



## INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
BLACKPOOL COUNCIL	FINANCE AND DEMOCRACY COMMITTEE	25 SEPTEMBER 2017	12
<b>BLACKPOOL AIRPORT ENTERPRISE ZONE PROGRESS REPORT</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY OF INFORMATION

#### Background

Blackpool Airport Enterprise Zone (EZ) was designated in November 2015, and came into existence with effect from 1 April 2016 with a programmed 25 year lifespan and aspirations to host 3,000 new jobs, secure in excess of £300m private sector investment with 180 plus new businesses locating to the EZ.

It has the potential to secure more than £50m of retained business rates over its lifetime to be utilised to support provision of enabling infrastructure, marketing and promotion, together with an objective of securing a long term sustainable future for Blackpool Airport.

The EZ is centred on the existing Squires Gate and Blackpool Business Park employment areas, and much of the operational infrastructure of Blackpool Airport is included in the zone, although this excludes the main runway. The EZ covers an area of 141 Ha (much larger than many of the UKs other EZs) straddling the boundary between Fylde (55% of the site area) and Blackpool (45%), much of the site sits within designated greenbelt and has multiple stakeholders with approaching 40 freehold and long leasehold property interests and over 200 occupiers, all of which offer a series of challenges to successful delivery. The EZ is designed to operate in a way to compliment the offer of its near neighbours, the Hillhouse Technology Enterprise Zone in Wyre and the Warton Enterprise Zone.

The EZ offers two mutually exclusive financial incentives for new occupiers, NNDR (Business Rates) relief of up to £55,000 per annum for five years (available in designated areas until 31<sup>st</sup> March 2022) or Enhanced Capital Allowances for investment in new fixed plant and machinery, (available until November 2023) offering a very tight window of opportunity to kick start the EZ, given the likely level of enabling infrastructure that will be required to open up development and investment opportunities.

The EZ has a wider variety of target sectors than most and will seek to attract investment from Aviation, Energy, Advanced Manufacturing, Food and Drink manufacturing and Digital and Creative sectors and back office administration but will not be closed to other suitable employment opportunities being hosted.

#### Governance Arrangements

In agreement with Lancashire Local Enterprise Partnership (LEP)(June 2016) a Governance structure has been established, with a Project Team; a Joint Project Board (with Hillhouse EZ), and a Programme Board, which reports in turn to the Lancashire LEP EZ Governance sub-committee, meeting quarterly. Blackpool Council acts as the Accountable Body for the Enterprise Zone under the terms of the Memorandum of Understanding between Fylde Council and Blackpool Council signed on 9<sup>th</sup> November 2016.

The above arrangements may soon change slightly with the establishment of a Blackpool, Fylde and Wyre Joint Economic Prosperity Board (EPB) which will be a joint Committee of the three authorities. The Joint Economic

Prosperity Board will seek to instil a stronger and robust governance framework for the economic development and growth agenda across the Fylde Coast, bringing in greater political accountability. In relation to the EZ it will act as Programme Board and it may be worthy of consideration that some planning and building regulations powers in respect of the EZ are delegated to the new EPB to ensure a consistent service delivery and decision making throughout the entire EZ.

#### **Current Activity - Masterplan**

In July 2016 Blackpool Council provisionally allocated funding of £1.6m over a five year period to support delivery of the EZ, subject to the recovery of funding over time from stakeholders and retained business rates growth. Genecon Ltd, (economic consultants) were appointed to prepare the Implementation and Delivery Plan, submitting an interim Delivery Plan based on the original bid submission in September 2016, which was accepted by DCLG. The final version of the Implementation and Delivery Plan, including a detailed business plan for the next five years of operation, will be submitted to DCLG for approval in November 2017. This document will be based upon the outcome of the ongoing master-planning work.

Following a competition run by DCLG an award of £50,000 was secured in January 2017 to support the provision of detailed master-planning for the EZ. In March 2017, following completion of a competitive tendering process, a consultant team led by Mott McDonald and including How Planning, BE Group and IBI architects, were appointed to undertake the Masterplan preparation for the EZ.

The final cost of producing the Masterplan and the subsequent Implementation, Delivery and Marketing strategies will be approaching £150,000, of which £50,000 has been paid by DCLG via the LEP. The balance will initially be met from the provisional funding allocation by Blackpool Council as accountable body.

The final version of the Masterplan should be completed by the end of September 2017 and the formal process of adoption by both Councils should commence soon afterwards. The relevant committee at Fylde would be Planning and would probably commence with a six week public consultation. Both Councils will adopt the Masterplan contemporaneously.

