

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	26 SEPTEMBER 2016	5
SUPPORTING THE DELIVERY OF BLACKPOOL AIRPORT ENTERPRISE ZONE			

PUBLIC ITEM

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

SUMMARY

This report outlines the background to the Blackpool Airport Enterprise Zone, the proposed governance structures and the resourcing arrangements necessary to support delivery.

The report seeks approval of a Memorandum of Understanding which is required by Government to be in place between Fylde Council, Blackpool Council and the Department for Communities and Local Government.

RECOMMENDATIONS

The Committee is recommended to:

1. Approve the attached draft Memorandum of Understanding (MoU) and authorise officers to undertake any non-material alterations to the MoU as necessary;
2. Note that this Council's potential £1m commitment to the Moss Road project is included within the list of infrastructure investment schemes that are identified within the Memorandum of Understanding (in a non-prioritised order) as contributing towards the unlocking of the growth potential within the Enterprise Zone;
3. Note the establishment of a Project Team to provide the primary resource infrastructure necessary for the delivery of the Enterprise Zone and to maximise occupancy of the site, to be funded initially by Blackpool Council and in time by income arising from business rate growth across the enterprise zone site according to an agreed formula; and
4. Note the arrangements agreed with the Lancashire Enterprise Partnership for the creation of a Programme and Project Board to support the delivery of the Blackpool Airport Enterprise Zone.
5. Recommend an elected member nomination to the Project Board of the Blackpool Airport Enterprise Zone for consideration by council.

SUMMARY OF PREVIOUS DECISIONS

Blackpool Airport Corridor Enterprise Zone: Business Rate Relief Policy – Finance and Democracy Committee 20th June 2016

It was RESOLVED to approve the Blackpool Airport Corridor Enterprise Zone Business Rate Relief Policy as attached at Appendix A of the report

Fylde Coast Framework for Inclusive Growth and Prosperity – Development Management Committee 15th June 2016

It was RESOLVED to agree the Framework for Inclusive Growth & Prosperity is consistent with the economic policy approach at Fylde

EDC (Economic Development Company) Update – Development Management Committee 20th January 2016

The Committee RESOLVED to ask Full Council to consider the governance/feedback arrangements of the Economic Development Company (EDC) and that an updated report be presented to committee in due course.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	√
Promoting Fylde as a great destination to visit (A Great Place to Visit)	√

