



<b>Subject:</b>	Heathrow Hub update
<b>Date:</b>	8 August 2018
<b>Reporting Officer:</b>	John Greer, Director of Economic Development
<b>Contact Officer:</b>	Lisa Toland, Head of Economic Initiatives and International Development

<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Some time in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	The purpose of the report is to: <ul style="list-style-type: none"><li>• Update members on opportunities for local businesses to benefit from works associated with the expansion of Heathrow Airport</li><li>• Advise of recent engagement with the Heathrow Procurement Team, including a Meet the Buyer event held at Belfast City Hall in June 2018.</li></ul>
<b>2.0</b>	<b>Recommendations</b>
2.1	The Committee is asked to: <ul style="list-style-type: none"><li>• Note the potential supply chain opportunities for local companies created as a result of the expansion of Heathrow Airport</li></ul>

	<ul style="list-style-type: none"> <li>Note the recent “Meet the Buyer” event that took place at Belfast City Hall, which was attended by a significant number of companies from the Belfast City Council area.</li> </ul>
<b>3.0</b>	<b>Main report</b>
3.1	<p><u>Key Issues</u></p> <p>Members will be aware of the recent decision by the UK government to approve a third runway at Heathrow. The expansion of Heathrow will be one of the largest infrastructure projects in the UK. In order to accommodate the third runway, it will be necessary to re-position and build over part of the M25 motorway adjacent to the airport, re-position some of the local access roads, divert local rivers, provide space for houses, offices, car parking and freight services and replace a number of existing airport facilities.</p>
3.2	<p>The airport expansion will increase capacity from 86million to 130million passengers per year. It is estimated that the development will create about 60,000 new jobs and generate around £70bn in total economic benefit by the 2050s.</p>
3.3	<p>In recognition of the scale of investment and the potential for all parts of the UK to benefit from supply chain and skills development opportunities, Heathrow sought expressions of interest for up to four Logistics Hub locations. The proposal was that these could be used as off-site centres for construction and manufacturing in order to help the airport to deliver its expansion plan, within an agreed timeframe and with minimal on-site disruption.</p>
3.4	<p>From an initial 121 applications, 65 potential sites were shortlisted. Six of the sites are located in Northern Ireland. They include:</p> <ul style="list-style-type: none"> <li>North Foreshore – Belfast</li> <li>Global Point Business Park – Antrim and Newtownabbey</li> <li>Belfast International Airport – Antrim and Newtownabbey</li> <li>Former Michelin Site – Mid and East Antrim</li> <li>Silverwood Business Park – Lurgan</li> <li>Former Shackleton Barracks – Ballykelly.</li> </ul>
3.5	<p>At the March meeting of this Committee, Members were advised of ongoing engagement between the six Northern Ireland sites with a view to ensuring that the best “pitch” can be put forward to Heathrow in order to secure a significant share of the business. Following a visit to Northern Ireland in June 2018, senior representatives from Heathrow’s Procurement Team</p>

	<p>met with representatives from all sites as well as with some of the potential first and second tier suppliers for the expansion works.</p>
3.6	<p>In order to improve the chances of making a successful bid, partners have identified that a collaborative proposition involving all six NI sites as part of a “fully packaged solution” is likely to be favoured over individual, stand-alone site solutions. This will involve engaging with major construction companies as well as co-ordinating the local supply chain and working with Heathrow to understand skills requirements in order to develop tailored solutions. The Heathrow Team is expected to provide an update on the procurement timeframes by the end of August 2018. Given the scale of investment, it is likely that the works programme could continue for a decade or more.</p>
3.7	<p>The specific nature of the site requirement is not fully clear at this point. The Heathrow team is currently visiting all of the shortlisted 65 sites and will use these visits to help inform the final specification for the site requirements. Given the duration of this work programme – and the lack of a definitive start date at this point – most sites are considering how they might accommodate the Heathrow construction while, at the same time, trying to bring forward development on the relevant sites. In the case of the North Foreshore site, Members will be aware of a range of development interests on the site. If the North Foreshore is to progress to the next stage of the process, consideration will need to be given to how this development can complement other planned development activity on the site.</p>
3.8	<p>In parallel with the work on the Logistics Hub joint bid, the Procurement Team committed to organising a series of “Meet the Buyer” Events across the UK, in partnership with local business organisations. The Northern Ireland Chamber of Commerce organised the first ever Northern Ireland-based Heathrow Meet the Buyer event in Belfast City Hall on 20 June 2018. This event enabled local businesses to meet with key buyers from Heathrow, focusing on existing supplies and services requirements.</p>
3.9	<p>This event gave local businesses an introduction to doing business with Heathrow and enabled them to get an understanding of future investment and procurement opportunities. More than 160 local companies had one to one business meetings with a number of Procurement leads from Heathrow. 77 of these businesses were from the Belfast City Council area. Evaluation from the event is currently being gathered by the Northern Ireland Chamber but anecdotal feedback suggests that the participating businesses found the event very useful and that many identified specific leads and live opportunities for new business.</p>

3.10	<p>As part of the procurement for the airport expansion, Heathrow's commitment to ensuring that the benefits of the investment are felt across UK means that there are likely to be significant supply chain opportunities for local businesses, particularly in the construction and engineering sectors. There are also likely to be significant skills development opportunities and particular skills needs, in line with the relevant work packages. Belfast City Council will work with local partners including Invest NI, Northern Ireland Chamber and the private sector businesses in order to maximise the opportunity created by this significant development.</p>
3.11	<p><u>Financial &amp; Resource Implications</u>  No specific financial or resource implications at this point.</p>
3.12	<p><u>Equality or Good Relations Implications/Rural Needs Assessment</u>  No specific equality of good relations implications. No specific rural needs impact.</p>
<b>4.0</b>	<b>Appendices – Documents Attached</b>
	None.