



## **Blackpool, Fylde and Wyre Economic Prosperity Board Agenda**

**Wyre Borough Council**  
**Date of Publication: 9 July 2018**  
**Please ask for : Duncan Jowitt**  
**Democratic Services and Councillor**  
**Development Officer**  
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**Blackpool, Fylde and Wyre Economic Prosperity Board meeting on  
Tuesday, 17 July 2018 at 2.00 pm  
in the Lancashire Energy HQ**

**1. Apologies**

**2. Declarations of interest**

Members will disclose any pecuniary and any other significant interests they may have in relation to the matters to be considered at this meeting.

**3. Confirmation of minutes**

(Pages 1 - 4)

To confirm as a correct record the minutes of the previous meeting

**4. Business Investment Marketing Perceptions Study**

(Pages 5 - 8)

Report of the Growth and Prosperity Programme Director, Blackpool Council

The EPB will receive a presentation from Nigel Wilcock of Mickledore about the findings of the study.

**5. Economic Prosperity Board Priorities**

Discussion to agree the priorities for the Economic Prosperity Board.

**6. Exclusion of public and press**

The discussion of the reports submitted under items 7 and 8 of this agenda may involve the disclosure of “exempt information”, as defined in Schedule 12A of the Local Government Act 1972. If at any point during the meeting, the board wishes to move to confidential session it will need to pass the following resolution: “That the public and press be

excluded from the meeting whilst the remaining agenda item(s) is/are considered, on the grounds that their presence would involve the disclosure of exempt information as defined in category 3 (Information relating to the financial or business affairs of any particular person, including the authority holding that information) of Part 1 of Schedule 12(a) of the Local Government Act, 1972, as amended by the Local Government (Access to Information) Variation Order 2006 and, that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”.

**7. Blackpool Airport Enterprise Zone: progress report (standing item)** (Pages 9 - 60)

Report of the Head of Enterprise Zones, Blackpool Council

**8. Hillhouse Technology Enterprise Zone: progress report (standing item)** (Pages 61 - 62)

Report of the Senior Economic Development Officer, Wyre Council

**9. Tour of Energy HQ**

Following the meeting, attendees are invited to take a tour of the facility.



## Blackpool, Fylde and Wyre Economic Prosperity Board Minutes

The minutes of the Blackpool, Fylde and Wyre Economic Prosperity Board (EPB) meeting held on Wednesday, 2 May 2018 at the Committee Room 2, Civic Centre, Poulton-le-Fylde.

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### **EPB members present:**

Councillors Simon Blackburn, Leader Blackpool Council, David Henderson, Leader Wyre Council, Susan Fazackerley MBE, Leader Fylde Council  
Chief Executive Officers: Neil Jack, Blackpool Council, Garry Payne, Wyre Council  
Co-opted private sector representatives: Neil Farley (Fylde), Martin Long (Blackpool), Peter Worthington (Wyre)  
Paul Walker, Director Development Services Fylde Council (substitute for Allan Oldfield)

### **Apologies:**

Allan Oldfield, CEO Fylde Council

### **Other councillors present:**

None

### **Others present:**

Marianne Hesketh, Service Director Performance and Innovation, Wyre Council  
Nick Gerrard, Growth and Prosperity Programme Director, Blackpool Council  
Rob Green, Head of Enterprise Zones, Blackpool Council  
Duncan Jowitt, Democratic Services and Councillor Development Officer, Wyre Council  
Katharine McDonnell, Senior Democratic Services, Fylde Council - observer  
Steve Smith, Blackpool Airport Enterprise Zone Delivery Manager, Blackpool Council - observer

No members of the public or press attended the meeting.

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### **EPB 1 Election of chairman**

Councillor Simon Blackburn was elected Chairman.

### **EPB 2 Election of vice chairman**

Councillor David Henderson was elected vice chairman and then chaired the meeting as Cllr Blackburn had been delayed and did not join the meeting until agenda item 7.

**EPB 3      Declarations of interest**

None

**EPB 4      Economic Prosperity Board (EPB) administrative arrangements**

The Service Director Performance and Innovation for Wyre Council submitted a report asking the EPB to

1. note the principal member from each constituent authority and the named substitute from each authority in accordance with procedure rules 4.1 and 4.2 at appendix 1 of the report.
2. agree the three co-opted members, on the basis of one from each constituent authority in accordance with procedure rule 4.5, and their term of office.
3. agree the host authority for servicing the board in accordance with procedure rule 8.1.
4. agree the lead authority for undertaking economic functions on behalf of the board in accordance with procedure rule 8.2.
5. agree dates and venues of future EPB meetings in 2018-19 and the rota for servicing the board in accordance with procedure rule 8.1.

**Decisions taken**

1. The Leaders of each council were confirmed as the principal members and the substitute members to represent each authority in the absence of the principal member were named as:

Blackpool – Councillor Mark Smith  
Fylde – Councillor Roger Small  
Wyre - Councillor Alan Vincent

2. The three co-opted members, one from each constituent authority, were confirmed in accordance with procedure rule 4.5 as:

Blackpool – Martin Long  
Fylde – Neil Farley  
Wyre – Peter Worthington

and their term of office agreed as 3 years.

