

Appendix 6a:

Blackpool Airport Enterprise Zone – Further Background Information

The Enterprise Zone is a 25 year long term project now entering its seventh year of delivery.

There is a masterplan for development, approved in 2018 and substantially refreshed in December 2020, with two main phases of delivery [see Appendix 2]. The first phase focussing on the eastern sector at Common edge including the new Playing fields and highways and is predominantly within the Blackpool boundary. The second phase of activity will focus on Blackpool Airport which is within the Borough of Fylde. There will however be some increased overlap in timing of works across both phases.

On 18th June 2018 the Executive approved a report with seven recommendations including agreement to the EZ delivery and marketing plans and a funding allocation of £28.8m, plus the cost of prudential borrowing to support capital investment and associated revenue costs for an initial three year period to 2020/21, delegating to the Chief Executive in consultation with the Leader authorisation for expenditure on specific projects exceeding officer delegation levels.

On 7th December 2020, the Executive approved a revised two phase masterplan for the Enterprise Zone noting an increase in the whole life cost estimate of £72.4m, which included the cost of the Multi-PLY development, and the extended timescale until 2022/23 for delivery of the enhanced Phase One. Integral to the approval was the anticipation that some £7.5m of grant funding would be available to support highways and infrastructure provision at the Enterprise Zone via the Towns Fund.

Approval to expenditure of up to £29.72m plus the cost of associated prudential borrowing for the delivery of phase one of the Enterprise Zone was given in February 2022. The forecasted expenditure to March 2023 and March 2024 has been re-profiled to reflect the expenditure to date which is lower than initially anticipated in the January 2022 forecast, and the planned activity for the completion of phase one at Common Edge, and in particular the works included within the Towns Fund business case.

Challenges to Date:

By their very nature and scale the essential enabling and infrastructure works take time to plan and implement, with work continuing on a rolling programme of activity. The pace of delivery in the past 12 months has been slower than ideal, being impacted by a number of factors, many outside the control of the Council, and principally the pandemic, impacts of Brexit, the ongoing conflict in Ukraine and the cost of living/energy crisis.

The speed at which planning applications have been able to be progressed in the face of external statutory consultation responses, the difficulties in securing engagement and information from Statutory Undertakers and capacity issues with Lancashire County Highways has also been a major factor. These have resulted in reduced levels of activity and confidence from potential occupiers and private sector developers on whom most of the eventual outputs will depend. Significantly, there was also a seven month delay

in securing planning consent for the new changing facilities at Common Edge as a result of problems in securing Sport England approval and removal of their objection, and the planning application for the new highways under the Towns fund project, has been faced with unanticipated obstacles which have now been largely resolved .

Costs of construction have also increased substantially and there are now few immediate opportunities for new development until the crucial enabling infrastructure has been put in place.

The higher gross spend now forecast to the end of FY 23/24 reflects the higher costs of materials, a better understanding of detailed works required as design has been progressed, for example, the quotes for a new primary substation and cable diversions essential to support the data sector which have increased by 25%, and the acceleration of some works to form part of the Towns Fund project which has to be completed by 2025/26. The expenditure forecasts also include some key infrastructure and enabling works at the airport, particularly an allowance for the replacement of the aircraft control tower and new aircraft parking aprons and taxiways.

Achievements to Date:

There has also been some major progress to date, including completion of the Multi-plot new build development (with the new 25 year lease commencing on 13th December 2021), securing £7.5m of Towns Fund grant, securing a grant of £250,000 from the Football Foundation (towards the costs of the new sports facilities) and the transition of the Airport CAA operational licenses to the Council's wholly owned company, Blackpool Airport Operations Ltd.

In excess of 2137 jobs have been facilitated at the Enterprise Zone since April 2016 and there remains a healthy pipeline of enquiries. Despite intensive lobbying efforts working with the support of Lancashire LEP and the National LEP network, there has to date been no progress in obtaining an extension of Enterprise Zone fiscal benefits, with the rates relief scheme having expired on 31st March 2022 and the Enhanced Capital Allowances expiring in November 2023. The rates relief incentive has been extensively taken up by new occupiers and has been instrumental in the large reduction in the void occupancy rates at the Enterprise Zone, and supporting activity pre-Covid by speculative private sector developers. Blackpool was one of the top ten performing Enterprise Zones nationally in terms of the benefit extracted from the EZ Rates relief incentive.

