



DAEDALUS VISION AND
OUTLINE STRATEGY
THREE YEARS ON





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CONTENTS

THE COUNCIL'S VISION 2015

FOR MANY YEARS, FAREHAM BOROUGH COUNCIL, THROUGH THE LOCAL PLAN, HAS RECOGNISED DAEDALUS AS BEING THE MOST SIGNIFICANT COMMERCIAL DEVELOPMENT AREA IN THE BOROUGH, AND HAS WORKED PROACTIVELY WITH PARTNER ORGANISATIONS TO SECURE FUNDING AND ENABLE INVESTMENT TO TAKE PLACE.

As one of its corporate priorities, the Council committed itself to work with the Solent Local Enterprise Partnership and landowners to deliver a thriving aviation-led employment area at the Solent Enterprise Zone at Daedalus, supported by a viable airfield.

In March 2015, the Council acquired 369 acres of land at Daedalus, mainly comprising the airfield itself and two development areas to the east and west. As part of this acquisition, the Council developed its Vision, together with a series of objectives designed to achieve it.

On 12 October 2015, after extensive engagement with various stakeholders and a two-month period of public consultation, the Council formally adopted its Vision and Outline Strategy for Daedalus, setting out its ambitions for the airfield and the wider development areas.

‘Our vision is for Daedalus to become a premier location for aviation, aerospace engineering and advanced manufacturing businesses, creating many skilled employment opportunities for local people, under-pinned by a vibrant and sustainable airfield.

Building on the existing general aviation uses, the airfield will be an attractive destination for visiting aircraft and will offer the hangars, facilities and services to attract more corporate and commercial aviation activities, allowing it to be self-sustaining in the medium term and contribute positively to the local community.’





THE OBJECTIVES SET WERE:

- To unlock the potential of the airfield's land and infrastructure assets through new commercial development, providing clusters for aviation, non-aviation and skills/innovation activity, thereby increasing private sector investment and contributing positively to the creation of skills jobs in the Solent Enterprise Zone.
- To realise the potential for developing and increasing corporate/commercial aviation activity, whilst continuing to support and grow broader general aviation uses.
- To ensure that the airfield is financially sustainable in the medium to long term.
- To further improve the infrastructure and facilities at the airfield, by enhancing its quality and making it more attractive to visitors and to new business.
- To maintain a safe, secure, efficiently managed and environmentally sustainable airfield.
- To generate a sense of local pride by making Daedalus an attractive location for businesses and their employees, for users of its facilities and for the local community, and to be a good neighbour.

This report revisits the Vision, three years after it was adopted, and considers the progress made in fulfilling the Council's stated objectives for the airfield, now rebranded as Solent Airport at Daedalus and business parks. It also looks at what has changed in this period and identifies the priorities over the next five years to ensure the continued development and vibrancy of the airport and its adjacent business parks.

WHAT HAS BEEN ACHIEVED SO FAR

2015–2018

THE VISION AND OBJECTIVES SET OUT IN 2015 WERE VERY AMBITIOUS, BOTH IN TERMS OF ASPIRATIONS FOR THE SITE AND IN THE TIMESCALES FOR DELIVERY.

Working towards the achievement of these objectives has not been without its challenges, including:

- the difficulties of developing a former military airfield with its attendant risks of contaminated land and unexploded ordnance;
- combining rapid change on the site with minimal disruption for users;
- historic agreements with existing tenants and resource constraints;
- the need for high cost and complex infrastructure investments;
- changing perception within the local economy due to factors including Brexit;
- managing competing and conflicting priorities on the site; and
- constrained resources to deliver through a period of continued austerity.

Despite these challenges, good progress has been made in delivering both the Vision and objectives. Progress against each of the actions is set out in Appendix One and summarised on the following pages.