3. It was agreed that Wyre Council be the host authority for servicing the EPB in accordance with procedure rule 8.1.
4. It was agreed that Blackpool Council be the lead authority for undertaking economic functions on behalf of the board in accordance with procedure rule 8.2.
5. The dates and times of future EPB meetings in 2018/19 were agreed as:

17 July 2018 2pm  
13 November 2018 2pm  
5 February 2019 2pm

Alternative venues at the Enterprise Zones were suggested to host future meetings and it was agreed that relevant contact details would be shared with Wyre Council's Democratic Services to allow other arrangements to be made where possible.

The future EPB hosting and rota for servicing the board was agreed as follows:

2018/19 - Wyre Council  
2019/20 - Fylde Council  
2020/21 - Blackpool Council

## **EPB 5      Enterprise Zone Governance**

Blackpool Council's Growth and Prosperity Programme Director submitted a report proposing amendments to the governance arrangements for Blackpool Airport and Hillhouse Technology Enterprise Zones (EZ) originally agreed in the Memoranda of Understanding signed on 9th November 2016 by each Local Authority, the LEP and the then Secretary of State for Communities and Local Government.

### **Decision taken**

The EPB noted that the Blackpool, Fylde and Wyre Economic Prosperity Board replaced the now dissolved Blackpool, Fylde and Wyre Economic Development Company as the Enterprise Zone Programme Board.

The EPB approved the dissolution of the Blackpool Airport and Hillhouse Enterprise Zone Project Board and agreed that its functions and representation be distributed between the Enterprise Zone Programme Board and the individual Blackpool Airport and Hillhouse EZ Project Teams subject to agreement with the LEP EZ Governance Committee

## **EPB 6      Department for International Trade Investment Marketing Services**

As agreed at the Joint EZ Project Board, Ian Whittaker, Head of Partnerships (North), Investment Services Team gave a presentation to the board.

The EPB discussed the information presented and agreed that the marketing of the two EZs and promotion of tourism and leisure were key elements that could benefit greatly from the support of the Department for International Trade. The region's proximity to Manchester, one of the most successful areas in terms of inward investment was also flagged as a potential marketing asset.

## **EPB 7      Transforming Cities Fund**

The EPB discussed the submission of a bid for funding under the Transforming Cities Fund for potential extensions of the light rail / tram system and agreed that the Growth and Prosperity Programme Director, Blackpool Council take the lead in consulting with Lancashire County Council (LCC) on a Fylde Coast funding bid linked if possible with LCC.

## **EPB 8      Exclusion of public and press**

The EPB agreed that, if discussion of the reports submitted under items 10 and 11 of this agenda were to involve the disclosure of “exempt information”, as defined in Schedule 12A of the Local Government Act 1972 the following resolution would be applied:

“That the public and press be excluded from the meeting whilst the remaining agenda item(s) is/are considered, on the grounds that their presence would involve the disclosure of exempt information as defined in category 3 (Information relating to the financial or business affairs of any particular person, including the authority holding that information) of Part 1 of Schedule 12(a) of the Local Government Act, 1972, as amended by the Local Government (Access to Information) Variation Order 2006 and, that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”.

## **EPB 9      Blackpool Airport EZ Progress report**

Blackpool Council’s Head of Enterprise Zones submitted a progress report to update the EPB on Blackpool Airport EZ.

### **Decision taken**

The board considered and noted the progress report and noted that the report would be used to update the LEP EZ Governance Committee on 16 May

## **EPB 10      Hillhouse Technology EZ Progress report**

Blackpool Council’s Head of Enterprise Zones submitted a progress report to update the EPB on Hillhouse Technology EZ.

### **Decision taken**

The board considered and noted the progress report and noted that the report would be used to update the LEP EZ Governance Committee on 16 May

The meeting started at 10.12 am and finished at 11.44 am.

**Date of Publication:** 4 May 2018

<b>Report to:</b>	<b>Blackpool, Fylde and Wyre Economic Prosperity Board</b>
<b>Report Author:</b>	<b>Nick Gerrard, Growth and Prosperity Programme Director, Blackpool Council</b>
<b>Date of Meeting:</b>	<b>17<sup>th</sup> July 2018</b>

## **BUSINESS INVESTMENT MARKETING PERCEPTIONS STUDY**

### **1.0 Purpose of the report:**

- 1.1 To inform the Board of the work undertaken by Mickledore on behalf of Blackpool Council to assess the business investment perceptions of Blackpool (and the Fylde Coast) to inform the development of a Business Investment Marketing Strategy to support economic growth in Blackpool and the Fylde Coast.

A presentation will be given by Nigel Wilcock, MD of Mickledore setting out their findings.

### **2.0 Recommendation(s):**

- 2.1 To note the report and to comment on issues raised by the presentation to inform the Business Investment Marketing Strategy.

