

<b>Notice of:</b>	<b>EXECUTIVE</b>
<b>Decision Number:</b>	EX26/2018
<b>Relevant Officer:</b>	Alan Cavill, Director of Communications and Regeneration
<b>Relevant Cabinet Member:</b>	Councillor Mark Smith, Executive Member for Economic Development, Enterprise and Regeneration.
<b>Date of Meeting :</b>	18 June 2018

## BLACKPOOL AIRPORT ENTERPRISE ZONE MASTERPLAN: DELIVERY PLAN

### 1.0 Purpose of the report:

- 1.1 Following the Executive's approval of the Blackpool Airport Enterprise Zone Masterplan (Decision EX8/2018 refers) on 5 February 2018 this report sets out the detail of the associated Delivery Plan essential to secure the economic objectives of the Enterprise Zone. It explains its background, the basis on which it has been prepared, the likely level of outputs, the potential levels and timing of expenditure required to deliver the essential infrastructure, the estimated growth and timing in business rate income to support the expenditure, and to seek approval to an initial 3 year allocation of capital funding to ensure the overall objectives are achieved.

### 2.0 Recommendation(s):

- 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Zone based on the principles outlined in this report and attached in Appendix 2a, to the Executive report (which is not for publication) and the associated Marketing Plan in Appendix 2b, to the Executive report, as the basis of securing implementation of the Enterprise Zone Masterplan subject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 the strategic acquisition the full details of which are set out in Appendix 2c (the details of which are not for publication).
- 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.

### **3.0 Reasons for Recommendations**

3.1 A Memorandum of Understanding (MoU) was signed on 9 November 2016 between the Lancashire Enterprise Partnership (LEP), Department of Communities and Local Government (now Ministry for Housing, Communities and Local Government), Blackpool Council and Fylde Borough Council required, inter alia, that:

- a delivery plan and marketing strategy setting out how the Enterprise Zone would be progressed to meet its key objectives, be prepared and submitted to the Department for Communities and Local Government (now Ministry for Housing, Communities and Local Government) for approval.
- A governance structure reporting to Ministry for Housing, Communities and Local Government and the Lancashire Enterprise Partnership be established for the Enterprise Zone, with Blackpool Council designated as the Enterprise Zone Accountable Body on behalf of Lancashire Enterprise Partnership.

Blackpool Council therefore has responsibility for ensuring that the economic potential of Blackpool Airport Enterprise Zone (EZ) is maximised, and to utilise the time-limited fiscal tools (Retained Business Rate Growth, Business Rate incentives and Enhanced Capital Allowances) granted by central government as part and parcel of Enterprise Zone status.

Central Government granted Enterprise Zone status through the Lancashire Enterprise Partnership and the channel for reporting back to Government in respect of progress on the Enterprise Zone is via the Lancashire Enterprise Partnership. For this reason the Lancashire Enterprise Partnership is required to approve the Delivery Plan and its use of Enterprise Zone generated revenues.

Because much of the investment required to deliver the essential infrastructure to create the opportunities for business rate growth is inevitably required up front, in order to maximise the benefits it is necessary for Blackpool, as accountable body to prudentially borrow against the future growth in order to ensure that it occurs and the benefits of investment and jobs are realised.

Whilst estimates of what will happen over the 25 years of the Delivery Plan are an important part of the plan, the focus has been on securing the minimum commitment from the Council to ensure early progress over the first 3 years and in view of the inherent uncertainty with a project of this scale for there to be an annual review of progress before making further commitments to a rolling programme of investment over the lifetime of the Enterprise Zone.

The Delivery Plan includes provision for several key acquisitions necessary to deliver the benefits of the Masterplan, the case for a further one being set out in Appendix 2c, to the Executive report.

At this stage the main priority is to create certainty in the market place that the Masterplan is to be implemented and whilst this requires financial cover from the Council, the risk, scale and complexity of investment required to maximise delivery of the Enterprise Zone is such that it would be difficult to achieve utilising only Blackpool Council resource and expertise. For this reason discussions are taking place with potential investors and joint venture partners who can help mitigate the risk for the Council and accelerate delivery. All discussions at present are at an early stage but will be assessed utilising independent advice.

Although 55% of the Enterprise Zone is in Fylde and 45% in Blackpool, Blackpool Council is now the major freehold landowner at the Enterprise Zone since its purchase of Blackpool Airport in September 2017. It also shares responsibility as planning and rating authority with Fylde Council and therefore has the greatest level of influence and control in the delivery of the Enterprise Zone which if fully exploited, will have a very significant positive economic impact upon Blackpool and the wider Fylde coast area.

Fylde Borough Council, whilst not leading on the delivery of the Masterplan is providing direct support to the Enterprise Zone delivery team and is responsible for collecting a significant proportion of the business rates growth that will be relied upon to fund recommended Enterprise Zone investment. Whilst the Memorandum of

Understanding clarifies the key principles in relation to how the Enterprise Zone will be delivered there may be the need for more detailed agreements with the Lancashire Enterprise Partnership and Fylde Borough Council in respect of:-

- the protocols and priorities for use of all retained Business Rates Growth in the Enterprise Zone
- contributions to offsite schemes essential to the delivery of the Enterprise Zone (e.g. a contribution to the M55 link road).
- where appropriate contributions from S106 (planning) and S278 (highway) agreements can be promptly applied to support delivery activity across the whole Enterprise Zone
- Clarity in respect of purchase and disposal of land and property to enable the Enterprise Zone delivery (e.g. the construction of new access roads, and ensure transparency where the Council seeks to engage directly in commercial property development within the Enterprise Zone)

In order to ensure the successful delivery of the Enterprise Zone it will be necessary to continue to incur expenditure on staff resource to direct and monitor activity, market the Enterprise Zone opportunity to attract commercial occupier interest, and to employ specialist consultants to provide independent advice on legal and commercial matters, design, cost and technical work in respect of the enabling infrastructure. These costs are included in the overall estimates contained within the amount for which approval is being sought.

