



INFORMATION NOTE

BLACKPOOL AIRPORT ENTERPRISE ZONE FINANCIAL SUMMARY

Financial Background

The preliminary agreement between Blackpool Council, Fylde Council, the Lancashire Enterprise Partnership and the DCLG (now MHCLG) on the financial operation of the Enterprise Zone is the Memorandum of Understanding agreed in 2016. This document made clear that Blackpool Council will act as Accountable Body for the Enterprise Zone assuming all liability for project delivery and financial risk. Fylde Council agreed to act in a supportive role provide additional support as necessary, but would not itself undertake any prudential borrowing against projected future business rates income (the primary source of funding for the Enterprise Zone).

The Executive of Blackpool Council agreed at its meeting of 18th June 2018 to approve the overall Delivery Plan for Blackpool Airport Enterprise Zone which included estimated lifetime cost estimate of £72.0m (plus Prudential Borrowing costs funded at the prevailing treasury management pooled rate) and specifically approved 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 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.

Further, the Executive agreed 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 and also 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.

Planning s106 and Highways s278 Funding

Each authority will raise funding as appropriate from developments in or around the Enterprise Zone to mitigate the impact(s) of that development. This impact will usually be on public amenity or highway safety grounds and will result in funding to improve many features such as the public realm, highway design or layout, carriageway improvements, junction re-designs, lighting or other public space improvements.

In most cases these funds can be pooled from a number of developments so that a larger improvement scheme can be undertaken. To burden any single development with a very large obligation could potentially result in a lack of viability and risk the development not taking place.

The Enterprise Zone project delivery team, working closely with all planning and highway departments will ensure that these funds are called upon at the appropriate time. The means provide the necessary information to the relevant authority to evidence the funding required and purpose for which the funding will be used. In simple terms this is likely to mean 'calling upon' funds in the year in which they are to be used to fund improvements.

An alternative approach would be for Blackpool Council to collect and potentially pool all related funds once payment had been received by the relevant authority. However this may risk collecting monies years in advance of improvement scheme delivery and involve an additional 'passing over' of responsibility or liability. For these reasons this approach is not recommended.

Retained Business Rates (NNDR)

Each authority is able to retain any growth in business rates which exceed a baseline submitted to government in December 2016. The baseline is as follows;

Local Authority Area	Rateable value of existing buildings (£)	Baseline Business Rates	Above/(Below) Baseline 2017/18
Blackpool Council	£5.02m	£1.503m	£0.591m
Fylde BC	£2.4m	£0.870m	£0.178m
Total	£7.42m	£2.373m	£0.769m

The amount of retained business rates is calculated in May each year as part of the annual NNDR3 process and for 2017/18 this was £591k in Blackpool and £178k in Fylde. These will be paid across to Blackpool Council as the accountable body following completion of the NNDR3 process, but the retained sum can only be spent on enabling infrastructure within the Enterprise Zone in line with the agreed MoU.

Retained Business Rates are not without risk, as there may be periods where properties fall empty, there may be business failure or appeals against the rateable value which may cause this sum to reduce, or even fall below the baseline submitted in December 2016. If the level of business rates income for the EZ falls below the baseline in any one year there is no payment due to the accountable body for the Airport EZ.

Reimbursement to Fylde Council of M55 Link Road Contribution

The delivery of the M55 Link Road is recognised within the Memorandum of Understanding as being key to the development and sustainability of the Airport Enterprise Zone. The reimbursement to Fylde Council of the £1m contribution by the council to the Link Road scheme is included within the list of infrastructure projects to be funded from Business Rates growth that are detailed within the Memorandum of Understanding. It is currently projected that this payment will be received by Fylde Council in 2027/28.

Extra or Additional Capital Payments

Extra or additional capital payments may be necessary between Blackpool Council, Fylde Council and the LEP on an ad hoc basis as and when required as part of the normal delivery of the project. No detailed or specific agreements are in place as part of the MoU and additional agreements may be required to facilitate this.

FURTHER INFORMATION AVAILABLE FROM

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