lifetime Total	2018-22 1st 5 years	Lifetime Total
Numbers of occupying businesses	60	137	133	284
Floorspace take-up (sqm)	129,069	176,791	95,518	270,002
Net Jobs profile	2,009	3,027	1,513	4,989
Generated annual business rates	£2.45M by 2022	£3.48m by 2038	£1.75m by 2022	£5.19m by 2038
Cumulative business rates generated	£7.2m	£63.01m	£3.60m	£73.31m
Cumulative Gross Value Added	n/a	n/a	£231.94m	£2.08bn

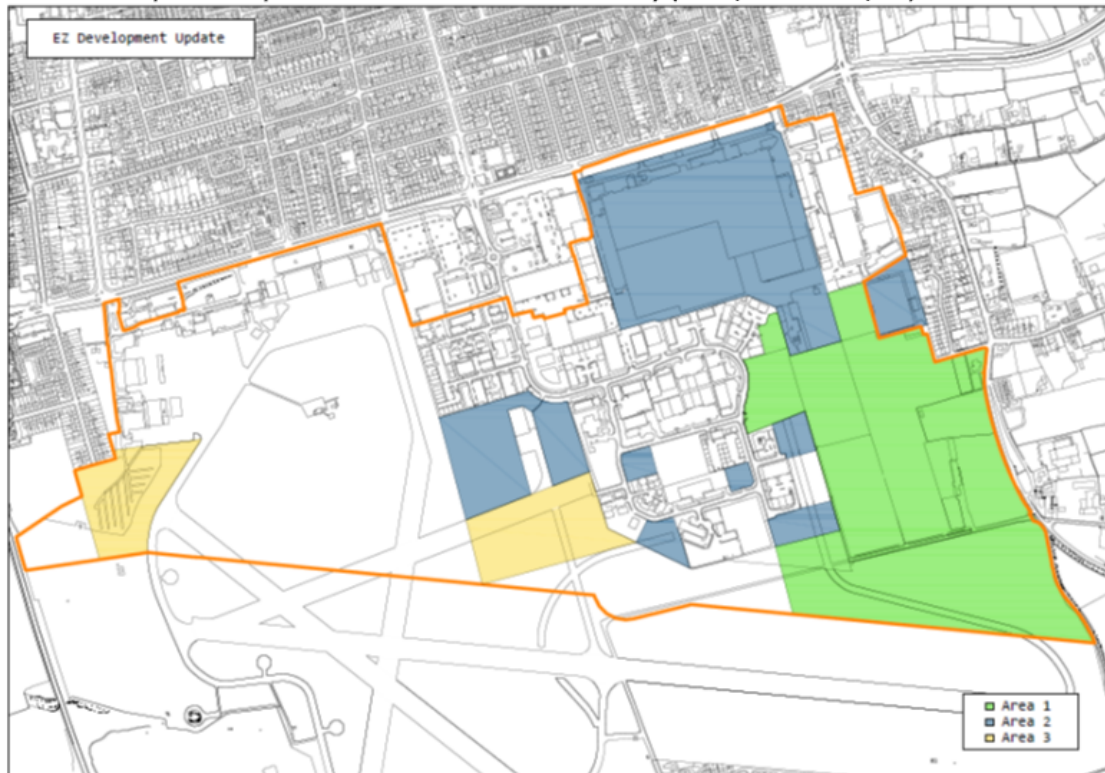
The Delivery Plan identifies that £72.2m of expenditure will be required to provide infrastructure and undertake activity to deliver the Enterprise Zone over its 25 year life including costs of strategic acquisitions to enable delivery of infrastructure, and some limited direct development to enable relocation of key operational infrastructure and facilities particularly within the reconfigured Blackpool Airport to release land for economically beneficial development:

ALL PHASES SUMMARY	Total	2018-2020	2021-2022	2023-2027	2028-2036
Infrastructure	£36,922,293	£6,550,609	£9,264,397	£14,808,454	£6,298,832
Direct Development	£6,400,000	£3,450,000	£2,350,000	£600,000	£0
Consultancy / Fees	£1,430,000	£670,000	£260,000	£500,000	£0
EZ Delivery	£5,995,000	£1,055,000	£765,000	£1,750,000	£2,425,000
Other Costs	£7,055,000	£3,785,000	£650,000	£1,520,000	£1,100,000
Land Acquisition Costs	£14,210,000	£13,310,000	£550,000	£350,000	£0
GRAND TOTAL COSTS	£ 72,012,293	£ 28,820,609	£ 13,839,397	£ 19,528,454	£ 9,823,832

As illustrated in the table above the bulk of the expenditure will need to be incurred in the early years of the project between 2018 and 2020, when the projected income from business rates relief, short term rental income and associated land sales will be insufficient to cover costs, Blackpool Council has therefore committed to undertake prudential borrowing to meet the costs of delivering the Enterprise Zone, with the cost of borrowing at the Council's pooled borrowing rate, to be met from forecast retained EZ business rates growth of £73.31m.

In addition to its approval of the overarching delivery plan, which includes detailed proposals for the first five years of development activity in accordance with MHCLG guidelines, Blackpool Council also considered detailed proposals for the activity and expenditure over the next three years – a period which was considered the minimum time period necessary to plan tender and construct infrastructure to open up the first phase of development centred on the eastern sector of the Enterprise Zone.

In summary this phase one of development (illustrated in the plan below) will include the relocation of existing playing fields and associated changing rooms and facilities from the Common Edge Playing fields, to adjacent greenbelt land within the Council's airport estate, releasing the Common Edge site for provision of new serviced development plots, and the construction of a new Eastern gateway access, on the areas shaded green.



c) Marketing Strategy

In compliance with the requirements of the MoU, a marketing strategy for Blackpool Airport Enterprise Zone has been prepared (Annexe B). This strategy, which embraces and incorporates the overarching LAMEC branding and marketing approach adopted for Lancashire's four Enterprise Zones, is focussed on the detailed marketing activity for the Blackpool Airport EZ, particularly localised audiences and target sector engagement, with International and key sector marketing to be led via Marketing Lancashire and DIT.