OBJECTIVE ONE

TO UNLOCK THE POTENTIAL OF THE AIRFIELD'S LAND AND INFRASTRUCTURE ASSETS THROUGH NEW COMMERCIAL DEVELOPMENT. PROVIDE CLUSTERS OF FOR AVIATION, NON-AVIATION AND SKILLS/INNOVATION ACTIVITY, THEREBY INCREASING PRIVATE SECTOR INVESTMENT AND CONTRIBUTING POSITIVELY TO THE CREATION OF SKILLS JOBS IN THE SOLENT ENTERPRISE ZONE.

PROGRESS MADE

A masterplan was developed in 2015 and this has been maintained as a dynamic working document, allowing Daedalus to adapt to changing demands.

Faraday Business park offers a balanced mix of uses for aviation and other commercial interests. To date, around 7,000sqm of new hangarage has been provided and scope for a further 8,000sqm has been earmarked for aviation uses. For other commercial uses, c.5,500sqm of industrial buildings have been constructed, and plans are being brought forward to enable up to 14,000sqm for further commercial use.

A similar mixed-use approach has been master-planned for Swordfish Business Park, and planning consent has been achieved for the necessary infrastructure in that area. Some of the utilities have already been provided (including a new electricity sub-station).

Following the success of Fareham Innovation Centre, a further phase was built (completed in February 2018), to provide move-on space for Centre tenants, together with more diverse facilities for new tenants. In summer 2018, the Centre achieved Business Innovation of the Year award at the South Coast Property Awards.

As of September 2018, it is estimated that c. 500 jobs have been created at Solent Airport and the two business parks, which is significant progress towards the 1,100 jobs target within the vision.



OBJECTIVE TWO

TO REALISE THE POTENTIAL FOR DEVELOPING AND INCREASING CORPORATE/COMMERCIAL AVIATION ACTIVITY, WHILST CONTINUING TO SUPPORT AND GROW BROADER GENERAL AVIATION USES.

PROGRESS MADE

One year on from the Vision, the Council provided interim facilities to attract corporate aviation businesses. This was established permanently in 2018, when new and impressive facilities for users were included as part of the Air Traffic Control Tower refurbishment.

A £500,000 refurbishment has delivered a corporate lounge area, meeting rooms, modern shower and toilet facilities as well as a welcoming reception space for visitors. This was complemented by a vibrant and attractive café for visitors to the airport.

Marketing activity has been established to attract corporate movements to the airport, along with periodic marketing days held for corporate aviation agents. Discussions are also ongoing with operators interested in providing regular scheduled flights on a small-scale basis.

Flight movements have increased by more than 50% in the three-year period, and the number of aircraft based at Solent Airport has increased by 32%. New hangars, together with the reuse of Bellman 4, has enabled the Airport to offer hangarage to based aircraft, improving its attractiveness as a destination for aviation businesses.



OBJECTIVE THREE

TO ENSURE THAT THE AIRFIELD IS FINANCIALLY
SUSTAINABLE IN THE MEDIUM TO LONG TERM.

PROGRESS MADE

When the Council acquired the site at Daedalus, a financial review was immediately undertaken. This enabled the overall costs to be reduced by approximately 10% in the first year. Nonetheless, the airfield was still operating at an annual loss of c.£600,000. Since then, a careful approach to financial management has ensured that ambitions are delivered within a budget that matches the available resources.

The main improvements necessary to achieve a financially sustainable position were the delivery of a fuel farm to generate revenue from aviation fuel sales, increased airport usage and, fundamentally, the development of commercial and aviation property to generate a revenue return.

A new £0.5m fuel farm facility became operational at the beginning of 2018 enabling the airport to sell both Avgas and Jet A1 fuel. Sales are exceeding expectations and are expected to be c.250,000 litres in its first year of operation.

New hangarage was completed in 2017 and 2018 which, together with the delivery of the extended Innovation Centre and two commercial buildings for rent, have the potential to generate a gross annual income of £2M when fully let on standard terms.

It is anticipated that there be no operating deficit at Daedalus by the end of 2018/19.



