

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



**Epping Forest
District Council**

Report reference: AMED-007-2015/16

Date of meeting: 15 October 2015

Portfolio: Asset Management and Economic Development

**Subject: Results of Marketing Exercise for an Operating Partner for North Weald
Airfield**

Responsible Officer: Derek Macnab (01992 564050)

Democratic Services: Jackie Leither (01992 564756)

Recommendations/Decisions Required:

- (1) That the Cabinet Committee considers the Expression of Interest proposals, resulting from the marketing exercise seeking an aviation operational partner.**
- (2) That based on consideration of the proposals, the Cabinet Committee recommends to a future Cabinet meeting, any preferred approach and recommended next steps, to achieving the Council's objectives in relation to aviation activity at North Weald Airfield.**

Executive Summary:

The Council has over time, commissioned a number of studies in relation to the future of North Weald Airfield. As a result of the most recent review, undertaken by Deloitte in July 2013, Cabinet resolved that the preferred option was that the Council pursue a mixed aviation/development option, subject to the outcome of the Local Plan. As part of this consideration of the future of the Airfield, Members also requested that pro-active steps be taken to maximise aviation activity on the site. To this end, Cabinet agreed to seek an operational partner to promote aviation and associated uses, and officers were asked to appoint marketing agents. This report advises Members of the outcome of the subsequent marketing exercise.

Reasons for Proposed Decision:

In accordance with the original Cabinet request to seek to maximise aviation activity at North Weald Airfield

Other Options for Action:

Alternative approaches that could be considered are to seek to improve the use of the Airfield utilising solely in-house expertise or to dispose of the Airfield, which would mean less future direct control for the Council.

Report:

1. Since the Council acquired North Weald Airfield from the Ministry of Defence, as it became surplus to operational requirements, a number of general aviation, commercial and leisure

uses have been developed on the site. However, these have largely been as a result of incremental organic growth and not as a result of any clear strategic policy direction. As an asset of considerable value and potential, the Council has commissioned a number of reports, in order to assist in determining the best future for the site. These have ranged from work undertaken by Property Consultants Drivers Jonas in 1999, who identified a number of potential major development options to more specific aviation related studies, focusing on potential business aviation and runway condition. However the most recent piece of significant strategic review work was undertaken by Deloitte. The Cabinet considered the conclusions of the Deloitte Study in July 2013 and concluded that aviation should be retained, and that the residual of the site should be promoted for mixed use development, as part of the Council's Local Plan. To inform the Local Plan a Masterplanning Exercise was undertaken for North Weald Bassett, which now forms part of the evidence base.

2. Having determined that aviation should be retained in the longer term, Members also asked that pro-active steps be taken to maximise aviation use of the site. This was not only to make best use of the asset but recognised that aviation activity currently requires a degree of subsidy. Therefore increased revenue is required to offset the Council's costs in maintaining the considerable amount of infrastructure and staffing resource, required to operate flying safely.
3. In order to take this objective forward, Property Consultants Savills were appointed to undertake initially, a soft marketing exercise, to obtain the views of companies operating in the aviation industry. This exercise indicated that there was a level of interest in North Weald Airfield, and concluded that some form of operational management agreement would be the most attractive offer. This was reported to the Cabinet in July 2014, who agreed that as a result of this finding, a more formal marketing offer should be developed.
4. The Council's Consultants, Savills, prepared a marketing brochure which was advertised within the Aviation Trade Press, seeking more formal expressions of interest. This brought forward a number of interested parties. Two days of well attended Airfield site visits were held, in order to provide the opportunity for potential bidders to understand, in greater detail, the condition of the site, how it is currently managed and the current mix of tenants and uses.
5. A closing date for Expression of Interest was set, which resulted in three bidders submitting formal proposals. After the closing date, a further expression of interest was received on behalf of an existing tenant at the Airfield. Subsequent clarification now indicates that the tenant is not necessarily interested in entering into any agreement for the wider management of the Airfield, but would like to work with any potential future operational partner appointed by the Council.
6. The three parties expressing an interest, were asked to provide details of their Company Structure, their Skills and Experience, their Financial Standing and their Vision for the Airfield.
7. These proposals have been analysed. Each party has also been interviewed by Savills and Officers, in order to seek clarification and a greater level of understanding of their submissions.
8. Although the marketing exercise is not a formal procurement process, the proposals contain information that is commercially sensitive and contain details of business planning and financial modelling, that each party would not wish to be shared in public. This is particularly true as they have expressed a desire, to be included in any future formal procurement process.
9. On this basis, the three proposals will be presented to Members by the Council's Consultants in Part II of the Committee Agenda.

10. Members will therefore have the opportunity to assess the merits of each proposal and seek to identify, not necessarily a preferred aviation partner at this point from the current bidders (as this has not been a formal procurement in line with OEJU regulations) but rather a preferred general approach and potential next steps, to recommend to Cabinet.

Resource Implications:

Budget provision has been made available for the Council to appoint consultants to undertake the marketing exercise. Further resource will be required to take forward any further steps which may require external support. A bid would have to be made for this budget as part of the Asset management Cabinet Committee's Report to Cabinet on the outcome of the marketing exercise.

Legal and Governance Implications:

The appointment of any future operational partner will need to comply with the Council's Financial Regulations and Contract Standing Orders and depending on the value of any future contractual relationship, European Procurement Regulations.

Safer Cleaner Greener Implications

Any changes to the type and scale of use of the Airfield, will potentially have an impact on the local environment. Therefore, environmental impact assessments will be undertaken as part of detailed negotiations with any future operational partner.

Consultation Undertaken

No community consultation has been undertaken at this stage, although a number of stakeholders have been approached in the development of the proposals, such as the Civil Aviation Authority.

Background Papers

Drivers and Jonas Report 1999
Deloitte Report 2013
Savills Report on Soft Marketing January 2014

Impact Assessments

Risk Assessment

Equality and Diversity

No specific implications.

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.

None as this is a monitoring report.