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|------|--|-----|
| 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 that could be considered:  |     |
|      | <ul style="list-style-type: none"><li>a) Relinquish the Council's role as accountable body and allow Lancashire LEP to take responsibility for delivery</li><li>b) Sell off the Council's property interest in the Enterprise Zone and Blackpool Airport and rely upon third parties to bring forward development and associated economic benefits</li><li>c) Delay a decision on progressing delivery of the Enterprise Zone until external risk-sharing Joint Venture partners have been identified and secured</li><li>d) Reduce the scope of the works in the earlier years</li><li>e) Fylde Borough Council could be approached to forward- fund the initial investment in the Enterprise Zone.</li></ul> |     |

Options a), b) and c) would cede control to third parties and are likely to result in a sub-

optimal long term economic benefits as there would not be the same commitment to, or capacity for focused delivery from organisations with broader interests. They would also restrict the Council's opportunity as the major land owner to capitalise fully on its ownership. The delay associated with Option c) would also restrict the availability of time-limited financial benefits available to occupiers and thus inhibit the rate of growth (although it is intended to pursue risk-sharing partners to help implement the Delivery Plan. With Option d), whilst this would reduce the initial costs it would also reduce substantially the potential for business rate generation and minimise the growth prospects of the Enterprise Zone. Consideration has been given to implementation covering the first 5 years but 3 years is assessed as being the minimum necessary to secure a meaningful implementation commitment to start to deliver substantial Enterprise Zone benefits. Option e) is unlikely to result in an expedient decision from Fylde Borough Council as it would be changing the basis of the currently agreed delivery arrangements and would impact upon timely delivery of the key initial activity. Discussions on progress on the Enterprise Zone and methods of delivery will, however, continue to be held with Fylde Borough Council throughout the lifetime of the Enterprise Zone.

#### **4.0 Council Priority**

- 4.1 The relevant Council priority is: "The Economy – maximising growth and opportunity across Blackpool Council"

#### **5.0 Background Information**

- 5.1 The Enterprise Zone timeline is set out below :-

- January 2015 - initial bid for Enterprise Zone status made at very short notice in 2015.
- November 2015 - Enterprise Zone status awarded.
- 1 April 2016 - the Enterprise Zone commenced with a designated 25 year life to 2041.
- 18 July 2016 – initial enabling funding of £1.6m over 5 years approved by Blackpool Council.
- 9 November 2016 - Memorandum of Understanding signed.
- December 2016 - Enterprise Zone Business rates growth baseline set becoming operative from the 1 April 2017.
- January 2017 – Department for Communities and Local Government grant funding of £50,000 awarded for masterplanning.
- March 2017 - Enterprise Zone Masterplan commissioned from Mott MacDonald
- September 2017 - Blackpool Council acquire Blackpool Airport.
- October to December 2017 – draft Enterprise Zone Masterplan public consultation undertaken.
- 5 February 2018 - Enterprise Zone Masterplan approved by Executive.
- 7 February 2018 – Enterprise Zone Masterplan approved by Planning Committee

at Fylde Borough Council.

- 31 March 2022 – deadline for Enterprise Zone Business rates relief available to qualifying business for five years occupying by this date.
- 23 November 2023 - Enterprise Zone Enhanced Capital Allowances up to 125m Euros available to qualifying business until this date
- 31 March 2041 - Enterprise Zone end date

## 5.2 **Early Progress**

The first two operational years of the Enterprise Zone have focused on completion of the Masterplan and Delivery Plan and activity to re-establish market interest and development activity, seeking to fill existing vacant accommodation particularly on Blackpool Business Park, and improve rentals and land values to a level where commercial development can be viable.

5.3 To-date more than 625 jobs have located within the Enterprise Zone since April 2016 and over 150 enquiries generated, several for bespoke developments which can only be satisfied when new development sites are enabled. Five new developments have been completed, including the Lancashire Energy HQ, which together currently contribute circa £700,000 per year of retained business rates

5.4 The acquisition of Blackpool Airport removed one of the biggest obstacles to progressing the Enterprise Zone and permitted a more ambitious approach in the Masterplan and the more detailed business plan now being prepared for the Airport with York Aviation.

## 5.5 **The Delivery Plan**

Ministry for Housing, Communities and Local Government requires the Accountable body to produce a Delivery (or Implementation) Plan as a tool to track delivery by local partners to reassure them that there is a realistic approach being adopted and an ability to deliver. They are to be live documents which are updated as Enterprise Zone delivery progresses. As a minimum Delivery Plans are expected to cover:

- An introduction to the Enterprise Zone to cover site details, commercial proposition and/or sectoral target markets, and delivery outputs by 2022;
- The project plan to 2022 to cover: investment plan; delivery risks; formal management, governance and delivery arrangements; marketing and communications plan; and delivery monitoring mechanisms;
- Maps and plans showing the boundaries of the tax incentive areas;
- Baseline business rates data – a snapshot of the estimated net rates income from December 2016.

- 5.6 Whilst the Ministry for Housing, Communities and Local Government is looking at a relatively high level assurance on ability to deliver, it is vital for the Accountable Body to have a full understanding of:
- the potential level of expenditure required to deliver the Enterprise Zone,
  - the potential it has to generate income from retained business rates,
  - the level of prudential borrowing to fund enabling works and support revenue-based delivery
  - any other income that can be achieved eg rental, asset sale or grant income
- 5.7 Genecon was appointed to help produce the Delivery Plan. Infrastructure costs and business rates income have been re-assessed building on the foundation of the Masterplan. These new projections have then been combined to form an Investment Plan for the Enterprise Zone that highlights expenditure requirements, revenue income from business rates and capital receipts from plot sales and any other funding sources (for example, Sport England).
- 5.8 The modelling then enabled an assessment of the level of borrowing needed to wholly deliver the Masterplan. Timing/phasing of development (floorspace take-up profile) and infrastructure delivery are also derived from the Masterplan informed by local property market information and industry knowledge of what is feasibly deliverable within a particular time frame. The Delivery Plan (Appendix 2a) includes the assumptions on which it is based, the validity of which will be reviewed on an annual basis.
- 5.9 The initial outputs from the modelling produce high levels of potential jobs and rates income. These have been adjusted to account for and remove optimism bias and arrive at a realistic forecast (for example a factor of 40% has been applied to represent jobs which will be displaced to the Enterprise Zone from other parts of the Fylde Coast). Gross Valued Added estimates have then been produced. The potential cumulative business rates growth has also been reduced from an optimistic £107m to £73.31m. These adjustments provide a level of comfort that the Delivery Plan is realistic and that the projected incomes may in certain favourable circumstances exceed those projected. The further into the future estimates extend the greater the element of uncertainty as they can be impacted by many as yet unknown external factors outside of the Authority's control.
- 5.10 The Delivery Plan comprises a written narrative which sets out the background justification and approach as well as the headline figures on cost and expenditure based on a comprehensive series of spreadsheets. The initial Enterprise Zone bid of January 2015 estimated the Enterprise Zone had the potential to enable 3,000 new jobs, 130 new businesses and an estimate of around £300m of private sector investment with potential to generate £63m retained business rates growth over the life of the Enterprise Zone with an anticipated delivery cost in the mid £20m range,

these figures being based on an initial untested assessment of the scale scope and timing of new development.