### **3.0 Reasons for recommendation(s):**

- 3.1 The rationale for this work and its subsequent development is set out in extracts from the brief for which Mickledore successfully tendered (Appendix A)

## **Appendix A**

### **BLACKPOOL BUSINESS INVESTMENT MARKETING RESEARCH BRIEF EXTRACTS**

#### **Introduction**

Blackpool already has a very powerful brand and is the best known seaside resort in the UK and one of the best known across Europe/the globe. It attracts 18 million visits a year to world famous attractions including Blackpool Tower, Blackpool Illuminations, Blackpool Pleasure Beach and the Winter Gardens. It has long-established, extensive and very effective marketing and promotion activity that supports this.

Blackpool, however, is also well-known in the UK as a place of social deprivation and poverty with a wide range of social problems which detract from this image, and often reinforced by Blackpool being stereotyped.

When it comes to marketing and promotion of Blackpool as a business investment location there are a number of challenges arising:

- Blackpool is so well-known as a holiday and visitor destination that its attractiveness as a business investment location is not well-known
- The social deprivation challenges and the prejudice that this helps to create detract from Blackpool reaching new markets and new audiences
- Hitherto, the efforts to support business investment marketing have had a limited effect

Combined, these challenges seriously detract from the positive perceptions that Blackpool has and act, in our view, as a major drag on Blackpool's attractiveness as an investment location.

Yet these negative perceptions belie the truth of what has happened in recent years and what is now being done further to develop Blackpool as a business investment location whilst continuing to support its major visitor economy.

Over £570million of investment in the past decade has helped to transform Blackpool with major schemes including:

- First phase of Talbot Gateway CBD £80M
- Renewal of the Promenade & Sea Defences & 17 km New Tramway - £285M
- Blackpool Tower & Winter Gardens - £50M
- Hounds Hill Shopping Centre - £150M
- Public Spaces - £12M



and many more schemes now being actively developed or in the pipeline as part of Blackpool's £1billion Growth and Prosperity programme including:

- Blackpool Airport Enterprise Zone and Blackpool Airport
- Talbot Gateway Phase 2 including a tramway extension and transport interchange
- Blackpool Conference Centre - a new £25m Conference centre now under construction
- Central Leisure Quarter
- Quality Corridors
- Blackpool Museum
- Electrification of the Rail link to Preston
- £100M Blackpool Business Loans Fund
- New Hotels under construction/in the pipeline

Many of these projects have required intensive intervention by the very ambitious Council in order to facilitate further private investment. In addition, Blackpool has a thriving business sector, the strength of which is not widely understood outside of the Fylde Coast.

To support our Growth and Prosperity Programme we want to make sure that we maximise the potential of this programme through effective marketing. We are delivering the product but we want to reinforce our strengths, address any deficiencies, challenge false perceptions and increase our market penetration across the North West, UK and internationally to maximise future investment and job creation. We also want to ensure that this work dovetails with and capitalises upon Blackpool's extensive tourism marketing.

Whilst our focus is very much on Blackpool, we are not an island. Blackpool is a critical part of the Fylde Coast and Lancashire and we are working with Marketing Lancashire to ensure that we integrate what we do with their work to promote Lancashire on the national and international stage. This includes specifically Blackpool Airport Enterprise Zone being promoted by Marketing Lancashire as one of 4 Enterprise Zones under the LAMEC brand (Lancashire Advanced Manufacturing and Engineering Cluster) to be launched at MIPIM 2018, and the broader work that they are developing to promote the sectoral strengths of Lancashire following recent research that they have undertaken. Having regard to this work is an important part of this brief.

1. Objectives:

- a) To assess the overall business investment **perceptions** of Blackpool as a place to invest and actual and perceived barriers to investment
- b) To assess the current Blackpool **investment offer** (both in terms of product – opportunities, skills etc and process) and what needs to be done to overcome actual and perceived barriers to investment
- c) To identify the priorities and make recommendations to feed into the subsequent development of a marketing strategy.

2. Outcomes:

Key outcomes from the study are to identify:

- a) how the **Blackpool investment product/opportunities** are perceived on the Fylde Coast, North West and nationally/internationally including what is known of each of the main projects, the economic opportunity and the overall plans for Blackpool;
- b) the **priority investments, actions and support offer** that will be most effective in enhancing the Blackpool investment offer
- c) which **sectors** to prioritise and the best opportunities for Blackpool to pursue to maximise private sector investment and job creation.
- d) how best to harness the **private sector** and the business voice in enhancing Blackpool's investment marketing
- e) how best to harness and complement the power of the extensive marketing campaigns focused on the visitor economy and the strength of the visitor economy
- f) how best to harness and complement the Marketing Lancashire activities
- g) the essential components of the support environment for investors to ensure that there is a customer-focused approach



<b>Report to: Blackpool, Fylde and Wyre Economic Prosperity Board</b>
<b>Report Author: Rob Green, Head of Enterprise Zones, Blackpool Council</b>
<b>Date of Meeting: 17<sup>th</sup> July 2018</b>