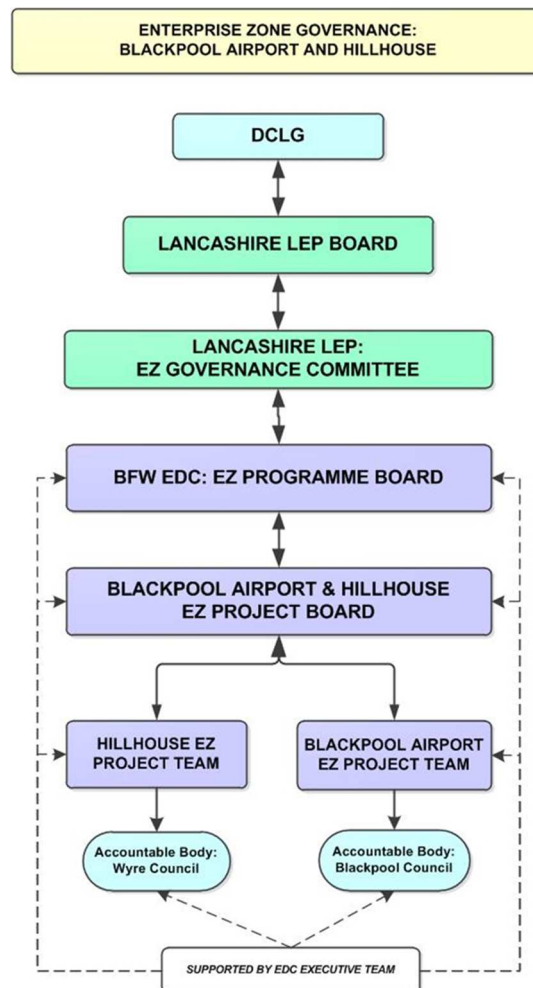
INTRODUCTION AND BACKGROUND

1. In February, Council agreed the new Corporate Plan which runs from 2016 to 2020. The plan contains five themes. Two of the priorities over the next four years under the theme 'A vibrant economy' are '*Support Enterprise Zones*' and '*Attract new businesses and develop existing ones*'. Agreed actions to deliver these include '*Engage effectively with the Local Enterprise Partnership*' and '*Channel business rates funding opportunities towards economic development*'.
2. Fylde Borough has two enterprise zones within its boundary: Lancashire Advanced Manufacturing and Engineering Enterprise Zone at Warton and the Blackpool Airport Enterprise Zone. The Lancashire Enterprise Zone has been in place since 2012. Blackpool Airport EZ, which is targeted at the energy, aerospace and aviation, food and drink manufacture, has been in place since 2016. The Blackpool Airport Enterprise Zone straddles the boundary with Blackpool Council. There is another enterprise zone at Hillhouse which is entirely within Wyre Borough which was approved at the same time as the Blackpool Airport EZ.
3. Enterprise Zones are single or multiple sites designated for business development which may offer business rate discounts or enhanced capital allowance for new businesses locating on the sites. The local authority on which an Enterprise Zone is situated is entitled to use any increase in business rates they collect from each Enterprise Zone site to support the further development of the Enterprise Zone and any other neighbouring areas in agreement with the Local Enterprise Partnership.
4. Enterprise Zones are designated as such by the Secretary of State with the agreement of the Chancellor of the Exchequer and operated by an accountable body in agreement with the Local Enterprise Partnership.
5. A Local Enterprise Partnership is a voluntary partnership between local authorities and businesses to help determine local economic priorities and lead economic growth within their local area. As Local Enterprise Partnerships are not corporate bodies, they enter into agreements through an accountable local authority on their behalf.

6. The priorities in FBC's Corporate Plan have been further developed in the Blackpool Fylde & Wyre Economic Development Company (EDC) document '*Blackpool and the Fylde: Our Framework for Inclusive Growth and Prosperity*' which was recently approved by the Council and sets out a number of specific activities aimed at supporting the delivery of the Blackpool Airport Enterprise Zone.

BLACKPOOL AIRPORT ENTERPRIZE ZONE

7. The EDC has agreed with the Lancashire Enterprise Partnership (LEP) a governance model for the Airport EZ which seeks to ensure that decision making, project and programme design and delivery is undertaken at the Fylde Coast level as much as possible. This is different to the Lancashire Advanced Manufacturing and Engineering Enterprise Zone at Warton and Samlesbury which is managed by the LEP. This report outlines the background to the Blackpool Airport Enterprise Zone, the proposed governance structures and the resourcing arrangements necessary to support delivery.
8. The governance structure of the Blackpool Airport and Hillhouse Enterprise Zones is set out below:



9. The following section provides detailed information about the changes to the EDC decision making arrangements which are necessary to facilitate and support the delivery of the Blackpool Airport Enterprise Zone and Hillhouse Enterprise Zone (henceforth EZs).

EZ PROGRAMME BOARD:

10. The Board of Blackpool Fylde and Wyre EDC will act as Programme Board for both the Blackpool Airport Enterprise Zone and the Hillhouse International Energy and Chemicals Enterprise Zone,

and will report to the Lancashire LEP Enterprise Zone sub-committee, and in turn Lancashire LEP and DCLG.