5.11 The Masterplan approved in February 2018 has been used to define the full potential of the Enterprise Zone to deliver floorspace from which job numbers, economic impacts and the revenue potential from business rates growth, together with related property transactions on land sales, has been more accurately estimated and the full extent of enabling infrastructure and its cost assessed.

5.12 Overall these revised estimates, shown in Table 1, identify:

- an increased level of potential employment with approx. 5,000 additional jobs estimated.
- a cumulative Gross Valued Added total over the five years of £232m and £2.08bn over the Enterprise Zone lifetime.
- significantly increased infrastructure and delivery costs as the full extent of required infrastructure is understood, and additional elements including strategic land acquisitions and allowance for contributions to the cost of developing alternative operational airport infrastructure to release land for development have been included.
- higher potential income from retained business rates growth adjusted to allow for optimism bias on potential take up and displacement of firms locally.

<b>Table 1 : Enterprise Zone Outputs</b>				
	<b>Original Business Case</b>		<b>Approved Masterplan</b>	
	<b>2018-22 1<sup>st</sup> 5 years</b>	<b>Lifetime Total</b>	<b>2018-22 1<sup>st</sup> 5 years</b>	<b>Lifetime Total</b>
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

Source: Blackpool Airport Enterprise Zone Delivery Plan

5.13 The Masterplan identified the key activities to progress the full implementation of the Enterprise Zone and it identified three broad time-related phases of infrastructure activity to open up development plots. Some elements will take several years to fully implement and for this reason, the first three years, which is the



minimum level of commitment necessary to optimise early delivery, will involve various works some of which are preparatory for delivering benefits in later years.

#### 5.14 **First 3 Years (2018/19 – 2020/21)**

During the next three years it is planned, subject to all necessary approvals that:

- the Enterprise Zone will continue to see the development of the remaining third party serviced plots within the existing Blackpool Business Park, including the first air-side related development at the edge of the operational airfield.
- The existing Common Edge Sports pitches will be fully relocated, to provide state of the art facilities including two floodlit 3G pitches, an indoor tennis facility supported from a modern changing complex which will also double as a community facility for the Enterprise Zone; including café and other small scale commercial facilities which will generate income to support the running costs of the complex.
- A site for some 26 -30 new residential properties on Common Edge road will have been released and sold to private developers with construction having commenced.
- A new access road and gateway entrance linking Common Edge Road to Amy Johnson Way will have been completed relieving the existing traffic congestion at the single point of entry to Blackpool Business Park, and opening up large serviced development plots in the former common edge playing fields, providing development opportunity from 2020 onward following completion of the ongoing local plan process which will inter alia release the land from its present greenbelt status.
- Construction of the first of several bespoke design and build developments will be underway on the Common Edge site.
- Exciting designs will have been agreed for the phased refurbishment and development of the former Wellington Bomber Factory site to meet market demand. Enhanced marketing and management activity will have secured additional income from temporary meanwhile use of the site and buildings, including the potential of a film studio/sound stage, with activity to relocate existing occupiers where appropriate well advanced. It is possible that new roadside development will have been secured along Squires Gate Lane frontage with development partners in place.
- Outline planning permission for the reconfiguration of Blackpool Airport will have been secured and the existing Offshore Helicopter terminal relocated to support a new operational contract for offshore support which will underpin the airports operational sustainability for the next decade. The first new hangars will also have been constructed and occupied releasing land for development along Squires Gate Frontage. New navigational aids, including a virtual control tower will be in place, to support ongoing operations and the provision of new aviation facilities in the second phase of the Enterprise Zone.
- Design and build partners will have been identified and secured to deliver initial

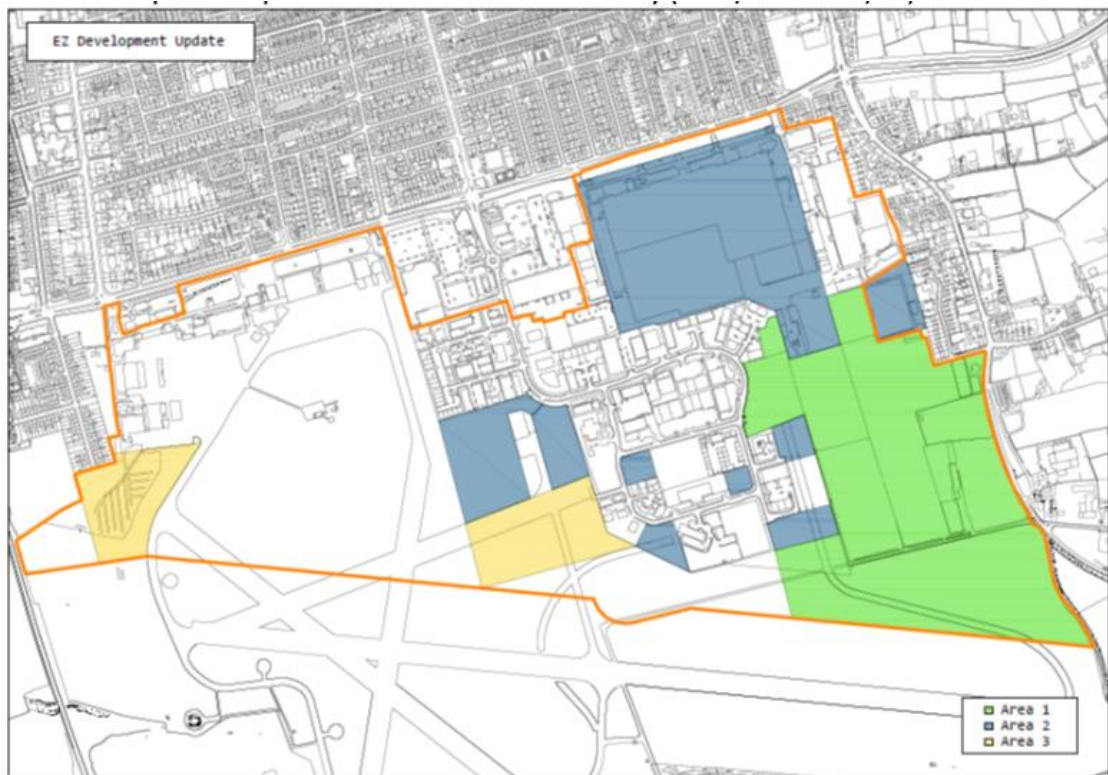
bespoke development, and one or more risk sharing investor/ developer partnerships agreed to help take forward the development of the Airport, former Wellington Bomber Factory and the old sports field complex.