## **Blackpool Airport Enterprise Zone: Progress report**

### **a) Masterplan**

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

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

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

### **b) Delivery (Implementation) Plan**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Delivery Plan identifies the prospect of significantly enhanced outputs from the Enterprise Zone compared to the initial forecasts in the original submission on behalf of the LEP including 4,989 additional jobs, 270,002m<sup>2</sup> of floor space and the potential to generate a cumulative £73.31m of retained business rates (net of baseline voids and reflecting deductions for optimism bias) as illustrated in Table 1 below:

<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

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

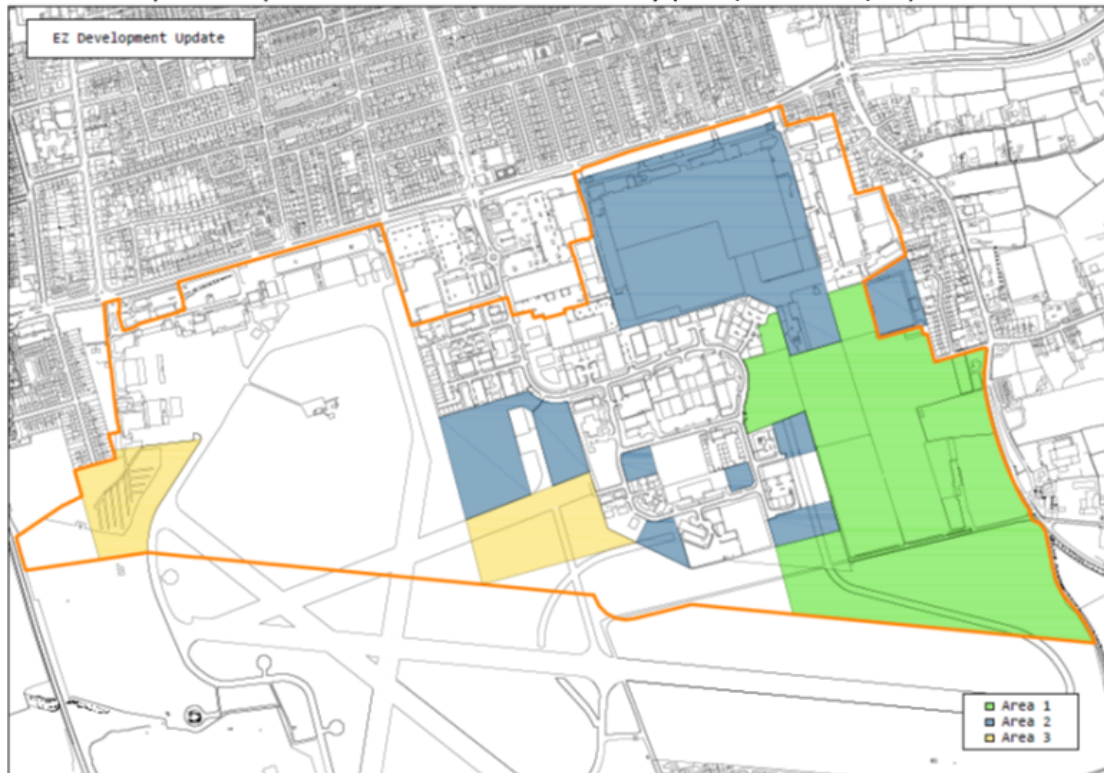
<b>ALL PHASES SUMMARY</b>	<b>Total</b>	<b>2018-2020</b>	<b>2021-2022</b>	<b>2023-2027</b>	<b>2028-2036</b>
Infrastructure	£36,922,293	£6,550,609	£9,264,397	£14,808,454	£6,298,832
Direct Development	£6,400,000	£3,450,000	£2,350,000	£600,000	£0
Consultancy / Fees	£1,430,000	£670,000	£260,000	£500,000	£0
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>

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

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

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





### c) Marketing Strategy

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

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

### d) Marketing activity

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

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

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

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

#### **e) Blackpool Airport**

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

#### **f) Enquiries and Development**

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

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



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

To date:

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

## **2. Forthcoming Activity**

### **a. Phase One Development**

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

### **b. EZ Project Teams**

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

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

**c. Stakeholder Relationship Management - Meet & Greet EZ Team Event – 13<sup>th</sup> July 2018**

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

**d. MIPIIM UK – October 2018**

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

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

Annexe B – Blackpool Airport Enterprise Zone Marketing Strategy

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<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.