OBJECTIVE FOUR

TO FURTHER IMPROVE THE INFRASTRUCTURE AND FACILITIES AT THE AIRFIELD, BY ENHANCING ITS QUALITY AND MAKING IT MORE ATTRACTIVE TO VISITORS AND TO NEW BUSINESS.

PROGRESS MADE

Significant investment has been made over the period to enhance the airport offer to visitors, businesses and the local community.

Interim improvements were introduced in 2016/17 to provide areas for local visitors to see the activity at the airport. A £500,000 refurbishment of the Control Tower was completed in 2018, which brought back into use formally derelict parts of the building for public and business use. Alongside the corporate facilities, meetings rooms and welcoming reception areas, modern accessible toilets and showers have been provided. The busy Cafe at Zero 5 opened and serves a range of hot and cold food and drink adjacent to an outdoor viewing area which enables local visitors to get close to the activities at the airport.

Operationally, the opening hours have been realigned to suit visitors needs and robust operational arrangements introduced to ensure that the airport is a professionally run, safe and secure facility. This includes improvements made to the grounds maintenance, signage and overall presentation of the airport.

There have been some delays in bringing forward aeronautical lighting and instrument approach but work is in progress to ensure this is introduced in 2019-2020, (subject to CAA approval).



OBJECTIVE FIVE

TO MAINTAIN A SAFE, SECURE, EFFICIENTLY MANAGED AND ENVIRONMENTALLY SUSTAINABLE AIRFIELD.



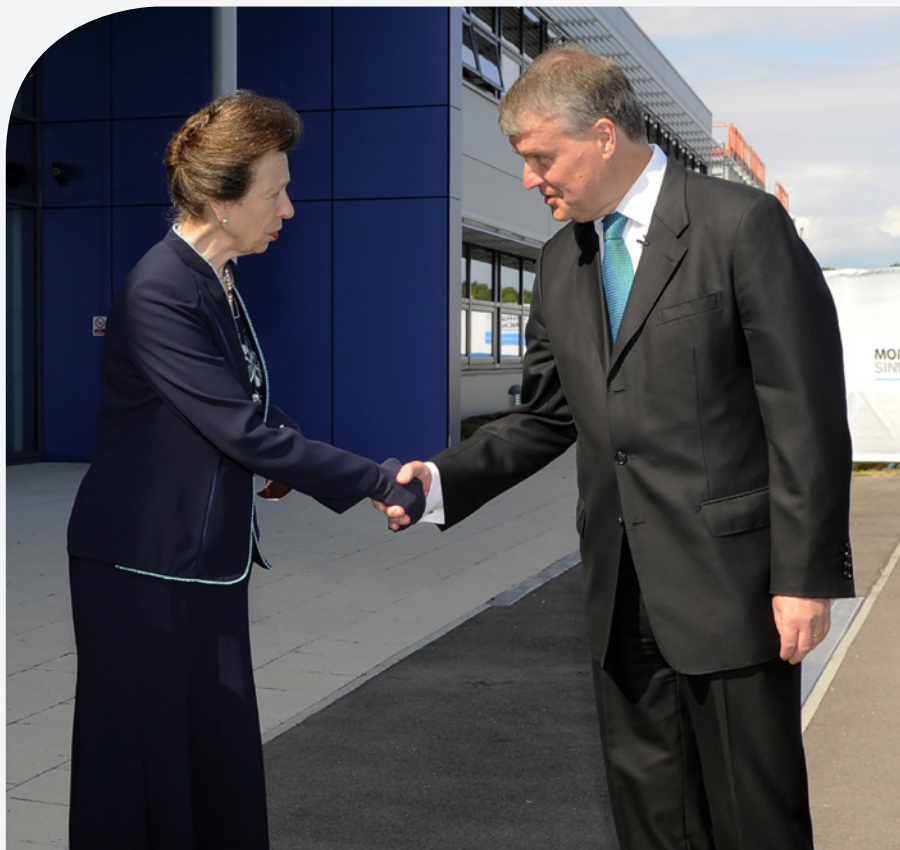
PROGRESS MADE

A fundamental action to achieve this objective was the appointment of an Airport Operator. Following a competitive procurement process, Regional and City Airports Ltd (RCA) were appointed in 2016 to provide management services at the Airport, on behalf of the Council. This appointment has ensured that the airport is managed professionally by an operator with extensive experience in the aviation sector.