Project Highlights:

The main highlights of progress in the past 12 months include:

- Completion of new Common Edge grass sports pitches which came into full use in October 2021
- Planning Consent obtained from Blackpool and Fylde Councils for a new sports pavilion and changing facilities at Common Edge
- Grant application submitted to Football Foundation securing £250,000 of grant funding for changing facilities, approved in December 2021

- Practical completion of 40,000 sq ft Multiply facility at Amy Johnson Way in August 2021. Lease to Multiply completed 13th December 2021 and fully occupied and operational from March 2022
- Business case prepared and approved by Town Deal Board and the Council's Executive (under delegation) and DLUHC for £7.5m of funding for highway works, including Eastern Gateway access road, Common Edge upgrade and two new access points from Amy Johnson Way to Blackpool Airport
- Completed surrender and renewal lease negotiations with South Shore Cricket and Squash Club, to enable both new changing facilities and new highways to be constructed
- Concluded negotiations and completed purchase of house and stable at 2 School Road, to enable highway junction improvements at School Lane/Common Edge Road
- Detailed design commissioned for new highways at Common Edge Eastern Gateway access and airport access. Wilde Consulting appointed
- Detailed design commissioned for new 3G pitch and floodlit rugby pitch at Common Edge
- Common Edge. The contract for this project has been awarded, with a commencement of works in September 2022 and completion in March 2023.
- Completion of the acquisition of two parcels of long leasehold land from Zonex to enable the construction of access to airport east and the future development of two phases of new aircraft hangars
- Consultants appointed to progress feasibility study for 25MW Solar PV development at Blackpool Airport
- Identified and progressed commercial developer interest in provision of battery storage facility to complement efficient use of Solar and wind energy
- Commenced negotiation for provision of direct 'green' power supply from new offshore wind farm licenses
- Progressed masterplan/design for provision of new aviation hangars at Blackpool Airport, with planning applications anticipated for Q1 2023.
- Supported BAOL in considering options for future Air Traffic Control provision
- Supported BAOL and BAPL in progressing a series of property transactions to increase revenues
- Appointed Engineering consultants WSP in July 2022 to support development at EZ and Airport
- Appointed manager to lead successful transition of Airport CAA Licences
- Successful transition of CAA operational licences from Regional and City Airports to Blackpool Airport Operations Ltd, with effect from 1st November 2021
- Continued refurbishment of Squires Gate Industrial Estate by owners Euro Properties, with property now substantially let. Identified a pipeline of further occupier-driven development projects for the EZ and airport, with particularly strong interest in the data management and advanced engineering sectors.

- Ongoing operational commercial and marketing support for Blackpool Airport to support approved business plan
- Maintained marketing activity to support Blackpool Airport and sister EZ at Hillhouse Technology Enterprise Zone in collaboration with LEP and Marketing Lancashire to promote the Lancashire Enterprise Zones branding for international marketing.
- Supported the rebranding of the LEP controlled Lancashire Enterprise Zones and the appointment of international marketing agents Colliers to promote Lancashire's four Enterprise Zones to the global market
- Provided regular newsletters to subscribing Enterprise Zone business community highlighting progress, opportunities and more recently communication of Covid-19 business support and financial assistance updates
- Continued regular progress reporting to DLUHC, Lancashire LEP Enterprise Zone Governance Sub Committee and Blackpool Fylde and Wyre Economic Prosperity Board in accordance with approved Enterprise Zone governance regime
- Recruited two project managers to support the delivery of new physical infrastructure and commercial development at the Enterprise Zone and airport and replaced the Project and Communications Manager post (who left the organisation in August)

Future Proposals:

As anticipated in the February 2022 report, the gross spend to March 2024 now encompasses both additional inflationary costs and contingencies identified within the Towns Fund project and expenditure which has to be brought forward to facilitate the development of phase two at the Airport including new primary sub-stations which have a three year plus lead time and will be needed to support the targeted data centre sector and crucially a range of green energy infrastructure, to create the USP which along with the Transatlantic cable will attract digital industries to the Fylde coast. In addition this will make a very substantial contribution (perhaps in excess of 50%) to Blackpool meeting its 2030 Net Zero target.

The forecast gross spend to March 2024 will now requires an additional investment of £14.48m (bringing the total to £44.20m) to allow the delivery of the forecast programme to the end of FY 23/24.

This increased approval will enable the delivery of:

- The planned construction of the Eastern Gateway road under the Town Deal Most of the associated Utilities, which are designed to be future proofed, and extra costs associated with the Town Deal scheme
- The completion of the relocation of the sports facilities- including new changing rooms, sports pitches, 3G pitch and a new rugby pitch
- Completion of Division Lane West and car park

- Beginning of the offsite/highways works
- Pre-ordering of long lead in items such as a Primary substation (payment upfront and 3- 4 years delivery)
- Progression of studies and planning applications for delivery of Solar Farm, Battery Storage and new aircraft hangars
- A new aircraft control system at the airport and updated /safeguarded Navigation aids
- The planning, site assembly and feasibility of a new Fuel Farm and Fire station at Blackpool Airport
- New Airport fencing
- Security/CCTV/Fencing at the Airport to comply with national regulation
- The provision of temporary offices at the airport to facilitate early development of a data centre

Marketing and Enquiries

The approved Enterprise Zone Marketing Strategy continues to be implemented with strong links to the inward investment activity led by the Growth and Prosperity team under the “Blackpool Makes it Work” business campaign, also working closely with the Department for International Trade, the LEP and Marketing Lancashire to promote the Lancashire Enterprise Zones brand for the four Lancashire Enterprise Zones.