The intention is to work closely with Marketing Lancashire to develop and implement the Marketing Strategy and to ensure full cooperation and sharing of enquiries and generated leads

d) Marketing activity

Blackpool Council has recruited a specialist marketing officer to focus on promotion marketing and enquiry handling activity across both Blackpool Airport and Hillhouse Enterprise Zones, and she will become the primary point of contact with Marketing Lancashire to support LAMEC related activity including provision of copy for the web sites and management of day to day social media, working with newly appointed LEP funded marketing specialist within Marketing Lancashire

New site signage is currently being installed at four locations around the EZ boundary, promoting the central LAMEC Enterprise Zones web sites which went live at the beginning of May. The existing EZ domain of www.blackpoolez.com has been retained and patches seamlessly through to the LAMEC site. Additional development work is urgently required to the web sites to add content and functionality, particularly around enquiry handling and a workshop involving all key stakeholders is being organised in conjunction with Marketing Lancashire and the LEP executive team.

It is intended to appoint joint local agents to assist in the marketing of the site and ultimately to have an agent appointed to lead international marketing activity for all four EZ's.

A decision is awaited from Marketing Lancashire in respect of their attendance at the MiPiM UK property exhibition in London in October, where it is anticipated that the Blackpool EZ delivery team would join with Marketing Lancashire to showcase the Airport Enterprise Zone and commence a formal search for potential investors and development delivery partners to work alongside Blackpool Council.

e) Blackpool Airport

In March Blackpool Council appointed York Aviation to prepare a strategic business plan for the airport in consultation with a wide variety of stakeholders. The commission has now been completed and the draft report is presently under review – pending a report to the Airport Company operating board (SGAOL) and Blackpool Council in September. Their recommendations include proposed modifications to the indicative masterplan for upgraded airport operational infrastructure, which are to be incorporated in the final masterplan. It is anticipated that an outline planning application will be submitted to Fylde Council in the first quarter of 2019 for the relocation of key infrastructure and exercise of permitted development rights and implementation would begin as part of the first phase of EZ delivery expenditure which has been approved by Blackpool Council subject to approval of detailed business case.

f) Enquiries and Development

A steady level of enquiries and applications for business rates relief is being maintained with several confidential bespoke development proposals including two international enquiries presently under discussion. However the ability to respond to such interest is restricted in the short term until enabling infrastructure opens up new development plots, with only a few smaller serviced development plots remaining in Blackpool Business Park.

The majority of recent new entrants to the EZ are being accommodated within existing third party owned premises being predominantly sourced from growing local companies. Five new build developments have been completed since the

commencement of the EZ, the most recent being the 20,000 sq ft Dakota Court on Amy Johnson Way, which in part is occupied by its developer AC Electrical who located 50 jobs to the EZ in March. One new 20,000 sq ft unit for ARC commenced on site in March and will be complete and occupied in the first quarter 2019, and a new Gas fired Electricity generation facility commenced on site in June for a January completion and commissioning.

To date:

- a total of 180 enquiries have been received since commencement of the EZ. GDPR compliance issues, however, has limited the number which are currently logged onto the shared Evolutive CRM system
- Some 51 businesses have located to the Enterprise Zone since April 2016 with four additional businesses scheduled to take occupation of premises within the next two months
- A total of 693 jobs have located to the Enterprise Zone of which some 160 are considered to be completely new jobs

2. Forthcoming Activity

a. Phase One Development

A comprehensive piece of work is currently being tendered to provide detailed traffic assessments and modelling of highways impact from the development of the whole EZ over time. This work will be used to support a Phase One Development of up to 40ha including a new access road, sports village, commercial property and housing development. It is currently envisaged to bring forward this development for Outline Planning Permission as a mixed use scheme as soon as possible.

b. EZ Project Teams

In response to the changed governance arrangements for the EZs resulting from the decision of the EPB at its meeting on the 2nd May 2018, a revised approach to project co-ordination and management had been adopted. The Project teams will take over much of the role previously covered by the Joint EZ Project Board and will provide a range of key stakeholders with a chance to better understand the EZ, influence the development and delivery of it and co-ordinate with other stakeholders throughout the EZ.

The meetings are to be held once every at the Lancashire Energy HQ (next one in September) and will include invitations to stakeholders from Blackpool and Fylde Councils, Blackpool and Fylde College, St Anne's Town Council, Land owners, Companies, Agents, DiT, BEIS, Marketing Lancashire and the LEP

c. Stakeholder Relationship Management - Meet & Greet EZ Team Event – 13th July 2018

An event has been planned to present the newly formed EZ team to the existing owner/occupiers on the EZ and local stakeholders and councillors. The event will also be supported by the Business Support Forum, a local group offering various avenues of business support and funding options. The event will enable the team to present the latest developments and plans for the site and to build relationships and a database of contacts on the site.

d. MIPIM UK – October 2018

A presence at MIPIM UK has been discussed as a platform for communicating Blackpool's current position and for attracting possible Joint Venture partners and/or developers for specific elements of the EZ. The LEP are currently in discussions on whether the Lancashire LEP will have a presence at MIPIM UK this year and we are awaiting feedback.



Annexe A - Blackpool Council Executive Report; Blackpool Airport Enterprise Zone Masterplan: Delivery Plan

Annexe B – Blackpool Airport Enterprise Zone Marketing Strategy