- The branding for the Enterprise Zone will be well established, with a reputation secured as one of the North's premier business locations, with efficient enquiry generation, handling and development management systems in place.

5.15 Plan 1 below shows where activity in the first 3 years of delivery (for which funding is now being sought) will be undertaken. These areas include for the delivery of essential infrastructure and associated supporting costs (including for example site assembly and regulatory approval) whilst also seeking to generate as much revenue as possible in the early years.

5.16 The phasing of delivery over the first 3 years will be led by Council development/ activity within Area 1 (shown in Green). These areas lead delivery as they are the key to unlock land and sites for disposal and hence revenue. Following this Council led development/activity will occur within the airport estate in Area 3 (shown in Yellow) to allow for redevelopment (in future years) of other lands currently occupied by airport buildings. Throughout the first three years it is anticipated that various private and public sector developments will take place across various sites in Area 2 (shown in Blue).

**Plan 1 – Proposed Implementation - First 3 Years Only (2018/19 – 2020/21)**



5.17 Table 2 summarises the main activity planned to take place in each area within the first three years (to 2020/21) and the associated cost estimates.

**Table 2 – Description of Activity shown in Plan 1 : First 3 years only**

Area	Description	Cost Estimate
Area 1 (Green)	Relocation of existing Common Edge sports facilities including provision of two third generation floodlit pitches, with potentially additional sports and leisure facilities to open up Common Edge Greenbelt lands for development of larger footplate manufacturing and distribution accommodation (B2/B8)	£3.9m
Area 1 (Green)	Provision of a new Eastern access route from Common Edge/Queensway, together with associated drainage and utilities which will also serve subsequent phases	£5.9m
Area 1 (Green)	Other acquisitions, works allowances and activity including extension of new access route, contingency & EIA archaeology	£0.595m
Area 2 (Blue)	Commercial development and/or redevelopment of sites by private sector and/or public sector or through JV partnerships	£5.94m /private sector
Area 3 (Yellow)	Acquisition and relocation of outdated operational aviation infrastructure at Blackpool Airport including control tower, hangars, fuel farm and aircraft parking aprons and other operational buildings particularly for helicopter based operations	£3.9m
Not shown on Plan 1	Enabling acquisitions and disturbance costs (including those previously completed eg Blackpool Airport) to support the delivery of the Enterprise Zone	£6.8m
Not shown on Plan 1	Other works, allowances, consultancy costs, Enterprise Zone management and marketing	£1.785
	<b>TOTAL ESTIMATED COSTS 2018-2020</b>	<b><u>£28.82m</u></b>

Table 3 summarises these same costs by broad type of activity. With such a large programme there will inevitably be some overlap between these activities as the scheme evolves.

5.18 **Table 3 – Summary of Capital Expenditure First 3 Years**

Description	2018-2020
Infrastructure	£6.55m
Direct Development	£3.45m
Consultancy / Fees	£0.67m
EZ Delivery	£1.055m
Other Costs	£3.785m
Land Acquisition Costs	£13.31m
<b>GRAND TOTAL COSTS</b>	<b>£ 28.82m</b>

Source: Blackpool Airport Enterprise Zone Delivery Plan

Land receipts and business rates growth will flow from the development sites created. These income streams will continue beyond the life of each individual phase with the retained rates growth being collected for the remaining life of the Enterprise Zone and some sales of land in the phases not being completed until subsequent development phases are underway.

5.19

The Masterplan depicts how the Enterprise Zone may develop over the remaining 23 years, but it is recognised that the economic environment in which it exists will continually evolve and a full review of the Masterplan will be undertaken every five years to take cognisance of what has been achieved and new opportunities and challenges. Table 4 shows the estimated costs of delivering the total indicative development for the Enterprise Zone as shown in the Masterplan.

5.20

**Table 4 – Enterprise Zone Total Project Lifetime Estimated Costs**

<b>ALL PHASES SUMMARY</b>	<b>Total</b>	<b>2018-2020</b>	<b>2021-2022</b>	<b>2023-2027</b>	<b>2028-2036</b>
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
<b>GRAND TOTAL COSTS</b>	<b>£ 72,012,293</b>	<b>£ 28,820,609</b>	<b>£ 13,839,397</b>	<b>£ 19,528,454</b>	<b>£ 9,823,832</b>

Source: Blackpool Airport Enterprise Zone Delivery Plan

#### 5.21 **The Delivery Team**

In July 2016, the Council approved up to an initial £1.6m over five years (equating to £320,000 per year) to support the delivery of the Enterprise Zone – subject to that pump priming funding being recouped over time via retained business rates growth and partner contributions. Up to 31 March 2018, some £295,000 of that expenditure has been incurred in relation to the Enterprise Zone. A small group dedicated to Enterprise Zone delivery, including an officer seconded by Fylde Borough Council is embedded within the Growth and Prosperity team. This team has laid the foundations for the Enterprise Zone and overseen the production of the Masterplan and Delivery plan undertaking initial promotion of the Enterprise Zone including the development and implementation of the rates relief protocol.

5.22 The Delivery Plan has identified the need for annual revenue support (direct revenue costs and consultancy support) over the next three year period equating to £575,000 per year, to replace the existing balance of £1.3m allocated revenue funding. The guaranteed retained business rate income over the lifetime of the Enterprise Zone and the present annual forecast retained rates growth are already sufficient to recoup this expenditure even if no further development was secured.

#### 5.23 **Fiscal Incentives to Occupiers**

The fiscal incentives available to qualifying new occupiers within the Enterprise Zone are only available for a short period of time, Business Rates Relief (available to occupiers for 5 years so long as they occupy before 31 March 2022) and Enhanced Capital Allowances (until November 2023) provides only a very short window of opportunity to utilise these incentives to generate the development and occupier momentum essential to establish the Enterprise Zone as a desirable business location and to maximise income potential

#### 5.24 **Marketing Strategy**

The Ministry of Housing, Communities and Local Government requires the Delivery Plan to be accompanied by a brief marketing strategy proposal identifying how the Enterprise Zone is to be promoted. Marketing and promotional activity for the Enterprise Zone will be undertaken in partnership with Marketing Lancashire, who, on behalf of the Local Enterprise Partnership, will be undertaking international marketing of Lancashire's four Enterprise Zones under the LAMEC (Lancashire Advanced Manufacturing and Engineering Cluster) branding, and will engage an international marketing agent to assist in overseas promotion. The majority of marketing activity will be managed at a local level within the Growth and Prosperity Team, and a dedicated Enterprise Zone marketing officer has been appointed, and will be supported by local property marketing agents. The proposed high level marketing strategy is at Appendix 2b, to the Executive report. A detailed annual marketing plan will be prepared.