The branding for Lancashire Enterprise Zones has recently been refreshed and will be applied to the new EZ signage and revised and updated web sites and brochures. The Lancashire LEP have also appointed international property agents Colliers, to assist in promoting the four Enterprise Zones to an international commercial audience.

Ability to undertake the full range of activities over the past eighteen months has been restricted by pandemic related restrictions but opportunities are now being identified for wider engagement with key target sectors and participation in trade and regeneration events is being planned for 2022/3, with a successful first Blackpool Makes it Work stand at REiF UK in Leeds in May - a major UK property conference attracting 4,500 property and investment specialists.

The recent Innovation Catalyst lead by Lancaster University has confirmed the real opportunity for the Enterprise Zone to position as a leader in the transition to a low carbon economy, with the potential to introduce hydrogen and electrical refuelling capacity for next generation aircraft as part of the reconfiguration, and the capacity to host very significant renewable energy generation and storage capacity. The availability of sustainable energy, coupled to the locations data connectivity makes the Enterprise Zone an ideal location for investment from the data storage and digital industries – with several strong enquiries for development of data centres and a technology

demonstrator, within the knowledge quarter on the site of the older airport operational infrastructure. Whilst data centres will not support large numbers of jobs their impact across the Fylde coast will be substantial in enabling many new industries, the introduction of Artificial intelligence and robotic processes in manufacturing and opening up prospects to develop the area as both a financial hub and a national centre for E-sports and gaming.

To secure investment from these fast growing sectors the delivery of this potential it will be necessary to provide some enabling infrastructure in the form of a large Primary sub-station, which would be on a three to four year delivery timescale and also need paying for at time of order. Whilst the costs may be in the region of £4-6m dependent upon the final size of the facility-it is reasonable to expect that a substantial portion of the capital can be recovered from the developers of individual scheme

The most advanced of the data enquiries is for a data demonstrator project, which in addition to a 4Mw capacity data centre, would incorporate a research facility for Lancaster University and tech business incubator accommodation. The Data facility will be looking to demonstrate the introduction of new liquid cooling technology that could reduce power consumption by more than 40%. A detailed feasibility study for the project is underway and if viable will be the subject of a further report to Executive.

Blackpool Airport

The Enterprise Zone team has continued to provide extensive support to the Blackpool Airport management team in the face of some significant operational challenges, and in particular took a prominent role in supporting six months of intensive activity to secure the transfer of CAA operating licenses for the Aerodrome and Air Traffic Control Services, from the outgoing contractor Regional and City Airports to Blackpool Airport Operations Ltd (BAOL); a task that was successfully concluded on 1st November 2021.

Support will continue particularly in respect of marketing, property management support, occupier liaison and commercial activity as required by the Managing Director and management team at BAOL and until the various land transfers between BAPL and the Council have been finalised.

A number of aviation related opportunities have been identified and subject to planning consents being obtained from Fylde Council, it is anticipated that two new private hangar developments will be progressed within the next 12 months with further significant opportunities under consideration.

Implementation of the second phase of the EZ masterplan at the airport, will necessitate the provision of new operational infrastructure, initially new aircraft control facilities (a new tower or an onsite digital control facility) and subsequently the fire station, airport offices and fuel farm. Land may also need to be transferred from the airport property company, Blackpool Airport Property Limited, to the Council to enable future commercial development, and further reports will be presented for consideration in due course. Some land presently owned under the Council's title may also transfer to the Airport companies. The refreshed Delivery Plan estimates for whole life expenditure include an allowance for a contribution to the costs of new operational

infrastructure at the airport, as this releases land for commercial development.

Blackpool Airport Enterprise Zone – Towns Fund (Phase one)

This project which is partway through delivery looks to create a new entry and exit point for traffic into the Blackpool Airport EZ to the east of the designated area, (Eastern Gateway access road) negating the business park's current status as a cul-de-sac and reducing travel times and standing traffic, particularly at peak vehicle flow times. The new road's route through the east of the EZ will also open up 10.5 hectares of previously inaccessible development land for the creation of serviced development plots, plus a small 30 unit residential development site, thereby addressing the current lack of new development space within the EZ to accommodate businesses looking to locate and grow there.