The Council has retained the role of developing and managing the built estate, given the expertise it has in commercial property, and has resourced appropriately to ensure that the strategic development and operational aspects of the airport are complementary.

Since 2015, the declared Fire Category for the Airport has increased, enabling larger aircraft to use the airfield.

The airport has also established a community liaison group (the Airport Consultative Committee) to facilitate RCA liaising with the community about the Airport operations and developments. It also provides a mechanism for the community to share views about airport activities and the emerging development plans.



OBJECTIVE SIX

TO FURTHER IMPROVE THE INFRASTRUCTURE AND FACILITIES AT THE AIRFIELD, BY ENHANCING ITS QUALITY AND MAKING IT MORE ATTRACTIVE TO VISITORS AND TO NEW BUSINESS.

PROGRESS MADE

A key aim of the Vision was to establish Daedalus as a high-quality location for businesses, and an attractive location for visitors and local communities.

Keys steps in achieving this have been through the design and construction of buildings. Using quality materials, innovative design and a degree of consistency, Daedalus is establishing itself as an attractive location, and successfully achieved the coveted Development of The Year award, at the South Coast Property Awards 2018.

Work has commenced to lay out a multi-million-pound area of open space, Daedalus Common, with the first phase due to be open in 2019, and the viewing area at the Control Tower was enhanced with children's play equipment in 2018.

Access and signage has been provided to connect the airport to the Stubbington/Hill Head seafront for pedestrians, and this will be extended to vehicular access in 2019.

A highly successful event was held in 2017, celebrating 100 years of flying at Daedalus, and plans are underway for a larger aviation-themed event in 2019 to commemorate 75 years since D-Day.





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WHAT HAS CHANGED SINCE

2015

DEVELOPMENTS AT DAEDALUS HAVE BEEN APPROACHED DYNAMICALLY, RESPONDING TO DEMAND FROM CUSTOMERS, VISITORS, BUSINESSES AND THE MARKET IN GENERAL, MAKING MOST EFFECTIVE USE OF THE RESOURCES AVAILABLE.

Throughout the three years since the Vision was adopted a number of opportunities and demands have arisen. These have been examined alongside the original Vision to ensure any actions taken will enhance rather than compromise the overall strategy for Daedalus.

NATIONAL GRID INTERCONNECTION FRANCE/ANGLETERRE (IFA2)

The first of these is IFA2; a facility that connects the electricity systems of France and the UK using high voltage undersea cables. The arguments for supporting IFA2 were that it increases the security of electricity supplies in both countries, provides opportunities for shared use of renewable energy and helps to reduce the cost of electricity for homes and businesses.

Terms were agreed between the Council and National Grid to proceed with a site for the converter station at Daedalus, with cables that will run underneath the airport from the seafront at Monks Hill to the converter station. Planning consent was granted in 2017 and construction commenced in 2018.

Extensive work was undertaken to ensure that the IFA2 facility did not adversely affect airport operations or development plans for the wider site. This included market analysis with potential tenants, technical evidence and practical physical demonstrations. All of the tests indicated that compatibility with the airfield could be achieved. This technical work is ongoing throughout the period of construction, and measures will also be put in place throughout the operational life of the facility.

As part of the agreement, National Grid is making a significant contribution towards the provision of the public open space to the north of the airport known as Daedalus Common. The lease premium received for the site is being reinvested to support airport infrastructure and improvement plans.

IFA2 should be fully operational by 2020/21.

MEOSAR (MEDIUM EARTH ORBIT SEARCH AND RESCUE)

The Maritime and Coastguard Agency has installed a number of MEOLUTS (Medium Earth Orbit Local User Terminals) adjacent to the Coastguard Search and Rescue facility on the airport. These will allow the use of satellites to detect distress beacons and respond more effectively to emergency situations. This facility at Solent Airport is one of only a handful in the world.