5.25 Is the Corporate Delivery Unit aware of this report?

Yes

The Corporate Delivery Unit has been involved in a number of stages in the development of the Masterplan and supports the process undertaken.

5.26 Does the information submitted include any exempt information? Yes

Appendices 2a and 2c, to the Executive report contain confidential information regarding potential acquisitions in the Enterprise Zone. These Appendices include information the negotiations and the proposed or potential courses of action and are currently exempt from publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered on balance that the public interest would be not served by publishing information at this stage

5.27 **List of Appendices:**

Appendix 2a. Delivery Plan (Confidential and not for publication)

Appendix 2b. Marketing Strategy

Appendix 2c. Strategic Acquisition in the Enterprise Zone (Confidential and not for publication)

**6.0 Legal considerations:**

6.1 The Delivery Plan, if approved, will be submitted for consideration (and approval) by Lancashire Enterprise Partnership and by Mini – these will not create any legally binding commitments or obligations for Blackpool Council as Enterprise Zone accountable body. It is anticipated that all land transactions and each significant element of infrastructure provision within the Enterprise Zone will be subject of individual business case approvals and contracts.

6.2 It may be that any agreements negotiated with Fylde Borough Council and Lancashire Enterprise Partnership in respect of funding approvals and contributions will require the Council to enter into legal agreements but these will be subject to separate approvals

## **7.0 Human Resources considerations:**

- 7.1 An existing team of four officers whose primary focus is the delivery of the Enterprise Zone are in post including one officer seconded four days per week from Fylde Borough Council. Personnel from the wider Growth and Prosperity team augment the capacity of the Enterprise Zone team as required. As the delivery phase of the project accelerates it may be necessary to recruit additional staff with specialist capabilities and to engage specialist external consultants and advisors, the cost of whom are included within the revenue elements identified in the Delivery Plan.
- 7.2 There will be some additional call upon time of officers within the legal, business rates and resources teams to support development and procurement activity – potential cost are again reflected within the revenue expenditure forecasts of the Delivery Plan.

## **8.0 Equalities considerations:**

- 8.1 None anticipated.

## **9.0 Financial considerations:**

- 9.1 The award of Enterprise Zone status does not provide any direct funding to support delivery as Enterprise Zones are essentially required to be self-funding. Enterprise Zone status does however enable the Accountable body to retain 100% of any new business rates generated within the Enterprise Zone over the agreed baseline set in 2017, are retained for the lifetime of the Enterprise Zone. This funding stream may be directly applied to the delivery of the Enterprise Zone or utilised to enable Prudential Borrowing to fund advanced enabling works and other delivery costs without which the economic potential of the Enterprise Zone cannot be unlocked. The retained rates growth is only available to be used by the accountable public body and cannot be accessed directly by private sector stakeholders.
- 9.2 In respect of Blackpool Airport Enterprise Zone, the date from which business rates growth could be retained commenced on 1 April 2017 with the baseline set in December 2016 at £2.373M (£1,503,000 for Blackpool and £870,000 for Fylde). Where voids occur in respect of rates payable for existing property included within the baseline, these have to be backfilled from the new business rates growth before any surplus can be applied to the Enterprise Zone – for example these voids will occur where existing buildings are demolished to enable future development within the Enterprise Zone –including the older airport operational property and the former Wellington Bomber factory, a deduction allowance of the baseline (equivalent to £118,000 per year) has been built into the business

rates projections reflected in the delivery plan.

- 9.3 In broad terms the funding of the Enterprise Zone is something of a ‘chicken and egg’ situation with the potential to generate income from new business rates dependent upon provision of enabling infrastructure which has to be funded – and the earlier the rates growth can be secured the greater the amount available to fund the enabling costs.
- 9.4 Some growth in business rates has already been achieved at the Enterprise Zone since April 2016, with new build development on third party land including an Aldi food store, Blackpool and the Fylde College’s Lancashire Energy HQ and three industrial units. The forecast rates growth estimate for the year to March 2018 is marginally above £700,000, but the net figure will vary from year to year.
- 9.5 The rates billing authorities for the Blackpool Airport Enterprise Zone (Blackpool Council and Fylde Borough Council) will retain and release all retained business rates within the Enterprise Zone for use by the Accountable Body
- 9.6 The Memorandum of Understanding of November 2016, establishes the principle that all such retained rates growth, whether raised in the Fylde or Blackpool sectors of the Enterprise Zone, is initially to be directed to support Blackpool Airport Enterprise Zone and thereafter, if there is any surplus, toward a hierarchy of Hillhouse Enterprise Zone, other local economic development activity and only then the wider area. It will be many years before it is clear whether or not an actual surplus available to fund initiatives beyond the Blackpool Airport Enterprise Zone will be realised.
- 9.7 It is clear from the analysis undertaken for the Delivery Plan that major up-front investment is required to open up development plots and promote the Enterprise Zone, and that these costs cannot be met simply by utilising cash flow from business rates growth, and that significant levels of Prudential Borrowing against the anticipated resultant growth is therefore required to fund this essential new infrastructure.

Scheme Cashflow	Total to 2020	Total to 2022	Total to 2040
Surplus /(Deficit )	(£24.4m)	(£31.2m)	£0.5m

- 9.8 The Council is undertaking this project in furtherance of its objective of maximising growth and opportunity across Blackpool and the wider Fylde coast area. The analysis of the cash flow shows that in the first 3 years of development, receipts, including business rates growth generated in the Fylde sector, will meet the cost of the prudential borrowing if the delivery plan is supported in terms of the projected timeframes and the level of enabling infrastructure envisaged above. It is proposed to manage any fluctuations in scheme funding up to 2020 via Council



reserves. We will then undertake a formal review to ascertain the most appropriate method of long term funding. In assessing the overall cash-flow generated by the Delivery Plan, Blackpool Council is a substantial owner of property within the Enterprise Zone, and may potentially acquire additional property, and will be able to generate additional receipts from, property rental, land sales and/or direct development of premises, which can all be utilised to support cash flow for the delivery costs.