The phase one Towns Fund scheme will be delivered by Blackpool Council as scheme promoter and accountable body, with the Council's Enterprise Zone team leading on project delivery, supported by the Council's Highways team. External consulting engineers Wilde, have been appointed to prepare the detailed designs for the roads and their work will be substantially completed in Q4 2022 to enable phased delivery of the road construction. Subject to securing planning consents it is anticipated that construction work will commence in Q2 2023 and take circa 12 months to complete – with some elements able to become operational within the next 12 months

Formal approval to the Towns Fund grant was received from DLUHC on 10th December 2021 with £1,117,748 claimed in financial year 2021/22. The outline planning application for the new highways was submitted in March 2022 with provisional approval granted by Blackpool Council on 11th October and Fylde Council on 2nd November. Secretary of State approval being received on the 10th November.

A separate application to be made to Fylde Council for two small access points to Blackpool Airport from Amy Johnson Way, and will be progressed when detailed design work is completed in the first quarter of 2023

Expenditure on the Towns Fund project now includes £16.40m of Council match funding, which is reflected in the business plan, to be incurred between April 2021 and March 2026. The detailed construction programme, costs and expenditure profiles are in the process of being developed, with the cost forecasts for the Highway works utilised being based on high level estimates until completion of detailed design and in turn measured pre-tender costs estimates. Until detailed design is completed and key site investigation data is available precise pre-tender estimates cannot be made – therefore the cost included at this point prudently makes very significant allowance for unknown risk and material price inflation that is believed to have peaked in the past three months in addition to standard contingencies.

There has also been an additional purchase of the Glasdon land, necessary for the delivery of the scheme, which was not included within the original Towns Fund business case which has contributed to this increased match funding, although this plot was always included in the overall EZ financial model.

As a result of these estimated cost increases the current revised total Towns Fund estimate is now £23.90m, with the Towns Fund grant remaining fixed at £7.5m the additional potential cost of £5.90m needs to be absorbed in the project match funding. This requires Executive approval set out in recommendation 2.5 and formally reported to DHLUC with the revised funding profile.

Consultation

Over much of 2022 consultation with the local community and key airport stakeholders has been undertaken via newsletter and in smaller discussion groups with key stakeholders for the Towns Fund Highway scheme. A further public engagement event is to be held on the 19th December to inform local community and business of the works planned over the following 12 months, as the highway works will lead to some unavoidable traffic congestion on Common Edge and Queensway. A business focused event to be held at Blackpool & the Fylde Lancashire Energy HQ is also in the planning stage. Regular contact is maintained with airport tenants- via the airport management team and they will be formally consulted on proposals for new development once the Board at BAOL have signified their agreement in principle to detailed proposals. There has also been regular communication with key public sector stakeholders including Lancashire County Council, Fylde Council, the Environment Agency, Electricity North West and United Utilities, particularly to identify activity to support resolution of wider drainage concerns.

Common Edge Sport Facilities: (phase one)

Work commenced on the new changing facilities pavilion at Common Edge in September 2021 after approval had been given by the Football Foundation who are to provide £250,000 of grant support toward the project. Construction work is nearing final completion, and once service connections have been made and systems tested the building will be handed over in December.

The design has been modified during construction to include provision of air source heat pumps to enhance the buildings low carbon credentials and considerable work has been carried out with local charities to provide new wildlife habitats around the area. Resurfacing of Division Lane West has been completed.

The building will be opened for full use once the highway improvement works at Division Lane have been completed, with work on the junction improvements scheduled to commence on the 9th January. The planning consent for the changing pavilion only permitting work on the junction improvement to begin once the building itself was complete. Timing of the junction modification works being dependent upon LCC Highways granting possession of the Highway.

Detailed design work for the 3G floodlight pitch and for the associated floodlight rugby pitch was completed in June, with the contract tendered and an award made to Carrick Construction who commenced work on 26th September, with a targeted completion for the end of March 2023 for the 3G facility, the Rugby pitch will take a little longer to be playable and alternative Rugby provision will be maintained on the old Common Edge

pitches in the interim. On completion the new sports facilities at Common Edge will provide state of the art £6m facility which will provide lasting health and wellbeing benefits to the wider community in addition to providing an attractive entrance to the Enterprise zone.

Existing changing facilities at Jepson Way will continue in use for the new sports pitches until the new changing facility is complete and commissioned, and will then be demolished in the new year. Some of the original Common Edge pitches may continue in use until Spring 2023 to provide additional capacity, until the land is needed for works in connection with the new Eastern Gateway access.