#### **Current Activity – Business Rates Relief**

The ability to offer business rates relief of up to £55,000 per annum for five years is a major incentive in securing investment and associated employment, particularly from small and medium enterprises. A rates relief protocol has been agreed and adopted by the three Fylde coast local authorities which sets out uniform procedures for agreeing awards of EZ business rates relief across both Blackpool Airport and Hillhouse EZs, with the LEP expressing a desire to extend this to cover the EZs at Warton and Samlesbury.

There is a formal application process which is managed by the Blackpool Airport Enterprise Zone Delivery Manager, seconded from Fylde and based at Blackpool Council and the NNDR rating team at Blackpool Council (who also act for Fylde in this respect) with decisions on the award of business rates relief being made by the respective S151 officers of each rating authority.

To date (August 2017) Blackpool Council has committed to providing business rates relief worth £618k over 5 years to 15 businesses and has 'offered in principle' to grant further relief worth £266k to 3 business who are looking to move to the EZ. Fylde Council has committed to providing business rates relief, worth £422k over 5 years to 4 businesses and has 'offered in principle' to grant further relief worth £78k to 3 businesses. The 'offer in principle' is a scheme used to give prior assurance that businesses will receive relief before they complete a purchase or sign a lease. Each Council is reimbursed for the award of these reliefs by way of a direct grant receivable from central government.

#### **Current Activity – Retained Business Rates**

The ability to retain locally any additional business rates growth commenced on 1 April 2017, to ensure the best overall baseline position as significant reductions in the RV of the Airport occurred between December 2015 and December 2016.

The RV baseline for the EZ is set at £2,373,000, 100% of any increase in NNDR collected above the baseline is retained by the rating authority and accountable body for reinvestment within the EZ.

To ensure the effective project management and delivery of the EZ, periodic estimates of the likely retained business rates are undertaken. These estimates are based on information known at the time, including those

developments which are complete, those awaiting valuation and those which are under construction. The estimates also include speculative developments but as with any development of this nature these may not happen within the target dates; if at all. To date (August 2017) an estimated total of £18.06m of retained business rates could be available for re-investment within the EZ over its lifetime. This figure is based on estimated rateable values and does not include future exempt or empty period, transition or any losses through appeals in rateable values and it does not include any bad debt provision, including any ratepayer who becomes subject to insolvency proceedings.

#### **Current Activity – Marketing**

Marketing Lancashire will lead and co-ordinate all international marketing for Lancashire's four Enterprise Zones under the Lancashire Advanced Manufacturing and Energy Cluster (LAMEC) banner, and utilising the services of international real estate consultants Colliers, who are to be appointed by the LEP to market the Samlesbury EZ. Planned activity includes attending MiPiM UK (London) in Oct 2017 and MiPiM Europe at Cannes in March 2018.

The LEP have funded Marketing Lancashire's activity in developing the LAMEC branding, but it is expected that the EZ Accountable Body will be requested to contribute to the cost of future activity, in addition to locally generated marketing and promotion and site signage.

#### **Current Activity – Enquiries**

To date (August 2017) there have been in excess of 140 enquiries received in relation to the EZ since April 2016, of which 36 businesses have located or re-located within the EZ to new or larger premises. Enquiries include bespoke design and build projects, property and or sites for sale or rental, business expansions and or relocations. Owing to the nature of the EZ land ownership (i.e. multiple individual owners) it is not always possible to control or monitor every business that occupies premises.

#### **Current Activity – Employment Opportunities**

Given the constraints on monitoring individual business activity within the EZ it is only possible to report on the creation of known employment opportunities. To date (August 2017) approximately 460 jobs have been located within the EZ or are committed to relocate since April 2016. It is difficult to require that businesses provide details of staffing, particularly where they do not seek formal EZ benefits. As such it is estimated that approximately 145 of the 460 are new additional employment opportunities.

#### **Current Activity – EZ Resources**

In August 2017 Blackpool and Fylde Council entered into a Secondment Agreement to provide the post of Blackpool Airport Enterprise Zone Delivery Manager. The post will work as part of Blackpool's Growth and Prosperity Team to ensure effective working arrangements between Blackpool and Fylde. The post will focus on the delivery of the Blackpool Airport Enterprise Zone, its Masterplan and Implementation Plan in order to attract new investment to both Blackpool and Fylde. It will provide support to the Blackpool, Fylde and Wyre Economic Prosperity Board and ensure effective liaison between Fylde and Blackpool on strategic planning matters. The agreement lasts for a period of 3 years and further details of the post-holder can be seen below.

#### **SOURCE OF INFORMATION**

The above information is provided by Blackpool Council as Accountable Body for delivery of the Blackpool Airport Enterprise Zone.

#### **WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?**

At the request of the Chair of the Finance & Democracy Committee this is the first formal update report on the progress of the delivery of the Enterprise Zone.

#### **FURTHER INFORMATION**

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