- 9.9 It is also possible that significant grant funding may be secured toward the cost of relocation of upgraded sports facilities from Sport England, and this has been reflected in the Delivery Plan forecast. Additional funding could also be secured by entering into Joint venture partnerships for elements of the Enterprise Zone and Blackpool Airport, reducing the need for prudential borrowing or by sales to third parties. It is considered, however, that best value from this approach will only be achieved after the initial enabling infrastructure has been provided and confidence in the Enterprise Zone established. Whilst Joint Venture development routes would come at the cost of some control it is an avenue which warrants further exploration to help offset costs and risk. As there is no certainty yet that this route can be beneficially adopted it has not been reflected in the Delivery Plan at this stage.

The Government's recently announced Local Infrastructure rate initiative also offers the opportunity potentially to reduce the costs of infrastructure provision for the Council, an opportunity that will be further considered.

## **10.0 Risk Management Considerations**

- 10.1 The Delivery Plan represents a snap shot of one potential approach to the delivery of Blackpool Airport Enterprise Zone and there is a significant risk that delivery will not follow the path identified, with delayed delivery, higher cost and lower outputs possible – the plan is a living document which will be subject to constant monitoring and adjustment to mitigate negative impacts and maximise deliverable outputs. It will also be subject to a formal annual review.
- 10.2 Failure or delay in approving the Delivery Plan, will at the very least reduce the ability of the Enterprise Zone to deliver very significant potential economic benefits of jobs and Gross Value Added, and for the council to maximise the benefit of short term Enterprise Zone fiscal incentives
- 10.3 The Delivery Plan includes a detailed consideration of risks and has been prepared with consultants employed by the Council to provide a challenging assessment of the viability of the Enterprise Zone project for the satisfaction of the Council (and the Lancashire Enterprise Partnership and Government). The following section presents a brief summary of the most substantive risks. The

conclusion of a careful consideration of the key risks faced in taking this project forward is that it remains unavoidable that considerable investment is required before potential future income and economic benefits can be achieved. This risk is inherent and inseparable from the Enterprise Zone project.

Risk	Mitigation/Consideration
<p>1. Blackpool Council act as Accountable Body and have sole financial responsibility for the delivery of the Enterprise Zone project</p>	<p>Consideration has been given to seeking to change the agreed MoU to spread financial risk, but this could also result in changing responsibilities for delivery and potential sharing of future revenues. This would slow delivery and there is currently no reasonable prospect of this approach being successful. The approach has therefore been to seek the minimum financial exposure by the Council to the financial risk to enable an optimum level of benefits to be achieved. The means of controlling the level of financial risk the Council is exposed to is by requiring a business plan to be prepared for investment. In addition there will be an annual review of the overall programme to ensure the level of financial risk is reflective of the benefits being delivered. .</p>
<p>2. Scale and scope of infrastructure investment being too challenging if:</p> <ul style="list-style-type: none"> <li>a) Costs increase</li> <li>b) Scale of works increase</li> <li>c) Additional works are necessary</li> </ul>	<p>In composing the Delivery Plan the Council has undertaken a detailed consideration of the level of investment and commitment needed to achieve a 'critical mass' to establish momentum. The phased approach to the delivery of infrastructure strikes the right balance and ensures that the scale and scope of infrastructure</p>

	<p>investment is deliverable without being too onerous.</p> <p>a) Costs have been assessed in line with industry guidance and both the Masterplan and Delivery Plan have built in 'allowances and contingencies' as well as taking account of any optimism bias. Therefore costs estimates are reasonable and capable of accommodating considerable changes</p> <p>b) Additional investigations into the scale of works have been commissioned (or have been completed) particularly in relation to the highways investments, airport infrastructure and 'sports village' development. These studies have (or in draft) reached conclusions that are in-line with the Masterplan or Delivery Plan. This provides confidence that the scale of works has been comprehensively assessed.</p> <p>c) In combination both mitigation/consideration a) and b) provide confidence that were additional works to become necessary these should be capable of being provided for within the planned budget.</p>
<p>3. Level of commitment needed by the Council (in finance and years)</p>	<p>In balancing risks and outcomes the optimum commitment needed is three years; amounting to some £6.6m of infrastructure investment, but a total of c£28m including land acquisitions (including Blackpool Airport) and management costs.</p>

	<p>To commit to fewer years would see insufficient infrastructure delivered to unlock land and bring forward development and would not achieve the momentum necessary to optimize the returns for a project of this scale.</p> <p>Committing to more years would give confidence to the commercial property market and allow for certainty over the provision of more infrastructure (resulting in achieving beneficial outcomes sooner) but could leave the Council exposed to a higher level of financial risk that is at present deemed unnecessary and perhaps less able to rapidly respond to changing environments.</p>
<p>4. Lack of demand for land impacting upon future potential revenues</p>	<p>The Delivery Plan by necessity must include a projection of future demand for land and includes considerable disposal of sites rather than direct development; to maximise capital returns within the medium term of the project. This projection has been based on up to date market information, transacted land values, evidence from commercial agents, evidence of current rental levels and a consideration of take of land for employment purposes.</p> <p>These projections are fully reflective of the local property market and are generally regarded to be more 'prudent' than 'bullish'.</p> <p>Without providing the enabling infrastructure the Enterprise Zone</p>

	<p>will soon have less than 1 hectare of developable employment land available; average annual land consumption for Blackpool and Fylde combined is more than 4 hectares per year. This provides a level of strategic comfort that the demand for future land will be in-line with projections. Both Fylde and Blackpool Council are the planning authorities for their respective areas and therefore have some control over the supply of other 'competing' land.</p>
<p>5. Lack of demand for premises from end users.</p>	<p>The Council can offer in early years of within the Enterprise Zone business rate relief and Enhanced Capital Allowances (at no cost to the Council); both of which serve to encourage businesses to invest in and occupy premises in the Enterprise Zone. This benefit is not available outside of the Enterprise Zone and should serve to help mitigate the risk of lack of demand for premises. If the infrastructure is not provided in the next three years the full benefit of these 'no cost' incentives will be lost. The Enterprise Zone delivery team now includes an officer with responsibility for marketing, promotion and enquiry handling. This will serve to assist and encourage business to invest in and occupy premises in the Enterprise Zone.</p>
<p>6. Lack of Commercial developers to bring forward developments.</p>	<p>The Enterprise Zone financial model is based upon the Council acting as the initial enabling body of the project buying land and putting in infrastructure to then provide land for future years</p>