- |      |  |     |
|------|--|-----|
| 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

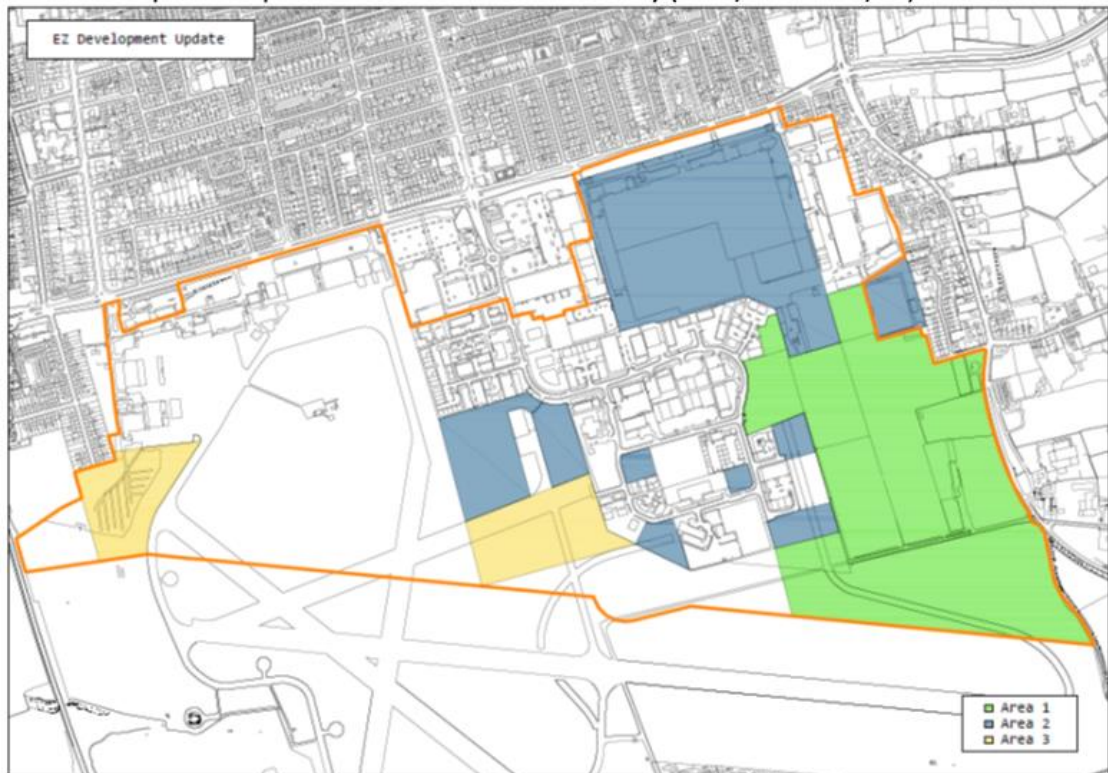
bespoke development, and one or more risk sharing investor/ developer partnerships agreed to help take forward the development of the Airport, former Wellington Bomber Factory and the old sports field complex.

- 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>
3. Level of commitment needed by the Council (in finance and years)	<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>
4. Lack of demand for land impacting upon future potential revenues	<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>

	<p>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.</p> <p>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 .</p> <p>Government could withdraw/ amend Enterprise Zone status and therefore the ability of the Council to retain 100% of</p>
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	<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>
8. Failure to control all necessary land within the Enterprise Zone	<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.
9. Interdependence between Blackpool Airport, current land holdings and the Enterprise Zone	<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>
10. Prudential Borrowing costs may not be fully met in earlier years due to fluctuations income	<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

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**Annex 2B****BLACKPOOL AIRPORT ENTERPRISE ZONE MARKETING STRATEGY****OVERVIEW**

1. Submission of the Delivery plan to MHCLG is to be accompanied by a brief marketing strategy proposal identifying how the Enterprise Zone is to be promoted.
2. Marketing and promotional activity for the Enterprise Zone will be undertaken by the Accountable body, Blackpool Council, working in partnership with Marketing Lancashire, who on behalf of Lancashire LEP will be undertaking international marketing of Lancashire's four Enterprise Zones under the Lancashire Advanced Manufacturing and Energy Cluster (LAMEC) branding, which encompasses Blackpool's sister EZ at Hillhouse Technology EZ and the two British Aerospace /Lancashire County EZ's at Samlesbury and Warton.
3. LAMEC branding and it's common logo style will be adopted for the Blackpool Airport Enterprise Zone – utilising a tangerine accent colour for all marketing and promotional material to maintain a common thread in promoting opportunities to a predominantly international audience where there would likely be little recognition for any of the four locations –although Blackpool would have a slightly greater international resonance given its association with its international tourism offer.
4. All international marketing and promotion, including attendance at international events such as MIPIM, Farnborough and Paris Airshow's will be undertaken under the LAMEC banner as part of the Invest in Lancashire initiative run by Marketing Lancashire working in close collaboration with the Department of International Trade (DIT).
5. LAMEC activity will encompass the overarching host LAMEC web site, providing extensive background on the broader Lancashire /North West England offer, as well as providing direct links to individual sites for the four individual Enterprise Zones, and a centralised enquiry receiving service.
6. Marketing Lancashire will employ an international practice of commercial property agents (awaiting appointment) to assist in overseas promotion of the locations, to secure and negotiate occupier leads.
7. Marketing Lancashire will also work closely with Lancashire County Council to respond to Inward Investment enquiries presented via DIT and UK embassy staff overseas, articulating the Lancashire offer and directing enquiries to the most suitable of the four EZ locations.
8. The bulk of the marketing activity will be managed at a local level within the Blackpool Council Growth and Prosperity Team, with a dedicated marketing officer working to support the Marketing of Blackpool Airport and Hillhouse Enterprise Zones and providing the day to day liaison with Marketing Lancashire.
9. A critical early task is taking the commercial proposition and refining the EZ offer to suit target sectors and occupiers, creating a set of unique selling propositions around which the marketing strategy will be further developed (recognising that the initial offer in terms of accommodation choice is limited).
10. Building on existing activities the marketing strategy will:
  - set out clear marketing objectives linked to target outcomes
  - define key messages and benefits to target occupiers with particular emphasis on bottom line cost and profitability advantages for locating at Blackpool Airport EZ

