

Report to the Asset Management and Economic Development Cabinet Committee



Report reference: *AMED-015-2013/14*
Date of meeting: *10 April 2014*

**Epping Forest
District Council**

Portfolio: Asset Management & Economic Development

Subject: Income generation at North Weald Airfield

Responsible Officer: John Gilbert (01992 564062)
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Recommendations/Decisions Required:

To note the current position regarding the maximisation of income at North Weald Airfield

Executive Summary:

There are a number of sources of income generated at North Weald Airfield. The major annual sum arises from the weekly Saturday and associated Bank Holiday Markets. There is then income derived from the various licences and leases associated with the letting of hangar space for the aviation tenants. The final source can best be described as short term or casual lettings, since they relate to miscellaneous arrangements at the Airfield, although a number of these take place on a regular basis over extended periods of time. This report deals, in the main, with the latter category.

Reasons for Proposed Decision:

To update the Cabinet Committee on present arrangements

Other Options for Action:

None

Report:

1. Cabinet Committee has previously requested details of income generation at the Airfield, in the main to enable a better understanding of where the income is generated from and how that related to aviation activities might be increased.
2. There are three main sources of income at the Airfield:
 - (a) that related to the Saturday and associated Bank Holiday Markets;
 - (b) that related to the leases and licences held by the various aviation and non-aviation tenants (i.e. those occupying hangars and other buildings); and
 - (c) that associated with short term/casual lets for a range of different activities.
3. In the main, categories (a) and (b) are managed by the Estates Division (currently within the Governance Directorate) whilst category (c) is managed by the Airfield Manager as part of operational duties, within the new Neighbourhoods Directorate. This report deals primarily with this category.

4. There has been an increase in income generated via casual lettings in 2013/14 from £74,000 in 2012/13 to an estimated £98,000. This is an increase of 32% year on year. This arose from:

- a monthly increase negotiated with Carlimits
- attracting new users such as Stunt Drive UK
- use of the runway at £1,000 per day for vehicle racing/testing
- general increase in ad-hoc uses generated through the “Spirit of North Weald” newsletter (copies attached for Members’ information)

Further increases in 2014/15 are anticipated through additional ad-hoc users, including a company who intends to operate a vertical wind tunnel.

5. The availability of the Airfield to generate income from large scale events remains limited, due to:

- runway availability for non-aviation uses
- regular users such as Carlimits
- the Saturday markets
- the current economic climate
- other local competing venues (e.g. Hylands park)

6. The Airfield Manager continues to seek to attract new and additional ad-hoc and casual uses, in addition to the use of the Airfield for a range of charitable events for which no fees are levied (e.g. fun runs, Air Ambulance events etc). There is also the annual “Family/Fun Day” held in early September each year, where an admission fee is levied but the proceeds go towards charities such as the Air Ambulance, St Clare’s Hospice and ‘Help for Heroes’. These events are also financially supported by a number of Airfield tenants.

7. Members have in the past questioned why the Council does not levy a landing fee for non-North Weald based aircraft using the Airfield. Whilst this appears to be a relatively simple thing to introduce, in reality it is not. Levying a fee for landing, or indeed overnight stays etc, changes the emphasis of the Airfield and requires a degree of investment into the Airfield itself as well as into the arrangements for collecting the fees themselves. That said, it is clear that income could be generated, but it would require careful consultation and negotiation with existing aviation users as well as additional resources for the Airfield management team.

8. An additional potential source of income relates to permitting the use of the Airfield for flight training activities. Until relatively recently, formal flight training could not be undertaken at Airfields which did not hold the minimum licensed status from the Civil Aviation Authority (CAA). However, that has changed and it is now possible for some flight training activities to be undertaken from unlicensed airfields. This again has operational and environment considerations for the Airfield and the locality and may require additional investment in the Airfield infrastructure.

9. The issues discussed in paragraphs 7 and 8 above have not been actively pursued whilst the long term future of the Airfield remains uncertain. Both require commitments from the Council and the aviation tenants in terms of the infrastructure and operational changes that will be required to introduce them, and this is problematical at this time. Issues around the condition of the runway have yet to be finally resolved, and this will be important in generating the right conditions at the Airfield, both in terms of infrastructure and future confidence of aviation based and other tenants.

Resource Implications:

Details of additional income generation set out in paragraphs 1 to 9 of the main report. It is recognised that the finances of the Airfield are heavily dependent upon the success of the market operator, whose payments to the Council have been reduced over recent years to reflect the difficult economic circumstances and the effects of prolonged poor weather. It is also clear that aviation generally should 'pay its way' at the Airfield, but this is, within the context of existing leases and licences, difficult to achieve.

Legal and Governance Implications:

As a working Airfield, care has to be taken to ensure that all non-aviation based activities can be operated safely, both in terms of the users and the aviation tenants. The runway can only be closed to aviation on a limited number of occasions per annum, other than on safety grounds. The introduction of landing fees and other associated aviation fees may impact upon existing leases and licences. These cannot be discussed in this report.

Safer, Cleaner and Greener Implications:

There are no immediate implications.

Consultation Undertaken:

None

Background Papers:

Various reports to Cabinet and the Cabinet Committee. Commissioned reports from Scott Wilson, Halcrow, Deloittes and RPS. Please note the full versions of some of these reports contain information which is considered to be commercially sensitive and therefore confidential.

Impact Assessments:Risk Management

The financial consequences of further reductions in income would prove difficult for the Council, especially if the income stream from the market was to decline further or cease. It is therefore important that the Council seeks to diversify and where possible increase its income streams at the Airfield.

Due Regard Record**Name of policy or activity:****Maximisation of Income at North Weald Airfield**

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The viability of the Airfield for use for various charitable events and organisations is important. The money raised at such events makes significant contributions to a wide range of charitable organisations representing various groups of people. The ability to offer the Airfield free of charge for such fund raising events is consequent upon it remaining financially viable overall.