In return for allowing the MEOSAR development at the Airport, the MCA has granted rights for the Council to utilise its taxiways and land for airport traffic and aircraft parking. This provides vital expansion space for visiting aircraft and enables the airport to introduce more efficient traffic flows at busy times.

NATIONAL AIR TRAFFIC SERVICE TRAINING RADAR FACILITY

The Council has leased a site at the airport to NATS, to enable them to build a new radar training facility. This will enable engineers to carry out testing and training activities without disrupting the national radar network, and will be a unique facility in the UK. Construction of the radar commenced in 2018 and will be operational in 2019.

ECONOMIC AND MARKET CHANGES

In 2015, there was an expectation that new businesses and developers would be seeking to acquire sites on a plot by plot basis to build their own premises. Whilst this is still likely to happen in some cases, there has been a clear shift in demand from potential occupiers due to changing market confidence and economic uncertainties. The preference from prospective businesses is now biased towards taking occupational leases on pre-built, speculative units, or working with developers on bespoke turnkey facilities.

In order to respond to the changing demand, the Council has undertaken to deliver speculative units to rent/buy, both airside and non-airside. While this does transfer the “development risk” to the Council, it also provides an opportunity to accelerate the delivery of jobs and secure a long-term revenue stream for the Council. By approaching developments on an industry-standard basis, the investment will be future-proofed, should the Council wish to sell the asset.

The original Vision has been central in considering each circumstance, ensuring that the overall strategy for Daedalus is not compromised, and ideally is enhanced by the opportunities presented.