- establish the appropriate marketing channels, mechanisms and materials (web site, brochures, direct marketing, events and networks etc.) which will be utilised to generate leads and enquiries.
11. It is accepted that as part of this process, Blackpool Council and key stakeholders will need to determine their specific roles in marketing and communications, particularly the relationship between place marketing at a local authority/LEP level and interaction/engagement with Department for International Trade and other strategic marketing partners - including retained commercial agents and intermediaries such as sector/employer organisations and potential ambassadors for the EZ.

### **PROPOSED EZ MARKETING PROGRAMME**

12. This action relates to the delivery of the agreed marketing and communications plan, recognising that existing arrangements with Blackpool Council handling enquiries will remain in place. Key actions (that require further in depth strategic planning) will include:

#### **13. Media Relations**

- Identifying topical and tactical opportunities for the local press, regional business media and national property press to promote good news stories within the EZ including planning milestones and key developments within the site. Individual case studies and feature articles will also be placed where appropriate, and where the relevant opportunities arise, in target sector journals and publications communicating good news stories from occupiers on the site e.g. industry awards, expansion plans, new facilities, job creation etc.
- Trade media publications will be key in delivering a targeted messages relating to the needs and requirements of each specific industry and helping to identify and target priority key audiences. Using agreed key messages, these will be tailored to suit each specific audience.
- Protocol will be agreed between brands and marketing facilities for PR related activities to ensure no duplication or contradiction occurs and messages are clear and defined from all departments.
- Developing stock phrases and stakeholder soundbites to be used across all marketing literature and platforms.
- A comprehensive resource library for each target sector would be highly beneficial to help identify business leads in specific industries that may require new sites, locations or design & build opportunities.

#### **14. Branding**

- Implementing the LAMEC and MHCLG Enterprise Zone branding maintaining a cohesive, strong brand across all literature.
- All local marketing will be co-ordinated and provide a complement to the national and international branding and messages of the Department for International Trade and Marketing Lancashire.



#### **15. Investment Market Research**

- Marketing research has been commissioned from Mickledore into the business perceptions of Blackpool as a place to invest, the current investment offer, perceived barriers to investment and identification of priorities and recommendations for the development of an in depth marketing strategy for the Enterprise Zones and supporting regional development. Mickledore are due to present their full findings and recommendations in June 2018 which will be used to shape the more detailed marketing strategy.

#### **16. Photography & Audio Visual Media Library**

- Commissioning photography to portray a high quality and professional image for the zone and exploring the opportunities surrounding videos, time-lapse footage and aerial footage of the site. A comprehensive library of visual aids will be built and maintained to use across multi-media platforms over the lifespan of the development.
- Where opportunities arise, photocall opportunities will be arranged for the local media on site to promote key development stages of the site for example steelwork being erected on new development plots, ground breaking ceremonies, new occupiers on site, occupier news, open days, property agent networking events and launches etc.

#### **17. New EZ Website (blackpoolez.com)**

- A new website went live on 11th May 2018, with incremental upgrades in the process of being added. The new website is fully branded with the LAMEC theme and will reinforce the strength of the brand throughout the site.
- Development plans for the website will be to position it as the central hub for all information relating to the EZ. It is proposed that the website will host an owner/occupier directory on the site and will have an interactive, property search and easy to use visual map of all property and land availability, linked to downloadable brochures, EZ information and joint agency details where necessary. Enquiry contact points and a dedicated freephone telephone number will be easily found and accessed throughout the site, enabling quick replies to customer enquiries.
- The website will be updated regularly through a live news feed and links to a dedicated EZ Twitter account content and Linked IN Company web page, to ensure updated dynamic content which will help to push up the website through the Google search ranks and improve the EZ's SEO ratings.
- The website will also provide links to LAMEC and DIT and other supporting partner websites.

#### **18. Social Media**

- Utilising social media platforms will enable a daily, informal, news feed and provide an invaluable way to connect, chat and communicate developments with various EZ stakeholders including the general public, business leaders and key business influencers, the commercial property network and various networking groups. Each account created will be fully branded and in line with the LAMEC and Enterprise Zone brands.

- Each platform has its own individual merits and will be considered in more depth, for example:
  - Twitter encourages open dialogue and small digestible newsbytes
  - LinkedIn provides a platform that is tailored to making professional connections
  - Facebook is a platform that can work as an extension of a public consultation and is a vehicle for people to voice opinions, ideas and promote feedback from the general public.