11. The Programme board will meet on a bi-monthly basis (with additional interim meetings if required) in advance of meetings of the Lancashire LEP EZ Sub-Committee. Membership of the existing EDC board will be supplemented to support its role as Programme board, including representation from DCLG, DBEIS, UKTI, HCA and Lancashire LEP.
12. The EZ programme board will adopt the terms of reference to follow that of the Lancashire EZ programme board as far as practicable, to ensure compatibility with the LEP EZ Governance Committee and meet Bi-Monthly – two weeks before scheduled meetings of the Lancashire LEP EZ Governance Committee. A quorum would be a minimum of five members to include representatives from each of Blackpool, Fylde and Wyre Councils

EZ PROJECT BOARD:

13. Below this level a Project Board will be created to oversee the ‘detailed’ delivery of the EZs. The role, responsibility and members of this Project Board are as follows;
 - a. The Project Board will be responsible for the operational delivery of the two EZs, with a remit encompassing activity including commercial, financial, development, legal, planning, land, infrastructure, and highways works and, marketing and promotion. The Project Board shall also have responsibility for overseeing the award of Business Rates Relief in accordance with protocols agreed amongst the billing authorities from time to time, and for ensuring in so far that it is possible that the EZs are responsible for minimal displacement of local businesses. It shall also be responsible for reporting on these matters to the Programme Board.
 - b. The Project Board will include representatives from the local planning and highway authorities, economic development, marketing and communications, and the designated S151 officers from each of the business rates billing authorities; an elected member from each of the three local authorities; representation from the major EZ landowners; and representatives from the EDC, together with observers from UK Trade and Investment (UKTI), Department for Business Innovation and Skills (BIS) and the Department for Communities and Local Government (DCLG), and a representative from Marketing Lancashire and the LEP's secretariat.
 - c. A quorum shall comprise a minimum of two representatives from the three EDC member local authorities and EZ landowner representatives.
 - d. In addition to reporting to the Programme Board, the Project Board would receive reports from, and issue guidance to, the Project Teams for each of the two EZs.
 - e. It will also provide regular reports to the Programme Board, specifically focusing on:-
 - i. Regular progress updates on the negotiation and development of delivery agreements for each EZ.
 - ii. Regular progress updates on the delivery of masterplans for each EZ.
 - iii. Provision of public highway and utility infrastructure into the Hillhouse and Blackpool Airport EZs.
 - iv. The ongoing operational capability of Blackpool Airport.
 - v. Regular progress updates on the delivery of the Lancashire Energy HQ at Blackpool Airport EZ.
 - vi. Regular progress updates on the establishment and progress of the re-purposing of the Global Renewables waste recycling facility at Hillhouse EZ.

- vii. Regular progress updates on arrangements from time-to-time for any Joint Development Company arrangements for the delivery of property at Blackpool Airport.
 - viii. Regular progress reports on the drawdown/development of land on the two EZs.
 - ix. Regular progress reports on the generation of commercial leads and enquiries on the two EZs.
 - x. Regular financial reports regarding the generation of business rates growth at the two EZs.
 - xi. Approval of applications for Business Rates Relief at the two EZs.
 - xii. Regular financial reports on the provision and repayment of any public investment provided in support of the development of the two EZs.
 - xiii. Regular progress updates on the number of jobs and commercial floor-space created across the two EZs.
- f. Frequency of meetings: monthly (and always two weeks in advance of the Programme Board) there will be a sub-group of the Project Board established to consider and approve all applications for Business Rates Relief within the two EZs.

MEMORANDUM OF UNDERSTANDING:

14. In addition to the above changes to the EDC, the Government requires that each Local Authority enters into a Memorandum of Understanding (MoU) with DCLG. Fylde Council is therefore required to enter into just such an arrangement. The MoUs for both Blackpool Council and Wyre Council are of substantively similar form so as to ensure consistency of approach across all three local authorities and both Fylde Coast Enterprise Zones.
15. The MoU has been the subject of detailed negotiations between all the parties to it and a summary of key points is set out below and a full copy of the draft MoU is attached to this report. Councillors at Fylde, and in particular the Development Management Committee have been keen to ensure greater involvement in the activity of the EDC and as a result a Councillor from all three local authorities will be invited to attend the relevant Project Team meetings.
16. The MoU also defines the primary resource infrastructure necessary for the delivery of the Enterprise Zone, although full costs and details are still subject to further establishment as part of the Master-planning process. This includes a list of works that are considered essential to create the development opportunities on the site. The M55 Link Road will be defined as a one of the infrastructure investment schemes that will contribute towards the unlocking of the growth potential within the Enterprise Zone and a Fylde Council contribution of £1 million pounds to the scheme has been included within the MoU. The list attached in schedule 1 is not in priority order.
17. Key areas of activity set out and agreed upon within the MoU;
 - a. Agreement with Government to retain 100% of any business rate increases locally (subject to the governance arrangement put in place locally)
 - b. Agreement that the Government will reimburse the relevant local authorities the cost of providing each business occupying the Enterprise Zone a 100% discount on business rates for a five year period up to the state aid limits
 - c. Agreement with Government to provide Enhance Capital Allowance (ECAs) across certain areas of the Enterprise Zone
 - d. Governance arrangements for the delivery of the Enterprise Zone
 - e. Ability to borrow prudentially to support investment and meet revenue costs in respect of the promotion and development of the Enterprise Zone

- f. Use of retained business rates to fund activity across the entirety of the Enterprise Zone and/or related infrastructure including any costs associated with prudential borrowing to meet the cost of major enabling infrastructure
- g. Use of retained business rates to fund activity across the entirety of the Fylde Coast area once all costs and infrastructure have been met in relation to Blackpool Airport Enterprise Zone
- h. Use of retained business rates to fund the core costs of the Blackpool Fylde & Wyre Economic Development Company
- i. A detailed listing of all the necessary and enabling infrastructure projects to 'open up' or otherwise support the delivery of the Enterprise Zone

IMPLICATIONS	
Finance	<p>100% of any business rate growth generated within an Enterprise Zone can be retained locally for re-investment within the locality and is not subject to the usual mechanism of redistribution to other preceptors or to government levies. Such arrangements exist for 25 years together with protection from any future resets of business rate baselines or redistribution.</p> <p>The arrangements include the creation of a team within Blackpool Fylde and Wyre EDC, focussed on the Enterprise Zone's to carry out the daily management and co-ordination to deliver the infrastructure requirements and marketing/business liaison to maximise occupancy of the site, to be funded initially by Blackpool Council and in time by income arising from business rate growth across the enterprise zone site.</p> <p>The M55 Link Road is defined as a one of the infrastructure investment schemes that will contribute towards the unlocking of the growth potential within the Enterprise Zone and a Fylde Council contribution of up to £1 million to the scheme has been included within the MoU to be funded from business rate growth. It should be noted that such potential contributions from retained business rate growth within the EZ towards the scheme will only accrue over a period of years and this scheme stands alongside other infrastructure investment within the EZ which will also require funding from growth in retained business rates.</p>
Legal	No material legal implications other than those mentioned in the report.
Community Safety	There are no community safety implications
Human Rights and Equalities	There are no equality or human rights implications
Sustainability and Environmental Impact	There are no direct sustainability or environmental implications from the report
Health & Safety and Risk Management	There are no direct health & safety or risk management implications

LEAD AUTHOR	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Finance and Democracy Committee Agenda & Minutes	20 th June 2016	www.fylde.gov.uk
Development Management Committee Agenda & Minutes	15 th June 2016	www.fylde.gov.uk
Development Management Committee Agenda & Minutes	20 th January 2016	www.fylde.gov.uk

Attached Documents

1. Memorandum of Understanding between DCLG and Blackpool and Fylde Councils

Glossary of Terms Used

BFWEDC/EDC	Blackpool, Fylde & Wyre Economic Development Company
LEP	Local Enterprise Partnership
Lancashire LEP	Lancashire Local Enterprise Partnership
EZ	Enterprise Zone
DCLG	Department for Communities and Local Government
DBEIS/BIS	Department for Business, Enterprise, Innovation & Skills
UKTI	UK Trade and Investment
HCA	Homes and Communities Agency
ECAs	Enhanced Capital Allowances