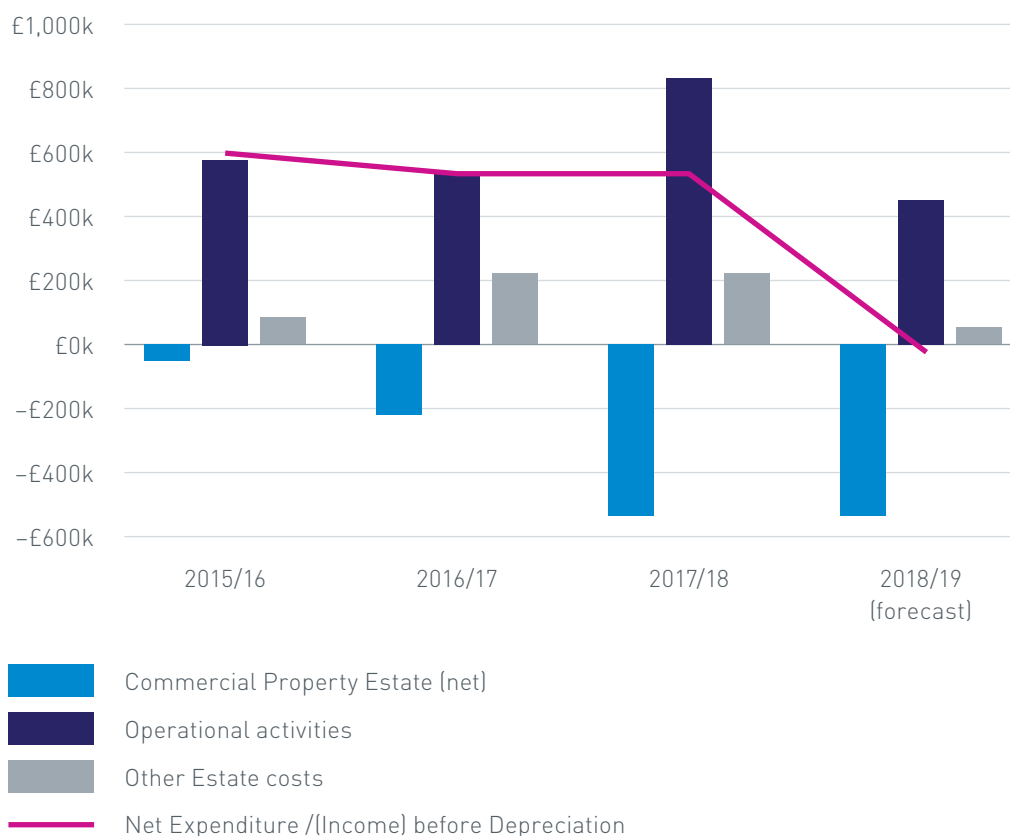
FINANCIAL PERFORMANCE

A fundamental objective of the Council's Vision for Daedalus was to deliver a financially self-sustaining asset in the medium to long term. The means to do so were through the creation of new income streams on the airport and income from commercial buildings which would effectively subsidise the remaining operational costs of the airfield.

In the first three years of ownership, the net operating deficit was subsidised by a grant received by the Council, ensuring that council taxpayers did not bear the cost of running the airfield. 2018/19 is the fourth year of operation, and it is anticipated that this will be the first year where the overall activities at Daedalus break even.

The financial performance is illustrated, below

Financial Performance 2015/16 – 2018/19 (forecast)



It is clear that the improved financial performance is mainly due to property income derived from the new facilities built by the Council, together with a growth in airport income from aviation fuel sales and increased daily aviation activity.

Going forward, there will be opportunities to grow airport income further, and maximise the revenue from its commercial property to provide financial security at Daedalus together with a reasonable return on investment for the Council's General Fund.

SUMMARY OF ACHIEVEMENTS SINCE

2015

SINCE TAKING OWNERSHIP OF DAEDALUS IN 2015, THE COUNCIL'S ACHIEVEMENTS AT THE AIRPORT AND ITS BUSINESS PARKS CAN BE SUMMARISED AS FOLLOWS:

- Fareham Innovation Centre, providing office and workshop space and dedicated business support for fledgling businesses completed – 2015
- Federation of Small Businesses Award for Most Innovative Small Business Friendly Project for Fareham Innovation Centre – received 2015
- Infrastructure for Faraday Business Park completed – 2015
- Long Term Airport Management Contract let – 2016
- New speculative building on Faraday Business Park completed – 2016
- Footpath link to seafront implemented – 2016
- Precision tool manufacturer, UTP, new head office completed – 2017
- Proptech Aero UK, Office and Workshop for aircraft propeller maintenance facility opened at Faraday Business Park – 2017
- Terms agreed with National Grid and planning consent granted to enable IFA2 to be built – 2017
- New facilities for corporate aviation completed and flights commenced – 2017
- Planning consent for infrastructure at Swordfish Business Park received and design work completed – 2017
- Air Traffic Control Tower refurbishment Phase 1 (indoor and outdoor viewing areas) completed – 2017
- Five new General Aviation hangars completed – 2017
- Six new Business hangars completed – 2018
- New fuelling facilities completed – 2018
- Fareham Innovation Centre extension with The Bridge Conference Suite completed – 2018
- Air Traffic Control Tower refurbishment Phase 2 (indoor café, permanent corporate aviation passenger facilities, additional car parking) completed – 2018
- Financial break-even position achieved – 2018/19
- Achieved prestigious “Development of the Year” and “Business Park Innovation of the Year” awards in 2018

THE FUTURE PRIORITIES AT DAEDALUS

Delivering the Council's Vision for Daedalus is well advanced, but it is important to reconsider the priorities for the site over the next 3-5 years. The priorities below focus on consolidating the investment made to date, whilst unlocking opportunities for growing the employment levels and the incremental expansion of airport operations.

PRIORITY 1

- We will respond to demand from current and prospective businesses, by promoting and delivering land/property suitable for their needs.
- We will deliver infrastructure that unlocks further employment growth opportunities.
- We will invest in the existing estate to ensure it is maintained to a high standard and managed professionally to ensure its full potential is met.
- We will deliver a business model that secures its financially sustainable position for the future, and provides a suitable return on investment for the Council.