#### **19. 3<sup>rd</sup> party property forums**

- Where appropriate and after consideration of costs, other third party forums, property databases and blog posts will be considered to add value to the promotion of the EZs for example Zoopla Pro, Rightmove Commercial, Costar, Novaloca and EGi. However, joint commercial property agents will already advertise their properties on several of these third party websites and it will be the EZ marketing officer's job to make sure the marketing particulars are in line with the LAMEC brands and have all the correct financial benefits information and contact details included.

#### **20. Field Study of the Enterprise Zone & Database of Occupiers**

- Surveying the Blackpool EZ site, identifying existing occupiers and creating a database of owner/occupiers. This will be updated regularly and will be used to build relationships with the EZ existing users and providing an open dialogue and opportunities to disseminate future EZ marketing literature such as e-newsletters or project updates. Once implemented this can be managed through liaison with the appointed third party estate management team for Blackpool Enterprise Zone.

#### **21. Survey of Current Vacancies**

- Similarly to identifying existing occupiers, a full survey of the site would be undertaken to identify property voids and land availability within the site, identify commercial property agents marketing each empty unit, and feed this information back through the website. This will become a central point of reference for all availability for property and land within the site.

#### **22. Evolutionary CRM – Enquiry Database Management**

- Developing a comprehensive, regularly updated enquiry database, exploring existing leads and tracking live property requirements, will be key to the future development of the EZ sites. This will be done by utilising fully the existing Evolutionary CRM system which will feed the EZ property database through to the new website so that enquirers can access the information, download the brochures and access agent's contact details to arrange viewings etc.

#### **23. Appointment of national /local joint commercial property agents**

- Commercial property agencies will be appointed to market all vacant space and available plots of land to the local, regional, national and international markets. The joint agents and other key development partners will help to identify potential owner/occupiers and to speed the development of the zone/make available design and build packages.

#### **24. Creative Literature and promotional materials**

- All promotional literature will be made as flexible as possible so that it can be used across multi-media platforms. All literature and promotional material will include all the relevant branding and key messages. Promotional literature could include:
- Print brochures, i-brochures, e-newsletters and bulletins, posters, fact sheets for Enhanced Capital Allowances and Business Rates Relief, exhibition banners and portable roller stands etc.
- One page fact sheets providing information on Business Rates Relief and Enhanced Capital Allowances would be accessible as downloadable documents from the website for public consumption and can also be used as direct marketing information and supporting literature at conferences, events and exhibitions.
- I-brochures and infographic-led marketing material would be used to communicate and promote the wider benefits surrounding the Enterprise Zone e.g. investment in housing and infrastructure, creation of new highways to increase accessibility to the site, investment in education, creation of new, landscaped public spaces, i.e. complex infrastructure development presented visually and simply.
- Explore PR opportunities through case studies and human interest stories with existing businesses on site to promote the wider benefits of conducting business from this location. This could be part of a changing, flexible, designed marketing tool that can be adapted to suit different sectors.

#### **25. Marketing Boards**

- Marketing boards to stand at key routes, the entrance to the site and at other strategic points have already been commissioned and are awaiting approval. The boards should be clearly branded and include the website address and a telephone number for all enquiries. They will also carry Council branding logos of any joint agent appointed on the marketing of the site. Planning approval for the boards has been granted and they will be in situ from late June 2018.
- Further down the line, consideration could be given to internal signage i.e. 'way finder' signs within the zone to direct interested parties to new developments and areas of interest.

#### **26. Direct Marketing**

- The internal EZ enquiry database would be used to contact matched applicants with new property and land availability. Direct marketing i-brochures, marketing particulars and e-flyers would also be issued to the commercial property agent network both regionally and nationally, both internally and through joint commercial property agent partnerships.
- To target specific sectors or postcodes, third parties such as mailing houses would be approached to buy in targeted lists based on sector, postcode, number of employees, turnover etc depending on criteria of the activity planned.

## **27. Advertising**

- Advertising would be considered on a case to case basis. It can be costly with not much value added return on investment and each opportunity would be considered on its own merits. We will give consideration to other local council initiatives e.g. Illuminations, conference & business tourism initiatives and the local Blackpool ambassador programme, where a business audience could be targeted.

## **28. Sponsorship Opportunities**

- Sponsorship opportunities will be considered on a case by case basis as events arise, as with advertising, these opportunities can be costly with little return. Events to consider may include regional business delegation or sponsorship of a conference, tradeshow or event within a priority target industry. The suitability and relevance of the audience will be taken into consideration alongside overall exposure of the brand and against the cost of the activity.

## **29. Aero.com URL**

- The Aero.com is a domain name exclusively reserved for the aviation industry. The url has been purchase on an initial 12 month contract to help promote the Blackpool Airport Enterprise Zone within the aviation sectors and to exploit any database information and existing relationships within the industry in order to generate more business leads for the airport site.

