

Supplementary Committee Agenda



**Epping Forest
District Council**

Asset Management and Economic Development Cabinet Committee

Thursday, 15th October, 2015

Place: Council Chamber, Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: J Leither, Democratic Services Tel 01992 564756
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**10. RESULTS OF MARKETING EXERCISE FOR AN OPERATING PARTNER FOR
NORTH WEALD AIRFIELD (Pages 3 - 6)**

(Director of Neighbourhoods) To consider the attached report AMED-007A-2015/16.

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**Report to the Asset Management and
Economic Development Cabinet
Committee**



**Epping Forest
District Council**

Report reference: AMED-007A-2015/16
Date of meeting: 15 October 2015

Portfolio: Asset Management and Economic Development

Subject: Presentation on Expression of Interest North Weald Airfield – Key Considerations.

Responsible Officer: Derek Macnab (01992 564050)

Democratic Services: Jackie Leither (01992 564756)

Recommendations/Decisions Required:

- (1) That in assessing the Expressions of Interest received as a result of the marketing exercise for an operational partner, Members be cognisant of a number of key considerations which may influence future procurement options.**

Executive Summary:

Cabinet have agreed to seek an operational partner to promote aviation and associated uses at North Weald Airfield. The Council's Agents, Savills, are presenting the outcome of the marketing exercise they have undertaken. This report advises Members of what may be the key considerations with respect to a specification of works, for any further procurement exercise.

Reasons for Proposed Decision:

To assist Members in identifying key considerations from the presentation of Expressions of Interest.

Other Options for Action:

To not proceed with the appointment of an operational partner and maintain the current management arrangements.

Report:

Results of Marketing Exercise

- As a result of the marketing exercise undertaken by the Council's agents, Savills, three expressions of interest have been received. These written proposals have been evaluated and informal interviews held with each party, to gain further understanding of their Skills and Experience, Financial Standing and their Vision for the Airfield.

2. Saville's will present the proposals, in Part II of the Agenda which contain some commercially sensitive information. Members will see that the proposals come from companies covering a fairly broad range of interests within the world of aviation i.e. Aviation Consultancy, an Operator of a Licensed Airfield incorporating a Flight Training School and an Investment Company with a focus on Business Jets.
3. On this basis, it is apparent that each company will be bringing different perspectives and proposing different types of future management arrangements and investment options.
4. It will ultimately be for the Asset Management and Economic Development Cabinet Committee to recommend to Cabinet what type of approach they feel would best meet the Council's objectives, with respect to aviation intensification and the reduction of subsidy for flying activities.
5. At this point in time, the Cabinet Committee will not be recommending a preferred partner from the three proposals received. This is because the marketing exercise was only "soft market-tested" and therefore not conducted in accordance with the more formal procurement regulations, that would apply if the Council (as a public body) were seeking to enter into any longer-term contractual arrangement. However, what the marketing exercise has established, is the level of interest in the opportunity, the types of operator and the terms that they would be seeking.

Key Considerations

6. In order to assist Members in their evaluation of the Expression of Interest proposals, being presented by Savills, it may be helpful to consider the following points:
 - (i) **Limits of Involvement** – The proposals received to date, largely confine their interest to the aviation side of the Airfield, although they have alluded to the potential of outdoor events and commercial activity that takes place on the east side of the runway. Given that Cabinet have previously indicated that the vision for this area is of mixed use development (level and type to be determined by the Local Plan), members may wish to retain direct control and exclude the non-aviation area from any future external operating arrangements.
 - (ii) **Management Agreement or Lease** – The Council has previously discounted a disposal of the freehold of the Airfield, but has entered into a number of Lease and Licence arrangements over the years, with a range of aviation tenants. It would be possible to offer either a management agreement or licence to any future operational partner. A management agreement would be more prescriptive and allow a greater level of control, however, a licence would allow a greater degree of flexibility for any partner to directly influence future activities on the site. This may be more conducive to securing investment.
 - (iii) **Investment and Return** – Members have previously received a number of reports on the potential for business aviation of North Weald Airfield, and on the condition of the runway. Depending on the type and level of activity proposed, investment will be required to bringing the Airfield up to Licensed Airfield Standards. In addition, capital investment in infrastructure may be required to upgrade the runway and provide new ancillary facilities and services. The Council has previously adopted a policy of investing capital where it can achieve a revenue return. For example, the loan to Biffa Municipal for the purchase of the new refuse fleet. With respect to any future operational partner the Council could elect to provide capital on either a fixed level of

return or profit share arrangement. Ultimately, this decision may be based on the Council's appetite for risk. However, it is important for any future operator to understand the Council's position with regard to investment.

- (iv) **Management of Existing Tenants/Activities** – As previously highlighted, the Council has to date entered into a number of leases and licences for aviation activities at North Weald. The negotiation and management of these Leases and Licences has been undertaken by the Council's Estates and Valuation Service, with day to day supervision of activities being undertaken by the Airfield Manager and the Operational Staff. The Council's Airfield Staff provide the Ground/Air Control Service and ensure the safe operation of the Airfield. The current split responsibilities within the Council are not ideal in terms of the effective management of tenants' activities. The introduction of a third party may lead to further complications. An option that may therefore be preferable in future, would be for any partner to manage all of the existing leases, on behalf of the Council. This could provide a more efficient option.

- 7. These four key considerations will be important in influencing the type of operator and shaping bids that could be achieved, in any future procurement process. Procurement advice received would indicate that this would take the form of a "concessionary" contract as opposed to a service contract, which would be subject to OJEU regulation. On a much smaller scale the opportunity to host outdoor events on the airfield (i.e. Market Operation) is currently being advertised as a concessionary contract. Further explanation of these key considerations will be provided as part of the presentation, however, it was thought helpful to notify Members of the issues in advance.

Resource Implications:

The Council has funded the Marketing Exercise to this point, through DDF. If the Council elected to take the procurement further, additional revenue will be required.

Legal and Governance Implications:

Specialist procurement advice will be sought to take any proposals forward.

Safer Cleaner Greener Implications

An Environmental Impact Assessment will be undertaken in advance of any significant intensified activity on the Airfield.

Consultation Undertaken

Stakeholders had the opportunity to express an interest and gain further details, as part of the marketing exercise.

Background Papers

Cabinet Report 30 June 2014.
Savilles Marketing Document

Impact Assessments

Risk Assessment

Any proposals taken forward would contain a formal risk assessment.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

No specific implications identified.