	<p>developments by either development partners or private developers. The £300m of joint / private investment modelled will be subject to the economic and commercial property cycles which will inevitably occur over the 25 year time frame of this project. The team cannot plan for or easily mitigate against these risks. The annual review process will be used to seek to manage down this risk year by year.</p> <p>Once the programme for provision of enabling infrastructure is established it will be possible to actively seek suitable partners to assist in delivering development , but whilst the enterprise zone values and yields are improved to the point where development is fully commercially viable it is likely that the council may have to undertake a significant pump priming role in the delivery of new development</p>
<p>7. Loss of Enterprise Zone status from Government if;</p> <ul style="list-style-type: none"> <li>a) a 'do nothing' option is chosen</li> <li>b) other Governmental changes to policy</li> </ul>	<ul style="list-style-type: none"> <li>a) Submitting a Delivery Plan that made clear that the Council's intention was to no longer directly intervene, but rather support the Enterprise Zone passively, may suggest to Government that the benefits of the Enterprise Zone are no longer needed and could be better used elsewhere in the UK.</li> <li>b) the financial consequences of this, following the first full year of operation of the Enterprise Zone, the retained business rates growth</li> </ul>

currently amounts to some £700k per annum. These monies would be available in the short term to fund Enterprise Zone expenditure. There is significant uncertainty as to how long we would retain 100% rate retention if the economic, financial and social objectives of the Enterprise Zone are not being achieved.

- c) The business plan is based on 100% retention of the NNDR generated by the Enterprise Zone over 25 years. This is fundamental to the viability of the project. Any changes to NNDR legislation regarding revaluations, appeals or more fundamental changes to the underlying tax itself add potential financial risk to the project. There is little the Council can do to mitigate against this risk. Were this to occur the Council would have to interact with Government on how it dealt with potential expenditure already incurred. We have sought to mitigate against appeals/ revaluations by introducing a provision based on Council's historical experience, in setting the rates baseline and in tackling optimism bias in estimating future rates growth .

Government could withdraw/ amend Enterprise Zone status and therefore the ability of the Council to retain 100% of

	<p>growth in business rates above the baseline. Similarly Government could change any of the existing legislation and regulations concerning Enterprise Zones. Were this to occur the Council would be able to interact with Government on dealing with potential expenditure already incurred. This is an inherent risk of delivering this project but is mitigated by undertaking an annual review of progress and, if necessary, adjusting the delivery strategy accordingly.</p>
<p>8. Failure to control all necessary land within the Enterprise Zone</p>	<p>The Council currently owns 70% of the freehold of the Enterprise Zone (although much of the existing business park has leasehold interests).</p> <p>It is usually more difficult to influence third party landowners to undertake delivery in harmony with the masterplan than it is where assets are under direct control.</p> <p>Should control of essential land not be possible/affordable, or should it be delayed, then the Enterprise Zone may take longer to achieve reduced economic, social and financial objectives and the masterplan would have to be modified.</p> <p>Within the programme there is provision included for further land acquisitions. This approach balances the need for prudence with the need to meet the</p>



	ambitious objectives of the Enterprise Zone.
<p>9. Interdependence between Blackpool Airport, current land holdings and the Enterprise Zone</p>	<p>The Council currently owns a considerable amount of land within the Enterprise Zone and in particular the airport. There is an interdependence between the objectives of the Enterprise Zone and the ambitions to improve, grow and develop a sustainable airport.</p> <p>In particular the airport operational facilities need to be modernized and relocated closer together and closer to the runway to improve operational efficiency releasing some of the land the airport currently occupies to support the objectives of the Enterprise Zone.</p> <p>Mitigation is not appropriate for this risk but consideration of it is the presence of a fully operational airport will also act as a significant marketing attraction for the wider Enterprise Zone .</p>
<p>10. Prudential Borrowing costs may not be fully met in earlier years due to fluctuations income</p>	<p>An inherent risk of the Enterprise Zone project is that substantial revenue or income can only be achieved later in the project's life, whilst costs are necessarily incurred earlier in the project.</p> <p>Treasury management will ensure that already accrued income is used to meet any shortfall that may occur. Ultimately any deficit will fall to the Council.</p>

<p>11. An inherent risk with the delivery of a project such as the Enterprise Zone is the length of time involved, some 25 years, and the potential for changes beyond the control of the Council. Such risks include but are not limited to changes to</p> <ul style="list-style-type: none"> <li>a) changes to regulations relating to Enterprise Zones</li> <li>b) changes to governance arrangements such as LEPs</li> <li>c) changes to commercial property regulations for matters such as energy or vacancy</li> <li>d) changes to regulations covering financial matters for either public or private bodies</li> </ul>	<p>Each of these factors could have positive or negative impacts and while it is not possible to make firm predictions covering these wide ranging matters it is prudent of the Council to include a review mechanism which allows for changes to project or programme delivery and can take account of all matters that may have changed since the inception of the Enterprise Zone.</p> <p>The proposal for annual reviews by the Council strikes the balance between having a level of certainty for delivery and a prudent approach to risk management.</p>
<p>12. Risk that the Enterprise Zone may simply encourage displacement of jobs and loss of business rates income elsewhere in Blackpool and Fylde to the detriment of income available for wider council obligations</p>	<p>Whilst it is not possible to prevent local business relocating to third party controlled property within the Enterprise Zone, the approved business rates protocol allows control over allocation of the early years fiscal incentive which will help limit local displacement. As new development is enabled on land served by new infrastructure – landowner controls will also enable limitation of displacement.</p> <p>It is to be anticipated that a majority of new investment and business location to the Enterprise Zone will originate from the local area, and the alternative to allowing companies onto the Enterprise Zone is that to grow they may have to relocate out of the area.</p> <p>Where existing commercial premises are vacated by companies relocating to the</p>