## **30. Connections with Local Educational Facilities**

- Local marketing would focus on relationship building with Blackpool & Fylde College, specifically with Lancashire Energy HQ (on the Enterprise Zone) and other local educational institutions to build a catalogue of case studies to use to promote the site and the local investment in a future skilled workforce. This will in turn help to generate interest in the Fylde Coast as a place to do business in the future due to a skilled, highly trained, local workforce.

## **31. Business to Business Networking**

- Establish contacts with specialist business developers and relocations experts to generate leads for expansion and relocations requirements to the Fylde coast.
- Identify and explore business lead opportunities through networking with CIPR (Chartered Institute of Public Relations) and other local marketing and business networking events such as Blackpool Business Leadership Group and Wyred Up and established business groups such as the Chamber of Commerce.
- Opportunities surrounding the Business Tourism and the Blackpool Business Ambassador Programme run by Visit Blackpool at Blackpool Council will also be explored.

## **32. Conclusion**

All the activities discussed in the above marketing strategy will be subject to further scrutiny depending on the relevance of each activity, perceived added value and the cost of each activity considered against budgetary restraints.

Each activity delivered will aim to:

- promote the Enterprise Zones and support the Economic Prosperity Board
- raise the profile and awareness of the economic opportunities at the Enterprise Zones
- attract new and sustainable long terms business to the Fylde coats
- support new development and diversity of businesses on the Fylde coast
- advance vocational training and skills for the future local workforce

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<b>Report to: Blackpool, Fylde and Wyre Economic Prosperity Board</b>
<b>Report Author: Angela Kershaw, Senior Economic Development Officer, Wyre Council</b>
<b>Date of Meeting: 17<sup>th</sup> July 2018</b>

## Hillhouse Enterprise Zone: Progress Report

### **Masterplan and Baseline Report**

The Mott MacDonald led master planning consultancy team have continued to work on the development of the Hillhouse Masterplan and Baseline Report. Initial internal consultation was undertaken by the accountable body, Wyre Council, and it was agreed that the Masterplan will align fully with the emerging Wyre Local Plan. This will mean that the 'full unabridged' document along with the Baseline Report, rather than the 'Summary' document will need to go out to Public and Statutory Consultation for it to be a document that we can use when considering planning applications. How Planning are working with Mott MacDonald to address some of the detail within the masterplan. There will be a six week consultation scheduled to commence in the summer and it is anticipated that a final draft will be published by late July with adoption of the Masterplan by the Council in September.

The Masterplan will be subject to a full review at five yearly intervals to reflect progress and changes to the economy.

### **Marketing**

A Marketing Strategy for Hillhouse Enterprise Zone will be prepared on completion of the Masterplan and will form part of the Delivery (Implementation) Plan. The Strategy will complement the overarching LAMEC branding and marketing approach adopted for the four Lancashire EZ's.

Blackpool Council have appointed a Marketing Officer to focus on promotions, marketing and enquiry handling activity across both the Blackpool Airport and Hillhouse EZ's. We will work closely with the joint Marketing Officer and Marketing Lancashire to develop the Marketing Strategy for Hillhouse.

New site signage will be installed at three locations around the EZ boundary. We have identified site locations and are awaiting ground surveys to be undertaken before installation can occur. The design, manufacture and installation of signage on both sites is being procured jointly by Blackpool Council.

[www.hillhouseeez.com](http://www.hillhouseeez.com) went 'live' in May 2018. There is some development work to add context to the site including an enquiry handling form. It is the intention that a workshop involving all stakeholders will take place in the near future.

### **Delivery Plan**

Work has commenced on the detailed EZ Delivery Plan in conjunction with consultants Genecon LLP, utilising initial data from the Masterplan and Baseline Report. A final version of the delivery plan will be completed in line with the Masterplan. The delivery plan will account for capital and revenue expenditure required to deliver the EZ, initial indications are that overall costs will be lower than required to enable Blackpool Airport EZ. Alternative options will be investigated regarding the anchor gas fired power station development, which is currently still at National Infrastructure.

### **Enquiries and Development**

Enquiries are continuing to come through on the site. Currently no applications for business rates relief have been received, however it is envisaged that once access to the Northern Zone of the site is gained that this will naturally develop as we attract more businesses to the Business Rates Relief Zone.

The primary focus in terms of new development remains as the proposal for energy generation via a large gas fired power station, which is presently situated at National Infrastructure planning process.

We are currently working on a full output report, which will be produced in the next month.

### **Forthcoming Activity**

- i) First draft masterplan to be ready for public consultation summer 2018
- ii) The Delivery Plan to be finalised by end of summer 2018
- iii) A flood risk assessment is advised to be commissioned for the entire site
- iv) A transport assessment is advised to be commissioned for the entire site
- v) An Environmental and Ecology study is advised to be commissioned for the entire site
- vi) The planning application process for the gas fired power station, will be monitored and support offered as appropriate
- vii) Advice will be obtained on potential State Aid implications of public funding of enabling infrastructure – within this designated EU assisted area