PRIORITY 2

- We will invest in airport infrastructure that facilitates the incremental growth of the Solent Airport operations, including new taxiways, aircraft hardstanding, aeronautical lighting and instrument approach facilities as well as the support facilities to service the growth.
- We will continue to enhance the facilities available for the local community, including the provision of a heritage facility, Daedalus Common, play facilities and a gate guardian.

PRIORITY 3

- We will consider the case for long term expansion opportunities at the airport, including the scope for increased flight movements, extended operational hours, a short extension to the runway and further the potential for unlocking further land for development.

The future priorities at Daedalus will be delivered through a range of activities:

COMMERCIAL ESTATE

- Continue to market and complete agreements on plots at Faraday and Swordfish Business Park both for self-build/purchase, turnkey development and tenant lease options.
- Prepare a business case to deliver speculative commercial property at Faraday.
- Prepare a business case to deliver a mixed use terrace of hangars at Faraday.
- Deliver infrastructure at Swordfish necessary to unlock the potential in the masterplan.
- Review the need to upgrade utilities across Daedalus to unlock the potential for the site.
- Deliver a speculative hangar at Swordfish
- Deliver ancillary facilities at Faraday for business park occupiers, including coffee/fast food operator, convenience food and children's nursery.
- Facilitate the delivery of expanded training facilities at CEMAST.

AIRPORT ESTATE

- Deliver a new western taxiway to facilitate airport growth and improve ground safety, in line with agreed plans.
- Provide improved aircraft circulation and parking provision in the vicinity of the Control Tower.
- Consider opportunities to provide additional airport visitor car parking.
- Prepare an asset management plan for the airport, to include the potential for refurbishing the remaining parts of the Control Tower and its external fabric, and resurfacing of eastern taxiways.
- Consider the potential costs and benefits of extending the runway.

AIRPORT OPERATIONS

- Implement plans for Aeronautical Ground Lighting.
- Introduce instrument landing systems / navigation aids.
- Introduce enhanced air traffic services through a Flight Information Service (FIS0).
- Implement a growth plan to expand corporate air traffic, and work with operators to provide small scale scheduled services.
- Consider the potential costs and benefits of introducing self-fuelling facilities.
- Review the capacity for flight movements at the, taking into account the overall movements and the operational hours.

COMMUNITY BENEFITS

- Prepare plans and a business case to provide a heritage facility.
- Deliver the Daedalus Common open space, with improved play facilities.
- Deliver a landmark gate guardian near Peel Common roundabout.
- Work with local community and aviation interest groups to nurture the continued support the airfield.

CONCLUSION

In conclusion, Fareham Borough Council has, in three years, come a long way towards realising the Vision it established in 2015. The Vision remains fundamentally unchanged and the priority is to consolidate the excellent work undertaken to date and move it forward to ensure the continuing vibrancy of the airport and its business parks.

Our priorities for future years are to build on the 2015 Vision and the successes already achieved and to fully implement those proposals which are currently at the planning stage whilst maintaining the financial sustainability of the airport.

We wish to continue to improve the infrastructure and facilities at the airport to make it attractive to more resident tenants and visitors alike and to continue to realise its potential for commercial development to create new high value jobs within the Enterprise Zone, to make a positive additional contribution to the local economy. Although led by Fareham Borough Council, we will continue to work closely with our partners including the Solent LEP, Hampshire County Council, Gosport Borough Council and Homes England, to achieve these ambitions.





FURTHER INFORMATION AND CONTACTS

You can view Fareham Borough Council's vision for Daedalus at:
www.fareham.gov.uk/daedalus/vision

Whether you are a business or investor considering a new location at Daedalus, or you are thinking of choosing the airfield at Daedalus as a destination, we would love to hear from you.

You can contact any member of the Council's Property team using the details below, or visit **www.fareham.gov.uk/daedalus** or **www.solentairport.co.uk** for further information.

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