	<p>Enterprise Zone the maximum void rates period assuming the property is not reoccupied would be six months –and such churn is a natural occurrence for which provision is built in annually when setting budgets.</p> <p>Marketing will also help to broaden the appeal and awareness of the site to a broad audience of potential investors beyond the Fylde Coast.</p>
<p>13. Lack collaboration by Fylde Borough Council and Lancashire County Council, and failure of Fylde to contribute to the delivery of the Enterprise Zone , particularly in terms of Planning and Highways approvals particularly in relation to development of aviation facilities within the greenbelt, and in release of Business rates and S106/S278 funding</p>	<p>Fylde Borough Council is currently supportive of the Enterprise Zone, and whilst allowing Blackpool as accountable body to lead on all aspects of planning and delivery, they have confirmed willingness via the Memorandum of Understanding to ensure that new business rates generated within the Fylde sector are made available to Blackpool, have collaborated in the introduction of the rates relief protocol and have seconded an officer to assist in delivery. The opportunity for Fylde to contribute further by way of direct financial contribution from reserves to acquire surplus land at Blackpool Airport remains under discussion, and together with issues relating to planning, highways and the future development and operation of the airport which is located entirely within Fylde, the newly constituted Economic Prosperity Board joint committee provides a forum for resolution of any issues.</p> <p>Lancashire County Council’s involvement revolves primarily</p>

	around their role as Highway authority for the Fylde sector – whilst there have been some initial delays resulting from lack of resources at the County Council these have now been overcome and the good working relationship should mitigate any such issues in future
14. That control of Marketing and Enquiry handling is retained by the LEP/Marketing Lancashire and delays response to and handling of enquiries	A dedicated marketing officer has been appointed to lead on Blackpool Airport and Hillhouse Enterprise Zones and an appropriate budget identified within overall Enterprise Zone delivery budget

**11.0 Ethical Considerations**

11.1 None.

**12.0 Internal/ External Consultation undertaken:**

12.1 There is been extensive consultation undertaken both internally with Council staff across directorates, with Council staff

**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: 3/2018

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 2018 Date approved:

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

17.1 None.

**18.0 Executive decision:**

18.1 The Executive resolved as follows:

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. 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).
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.

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.
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.
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.
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.

**18.2 Date of Decision:**

18 June 2018

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

A Memorandum of Understanding (MoU) was signed on 9 November 2016 between the Lancashire Enterprise Partnership (LEP), Department of Communities and Local Government (now Ministry for Housing, Communities and Local Government), Blackpool Council and Fylde Borough Council required, inter alia, that:

- a delivery plan and marketing strategy setting out how the Enterprise Zone would be progressed to meet its key objectives, be prepared and submitted to the Department for Communities and Local Government (now Ministry for Housing, Communities and Local Government) for approval.
- A governance structure reporting to Ministry for Housing, Communities and Local Government and the Lancashire Enterprise Partnership be established for the Enterprise Zone, with Blackpool Council designated as the Enterprise Zone Accountable Body on behalf of Lancashire Enterprise Partnership.

Blackpool Council therefore has responsibility for ensuring that the economic potential of Blackpool Airport Enterprise Zone (EZ) is maximised, and to utilise the time-limited fiscal tools (Retained Business Rate Growth, Business Rate incentives and Enhanced Capital Allowances) granted by central government as part and parcel of Enterprise Zone status.

Central Government granted Enterprise Zone status through the Lancashire Enterprise Partnership and the channel for reporting back to Government in respect of progress on the Enterprise Zone is via the Lancashire Enterprise Partnership. For this reason the Lancashire Enterprise Partnership is required to approve the Delivery Plan and its use of Enterprise Zone generated revenues.

Because much of the investment required to deliver the essential infrastructure to create the opportunities for business rate growth is inevitably required up front, in order to maximise the benefits it is necessary for Blackpool, as accountable body to prudentially borrow against the future growth in order to ensure that it occurs and the benefits of investment and jobs are realised.

Whilst estimates of what will happen over the 25 years of the Delivery Plan are an important part of the plan, the focus has been on securing the minimum commitment from the Council to ensure early progress over the first 3 years and in view of the inherent uncertainty with a project of this scale for there to be an annual review of progress before making further commitments to a rolling programme of investment over the lifetime of the Enterprise Zone.

The Delivery Plan includes provision for several key acquisitions necessary to deliver the benefits of the Masterplan, the case for a further one being set out in Appendix 2c, to the Executive report.

At this stage the main priority is to create certainty in the market place that the Masterplan is to be implemented and whilst this requires financial cover from the Council, the risk, scale and complexity of investment required to maximise delivery of the Enterprise Zone is such that it would be difficult to achieve utilising only Blackpool Council resource and expertise. For this reason discussions are taking place with potential investors and joint venture partners who can help mitigate the risk for the Council and accelerate delivery. All discussions at present are at an early stage but will be assessed utilising independent advice.

Although 55% of the Enterprise Zone is in Fylde and 45% in Blackpool, Blackpool Council is now the major freehold landowner at the Enterprise Zone since its purchase of Blackpool Airport in September 2017. It also shares responsibility as planning and rating authority with Fylde Council and therefore has the greatest level of influence and control in the delivery of the Enterprise Zone which if fully exploited, will have a very significant positive economic impact upon Blackpool and the wider Fylde coast

area.

Fylde Borough Council, whilst not leading on the delivery of the Masterplan is providing direct support to the Enterprise Zone delivery team and is responsible for collecting a significant proportion of the business rates growth that will be relied upon to fund recommended Enterprise Zone investment. Whilst the Memorandum of Understanding clarifies the key principles in relation to how the Enterprise Zone will be delivered there may be the need for more detailed agreements with the Lancashire Enterprise Partnership and Fylde Borough Council in respect of:-

- the protocols and priorities for use of all retained Business Rates Growth in the Enterprise Zone
- contributions to offsite schemes essential to the delivery of the Enterprise Zone (e.g. a contribution to the M55 link road).
- where appropriate contributions from S106 (planning) and S278 (highway) agreements can be promptly applied to support delivery activity across the whole Enterprise Zone
- Clarity in respect of purchase and disposal of land and property to enable the Enterprise Zone delivery (e.g. the construction of new access roads, and ensure transparency where the Council seeks to engage directly in commercial property development within the Enterprise Zone)

In order to ensure the successful delivery of the Enterprise Zone it will be necessary to continue to incur expenditure on staff resource to direct and monitor activity, market the Enterprise Zone opportunity to attract commercial occupier interest, and to employ specialist consultants to provide independent advice on legal and commercial matters, design, cost and technical work in respect of the enabling infrastructure. These costs are included in the overall estimates contained within the amount for which approval is being sought.

**19.1 Date Decision published:**

19 June 2018

**20.0 Executive Members in attendance:**

20.1 Councillor Blackburn, in the Chair

Councillors Cain, Campbell, Cross, Jackson, Kirkland and Mrs Wright

**21.0 Call-in:**

21.1



**22.0 Notes:**

22.1